



Chinese President Xi Jinping is awarded the Manas Order of the First Degree, the highest national prize of Kyrgyzstan, by his Kyrgyz counterpart Sooronbay Jeenbekov in Bishkek, Kyrgyzstan, June 13, 2019. (Xinhua/Xie Huanchi)

China's Underestimated Strategic Engagement in Central Asia

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Abstract: *China's main goals in Central Asia may not directly hint at the region's long-term strategic importance for Chinese politics, but the outcomes of China's engagement in the region clearly show concrete signs of it. China's emergence as the dominant actor in the region's energy and infrastructure sectors, along with its growing presence as the lender of choice for Central Asia, has had deep consequences as China uses its increasingly influential economic role to cultivate the defense component of its newfound presence in region.. Though relatively understudied, China's energy-infrastructure-defense tridimensional approach is of immense importance. Not only does it help China efficiently reshape the politics of Central Asian states, but it could also be seen as a precedent for China's further engagement scenarios in other regions of interest in Eurasia, such as the South Caucasus and Eastern Europe.*

Although the region known today as Central Asia accumulated remarkable economic and social potential during the Soviet rule, it could not avoid falling into the post-Soviet political fragmentation. The Central Asian states — in particular Kazakhstan, Kyrgyzstan, Uzbekistan, and Turkmenistan — are still struggling to establish viable economies following the

dissolution of the Soviet Union. Recently, however, Central Asia has been showing new signs of life. Now that China is emerging as one of the most influential actors in the region, it has also become an area of interest in Eurasian affairs, and it is likely to play a major role in determining Eurasia's future. While China's main goals in Central Asia may not directly hint

at the region's long-term strategic importance for Chinese politics, the outcomes of China's engagement in the region clearly do show concrete signs of it.

Getting access to reliable and secure energy resources has been China's main goal in Central Asia for the past decades. China has been investing billions of dollars in energy-related infrastructure projects and acquisitions of Central Asian energy assets, and energy resources have formed the basis of a remarkable growth in trade volumes that boomed between China and the five regional states since the 1990s. Those trade volumes fluctuated between \$350 million and \$750 million annually, and in 2016 they reached a total of \$30 billion, a figure that dwarfs Russian annual trade with the region.¹ Bilateral trade and investment between Astana and Beijing has been particularly robust. As of June 2017, the total Chinese investment in Kazakhstan amounted to \$42.8 billion, and loans to the country have surpassed \$50 billion² making China's policies toward Central Asia an outstanding example of a major economic success.

Beijing's second goal in Central Asia is to find external markets for Chinese companies active in construction and infrastructure development. Three entities served China's goal of Central Asian infrastructure-focused engagement strategy: the Shanghai Cooperation Organization (SCO), the Conference on Interaction and Confidence Building Measures in Asia (CICA) that is designed to "promote peace, security, and

stability in Asia"³; and the Asian Infrastructure Investment Bank (AIIB). China's Go Out strategy⁴ helps Beijing in reducing excess capacity at home in the construction and infrastructure development sectors while creating opportunities for Chinese firms and workers abroad and simultaneously providing Central Asia with better facilities and means of transportation. This has most vividly seen in — and implemented through — the Belt and Road Initiative (BRI). Much of the heavy lifting on those infrastructure plans has already been completed. The first three lines of the Central Asia–China pipeline, which brings Central Asian gas to the Chinese market, were all completed by 2014; they now have been repackaged as part of the BRI's successes.

Infrastructure development in Central Asia has been serving China well. If the crumbling infrastructure built to be connected with Russia exclusively has contributed to the region's economic downturn⁵, the infrastructure built by China, in contrast, not only has brought mutually beneficial investment opportunities to the region, but has also significantly raised the living standards of the Central Asian people. Thereby it has created a strongly positive public image for China which, in turn, would allow Beijing to further intensify its energy and trade cooperation with the region. China's energy- and infrastructure-focused policies in Central Asia are thus interconnected, and brilliantly

¹"WITS TradeStat Database," World Integrated Trade Solution, World Bank, 2016
<<https://wits.worldbank.org/#>>

²"China Buys Kazakhstan Lender as Xi Pushes Trade 'Belt and Road,'" Bloomberg, June 7, 2017,
<<https://www.bloomberg.com/news/articles/2017-06-08/china-buys-kazakhstan-lender-as-xi-pushes-trade-belt-and-road>>

³ "About CICA", Secretariat of the Conference on Interaction and Confidence Building Measures in Asia

⁴ "China Offers Fresh Support for Outbound Investment," Reuters, December 24, 2014, <<https://www.reuters.com/article/us-china-economy-investment/china-offers-fresh-support-for-outbound-investment-idUSKBN0K20S120141224>>

⁵"Why Central Asia Is Betting on China's Belt and Road", Umida Hashimova, The Diplomat, <<https://thediplomat.com/2018/08/why-central-asia-is-betting-on-chinas-belt-and-road/>>

calculated to bring guaranteed long-term involvement opportunities in the region.

Such a gradual and rapid emergence of China as the dominant actor in the region's energy and infrastructure sectors, along with its growing presence as the lender of choice for Central Asia, has had deep consequences — and not only of political and economic nature. Western academia tends to focus mainly on China's economic engagement in Central Asia and suggests that, unlike Moscow, Beijing is not keen to highlight its geopolitical influence in Central Asia⁶. Consequently, China's strategic engagement in the region has been relatively overlooked. China has, in fact, used its increasingly influential role to cultivate the defense component of its newfound presence in Central Asia. The Regional Anti-Terrorism Structure (RATS) based in Tashkent was established in 2002, and in 2014 China provided Kyrgyzstan with \$16 million in military aid.⁷ Arguably more importantly, in 2015, there were reports of both Turkmenistan and Uzbekistan acquiring Chinese HQ-9 air defense systems.⁸ Supplying its Central Asian allies with military aid and defense equipment clearly stated China's long-term strategic and geopolitical expectations for the region and showed that China was there to stay.

China did not boast its growing geopolitical influence in Central Asia, but we would be mistaken to assume that this was totally absent.

⁶ "Cooperation and Competition: Russia and China in Central Asia, the Russian Far East, and the Arctic", Paul Stronski, Nicole Ng, Carnegie Endowment For International Peace, February 28, 2018, <<https://carnegieendowment.org/2018/02/28/cooperation-and-competition-russia-and-china-in-central-asia-russian-far-east-and-arctic-pub-75673>>

⁷ "China Boosts Military Aid to Kyrgyzstan, Tajikistan", Kucera, Joshua, Eurasianet.org, <<http://www.eurasianet.org/node/69846>>.

⁸ "Has China Made its First Big Military Sale in Central Asia?" Kucera, Joshua, Eurasianet.org, <<http://www.eurasianet.org/node/71971>>.

Though relatively little studied, the defense component of China's engagement strategy in Central Asia is of particular importance. Following increased economic involvement in the region, China's security- and defense-related engagement could be pursuing two interconnected objectives. Firstly, a somewhat silent security involvement would undoubtedly give China more maneuvering room in forming not only economic, but also sustainable strategic ties with the regional states, further consolidating China's newfound presence in Central Asia. Secondly, given that the rise of China raised alarming fears among its potential strategic opponents (including Russia), limited security cooperation could serve as a guarantee to the recipient states that, in case of geopolitical pressure or sanctions from other regional actors, Beijing would be willing and ready to provide some security cooperation opportunities beyond economic ties. That could make China-centered policies seem more interesting to regional states.

Another demonstration of Central Asia's geopolitical and strategic importance for China stems from its minimal concerns with the short-term profits from BRI projects. China would reportedly expect to lose up to 30 percent of its investment in Central Asia.⁹ Yet it continues to build roads, bridges, tunnels, and high-speed railways throughout the region. This means that "taking over" Central Asia is not only a remarkable regional economic success, but also an element of a long-term geopolitically informed plan to use this region as a platform to connect to Europe—the final destination of the BRI (where Chinese investment is also on the rise in the transportation and logistics sectors).¹⁰

⁹ "China's Asian Dream: Empire Building Along the New Silk Road", Tom Miller, (ZED Books: London, 2017).

¹⁰ "China's Conquest of European Box Ports," Rebecca Moore, Container Shipping and Trade, November 2, 2017

In this context, further consolidating its positions in Central Asian states through providing them with modern defense systems would take on yet another important role. China's energy- infrastructure- defense tridimensional approach (roughly in this order) could be seen as a precedent for further possible engagement scenarios in other regions of interest in Eurasia, such as the South Caucasus and Eastern Europe.

China seems to have been able to reshape the politics and economies of Central Asian states, giving the region a much-awaited chance to flourish through updated trade and energy cooperation opportunities, as well as through infrastructure development. In fact, the region's economic growth has been so great in recent years, that little attention has been paid to the relatively smaller-scale but crucially important defense component of China-Central Asia relations. And while the economic success of China's involvement in Central Asia is widely discussed worldwide and accompanied with laud and celebration on both sides, a sophisticated and silent hard power policy went mostly unnoticed and underestimated, helping China make its unprecedented way to the heart of global affairs. We might never find out whether the lack of international attention toward the crucial defense component of China-Central Asia relations was planned well ahead China's first steps in Central Asia or it was merely an extremely helpful coincidence. But one thing is clear: China's Central Asian "take-over" is undoubtedly a blast of contemporary geopolitical genius.

< http://www.containerst.com/news/view/chinas-conquest-of-european-box-ports_49967.htm.>