

China's Central Asia Policy in Recent Times

*Ramakant Dwivedi**

ABSTRACT

The disintegration of the former Union of Soviet Socialist Republics (USSR) opened up phenomenal opportunities for China to exercise and influence the ongoing political-economic processes in the Central Asian region. Apart from the independence gained by the Central Asian Republics and their ability to operate as sovereign national entities, it is the first time in the history of Central Asia that the region is exposed to various external actors like the U.S., Turkey, the Arab World, Iran, South Korea, and Japan. China, being contiguous to the region, has a great opportunity to influence developments in Central Asia. What are Chinese interests in Central Asia? How has China been advancing these interests within the framework of bilateral and multilateral interactions? What role does the Shanghai Cooperation Organisation (SCO) play in balancing the role of major powers in Central Asia? What implications do increasing interactions between the Central Asian Republics and China have for the security, political and economic spheres of India? This article attempts to address these questions critically.

Keywords • Central Asia • China • India's Relations with Central Asia • Shanghai Cooperation Organization

Introduction

The disintegration of the Soviet Union in 1991 and the subsequent emergence of the five independent Central Asian Republics of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan have led to fundamental changes in the geopolitical landscape of Eurasia. China, like other states bordering the Central Asian region (Russia, Iran and Afghanistan), also faces a changed geopolitical situation on its borders. The Chinese Xinjiang Uyghur Autonomous Region (XUAR) shares a long and common border with Kazakhstan, Kyrgyzstan and Tajikistan. During the Soviet period, China's northern and western borders had been troubled areas due to the Sino-Soviet acrimony. In 1954, the Chinese government published a map showing parts of Kazakhstan, Kyrgyzstan and Tajikistan as Chinese territory and claimed that Tsarist

* Ramakant Dwivedi is Associate Fellow at Institute for Defence Studies and Analyses (IDSA), New Delhi, India.

Russia had annexed these territories in the 1880s.¹ Though Moscow and Beijing had started a dialogue to resolve their border dispute in 1987, the collapse of the Soviet Union left the issue unsettled. These talks were initiated after General Secretary of the Communist Party of the Soviet Union (CPSU), Mikhail S. Gorbachev's July 1986 speech in Vladivostok in which he offered to hold talks with Chinese leaders on the Sino-Soviet border dispute. After the collapse of the Soviet Union, the Chinese government was very apprehensive about its western border. In August 1991, the Chinese Vice-President, Wang Zhen, instructed the People's Liberation Army (PLA) in Xinjiang to "form a steel wall to safeguard socialism and unification of the motherland."²

Clearly then, in the early 1990s maintaining stability in Xinjiang and resolving the border dispute with Russia and the Central Asian Republics was at the top of the Chinese agenda. Subsequently, energy issues, reviving 'Silk Route' trade, and dealing with threats from international terrorism, religious extremism and drug trafficking became important factors in China's strategic calculus. Over the last 15 years, China has been able to develop close and friendly ties with the Central Asian Republics and overcome past uncertainties over border disputes, threats from terrorism, ethnic nationalism and religious extremism. In the 19th century, Central Asia was the arena of the "Great Game" in which Tsarist Russia and the British Empire competed for strategic primacy.³ Today, the U.S., Russia and China are competing for similar supremacy in the region. The U.S.' involvement in the region in the post-9/11 period is another significant factor in China's Central Asia policy.

China's Interests in Central Asia

After the collapse of the Soviet Union, China was concerned whether the *Vladivostok Initiative* of 1986 of Mikhail Gorbachev could be sustained. The *Vladivostok Initiative* was aimed at improving relations between the former USSR and China. It also paved the way for border dispute negotiations between Russia, China and the three Central Asian Republics of Kazakhstan, Kyrgyzstan and Tajikistan. At the end of twenty-two rounds of talks in 1996, two important agreements were signed to settle their border issues: Deepening Military Trust in Border

¹ Michael Freeberne, "Minority Unrest and Sino-Soviet Rivalry in Sinkiang, China's North-Western Frontier Bastion, 1949-1965," in Charles A. Fisher, ed., *Essays in Political Geography* (Butler & Tanner Ltd., London, 1968), 199-204.

² P. Stobdan, "China's Central Asia Dilemma," *Strategic Analysis* 22, 3 (June, 1998): 399-400. Also see John W. Garver, "The Chinese Communist Party and the Collapse of Soviet Union," *The China Quarterly* (March 1993): 96-98.

³ Peter Hopkirk, *The Great Game: The Struggle for Empire in Central Asia* (John Murray Publishers Ltd., London, 1990), 74-79.

Regions and Reduction of Military Forces in the Border Areas. These agreements provided that each party was to refrain from staging military exercises directed against the other. They also specified restrictions on military exercises in terms of scale, area and the number of such exercises that were permitted. In addition, all important military activity initiated by one party in the area between the border and 100 kilometers from the border line, needed to be announced to the other and an invitation to observe the exercises was also to be extended. Finally, the agreement also asserted that measures should be taken to prevent dangerous military activities and enhance friendly exchanges of armed forces in the border areas.⁴ Resolution of these border issues implied that Russia and China had moved from confrontation to dialogue and from conflict to cooperation.

There is a major emphasis given to the periphery in Chinese strategic thinking. Its peripheral security has the following two goals:

- To maintain stability within its territory adjoining the boundary and to ensure the security and economic welfare of its people; and
- To ensure peace and stability on the border by promoting a belt of good neighborliness and friendship.⁵

The volatile situation in the Xinjiang province of China is an important determinant in China's Central Asia policy.⁶ Here, the Uyghurs have been struggling for greater autonomy and independence for decades. Uyghurs living in Kazakhstan, Kyrgyzstan and Tajikistan have strong ties with the Uyghurs in the Xinjiang province of China.⁷ After the collapse of the Soviet Union and the subsequent emergence of independent and sovereign states in the Central Asian region, Uyghurs living in and outside Xinjiang have visualised the possibility of an independent "East Turkistan." The struggle for independence has been going on since 1949 when the Muslim state of East Turkistan was incorporated into China.⁸

⁴ Guangkai, General X., "Promote Shanghai Spirit and Boost Peace and Development," *International Strategic Studies* (June 4, 2004): 1.

⁵ Interview with Prof Nirmala Joshi, former Chairperson of the Centre for Russian and Central Asian Studies, School of International Studies, Jawaharlal Nehru University, New Delhi May 1, 2005 and Prof Zhao Huasheng, Centre for Russian and Central Asian Studies & Centre for Shanghai Cooperation Organisation, Fudan University, China. Interview with Prof Zhao was conducted in Almaty, Kazakhstan May 7 2006.

⁶ Graham Fuller and Frederick Starr, *The Xinjiang Problem* (Washington: Central Asia-Caucasus Institute, 2003), 9.

⁷ The author visited Kyrgyz-China bordering areas in 2003 and noticed that there is strong feeling for the Uyghurs living in Chinese province of Xinjiang.

⁸ Dru Gladney, "Islam in China," *Turkistan Newsletter*, November 15 2001, p. 457.

Today, the restive Uyghurs are likely to look to the Central Asian Republics (CARs) for support in their cause. According to official statistics, Central Asia is home to more than 300,000 Uyghurs, of whom 210,000 live in Kazakhstan, 46,000 in Kyrgyzstan and about 30,000 in Uzbekistan.⁹ The Chinese government is apprehensive of popular support to “East Turkistan” in Xinjiang and among the Uyghurs living in Kazakhstan, the Kyrgyz Republic and Tajikistan. The specter of Uyghurs on both sides of the border uniting and making a concerted effort to fulfill their aspirations has fuelled fears of a potential breakup of the Xinjiang region. China’s goal is to neutralize the Uyghurs and their quest for support from the Central Asian Republics through the Shanghai Cooperation Organisation (SCO). China would address concerns vis-à-vis Central Asia on rise of religious extremism, terrorism and forces of aggressive nationalism and sideline the Uighur issue.

The fall of Najibullah’s government in Kabul in 1992 and the “victory” of the Mujahideen led to Afghanistan becoming a stronghold of extremism. The Taliban’s “victory” in 1996 provided an additional stimulus to the forces of extremism and terrorism in Central Asia. Furthermore, the Tajik Civil War (1992-97) and the emergence of religious extremist groups – Islamic Movement of Uzbekistan (IMU), Islamic Movement of Turkistan (IMT) or Islamic Party of Turkistan (IPT) and Hizb-ut-Tahrir (HuT) – in the Ferghana Valley and other parts of Central Asia has created challenges to security and stability in the region.

A series of disturbing events – the Tashkent bombing in February 1999, the incursions into Kyrgyzstan and Uzbekistan in August 1999, August 2000, July 2001 and the May 12-14, 2005 events in Andijon city in the Ferghana Valley in Uzbekistan – have drawn attention to the growing role of religious extremist forces in Central Asia. This has also caused a significant change in threat perceptions of religious extremist forces. The Islamic Movement of Turkistan (IMT), also known as the Islamic Movement of Uzbekistan (IMU) until the middle of 2003, and Hizb-ut-Tahrir (HT) – the two leading extremist groups – have openly declared their objective of overthrowing the constitutional system and to create an Islamic Caliphate in Central Asia. While declining economic conditions, corruption, sense of injustice and non-accommodative polity have given more space to IMT and HT to operate, the ideological onslaught by often foreign-backed religious forces, an unremitting flow of foreign funds and the unresolved conflict in Afghanistan are the principal factors for the growth of extremism in Central Asia.¹⁰ The

⁹ K. L., Syroezhkin, “Myth and Reality of Ethnic Separatism in China and Security of Central Asia,” *Daik Press*, 2003, p. 703. (In Russian)

¹⁰ Ramakant Dwivedi, “Religious Extremism in Ferghana Valley,” *Strategic Analysis* 30, 2 (April-June 2006): 403-419.

Andijon events on May 12-14, 2005 in Ferghana Valley where clashes between Uzbek security forces and rebels resulting in the death of between 200¹¹ to 500 people according to differing reports,¹² and are likely to influence the geopolitics in Central Asia for some time to come. There is a difference of opinion among some experts who hold religious extremists responsible for the Andijon crisis while others blame the Uzbek government for its indiscriminate use of force.¹³

The IMT and HT's declared objective of overthrowing constitutional systems in Central Asia also includes the Xinjiang Uighur Autonomous Region (XUAR). In a report released on January 21, 2002, the Chinese Government accused religious extremists and international terrorists based in Afghanistan for supporting Uighur "separatists" in Xinjiang province. The State Council report was released on the eve of Afghan President Hamid Karzai's first state visit to China. According to the report: "Statistics show that from 1990 to 2001, the 'East Turkestan' terrorist forces inside and outside China were responsible for over 200 terrorist incidents in Xinjiang which resulted in the death of 162 people of all ethnic groups, including grassroots officials and religious personnel, and injuries to more than 440 people."¹⁴ The Central Asian Republics and China share this "extremist/separatist" threat perception.

September 11 was a turning point in the fight against terrorism and religious extremism in Central Asia. With the emergence of Afghanistan as the epicenter of international terrorism and religious extremism, an international endeavour to fight this challenge became inevitable. This needed coordination and cooperation from all states in the region and beyond. Russia had been facing challenges and threats to its territorial integrity from its southern Autonomous Republic of Chechnya for quite some time. There, Chechen extremists with connections to their Afghan counterparts, have been waging a war against Moscow for a separate Chechen Islamic Republic. It was based on this backdrop that Moscow extended support to *Operation Enduring Freedom*. While China has supported the U.S.-led war against terrorism, it suspects that western countries, especially the U.S., has a hidden agenda for control of the natural resources of Central Asia and would like to encircle China from

¹¹ As reported by UzReport, <www.uzreport.com> (June 15 2005).

¹² These reports were published on various websites accessed on May 18, 2005, see for instance: <www.iwpr.net>; <www.eurasianet.org>; <www.rferl.org> (May 18 2005).

¹³ P. Stobdan, "Talking Heads," *Hindustan Times*, June 23 2006. Also see, Shirin Akiner, "Violence in Andijon May 13 2005: An Independent Assessment," Silk Road Paper, Central Asia-Caucasus Institute & Silk Road Studies Program, July 2005.

¹⁴ "East Turkestan terrorist forces get away with impunity", information office of the State Council, *Beijing Review*, January 31 2002, pp. 14-23, as cited in Sujit Dutta, "China's Emerging Ties with Central Asia," In Nirmala Joshi, ed., *Central Asia: The Great Game Replayed- An Indian Perspective* (Delhi: New Century Publications, 2003), 150.

the western flank. The presence of the U.S. military at Ganci airbase near Manas airport in Kyrgyzstan, just 200 km from the Chinese border has further strengthened these apprehensions. The unilateral military action by the U.S. and its allies against Iraq in 2003 is perceived by China as an assertion of unipolarity.

The North Atlantic Treaty Organization's (NATO) "eastward enlargement" is another factor which has influenced Beijing's policy initiatives in Central Asia. It was expected that NATO would cease to exist after the end of the Cold War. However, Washington, along with its allies, decided to enlarge it by including new members from Eastern Europe. This enlargement is aimed at promoting democracy, human rights and civil society in the former Soviet political space. New democratic systems are projected as capable of addressing problems created by instability, transition and rising expectations.

A series of "Color Revolutions" – the "Rose Revolution" in Georgia in 2003, the "Orange Revolution" in Ukraine in 2004 and the "Tulip Revolution" in the Kyrgyz Republic in March 2005 – in the wake of rigged parliamentary and presidential elections created uneasiness in Beijing. These developments increased China's concerns about Uyghur restlessness getting externally exploited.

China and Russia extended full support to Uzbek President Islam Karimov for his handling of the Andijon events of May 2005, and China was the first country visited by President Karimov after Andijon. The visit helped the Uzbek government face mounting international pressure for an international enquiry into the events in Andijon. These pressures were primarily exerted by the U.S. and the European Union. For example, U.S. State Department spokesman Tom Casey said: "Until Uzbek authorities allow an independent and credible investigation to occur, we cannot know who was responsible or was involved."¹⁵

Chinese involvement was strengthened after Uzbek scholars termed the Andijon events a direct interference by the U.S. in the internal affairs of Uzbekistan.¹⁶ Chen Xiangyang, for example, questioned the role of the U.S. in promoting democratic transformations in the region and saw it as interference in the internal affairs of these sovereign states. An assessment emerged that the "Color Revolutions" violated the sovereignty and threatened the legitimate governments of the Central Asian Republics. They also provided an opportunity for terrorist and extremist forces to manipulate the situation in their favor.¹⁷ But

¹⁵ C. J. Chivers and Thom Shankar, "Uzbek ministers in Crackdown received U.S. Aid," *New York Times*, June 18 2005.

¹⁶ Dinora Azimova, "Is it Democracy or imposition of an ideology?," UzReport <www.uzreport.com> (June 24 2005).

¹⁷ Chen Xiangyang, "Assessment of International Situation and China's Security Environment in 2005," *Foreign Affairs Journal* 78 (December 2005): 24.

governments in the region must also address the declining economic conditions, lack of political pluralism and nepotism in these countries.¹⁸ Local politics and disillusionment against the Akayev government were important factors contributing to the "Tulip Revolution."

China and Russia also have common interests regarding U.S. efforts to promote democratic transformation in Central Asia. Both want to contain U.S. influences in the region and address non-traditional threats to security and stability. Instability in the region will have wide ramifications for both Russia and China due to the region's geographical proximity. This is addressed in the Treaty of Good Neighborliness, Friendship and Cooperation signed by both countries in 2001.

The quest for energy security is also transforming China's engagement in Central Asia. China's demand for imported oil is projected to rise from the present requirement of 60 million tonnes to 250-300 million tonnes annually by 2020,¹⁹ and China wants to reduce its dependency on West Asian (Middle Eastern) oil. If a conflict erupts over Taiwan, current oil supply lines would be seriously affected. Therefore, participation in the energy development projects in the Central Asian Republics is an important part of China's energy strategy. Indeed, the Central Asian Republics provide a fertile ground for such cooperative projects. China has invested or pledged substantial amounts of money in joint ventures along with Central Asian oil and gas companies such as Petro-Kazakhstan, Turkmen Neftegas and Uzbek Neftegas. China is working on new gas and oil pipelines connecting the Central Asian Republics to its pipeline network in Xinjiang. Projects are also underway for a network of roads and rail lines that connect China's west to Russia, Europe and West Asia.

Clearly, China's interests in Central Asia have widened from stability at the borders to encompass energy security, geopolitics and combating extremists, terrorists, as well as "nationalist/ separatist" forces. At the same time, China's new security doctrine has undergone a change. Commenting on these concepts, Lieutenant General A. Klimenko said:

"Amid the ongoing globalization it is just as important to have a certain exclusive zone of influence or in Chinese terminology, living space, which can be used for economic, scientific and technological development as well as in the interest of ensuring the country's security."²⁰

¹⁸ Ramakant Dwivedi, "Kyrgyzstan in the Throes of a Revolution," *Asian Affairs* (May, 2005): 20-21.

¹⁹ Lt.-Gen. A. Klimenko, "The Evolution of China's Military Policy and Military Doctrine," *Military Thought* 14, 2 (2005): 49.

²⁰ *Ibid.*, p. 50.

While on strategic borders, he said:

“Chinese theoreticians believe that the strategic borders of the living space of major powers go far beyond their state orders while the ‘living space’ of many ‘weak’ states sometimes has strategic borders that do not correspond to their ‘aggregate power’; this can lead to a loss of territory.”²¹

China’s Central Asia Policy

In the past, China’s policies towards its northwestern frontier could be summarised in one word, i.e., defence. Now, the main thrust of Chinese policy is on opening the borders. For the Central Asian Republics, China also becomes the natural choice given their landlocked position.²² The sudden disintegration of the Soviet Union presented both challenges and opportunities to Beijing; challenges include a new geopolitical situation on its borders whereas opportunities include a possibility for the revival of the “Silk Route.” China’s security and economic policies in the Central Asian Republics rest upon countering terrorism, religious extremism and Uyghurs’ independence, bilateral and regional economic cooperation, military cooperation, and countering the influence of major powers inimical to China and Central Asia’s multilateral security arrangements.²³ China has taken major initiatives in order to secure its core geopolitical and geo-economic interests. These include border dispute resolution, reduction of military forces in the border regions, deepening military trust, good neighbourliness, friendship cooperation agreements, and the Shanghai Five initiative which later became the Shanghai Cooperation Organisation.

Boundary Issues between China and the Central Asian Republics

China and the Central Asian Republics of Kazakhstan, the Kyrgyz Republic and Tajikistan have resolved contentious boundary issues which were pending for a long time. China and Kazakhstan signed a *Protocol on the Demarcation of the State Line* in Beijing on May 10, 2002 demarcating and delimiting the 1740 km long boundary between the two countries. This agreement, based on existing legal documents including the first Chinese (Qing Dynasty) and Russian (Tsarist) boundary agreements of the 18th century, was signed by Chinese Foreign Minister, Tang Jia Xuan and his Kazakh counterpart Kassymzhomarat Tokayev. Later on, this

²¹ *Ibid.*, p. 51.

²² Yongjin Zhang and Rouben Azizian, eds., *Ethnic Challenges Beyond Borders: Chinese and Russian Perspective of the Central Asian Conundrum* (Basingstoke, 1998), 43.

²³ Dutta, Sujit, no. 11. p. 157.

was ratified by the Kazakh parliament.²⁴ The Kyrgyz Republic and China, in turn, signed two Protocols in 1996 and 1999 to settle their boundary dispute. The Kyrgyz Republic ceded 30,000 of hectares territory to China under the 1996 agreement which was subsequently ratified by the Kyrgyz Parliament in 1998. Under the 1999 agreement, China got an additional 95,000 hectares of land. These two agreements helped to normalise and develop cordial relations between Bishkek and Beijing.²⁵ Opposition parties initially protested against the agreements but Kyrgyz President Askar Akayev's assurances about the fairness of the deal pacified them. These agreements were ratified by the Jogorku Kenesh (Parliament) of the Kyrgyz Republic on May 7, 2002.²⁶ Tajikistan and China signed an agreement in May 2002 during Tajik President, Imomali Sharifovich Rakhmanov's visit to China. Under this agreement, Tajikistan ceded 1000 sq. km of territory to China in return for China's withdrawal of claims on 28,000 sq. km of Tajik territory.²⁷ This agreement was ratified by the Tajik Majlis (the parliament) in 2005.²⁸

China, being the world's second-largest oil consumer after the United States is, as mentioned above, attaching high priority to accessing oil and gas reserves in the Central Asian Republics. The Chinese government wants to diversify energy imports and lower dependence on West Asia. China's energy security comprises the following elements: to diversify the sources of energy imports and increase the share of oil and gas imports from Russia and Central Asia; increase overseas investments by state oil companies; broaden ways of trade to avoid transactions risk; enhance the investments in oil and gas infrastructure and open more channels to imports; establish government controlled strategic petroleum reserves; adjust energy consumption and production structure and reduce dependence on oil through coal gasification; liquefaction and development of nuclear power; and actively participate in the formation of a regional community and establish a regional energy system.²⁹

With the opening of the Atasu-Alashankou oil pipeline running from central Kazakhstan to western China in May this year, Beijing achieved a big success in reaching out to Central Asian hydrocarbon resources. The

²⁴ "Kazakhstan and China sign Border Demarcation Deal in Chinese Capital," *Kazakhstan Daily Digest*, May 13 2002.

²⁵ Prof Marat Saralinov, Talk on "Kyrgyz Perspective on International Affairs," IDSA, New Delhi, April 17 2006. Prof Saralinov was one of the Members of the Border Dispute Negotiation Committee of the Kyrgyz Republic.

²⁶ *Ibid.*

²⁷ "Tajiks to cede border territory to China," Reuters, May 23 2002.

²⁸ Interview with Sohrob Rajabov, First Secretary, Embassy of Tajikistan in India, June 28 2006.

²⁹ Stephen Blank, "China in Central Asia: The Hegemon in Waiting?" In Ariel Cohen, ed., *Eurasia in Balance: The US and Regional Power Shift* (Burlington, 2005), 161.

construction of the 988-kilometer long pipeline started in September 2004 and was finished in ten months, with China financing the entire project through an investment exceeding \$800 million. According to the Kazakh Minister of Energy and Mineral Resources, Vladimir Shkolnik, Chinese investments in Kazakhstan's oil and gas sector are completely justified, since between 2010 and 2020 Chinese oil consumption is expected to rise from 355 million tonnes to 500 million tonnes annually, and China's oil deficit will increase by 240 million tonnes.³⁰ In early June this year, the China National Petroleum Corporation (CNPC) signed an agreement with Uzbekistan to invest \$210 million in oil and gas exploration over the next five years. Beijing and Ashgabat signed a General Agreement on Building a Gas Pipeline from Turkmenistan to China on April 3, 2006. Article 2 of the Agreement states: "The Chinese Party will purchase 30 billion cubic meters of natural gas annually from Turkmenistan at the Turkmenistan border over 30 years, starting from the date the Turkmenistan-China gas pipeline is commissioned in 2009."³¹ China's President Hu Jintao and Niyazov also simultaneously signed an agreement on a pipeline project that would bring gas supplies from Turkmenistan to China via Uzbekistan. In addition, China is pressing ahead with the construction of a railway line linking Uzbekistan and China's Xinjiang province via Kyrgyzstan. This clearly demonstrates China's political and economic commitments to ensure oil and gas supply from the Central Asian Republics.

China is also involved in developing infrastructure facilities in the region. Beijing signed a deal on June 14, 2006 for the construction of a highway in Tajikistan, and officials also announced financial plans to build a hydropower station in Kazakhstan. On June 16, 2006, Beijing allocated \$50 million for a loan to improve Uzbekistan's irrigation system. Chinese officials have also offered to link all six SCO member-states via a fiber-optic network by 2010 to boost communications.³²

As noted by Professor Wang Jiangping of the Shanghai Normal University:

"China has very rich resources, like oil, gas, and metals ...and also China has very strong human resources; and experienced, skillful Chinese workers can play a very important role to help the Central Asian Republics build some basic infrastructure – such as highways, electrical power stations, and factories. And, of course, China can supply light-industry production to

³⁰ *Izvestiya Kazakhstan*, December 17 2005.

³¹ *Neytralnyy Turkmenistan*, April 4 2006.

³² Gulnoza Saidzimova, "China Makes Further Economic Inroads into Central Asia", *RFE/RL News-line*, June 22 2006.

Central Asia. So, in many ways, China can contribute to the economic development of Central Asia."³³

Needless to say, energy security is given a high priority by China and its ties with energy-rich Kazakhstan and Turkmenistan are significant and also have major potential. Chinese investments in the Kazakh energy sector are substantial. It is involved at all levels in this activity from exploration and construction of export pipelines to outright purchase of energy supplies.

Another major area of Chinese activity is in the sphere of communications where China is involved in road construction and restoration. Renovation of the China-Kyrgyzstan-Uzbekistan transnational highway is underway and the road connecting China with Tajikistan was recently completed. The possibility that this transport corridor could provide access for Tajikistan and China to the Indian Ocean via Afghanistan and Pakistan appears high. Greater connectivity between China and the Central Asian Republics would improve prospects for increased trade tremendously, and border trade with Kazakhstan and Kyrgyzstan is already flourishing.³⁴

China has signed Treaties of Good Neighborliness and Friendship with Kazakhstan and Kyrgyzstan, and Beijing upgraded its political ties with Kazakhstan to the level of Strategic Partnership in 2005. Thus, we see strong politico-economic initiatives from China in the Central Asian region. China and Kyrgyzstan have also held joint anti-terrorism exercises near the Irkeshtam crossing on the Kyrgyz-Chinese border involving the armed forces of both countries.³⁵ Another striking feature is that China is pursuing a vigorous diplomacy marked by regular exchange of visits at the highest level. This is in addition to the annual meetings of the SCO, which provide a good opportunity for exchange of views.³⁶

Within the SCO, grouping together the Central Asian Republics (minus Turkmenistan), plus China and Russia, the two latter countries are jointly working for regional integration and China has pledged \$ 900 million to finance SCO projects.³⁷ Russia is also assuming a lead role in propelling the Eurasian Economic Community (EEC) to become an integrating factor in the former Soviet space. The Eurasian Development Bank, which was created by Kazakhstan and Russia, is expected to

³³ *Ibid.*

³⁴ Interview with Prof Nirmala Joshi.

³⁵ As reported at: <<http://english.people.com.cn>> on September 24 2005.

³⁶ Interview with Prof Nirmala Joshi.

³⁷ M. K., Bhadrakumar, "Why Uzbekistan matters to India," *Rediff*, April 13 2006, <<http://in.rediff.com/news/2006/apr/13uzbek.htm>> (April 15 2006).

finance the Eurasian Economic Community (EEC) projects with a paid-up capital of \$ 1.5 billion.³⁸

Beijing has also been very successful in securing its presence in Kazakhstan, Turkmenistan and Uzbekistan's energy sector. On a broader level, China has met with considerable success in pursuing a strategy of advancing loans and making investments in the Central Asian countries in developing their economies as a whole, leading to enduring relationships with commensurate benefits in the energy sector.

The Shanghai Cooperation Organisation (SCO)

The sixth summit of the Shanghai Cooperation Organisation (SCO) was held in Shanghai on June 15, 2006 in the backdrop of changing geopolitical shifts in the Central Asian region. The change is caused by a Russian reassertion of influence in Central Asia, increasing engagement of China with the Central Asian Republics, both at the bilateral and multilateral levels, and U.S. moves to gain lost ground in the region. The Colour Revolutions in the former Soviet republics and the Andijon events during May 12 to 15, 2005, in the Uzbek part of the Ferghana Valley, which was followed by a U.S. military withdrawal from Uzbekistan, have created concerns of a re-play of the "Great Game" in Central Asia.

Back in the 1990s the Shanghai-Five, the predecessor of the SCO, had focused on peace and stability on China's common borders with Russia, Kazakhstan, Kyrgyzstan and Tajikistan. After the settlement of the border issues, the primary Chinese concern was to maintain peace and stability on its border, since the core of the Shanghai spirit was good neighbourly attitude, friendship and cooperation. With the rise in non-traditional threats and the vulnerability of the Central Asian Republics to these dangerous forces, the security agenda of the Shanghai-Five gradually began to expand.

The Shanghai Five's (Russia, China, Kazakhstan, Kyrgyzstan and Tajikistan) first meeting in 1996 in Shanghai and the second meeting in 1997 in Moscow laid the foundation of the current SCO. The primary objective of the 1998 meeting in Almaty of the Shanghai Five was to make progress on the joint statements of the 1996 and 1997 meetings, including the remaining border disputes and to make the organization more active in resolving regional issues. During the Cold War, Central Asia had a high concentration of opposing Soviet and Chinese forces. Indeed, the Shanghai Five decided to turn what was once a major zone of tension into a zone of security. The Shanghai Five meeting in 1999 in Bishkek was successful in the sense that it revived "Silk Route" trade and helped create greater economic integration of the Central Asian Republics, Russia and China. The Dushanbe meeting of the Shanghai

³⁸ *Ibid.*

Five in 2000 highlighted the collective fight against international terrorism, religious extremism and separatism and Uzbekistan was also admitted as an observer during this summit. In June 2001, the Shanghai Five extended full membership to Uzbekistan and the mechanism became the Shanghai Six. This was followed up on June 15, 2001 as all six Heads of State signed the Declaration of the Shanghai Cooperation Organization.

In July 2001, Russia and China signed the Treaty of Good-Neighborliness and Friendly Cooperation.³⁹ The SCO also extended support to the 1972 Anti-Ballistic Missile (ABM) Treaty, opposed the U.S. National Missile Defense (NMD) program in June 2001, and declared Central Asia a Nuclear Free Zone. Members also indicated their wish to start a dialogue with the Association of South East Asian Nations (ASEAN) regional forum. The main output of this summit was the document entitled The Shanghai Convention on fighting Terrorism, Separatism and Religious Extremism,⁴⁰ and in June 2002 the SCO signed the Agreement on Regional Anti-Terrorism Structure (RATS). This is a significant agreement because it called for a clear-cut legal framework as well as practical interactions in the struggle against terrorism, separatism, and extremism.⁴¹ The May 2003 SCO summit in Moscow approved the establishment of the SCO Secretariat in Beijing and transfer of the Regional Anti-Terrorism Structure (RATS) from Bishkek to Tashkent. The SCO also conducted its first joint exercise during August 7-12, 2003. The SCO held a follow-up economic cooperation and integration ministerial meeting in Beijing after the session in Moscow in 2003. On that occasion, the Prime Ministers settled on a budget for the organization's secretariat and the Regional Anti-Terrorism Structure (RATS) in Tashkent. The officials also finalized six additional documents on the SCO's institutionalization solidifying multilateral economic and trade cooperation within the organization.⁴²

The June 2004 meeting in Tashkent further concretized the SCO's framework, and Mongolia was also admitted as an SCO observer in the course of the summit. Russia also put forth an initiative to create an SCO-Afghanistan contact group, both to revive the Afghan economy and strive to maintain security and stability in the region. In relation to this, the SCO members signed an agreement outlining cooperation in the fight

³⁹ Treaty of Good-Neighborliness and Friendly Cooperation Between the People's Republic of China and the Russian Federation, <www.fmprc.gov.cn/eng/wjdt/2649/t15771.htm> (March 15 2003)

⁴⁰ "Shanghai Cooperation Organization Must Not Punish Peaceful Dissent," *Human Rights Watch*, June 14 2006, <<http://hrw.org/english/docs/2006/06/14/eca13545.htm>> (June 26 2005)

⁴¹ Official Website of SCO Summit Website, Brief History of SCO Summits, <http://english.scosummit2006.org/en_bjzl/2006-04/21/content_156.htm> (June 20 2006).

⁴² *Ibid.*

against drug trafficking while Russian President Vladimir Putin emphasized the SCO's importance in creating anti-drug security belts around Afghanistan.⁴³

The summit meeting of the SCO held in Astana in Kazakhstan during July 5-6, 2005 focused on economics and proposed to establish a comprehensive regional development fund and a Business Council. Documents on cooperation with ASEAN and the CIS were drafted and the SCO received observer status at the UN General Assembly. An important outcome of the 2005 SCO summit was a call to the U.S. to set a firm deadline for the withdrawal of U.S. and NATO armed forces present on the territory of SCO member-countries as part of the U.S.-led "anti-terrorist coalition." The U.S., on its part, has tried to deflect this call by claiming that its presence is governed by bilateral agreements with Uzbekistan and Kyrgyzstan. It is pertinent to note that Uzbek officials gave notice to Washington DC on July 31, 2005 to wind down the Karshi-Khanabad (K-2) air base on the Uzbek-Afghan border within 6 months. On November 21, 2005 the U.S.' military flew its last plane out from K-2.⁴⁴

This clearly demonstrated that Russia, China and the Central Asian Republics together would like to be in charge of regional security within the framework of the SCO. Some analysts believe that Uzbek President Islam Karimov was behind the general push for the anti-U.S. declaration in response to U.S. criticism of Tashkent's refusal to permit an international investigation into the events in Andijon during May 12-14, 2005.⁴⁵ SCO members have also appreciated Karimov's handling of the Andijon unrest where Moscow and Beijing have backed Tashkent during the latest downturn in U.S. -Uzbek relations.

At the SCO summit in Shanghai on June 15, 2006, 10 agreements were signed which included: "An agreement on the procedure of organising and holding joint anti-terrorism actions in the territories of SCO member Republics, an agreement on identifying and severing infiltrating channels of people engaged in terrorism, separatism and extremism in the territories of SCO member Republics, an intergovernmental educational cooperation agreement of SCO member Republics, a resolution of the SCO Business Council, and an action plan of SCO Inter-bank

⁴³ *Ibid.*

⁴⁴ Craig Murray, "Uzbekistan switching its gaze to Russia," <www.craigmurray.co.uk/archives/2005/11/uzbekistan_swit.html> (December 15, 2005).

⁴⁵ E. Jefferson Turner, "What is Driving India's and Pakistan's Interest in joining the Shanghai Cooperation Organisation?", <www.ccc.nps.navy.mil/si/2005/Aug/turnerAug05.asp> (December 18 2005).

Association member banks on supporting regional economic cooperation.”⁴⁶

On the sidelines of the summit, business transactions worth US\$2 billion were agreed upon. Furthermore, the summit consolidated the security dimension, and the Declaration adopted at the summit strongly emphasized this. It stated, “what specific means to be adopted to safeguard security of the region is the right and responsibility of countries in the region.... The SCO will make a constructive contribution to the establishment of new global security architecture”. The Declaration also unambiguously stated that diversity of cultures and different models of development must be respected and upheld, and that interference in the internal affairs of a country on the pretext of “Colour Revolutions” was unacceptable. This was reflected further in the Declaration as it was explicitly stated “Model of social development should not be exported”.

Thus the SCO is slowly but surely emerging as a significant regional grouping in Eurasia. What has enhanced the significance of SCO is the shift in international politics from Europe to Eurasia. The abundant natural resources of the Eurasian region and the potentials of Eurasia to act as a hub of transport corridors have tremendously added to the significance of the SCO.

On the basis of the enormous potentials that exist, the SCO will most likely succeed in expanding its economic agenda and promoting economic cooperation and integration among member countries apart from the fight against terrorism, separatism and religious extremism. China and the other SCO members are already working on 127 joint projects covering the areas of trade, investments, custom, finance, taxation, transportation, energy and other areas of mutual interest. The SCO Summit in June 2006 also demonstrated that Russia and China intend to protect their common interests in Central Asia, including containing the U.S. influence in the region, fighting terrorism and religious extremism, as well as controlling energy resources.

International Issues and the SCO

Following 9/11, the U.S.-led Operation Enduring Freedom swept the Taliban regime out of power in Afghanistan, while the International Security Assistance Force (ISAF) led by the North Atlantic Treaty Organisation (NATO) has been engaged in promoting stability and security in the country. This has had a positive impact on all the Central Asian Republics, especially on Uzbekistan and Tajikistan where heightened militant activities by religious extremists and terrorists have

⁴⁶ SCO Website: <www.sectSCO.org/news_detail.asp?id=938&LanguageID=2> (June 17 2006).

posed security challenges. Nevertheless, the military presence of the West in Kyrgyzstan and Uzbekistan (till November 2005) has changed the geopolitical map of Central Asia. The U.S. has emerged as a powerful player in the region. Russia's assent to Kyrgyzstan and Uzbekistan granting military base facilities to the U.S. has played an important role, but the expectation was that such military presence would be limited in time and scope. In the process, U.S. involvement in Central Asia has actually deepened. Apart from the military base facilities at Ganci near Manas airport in Kyrgyzstan and Karshi-Khanabad (K-2) in Uzbekistan, others like Kazakhstan, Tajikistan and Turkmenistan have also offered support to Washington. Clearly, this shows the ineffectiveness of the SCO to act as a security provider for the region at the moment. There was unease and disquiet in many circles, especially within the Russian armed forces that a US military presence would not be short-term, and suspicions were raised that it had a hidden agenda of controlling the energy resources of Central Asia and reducing Russian influence in the region. Such a perception is natural against the background of NATO's eastward expansion.

The U.S. has emerged as a powerful player in the region. Earlier, Russia was the chief guarantor of stability and security in Central Asia, but with religious extremism and terrorism acquiring global dimensions and the emergence of Afghanistan as the epicenter of extremism and terrorism, a global effort to fight this challenge became inevitable. Such an effort needed coordination and cooperation of all the states of the region and beyond. Russia and China extended full support and cooperation to Operation Enduring Freedom. Since Russia was facing challenges in Chechnya, Russia's support was understandable. Similarly, China has been facing the Uyghurs "Islamic resurgence" in Xinjiang. However, both Moscow and Beijing view a long-term presence of US forces in Central Asia as detrimental to their interests.

Russia and China are the two major powers within the SCO. Since the settlement of their border disputes, they have forged a close strategic partnership and there is a compatibility of views on international security. The Treaty of Neighborliness, Friendship and Cooperation of 2001 symbolizes the close and cordial relations between Russia and China and this compatibility of views is a positive factor in the SCO. However, differences emerging between Russia and China cannot be discounted in the future, where Central Asia may be an area where interests conflict. Russia has regained some of its lost influence in Central Asia whereas China has been focusing on economic cooperation and development. In the Chinese view development could also act as a tool for regional cooperation. This could ensure stability of the Central Asian region – the essence of Shanghai spirit. The possible scenario of Russia-China relations deteriorating to a conflictual level over Central Asia is however

remote at present. Nevertheless, any sign of differences among the two powers would have an impact on the workings of the SCO and Central Asia. Presently, such a turn of events look distant and the Sino-Russian partnership will likely continue in the near future. Both are powerful countries and will not allow strains and differences to affect their relationship.

The Foreign Policies of the Central Asian Republics

The foreign policy priorities of the Central Asian Republics have been one of multiple alignments or "an open-door policy." After the collapse of the Soviet Union substantial federal subsidies that sustained the economies of the Republics dried up. Consequently, the Central Asian Republics opened their doors to external aid and borrowed in all the important sectors of the economy and social sectors at large. The Central Asian Republics are landlocked and three of them have a common border with China. These geopolitical compulsions would imply a policy of engagement and friendship with China. According to the Chinese scholar, Zhaunghzi: "SCO members share a common border. It is unimaginable for Central Asian countries to develop their economies and maintain domestic stability without the support from their neighbours."⁴⁷

The Eurasian Economic Community (EEC) was established in 2001 by Russia, Belarus, Kazakhstan, the Kyrgyz Republic and Tajikistan to promote regional economic cooperation and integration. In the late 1990s, Uzbekistan distanced itself from the Russian-dominated regional economic grouping but the Andijon events changed the foreign policy orientation of Tashkent. Besides joining the EEC in January 2006, Uzbekistan also resumed its membership in the Collective Security Treaty Organisation (CSTO) from which it withdrew in 1999.⁴⁸

Still, the Central Asian Republics' initiatives to promote regional cooperation have so far been very unsuccessful. Neither the Central Asian Economic Community (CAEC), the Central Asian Cooperation Organisation (CACO) nor the Central Asian Economic Union (CAEU) have achieved any major results. On the other hand, it looks as if the SCO is more likely to succeed in promoting regional economic cooperation and integration.

However, some Central Asian analysts and diplomats fear a "creeping Chinese expansion" in the region especially in Kazakhstan, Kyrgyzstan and Uzbekistan. Murat Auezov, a former Kazakh Ambassador to China says: "It is a great neighbor for us, and we can benefit from it. But we

⁴⁷ S. Zhaunghzi, "New and Old Regionalism: The SCO and Sino-Central Asian Relations," *The Review of International Affairs* 3, 4 (2004): 606.

⁴⁸ "Uzbekistan Lifts Moratorium on attending CSTO Meeting," *Uzreport* <www.uzreport.com> (June 30 2006).

need to be prepared. I believe the best means to preparedness is a conscious consolidation and solidarity of the Central Asian Republics and peoples. We, neighbours, have certain [bilateral] problems – for example, border and water issues. But we should be able to stand together. We will maintain our sovereignty and freedom if we're able to create a well-functioning Central Asian brotherhood."⁴⁹ Prof Khaydarov, Former Deputy Foreign Minister of Uzbekistan, expressed the same views.⁵⁰ Auezov has voiced concerns over China's plans to extract water from the Ili and Irtysh rivers for Urumchi oil field development in Xinjiang Region. This is an extremely important question for Astana as water has become a strategic issue in the Central Asian region. Both the rivers rise in China; the Ili passes through Kazakhstan before terminating in Lake Balkhash and the Irtysh travels through Kazakhstan before joining up with the Russian Ob river.

Implications for India

The close and friendly relations between India and the Central Asian Republics have deep historical roots. India's first Prime Minister, Jawaharlal Nehru, visited these republics in 1955 and 1961 when they were part of the Soviet Union. As the Soviet Union disintegrated in 1991 and five independent and sovereign states emerged, this led to a strengthening and expansion of politico-economic-cultural ties between New Delhi and the Central Asian Republics. The political dialogue has since been regular and mutually beneficial. High-level exchanges have indeed set the tempo to chart out the scope and direction of cooperation, and have also laid the foundation for understanding each other's interests and core concerns. India and the Central Asian Republics all subscribe to common principles of inter-state conduct, peaceful settlement of differences, rejection of extremism in all forms, as well as the principle of non-interference in the internal affairs of other countries. The cooperation between India and the Central Asian Republics spans many areas, including economic and commercial collaboration, cultural, education and technical training in diverse disciplines, information technology, science and technology, agriculture and civil aviation, to name a few.

Central Asian entrepreneurs can make use of the considerable experience of Indian industry in areas such as textiles (both cotton and silk), pharmaceuticals and medical equipment, information technology and processing of agricultural products. Indian businessmen have already shown interest in making investments in Central Asia in some of these areas. For example, the Jawaharlal Nehru Information Technology

⁴⁹ Interview with Murat Auezov in Almaty, Kazakhstan June 6, 2006.

⁵⁰ Online (through e-mail) interview with Prof Khaydarov June 16, 2006.

Centre opened in Tashkent in April 2006 and Bedil India-Tajikistan Centre for Information Technology in Dushanbe launched on July 18, 2006. These are good signs of India's enhanced engagement in the ongoing economic and educational processes in both Uzbekistan and Tajikistan respectively. Yet India's bilateral trade with the Central Asian Republics has not reached its full potential. China's bilateral trade with these republics, in contrast, is increasing progressively. This highlights the importance that the Inter-governmental Commissions on Trade, Economic, Scientific and Technological Cooperation established between India and the Central Asian Republics increase their efforts to enhance India's economic engagement in the region.

It is still not too late to further explore these ties and potentials, and some recent events point to the fact that more efforts are underway. For example, India has recently signed agreements with Tajikistan (August 7, 2006) and Uzbekistan (April 26, 2006) in the fields of energy, providing exploration acreages to Indian companies without bidding, in return for an equal share in revenue from any discovery. The significance of these agreements arises from the fact that Uzbekistan is estimated to have 594 million barrels of proven oil reserves and an estimated 65-70 trillion cubic feet of natural gas reserves, making Uzbekistan the second largest natural gas producer in the Commonwealth of Independent States (CIS) after Russia.

These agreements also mark a change in India's influence in Central Asia. India's efforts to secure a niche for itself in Central Asian hydrocarbons have so far been unsuccessful. New Delhi had earlier tried to secure a share in the Kurmangazy field of Kazakhstan, but lost it to China. The new agreements mark a breakthrough and will help ONGC Videsh and the Gas Authority of India Limited to put their plans of investment in Uzbekistan and Central Asia on a fast track.

An agreement (signed on April 26, 2006) to establish an Uzbekistan-India Entrepreneurship Development Centre in Tashkent is also a step forward in increasing economic ties between New Delhi and Tashkent. However, India needs to ensure that these agreements are implemented efficiently and effectively. Information technology, hydrocarbons, the North-South transport corridor, deepening of bilateral cooperation in the areas of small and medium scale business and tourism appear to be some areas with high potential for success in India and the Central Asian Republics' economic cooperation.

Increasing politico-strategic-economic cooperation between the Central Asian Republics and China has enormous implications for India. New Delhi considers Central Asia as its "extended neighborhood" with a

high importance given to its geopolitical and geo-economic interests.⁵¹ Commercial and economic ties between Central Asian Republics and India hold immense potential, and Central Asian oil and gas reserves provide an attractive energy diversification option for India. The Central Asian Republics could be an attractive alternate source for energy materials from over-reliance on West Asian sources. Energy security is paramount to sustain India's growth and rapid development, and the Central Asian Republics could provide India with a modicum of energy security. The Central Asian region also forms a critical component in India's security calculus, both for establishing peace and stability in Afghanistan and countering Pakistan's strategy in creating centrifugal forces in Central Asia.

China's economic and security engagement with Central Asian Republics would change the geopolitical and geo-economic landscape lying north of India, and it is high time that India factors China into its Central Asia policy. As such, the current politico-economic scenario in Central Asia presents both challenges and opportunities for India.

Given the geographical inaccessibility, India could focus on having Production Sharing Agreements (PSAs) both in hydrocarbon and hydroelectricity sectors with the Central Asian Republics. The Khatlun region in the south of Tajikistan is said to still have large unexplored deposits of gas, and Indo-Tajik joint initiatives could help in exploiting the vast opportunities that exist in the region. Russia and Iran are already cooperating with Tajikistan in building and rehabilitating hydropower plants (Sangtuda I & II and Rogun) at Bakhsh and Piyanj rivers. Indian engagement in rehabilitating Tajikistan's hydroelectricity sector could be one good option in expanding and strengthening cooperation in the energy sector.

India needs to play a pro-active role in the prevailing geo-political situation in Central Asia by engaging in economic cooperation in a more sustained and coherent manner. Access to the oil and gas sectors and commercial exports market of Central Asia makes sense for India's rapidly growing economy. India will have to take imaginative economic initiatives towards the hydrocarbon-rich countries of Central Asia. Its enormous engineering expertise in downstream activities has to be effectively utilised so that Central Asian Republics acquire the capability to be exporters of high-end products. For many ongoing projects in Central Asia, European companies use India as the manpower base.

Indian medium and large-sized companies do have the capability to execute large engineering projects. But they seek to reduce their risks by

⁵¹ Yashwant Sinha, "India and Central Asia in the Emerging Security Environment", in K Santhanam and Ramakant Dwivedi, eds., *India and Central Asia: Advancing the Common Interest* (New Delhi: IDSA & Anamaya Publishers, 2004), 2-9.

being sub-contractors to MNCs. This situation must change based on agreements between India and the Central Asian Republics. In terms of Indian engineering companies getting engaged in Central Asia two aspects are important: a) opportunities in small and medium enterprises where Indian companies can contribute to the industrial development of Central Asia and b) local laws/regulations in the Central Asian Republics which protect the interest of investors from India.

Other steps that need to be taken to facilitate the expansion and strengthening of economic cooperation between New Delhi and Central Asian Republics include the re-opening of a branch of the State Bank of India or the Punjab National Bank in the capital cities of the Central Asian Republics for efficient and cost-effective commercial transactions. Secondly, there is a firm need to establish an office of the CII/FICCI/ASSOCHAM for liaison and facilitation functions.

India's emergence as a major player in the international arena, especially in information technology (IT), science and areas of high technology has opened up new opportunities for increased interaction with the Central Asian Republics. While India may not have direct access to Central Asia, Indian participation in the region in partnership with the U.S. is worth exploring. With the integration of the Central Asian Republics into the world economy, the Central Asian region could undergo a sea change.