

CHINA'S INFLUENCE ON THE SOCIAL AND ECONOMIC DEVELOPMENT OF THE CENTRAL ASIAN STATES: METHODS AND CONSEQUENCES

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A B S T R A C T

The article discusses the notion and the methods of Chinese-style globalization as exemplified in the case of the Central Asian countries. Forms of PRC's economic influence on the countries in the region are highlighted. They include investments, financing the real sector of economy, developing trade infrastructure, and establishing a network of Chinese trade communities as a stronghold and point of migrants' economic penetration into Central Asian

countries. Labor migration and the establishment of Chinese migrant networks play a special role in Chinese-style globalization. A close relationship has been revealed between Chinese investments and migration, they are usually practically simultaneous with each other and are mutually dependent in the contemporary economic environment. The tendency towards an increasingly greater consolidation of PRC's position in the Central Asian region is observed.

KEYWORDS: China, Central Asia, Tajikistan, Chinese-style globalization, migration, labor migrants, investments, huaqiao, overseas Chinese.

Introduction

In recent years, China has transformed into one of the authoritative geopolitical actors in international relations. Two decades ago China placed the greatest emphasis on political and economic expansion abroad. As a result, China has acquired the status of a key player on the international arena, and no international issue is currently resolved without its participation.

As its foreign political and economic expansion advanced, China began to actively utilize a tool denoted as *soft power*. The idea of relying on soft power in foreign policy was officially proclaimed at the 17th PRC Communist Party Congress in 2007. The Chairman of the Communist party of the PRC Hu Jintao noted that culture as an element of soft power has become the most important factor in Chinese globalization.

This idea is implemented in various ways, including the establishment of the Confucius institute network all over the world, including the Republic of Tajikistan, with the aim of promoting Chinese culture and Chinese language.¹ In addition, China had formed a special approach to establishing friendly rapport, namely, an *integrated friendly attack*, i.e. promoting a given country's sustainable development via accessing its potential and the national labor, goods and services markets. Chinese goods and laborers have become common in adjoining countries, as a result of the expansion of PRC's foreign economic influence and geopolitical power.

China's economic breakthrough has established the conditions for its significant strengthening on the international arena. The PRC became one of the leaders in a number of international organizations, such as the U.N., WTO, World Bank, IMF, IOM, as well as in global and regional programs and forums (i.e., SCO, ASEAN, APEC, BRICS, etc.). Membership in these political organizations allows China not only to resolve political issues, but also to promote its economic interests. The mi-

¹ See: 杜尚别塔吉克国立大学孔子中心 (The Confucius Center under the Tajik National University in Dushanbe), available at [<http://tjzkxy.tj.chinesecio.com/ru>], 20 November, 2017.

gration of Chinese population as a manifestation of soft power abroad plays a rather significant role in China's increased importance on the international arena.

Chinese-Style Globalization as a New Vector

Let's point out that globalization is a term loaded with economic, political, demographic, geographical and cultural aspects, which is characterized by a substantial flow of monetary funds, goods, population and labor resources. All of these streams cross national borders quite freely and actively influence the development of neighboring states. Chinese-style globalization is a reality and is unique to the contemporary world. Let's describe several important tendencies present in this phenomenon.²

- First of all, China is the only world civilization that emerged in the Neolithic period and continues to exist through our times. Meanwhile, not merely the span of its existence is fundamentally important, rather, it is the stability and consistency of its cultural tradition. It has never been interrupted, including the times of external expansion.
- Secondly, large-scale migration is characteristic not only of contemporary China of the globalization times, but has been typical of the Chinese nation historically. China's entire historic development path comprises dynastic periods, which are characterized by major territorial migration due to objective social and economic reasons.
- Thirdly, an important characteristic of Chinese-style globalization is its peaceful nature. Chinese civilization has barely ever utilized military methods for the purpose of expanding its living space or of forced enrichment. It is not inherently characteristic of the Chinese nation to conquer territory with aggressive methods. On the contrary, their methods were peaceful, mild and gradual. External wars waged in different Chinese imperial periods were of a defensive nature, aiming to ensure the protection of its state interests' vital aspects rather than to annex new lands and territories.
- Fourthly, the peculiarity of Chinese globalization is in the presence and purposeful establishment of the so-called strongholds, or Chinese communities abroad (*huaqiao*). These are bases of sorts, tools for implementing economic policy abroad. *Huaqiao* (華僑—*hua*—China, *qiao*—emigrant) are Chinese migrants living abroad. Both people living abroad temporarily, as well as the descendants of earlier emigrants who became citizens of their respective countries can be referred to as *huaqiao*. Chinese communities serve as strongholds abroad, providing significant support to traditionalism and promoting migrants' adaptation to a new lifestyle and commercial activities in the receiving countries. *Huaqiao* communities retain close economic ties with China both at the state and private levels, regime changes in China notwithstanding.

In 2014, China was the fourth in the world in the number of outgoing emigrants.³ According to international migration statistics, 60 million people of Chinese descent are living outside China. In 2016, approximately 1 million Chinese migrant workers were temporarily employed abroad. World Bank estimates that China is the second largest receiver of remittances from its own migrant citizens

² See: S.V. Ryazantsev, "Globalizatsia po-kitaiski: investitsii, migratsia, diaspora," *Mezhdunarodnye protsessy*, Vol. 10, No. 30, 2012, pp. 20-41.

³ See: Luo Wangshu, "China to Benefit from International Migration: Experts," available at [http://www.chinadaily.com.cn/china/2015-04/24/content_20531237.htm], 20 November, 2017.

abroad, with \$62.9 trillion.⁴ It stands to mention that the PRC is increasingly more active in the global migration processes—not only are the Chinese emigrating, but foreigners are also eagerly coming to China. For instance, in 2016, 52.7 million foreign citizens crossed Chinese borders, while in 2015, 663,600 foreign citizens held work permits with over a 6-month validity term. Aside from external migration, significant internal migration, which has started with the launch of economic reforms, is characteristic of China. According to the China's National Bureau of Statistics, as many as 269 million internal labor migrants have moved from the rural regions to the growing cities.⁵

In response to the population's growing mobility, the Chinese government is implementing measures to increase national border control, cultivating labor migration policy regulation and expanding cooperation with international organizations. In particular, Chinese authorities promote organized labor emigration, attempt to prevent illegal migration and the related contraband and human trafficking. For example, in the first half of 2016, China sent 562,000 people to work abroad under a special national program, which amounts to a 6% growth over the preceding year. In 2007, an IOM office was established in Beijing with the aim to provide technical assistance in the sphere of migration control. IOM is currently promoting migration regulation tools under the program of technical assistance to PRC government.

IOM subdivides the overseas Chinese into two categories.

- The first comprises those who
 - (a) had a permanent residence status in their country of residence for two years, and had resided there for at least 18 months;
 - (b) those without a permanent residence status, but with a permanent legal status for five years, de facto living in the country for at least 30 months over the course of five years.
- The second includes former Chinese citizens who had previously acquired foreign citizenship.

Migration and settlement of the Chinese abroad is stipulated by several factors, including geopolitical, socioeconomic, demographic and geographic. We've examined their classification in a preceding paper.⁶

Economic Influence of the PRC on the Central Asian Countries

Central Asia has always been the primary crossroads of trade routes from China to Europe, India and the Middle East. The Great Silk Road was not merely a goods transportation route, it also served as an important migration bridge, which promoted the spread of religions and cultures of different peoples. Great empires, such as Britain, China and Russia, have regularly fought to acquire control over Central Asian and Xinjiang territories. These confrontations led to the partition of the Central Asian lands between great empires, which provoked forced mass migration. However, even in the most difficult of times neither trade, nor commercial or economy-driven migration stopped.

⁴ See: "Migration and Remittances Data," available at [<http://www.worldbank.org/en/topic/migrationremittancesdiasporaisues/brief/migration-remittances-data>], 10 December, 2017.

⁵ See: "China, International Organization for Migration," available at [<https://www.iom.int/countries/china>], 20 November, 2017.

⁶ See: S. Ryazantsev, A. Ter-Akopov, E. Pismennaia, A. Lukyanova, "Diasporas as Informal Tools for Regulating Migration in the Eurasian Economic Union," *Central Asia and the Caucasus*, Vol. 18, Issue 3, 2017, pp. 35-42.

In the Soviet period, the Central Asian region belonged to the U.S.S.R. as constituent republics. Their population was relatively sedentary and, due to administrative restrictions, did not travel extensively through the U.S.S.R. territory. There were, of course, educational and economic migration, but, generally speaking, the migration mobility of Central Asian republics' population was low. After the dismantling of the Soviet Union in 1991, the situation changed—migration mobility grew dramatically. On the one hand, propelling factors (civil wars, economic crises, social instability) present in the new states drove migration processes, while on the other hand, the more successful development of Russia and Kazakhstan became the attracting factors. The role of economic and labor migration from Central Asian states grew rapidly. Currently Uzbekistan, Tajikistan and Kyrgyzstan are the key labor force donors for the Russian Federation and the Republic of Kazakhstan. Three to four million people, or 10-16 percent of the economically active population of the region, are annually engaged in labor emigration from the Central Asian states.⁷

In the beginning of the 21st century the migration processes in Central Asia began to be increasingly stronger influenced by PRC's growing economic and geopolitical role.⁸ China began investing efforts in creating and reinforcing regional cooperation with the five newly independent states: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

China's relationship with the Central Asian states began with the signing of territorial agreements. In 1992, China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan concluded a settlement on the resolution of territorial disputes. Subsequently, as the "Shanghai Five," these five countries and Uzbekistan officially created the Shanghai Cooperation Organization (SCO) in 2001.

China's foreign policy in regard to Central Asia does not openly declare its desire to compete with Russia's influence in the region. On the one hand, China needs the support of Russia, its pursuit of a multipolar world and the counteraction it provides to one-sided Western influence. On the other hand, Russia also realizes that without China's participation the economic and political situation in Central Asia will not remain stable. That is why Chinese and Russian interests in Central Asia are complementary, and are far from being a zero-sum game.⁹ Meanwhile, it is apparent that China's growing power is leading to its growing economic and demographic influence in neighboring regions, including Central Asia. In 2016, the population of China constituted 1.4 billion people, which a priori makes China a demographic giant and a major migration donor. In the context of the national "Go beyond" project, Chinese migration along with investments is becoming not merely a demographic trend, but a mechanism of influence on adjoining states. In recent years, Central Asian states have been particularly sensitive to this approach. Chinese investments and Chinese migration have become practically simultaneous processes. These processes stimulated the Chinese penetration of Central Asian markets.

China is also one of the leading investment donor countries. The rate and the volume of Chinese investments in the Central Asian region have increased after the U.S.S.R. was dismantled. Having replaced the Russian Federation as Central Asia's key trade and economic partner, China had invested colossal funds in the region. For instance, China is currently the principal creditor of the Republic of Tajikistan, with a \$1.2 billion share, which is over one half of Tajikistan's external debt.¹⁰ The amount of long-term loans in Kazakhstan constitutes \$18.9 billion, in Turkmenistan—\$750 mil-

⁷ See: S.V. Ryazantsev, I.Ia. Bogdanov, M.N. Khramova, "Prognozirovanie migratsii v kontekste formirovaniya vneshnei migratsionnoi politiki Rossii," *Nauchnoe obozrenie*, Series 1, *Ekonomika i pravo*, No. 1, 2017, pp. 5-12.

⁸ See: I. Karabulatova, S. Ryazantsev, R. Manshin, Z. Vazirov, "Chinese Migration to the Customs Union Countries and Regional Security," *Central Asia and the Caucasus*, Vol. 18, Issue 2, 2017, pp. 57-65.

⁹ See: S. Ryazantsev, "Kazakhstan Today: Migration—Trends and Regulation Approaches," *Central Asia and the Caucasus*, Vol. 17, Issue 2, 2016, pp. 70-79.

¹⁰ See: "Gosudarstvenny vneshnii dolg Respubliki Tadjikistan," 2016, available at [<http://minfin.tj/index.php?do=static&page=gosdolg#vldolg>], 20 November, 2017.

lion, in Uzbekistan—\$167 million; the volume of direct investments in Kazakhstan amounts to \$13.3 billion, in Turkmenistan—\$1.4 billion, in Uzbekistan—\$195 million; the amount of acquired assets in Kazakhstan equals \$620 million, and in Turkmenistan—\$200 million, which reveals China's significant interest in the region and its willingness to direct a substantial share of proprietary capital there.¹¹ China's investments promote the development of Central Asian countries.

China's Influence on the Economy of Tajikistan: Tendencies and Consequences

Republic of Tajikistan adjoins China, it is experiencing the influence of its great neighbor, and the influence has been growing increasingly stronger in recent times.

Diplomatic relations between the states were formalized by a corresponding agreement, signed on 4 January, 1992 by the Ministry of Foreign Affairs of the PRC and the Ministry of Foreign Affairs of the Republic of Tajikistan in Dushanbe. In 2007, during the visit of the President of the Republic of Tajikistan to the PRC, a Treaty on Friendship, Good Neighborliness and Cooperation between the two countries was signed. The treaty is of a long-term nature and is intended for a 25-year term with the right of renewal for subsequent five-year periods. Trade and economic connections were minimal in 1992-1997 due to the civil war in Tajikistan. In 1996, the trade turnover between the two countries constituted merely \$11.7 million, including \$7.6 million in exports from China to Tajikistan.¹² In 2016, the trade turnover volume approached \$885 million,¹³ however, mutual trade seemed like a one-way street benefitting China. An indubitable confirmation is provided by the fact that numerous Chinese shopping centers were constructed in Tajikistan, and, as a result, the market was saturated with goods manufactured in China.

In addition, China is also investing in the industrial, power, agrarian, construction, communication, transportation segments of the Tajik economy, and is increasing its influence on it. Investments in Tajikistan are followed by an influx of labor migrants, since practically all of the concluded contracts entail the principal condition of using Chinese laborers—construction of facilities and roads is conducted by Chinese companies that engage Chinese workers. This reflects the clearly elaborated and distinctly balanced state policy of the PRC.

According to the Migration Department of the Ministry of Labor of the Republic of Tajikistan, the number of Chinese labor migrants is growing. In 2016, their number increased by 30%, reaching 6,500 people. Chinese workers in Tajikistan are mostly engaged in construction projects, they work at plants, field deposits and in agriculture. There are foreign worker quotas, and the Republic of Tajikistan allocated a quota of 8,000 jobs for foreign labor migrants in 2016, including 4,460 allotted for Chinese workers.¹⁴ It was almost certainly migration from China that forced the Tajik authorities to create a migration department for keeping migration records and regulating the flow of migrants. Currently, however, the department is mostly engaged in recording the existing migration flow from China and distributing quotas, rather than actively forming or controlling migration flow from China. The flow of investments and loans from the PRC to Tajikistan is a real regulator of Chinese migration.

¹¹ See: UNCTAD data, available at [<http://unctad.org/fdistatistics>], 20 November, 2017.

¹² See: R.K. Almimov, *Tadzhikistn i Kitai: kursom strategicheskogo partnerstva*, Ves mir Publishers, Moscow, 2014, p. 127.

¹³ See: "Macroeconomic indices of the Republic of Tajikistan for 2016," available at [<http://minfin.tj/index.php?do=static&page=macro>], 1 December, 2017.

¹⁴ Information supplied at the authors' request by the Migration Service of the Ministry of Labor, Migration, and Employment of the Republic of Tajikistan on 4 September, 2017.

Another important process is emerging in the Tajik economy, namely, the surge in the number of Chinese-owned assets. Chinese businessmen currently own numerous industrial facilities and trading companies, co-own joint enterprises, lease hundreds of thousands of ha of agricultural lands. Over 100 Chinese companies operate in various segments of Tajik economy. Over the course of the last six years, the amount of total Chinese investments in the economy of Tajikistan has approached the \$500 million mark. The leader among joint enterprises is the Tajik-Chinese gold mining enterprise Zarafshon, which invested over \$60 million in the national economy in 2013 alone.¹⁵

Tajikistan had transferred a part of the Pamir highlands, rich in mineral deposits, to China in compensation of its external debt to Beijing. Meanwhile, as early as in the Soviet period Tajik scientists found that precisely the part of the Eastern Pamir that was transferred to China possesses substantial reserves of 17 kinds of extractable resources (precious stones, rare minerals, uranium, etc.). Additionally, the PRC had bought the lead and zinc mineral deposit field Zarnisori Shimoli in the Match district of the Sogd Region. According to the agreement, the PRC is to undertake the financing of the entire project in the amount of \$200 million up to 2018. Over the course of four years, a Chinese company will develop and begin the construction of two facilities—a complex ore processing plant at Zarnisori Shimoli with an annual capacity of 2 million tons of ore, and a metallurgical plant with an annual capacity of 20 thousand tons of lead.

Over 10,000 Chinese and Tajik workers are engaged in the construction of the Tajik segment of the gas pipeline from Turkmenistan to China via Uzbekistan and Tajikistan. The number of such workers is regulated by bilateral intergovernmental agreements. Owing to Chinese investments, an ore mining and processing plant Pokrud was launched in the Ramit gorge. It is important to note that 205 of the 715 factory workers are Chinese citizens.

Chinese farmers were allotted approximately 2,000 ha in the Murgab district of the Gorno-Badakhshan Autonomous Region, as well as in the Kumsangir (now Jaihun) and Bokhtar districts of the Khatlon Region. Recently, Tajikistan had transferred approximately 500 ha in Yavan, Abdurahmon Jomi and Jaloliddin Rumi districts for a term of 49 years to Qiniang Yinghai public company. According to the official report of the Tajik Ministry of Agriculture the land is being transferred for the development of the agrarian sector,¹⁶ but these decisions are often met with antagonism and a lack of understanding from the local population.

On 31 August, 2016, on the eve of a national holiday, the 25th anniversary of state independence of the Republic of Tajikistan, President E. Rakhmon inaugurated the first phase of the Juntai-Dangara Sin-Silu Textil textile production complex in the Dangarin district of the Khatlon Region. This facility became the largest in Tajikistan in the number of jobs created, and one of the most significant production facilities in terms of industrial development in the years of the country's independence. The plant comprises four manufacturing phases, including spinning, textile, painting and sewing. The total annual capacity of the plant amounts to 52 thousand tons of cotton fiber and 150 million sq m of cotton fabric. When the plant is launched at full capacity, over 6,000 people will be provided with jobs (80%—local population, 20%—Chinese citizens). The factory is being constructed in conjunction with investors and experts from China. With the aim of providing the production facility with local materials, including high-quality cotton, over 14,500 ha of land has been allotted by the Government of Tajikistan in accordance with the complex construction plan. This land will be used for planting cotton with the objective of providing the plant with materials.¹⁷

¹⁵ See: "Tadzhikistan-Kitai: kliuchevoe partnerstvo," available at [<http://news.tj/ru/news/tajikistan/politics/20140725/tadzhikistan-kitai-klyuchevoe-partnerstvo>], 20 December, 2017.

¹⁶ Information supplied at the authors' request by the Republic of Tajikistan's Ministry of Agriculture on 5 September, 2017.

¹⁷ Official site of the President of the Republic of Tajikistan [<http://www.president.tj/ru/node/12901>], 25 November, 2017.

Meanwhile, it is a well-known fact that tillage technologies implemented by Chinese farmers violate local biological homeostasis and environmental conditions. Massive utilization of vast amounts of chemical fertilizers pollutes the soil and suppresses the vital functions of the soil flora and fauna.

As a result, the soil becomes unfit for use. This is the reason why the development of Chinese agriculture takes a significant toll on Tajikistan.

Conclusion

The development of the Chinese-Tajik economic relations and the increase in trade turnover led to an increase of the migrant flow of Chinese workers to Tajikistan.

China is conducting a clear-cut economic policy towards Tajikistan and other Central Asian countries, linking the provision of loans and investments to an increased engagement of Chinese migrant workers. In turn, Chinese migrants become the consumers and distributors of Chinese goods in Central Asian countries, which allows China to conduct a gradual expansion on regional consumer markets.

In fact, we are currently observing a process sanctioned by the Chinese authorities, which aims to expand the economic influence of the PRC in the regions through consumer markets and labor migration.

This is also confirmed by the existence of a large number of migration assistance firms that help Chinese citizens with relocation to Central Asian countries. Surveys among the Chinese labor migrants in Tajikistan demonstrate that many have previously visited Tajikistan, and lived there for over a year.

This reveals that Chinese migration follows the trade minority model: the increase in the number of Chinese migrants is occurring simultaneously with the expansion of Chinese market outlets. Two distinct examples of this model's implementation are the two major shopping markets in Dushanbe, namely, Korvon and Hitoy Bozor.

Chinese markets serve as the pillars of economic expansion to new spaces, structuring Chinese communities and, as the ultimate result, intensifying China's influence on Central Asian countries. Let us emphasize that the significant presence of Chinese communities in neighboring countries not only assists China in dispensing with the excess of population and labor resources and providing its citizens with employment, but also promotes the expansion of its economic footprint and market outlets, creates favorable conditions for the export of Chinese goods, as well as allows to gain access to raw materials in the adjoining regions.