



China's Presence, Priority Interests and Actual Image in Central Asia

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Abstract

This article is devoted to highlighting the priority interests of the People's Republic of China in Central Asia, its policy in the region, and the image that is being formed during the implementation of this policy. As a significant geostrategic region, Central Asia is of particular importance to China. Therefore, China has been strengthening ties with the Central Asian states, notably in the last decade, and is proving itself with new projects in the region. China places particular emphasis on Central Asia in its One Belt One Road (Belt and Road Initiative – BRI), its component Silk Road Economic Belt giant project, and considers Central Asia as a strategically relevant region in the execution of this project. It is with the announcement of the BRI project that China's activity in the region has further increased. China is attempting to pursue its interests in Central Asia, but this is not going to be straightforward for Beijing. A number of factors are hindering China from carrying out its interests in Central Asia and deepening relations with the states in the region.

Keywords: *China; Central Asia (CA); Belt and Road Initiative (BRI); Silk Road Economic Belt (SREB); The Shanghai Cooperation Organization (SCO); Xinjiang Uygur Autonomous Region (XUAR); Export-Import Bank of China (Eximbank)*

Introduction

In recent years, China has sharply increased its activity in Central Asia. Central Asia is playing a crucial role in China's foreign policy strategy. Today, China is one of the closest partners of the Central Asian states, and it has already become a leader in economic cooperation with the states in the region. Chinese investments have penetrated into almost all sectors of the Central Asian states' industries, and the economies of these states are becoming ever more closely linked to the Chinese economy.

China initially relied on the SCO as a key mechanism for effectuating its interests in CA. But since the announcement of the BRI project, China's endeavor in the region has increased dramatically, and now China has extensive ties with the Central Asian states. However, it should also be noted that China is facing a number of hindrances in accomplishing its interests in CA. Mistrust of Chinese

investment, its credit policies, and growing Sinophobia are causing China to lose its appeal in the region. The issue of whether the “win-win” principle can really be a priority in bilateral relations is on the agenda.

Methods

Factor, event and comparative political analysis methods were used in this research. To ensure adequacy, the opinions of Chinese, Central Asian, Russian and Western scientists were analyzed equally. The opinions of politicians and experts from major think tanks were studied in detail to cover the topic more widely. The article presents an in-depth analysis of current issues together with their possible solutions.

Result and Discussions

China’s basic interests in Central Asia can be divided into four main categories: economic interests; security interests; geopolitical interests; and energy interests.

Economic interests. In 2010, China’s trade turnover with Central Asia stood at just over \$21 billion, according to IMF data, with Kazakhstan and Turkmenistan accounting for most of the total. Total regional trade turnover with China peaked at \$40.5 billion in 2013, fell to just over \$19 billion by 2016 and reached 27.2 billion in 2018. [1]. And in 2021, the trade turnover was almost \$45 billion. [2] China, which has become the closest economic partner of the Central Asian states, is attempting to generate favorable conditions for the realization of its economic interests in the region. As noted, the BRI project has sharply sped up China’s economic activity. From the above statistics, it can be seen that China’s trade turnover with the states in the region has increased dramatically since the announcement of the BRI.

Indeed, three out of the five BRI corridors traverse Central Asia. First, the New Eurasian Land Bridge Economic Corridor NELBEC connects China’s coastal regions to Germany. Second, the China-Central Asia-West Asia Economic Corridor CCAWEC deviates from the NELBEC in northwest China and crosses the Middle East towards the Port of Piraeus in Greece. Third, the China-Pakistan Economic Corridor CPEC, one of China’s flagship projects, connects China’s northwest to the Arabian Sea, providing direct maritime routes to ports in Kenya, Sri Lanka and Europe. [3] The above shows that the region has become a strategic crossroads for China’s global trade relations. Fortifying economic cooperation with such a strategic region is vital for China, foremost in creating propitious infrastructure and conditions for itself in this region of the land part of the BRI. Furthermore, economic cooperation and large-scale investment in the states of the region can lead to some development of relations and the formation of warm interactions for China.

The lending system also plays an important role in ensuring China’s accession to Central Asian markets. These projects are relatively low-interest financing, but the peculiarity of such loans is the use of Chinese materials, equipment or labor. Additionally, conditions such as transferring shares in a business, applying a sharing agreement, are imposed. The sue of these practices will maximize the use of Chinese production resources and the share of business in the business will gradually widen China’s economic presence in certain sectors of the Central Asian economy.[4] It should be highlighted that the credit system will create more auspicious conditions for China to enlarge its impact in the region. But for the Central Asian states, this system is creating difficulties, and in practice, is also increasing China’s negative image in the region.

Security interests. For China, the issue of security in Central Asia has never lost its relevance. Beijing has always expressed its concerns about the possibility that Central Asia could become a transit area for the Three Evil Forces. Hence, China is also closely monitoring the events in Afghanistan.

According to Beijing, Afghanistan is a major platform and supplier of radical groups to Central Asia and the Xinjiang Uygur Autonomous Region (XUAR), located in the northwest of the PRC. And this factor leads China to take a particular approach to Tajikistan too. Otherwise stated, China estimates Tajikistan as a pillar area for connecting terrorist and extremist groups in Afghanistan with such radical groups in the XUAR. Tajikistan has accepted a Chinese proposal to build a police outpost on the Afghan border, in the latest indication of Beijing's growing security concerns in the region after the US withdrew from Kabul. [5] While Tajik officials claim the base will belong to Tajikistan's Ministry of Internal Affairs, some experts are skeptical of the base's status.

It should also be noted that China is using multiple tools to counter the threat to its security interests in the region. Between 2015-2020, China made significant investments in security in Central Asia, expanding to 19 percent its share of the region's arms deliveries.[6] Moreover, the number of China's joint military exercises with the Central Asian states has also expanded during these years. China has conducted at least 10 bilateral exercises in the region since 2015. One important trend in recent years has been the launch of "Cooperation 2019", a series of drills allowing China to enhance the interoperability of local paramilitary units with its own People's Armed Police (PAP). Kyrgyzstan, Uzbekistan and Tajikistan all took part in 2019, marking the first time their national guard units had trained with China on counterterrorism.[7] In August 2021, China conducted a joint anti-terrorism exercise with Tajikistan, amid growing security concerns in the region following the Taliban takeover of Afghanistan. [8] In addition, China has become more vigorous in exporting military technology to the states in the region. And Afghanistan has already become one of the main issues on China's foreign policy agenda, and consequently, China's activity in Afghanistan has intensified over the last few years.

Beijing is also keenly aware of the weight of security in CA in the implementation of the BRI project. China views Central Asia as a route point for radical groups coming from Afghanistan and crossing into XUAR. It should be pointed out that China is pursuing a tough and uncompromising policy in its northwestern region not only because of the proliferation of radical groups in the XUAR and the fact that the "Three Evil Forces" are infiltrating through such groups. China is constantly vigilant in this region as the situation in the XUAR could pose a major threat to the future of the BRI project. BRI is an extremely important project aimed at increasing China's economic potential and advancing its geopolitical status in the next decades of the century. The northwestern part of China, where the XUAR is located, is a paramount domestic strategic region in the effectuation of the giant project. Under no circumstances can China tolerate the fact that the XUAR can cancel such a primary project. In this regard, China is cracking down on radical movements of any kind in the XUAR with harshness and intolerance. The next strategically relevant region of the BRI is Central Asia. Therefore, ensuring security in Central Asia is of great importance to China.

Geopolitical interests. After the fall of the Soviet Association, China attempted to fabricate and reinforce relations with the Focal Asian states. At first, the primary bearing of its political and conciliatory exercises was the settlement of questioned outskirts. Afterward, it started to mirror the developing want of the PRC to secure its financial advantages and guarantee security in the area. [9] Until recently, China was in accordance with Russia in its presence in Central Asia, meaning that Beijing initially avoided potential competition with Russia in the region. Foremost, China entered the regional market by establishing a multifaceted framework of cooperation with Russia and the Central Asian states and was able to set up close security links with Russia in CA. But today, the status quo has changed, and Beijing has now moved beyond the need for Russia's mentorship. Although official circles always emphasize the close cooperation between Russia and China in CA, there is a hidden regional competition between the giants. In Central Asia, the notion that Moscow could be a source of protection and Beijing a source of investment is losing its relevance. Russia is unable to emulate China in the economic sphere in CA, and just being an investor is not appropriate for China's interests. In recent years, China's military cooperation with the Central Asian states has also been growing. It is for these reasons that China's potential in the New Great Game is relatively high.

Russia's heavy losses in Ukraine may also have a negative impact on its role in Central Asia. With all of Russia's resources and power focused on Ukraine, China may move to fill the vacuum in the region. But even under such conditions, it is almost impossible for China to replace Russia, which has strong roots in the region, in the near future.

In Central Asia, China's relations with the United States are more complex. Apparently, China is in a non-conformist mood towards the US actions in CA, while the US also sees China as a threat to the region. A shining example of this opinion is the events during the visit of former US Secretary of State Mike Pompeo to Kazakhstan and Uzbekistan in early February 2020. Mike Pompeo pressed Kazakhstan to be wary of Chinese investment and influence, urging the Central Asian nation and others to join calls demanding an end to China's repression of minorities. [10] Generally, Pompeo's speech was aimed at urging all Central Asian states to be wary of Chinese influence. Inherently, Pompeo's speech provoked strong protests from China. Afterward, China's embassy in Uzbekistan accused US Secretary of State Mike Pompeo of slander after he raised the plight of Muslims in the Xinjiang region.[11]

Energy interests. China's fast-growing economy is increasingly in need of energy resources. Central Asia, which is rich in energy resources, plays a vital role in meeting China's energy needs. According to BP's "World Energy Statistics Yearbook", oil reserves in Central Asia are about 4 billion tons in 2016, accounting for 1.83 % of the world's total reserves. Among them, Kazakhstan obtains the greatest growing potential of oil in Central Asia, with oil reserves of 3.9 billion tons, accounting for 1.63% of the world's oil reserves, ranking 12th in the world. Natural gas reserves in Turkmenistan are 1.75 billion cubic meters, accounting for 9.4% of the world's total, ranking third in the world, storage/production ratio exceeding a century. [12] Uzbekistan is also rich in gas and uranium reserves, and Tajikistan has great hydropower potential. It is noteworthy that since the start of the BRI, China has signed the largest number of energy agreements with the Central Asian states and launched new projects. There are also views that China's relations with the Central Asian states are aimed at gaining access to the region's energy resources, and that China intends to build up a large energy reserve for itself at the expense of Central Asian energy.

The increased activity of China in Central Asia also seems to be welcomed among the Central Asian states themselves. Here, China can be component in breaking the monopoly-like status of Russia's energy ties to the region and increase the options available to them.[13] But there is also the question of whether China's energy cooperation with the states of the region will be more effective than Russia's. It can be stated that the cooperation so far has substantiated that China is not a highly effective partner for the Central Asian states in this field. The benchmarks of cooperation have displayed that there are problems in this domain as well.

Obstacles. The negative image of China in CA. Through BRI, China is and will certainly remain the largest investor in Central Asia. It is the only country that can mobilize huge investment in the region, far beyond what Western countries and Russia can offer. However, the success of this connectivity is relative: in practice, some of the money committed is lost to corruption and administrative dysfunction, while projects are not held to higher sustainability standards and are primarily assessed on their profitability. In addition – and this is a critical issue – it seems that the Chinese projects have trouble achieving the kind of higher economic impact that could translate into more local jobs and transfer knowledge.[14]

For BRI to be successful in the way China suggests, it must both stimulate industry that channels more trade to China and allow for the diversification of trade away from China. Over-reliance on China as a market and foreign investor creates significant risks of which the Central Asian states are already aware, some more than others. Over dependence on China as a buyer of commodities is a particular risk. Turkmenistan is currently feeling the pressure: China has been the sole foreign importer of Turkmen gas since Russia halted gas imports from Turkmenistan in 2016. [15] But cooperation with China has not

been as weighty as Turkmenistan expected. In practice, Turkmenistan's gas supplies to China have become a means of paying off its debts. This forced Turkmenistan to renegotiate with Moscow, and from April 2019, Russia resumed gas imports from Turkmenistan. The mentioned case was not an affirmative development for China's image in the region.

China is a primary investor in CA, but in conjunction with the growth of joint projects, the debt of the states of the region to China is also rocketing. In view of this situation, China's credit policy poses challenges for the states in the region. The situation is particularly perturbing in Kyrgyzstan and Tajikistan. China's Export-Import Bank is Bishkek's single largest creditor; more than 45 percent of government debt is owed to the bank. Not only is this risky on its own, there is a growing body of research showing that external borrowing, especially from Chinese development banks, is linked to corruption and irregularities awarding contracts for big infrastructure projects. Examples include the north-south highway project and the redevelopment of Bishkek's thermal power plant, which ultimately led to the jailing of former Prime Minister Sapar Isakov. [16] Kyrgyzstan, which owes \$ 1.8 billion to Eximbank, is negotiating a debt restructuring. But it is useless for Kyrgyzstan to expect China to relieve a certain part of its debts since Beijing has never made such a concession to any state.

Similar patterns are also suitable for Tajikistan. Dushanbe is already struggling to pay back its debts, and the country's leadership is looking for ways out of the situation. The Chinese company TBEA received gold mining concessions for Tajikistan's Eastern Duoba and Upper Kumarg mines, and is entitled to keep them until the \$331.5 million loan issued by the Export-Import Bank of China in 2016 for the construction of the Dushanbe-2 power plant is paid back. [17] With this decision, Tajikistan effectively handed over part of its territory to Chinese control. This is an unpleasant situation for a sovereign state. The rest of the states in the region may receive the case as an alert signal.

The situation is slightly better in other Central Asian states, but the rest of the states also owe money to China. Moreover, sinophobia is on the rise in the region. Particularly in Kazakhstan and Kyrgyzstan, there are growing protests against China's influence, investment projects, large-scale allocation of land to Chinese investors, and the influx of Chinese labor to implement joint projects.

According to Chinese scientist Hao Tian, China's assistance often comes in packages that mix aid, concessional loans, trade agreements, and investment deals; these packages frequently include certain kinds of Chinese requirements, or implicit conditionality. Conditions are either embedded in Chinese project financing requirements or expressed as broad political "bottom lines" for diplomatic relations, such as China's territorial integrity and other areas Beijing considers its "core interests." First and foremost, recipient countries are expected to support the One China policy and affirm that the People's Republic of China is the legitimate government of all of China. Another type of conditionality with high relevance to Central Asia is embedded conditionality. Also known as "tied aid," it means that money from China comes in packages that are linked to the interests of Chinese firms. Concessional loans for infrastructure and technical assistance projects stipulate that no less than half of the materials, equipment, technology, and services procured under the contract should come from China. [18]

Although Chinese credit increases economic activity and facilitates trade growth in Central Asia, the region runs the risk of becoming addicted to—and dependent on—Chinese investment to maintain and develop infrastructure constructed under BRI. Another concern is that in a context of facilitated trade, Chinese companies' comparative advantages might destroy the competitiveness of local companies and create more demand for Chinese imports to Central Asia. [19] Thus, China's credit policy, which is supposed to be beneficial to the states in the region, could in practice jeopardize the domestic markets of the Central Asian states as well.

Another case that has led to an increase in sinophobia in CA has to do with the XUAR issue. The peoples of Central Asia are dissatisfied with the fact that the Uyghurs, who are their historically close kinsmen, are being held in special camps by the Chinese government, where their freedoms are severely

restricted. However, the official governments of the Central Asian states cannot criticize China's policy in the XUAR at all. First, it could be perceived by Beijing as an interference in China's internal affairs. Second, as noted above, the agreements signed on major investment projects contain clauses requiring the states of the region to recognize China's territorial integrity and that the Chinese Communist Party is the sole ruler of the state.

Together, the present findings confirm that over the last few years, China's efforts to pursue its interest in the region have also increased its negative image. It must also be acknowledged that China's participation has given the Central Asian states the odds of proceeding with infrastructure development and other opportunities that were not formerly feasible. Even if there is a risk of economic overreliance on China, Chinese investment has brought some benefits to the region. But this factor is highly subjective. How Chinese investment actually affects Central Asia has been discussed above. However, in line with the above ideas of Hao Tian, it can be concluded that there are manifold factors behind China's investment and assistance that could have negative consequences for the Central Asian states.

On the whole, the following results can be drawn from the above studies. China has already fulfilled its 'introduction plan' in the region. Simply put, China is a participant that already has a sturdy impact in CA, and its weight is permanently soaring. China is ahead of its competitors in the 'New Great Game' race. Beijing is acquiring or on the verge of acquiring its goals in CA, albeit with difficulties. But the Central Asian states, notwithstanding, face difficulties and obstacles in achieving the second "win" part of the win-win principle.

Conclusion

Based on these results, the following conclusions may be drawn. First, China's enterprise as a player with strategic interests and major projects in Central Asia is expanding and will continue to grow. Currently, China is the kingpin economic partner of the region's states. China is unlikely to eliminate Russia's impact in CA in the short run, but it has already launched to collaborate closely with the Central Asian states in the military field as well. This indicates that China's impact in the region may be reinforced further ahead. Second, China's fulfillment of its priority interests in CA will lead to considerable gains for it. Simultaneously, China's presence in Central Asia holds manifold positive features for the states of the region. As follows, the investment projects proposed by China cannot be offered by other participants in the region. Above and beyond, for the states of the region, the presence of China provides ample options for pursuing a multi-vector policy, and this, in turn, is a well-heeled fortune for the states to maintain a balance of power in foreign policy. Third, China's negative image in the region is growing. Beijing's economic and investment projects are not yielding the expected results. Therefore, the complexities of cooperation for the states of the region are gradually becoming apparent.

Given the current circumstances, it is crucial for China to swiftly eradicate the prevailing problems and obstacles in its relations with the states of Central Asia. In view of the fact that the formula to most of the existing problems depends on Beijing. While China sees vital interests for itself in Central Asia, it should strengthen synergy with the states of the region on the principle of mutual benefit.

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