

Written evidence submitted by Raffaello Pantucci (ECA0020)

China and Central Asia – UK Policy Options

1. *Raffaello Pantucci is a Senior Fellow at the S. Rajaratnam School of International Studies (RSIS) in Singapore and a Senior Associate Fellow at the Royal United Services Institute (RUSI) in London. He is the co-author of Sinostan: China's Inadvertent Empire (Oxford University Press, April 2022) which draws on over a decade's research and travel around Eurasia including repeated visits to all five of the Central Asian countries, Xinjiang, wider China, Afghanistan, Russia, Iran and Pakistan.*
2. A good starting point for contemporary China's relations with Central Asia is 1994 when then-Premier Li Peng visited the region stopping at all of the capitals except for Dushanbe which was at the time suffering from a brutal civil war. During the visit, he highlighted two key themes – building new 'silk roads' to encourage trade and connectivity, while on the other hand worrying about separatist and terrorist groups that China saw as gathering in the region to threaten Beijing.
3. In 2001, China joined hands with all of the Central Asian countries except Turkmenistan to create the Shanghai Cooperation Organization (SCO). Building on the success of the Shanghai Five grouping – which sought to delineate and stabilize the new border regions that China had inherited following the collapse of the Soviet Union (with Russia, Kazakhstan, Kyrgyzstan and Tajikistan) – the SCO expanded to bring in Uzbekistan. Whilst Chinese leaders spoke repeatedly about their hopes for the Organization to develop a cultural, political and economic identity, the first moves and structures to come to life focused on countering terrorism. A long-standing theme of common concern and interest amongst all members (the late 1990s were a period of some violence in the region), it is worth noting that the SCO was born three short months before the September 11, 2001 terror attacks which emanated from across the border in Afghanistan.
4. Track forwards 20 years and in 2013, President Xi Jinping used Nazarbayev University in Kazakhstan as the place where he announced the 'Silk Road Economic Belt', the first of a pair of speeches which acted as the kick-off of the Belt and Road Initiative (BRI). While focused on economic development and prosperity, the BRI has at its conceptual core the idea that development will lead to stability, a salve to the problems of separatism, terrorism and extremism.
5. These two themes – worrying about extremism/terrorism and development leading to stability are key to understanding China's interests in Central Asia. Bordering Xinjiang, one of China's most sensitive regions, much of Beijing's thinking towards Central Asia is shaped by events in Xinjiang or more clearly directed by authorities (or companies) in the region. China has undertaken numerous 'develop the west' domestic strategies over the past decades which have sought to increase development and stability in China's western regions (Xinjiang). The most recent came in the wake of the 2009 riots in Xinjiang which led to at least 200 deaths in clashes between Uyghur and Han, and led to a huge internal economic boost to Xinjiang. This economic push has of course been

paired with a constant and tightening security grip (which has in fact undermined some of the economic goals, something local officials and companies complain about). But all of this will only succeed if there is a stable and prosperous neighbourhood for Xinjiang to share a border with. The reality is that the region is as land-locked as any of the Central Asian powers that it borders.

6. This helps explain the connectivity narrative around the BRI that was born in the region. In trying to seek to open Xinjiang up to become a gateway for Eurasia, China needed to build roads, rail, pipelines and more. This would not only open up routes into and beyond the region, but also help tap the region's rich natural resources which would help satisfy China's inexhaustible domestic demand. It would also help alleviate Beijing's concerns about the 'Malacca Dilemma' whereby a considerable part of China's imported oil flows through the potentially precarious (and US-influenced) Malacca Straits.
7. But to simply see China's interests in Central Asia through natural resources misses the bigger picture, where Chinese firms and interests can be found across Central Asian societies. Chinese firms are working in numerous sectors and are seen across the region as the biggest potential (or actual) investors. China is increasingly the region's largest trading partner, as well as a critical route to international markets. It is worth reflecting the transformation that this is for the region, where during Li Peng's visit, the vision was for hydrocarbons to flow from Central Asia (Turkmen fields) across China to Japan, the then-booming Asian economy. At the time, markets in western China were often filled with goods coming from the former Soviet space rather than the other way around. In 30 years, this flow has entirely reversed and more.
8. It is also useful to remember that the private sector is an important driver of Chinese interests in the region. Whilst there is a habit in western capitals to see China as a monolith, this is not the case and in particular in the economic sector where public and private players exist. Chinese Central Asian economic engagement is often as influenced by the state-owned sector as it is the private sector. For example, TikTok is a dominant market player, as are local Alibaba fronts targeting the local e-commerce markets. Huawei, ZTE, Oppo and Xiaomi are important players in the telco sector, and Chinese electric cars can increasingly be seen on the roads in Central Asian capitals. The point is that while state driven enterprise is important, there is a large private sector that also plays a role – which includes everything from internationally recognized brands like those listed, to smaller scale Chinese entrepreneurs seeking opportunity.
9. Domestic security concerns also remain important to Beijing, and in recent times the perception is that these problems are worsening in the wider region. Whilst China has not reported any violence within Xinjiang that they would associate with terrorism since February 2017, they have continued to advance policies towards Uyghur and other minorities in Xinjiang in advance of what they term 'counter-extremism'. These concerns exist across the border in Central Asia as well, where China regularly lobbies and works with local authorities to pursue groups or individuals of concern. In Afghanistan a cadre of Uyghur militants operating under the name the Turkestan Islamic Party (TIP) continue to operate, while the Islamic State group's affiliate in Afghanistan (Islamic State of Khorasan Province, ISKP) has recently started to articulate a strong anti-Chinese

sentiment highlighting in particular the plight of Uyghurs within Xinjiang. Further down in Pakistan, an even wider range of groups has started to articulate anger towards China (though more often than not, related to domestic issues rather than Xinjiang). Suffice to say, China sees a region to its west which is replete with potential risks and threats which they can tie to domestic terrorism concerns.

10. Beijing has also sought to advance a 'soft power' push into the region. This has been driven by Confucius and other educational Institutes, scholarships at multiple levels, advancing Chinese messaging through local media, lobbying local elites and driving home narratives of economic opportunity amongst the local populations. Driven both by Beijing and companies working in the region, the push is in part a recognition of the deep levels of Sinophobia that exist. These are often based on little more than racial prejudices, but they have a practical effect on the ability of Chinese firms to operate in the region. In Kazakhstan, major land deals had to be conducted discretely after large-scale public protest led to the government having to reconsider its plans. In Kyrgyzstan, a large logistics centre was abandoned when local protests escalated to the point that the company decided it was not worth the trouble. And there are many other examples.
11. This has created a strange tension in the region, where the discussion is often of China as the coming power and major investor, yet on the ground not many Chinese can be found. In part this is a choice – they recognize the Sinophobia they can face and simply stay discrete, or in some cases, companies simply tell their people to stay in compounds out of the public eye. But it is also sometimes driven by local authorities who find themselves under pressure to keep a reign on Chinese presence and pass laws seeking to ensure high percentages of 'local content' in any project implemented in Central Asia by Chinese firms.
12. It is worth pausing a moment to drill down a bit into China's individual relations with each country, as while China engages with the region as a grouping – through a C5+ format that has become a vogue around the region – it also has clearly distinct policies towards each country. These very brief summaries serve to highlight a few key points.
13. **Kazakhstan** – was always seen as the backbone of China's relations with the region, something that helps explain the fact it was the first country President Xi visited post-COVID. The foundation of the relationship is energy, but China has deep interests in other mineral resources in the country (uranium and copper to name two), while also worked on numerous infrastructure projects. The region was home to large Uyghur diaspora and dissident groups in the 1990s, though these were largely dealt with through bilateral security engagement. Beijing had always seen the country as amongst the most dependable in the region, though this was somewhat shattered by the trouble in the country in January 2022.
14. **Kyrgyzstan** – has largely been seen as a conduit for products elsewhere. Chinese firms have worked considerably on the country's infrastructure, often through linked loans from national policy banks. The country has also been site of numerous terrorist attacks on Chinese nationals, including the murder of diplomats, officials, businessmen and in May 2016 a car bombing at the Embassy in Bishkek. There are deep tensions towards

China in the country, though recently Beijing appears to have finally found a way through building a long-delayed train route through the country which would link China to Uzbekistan more directly (and then potentially onwards towards Caspian routes).

15. **Tajikistan** – came later as an economic partner with China given its relatively limited opportunities and small population. Chinese companies have been present and built some infrastructure, but more recently the push has been on the security side with China seeking to bolster Tajik capability at its border with Afghanistan. The country is less wealthy and has a smaller population than its neighbours and any infrastructure in the country is complicated by its exceptionally rugged geography.
16. **Turkmenistan** – China has in essence one interest in Turkmenistan and that is its gas. An early investor in the country, Chinese oil majors were willing to essentially do whatever the Turkmen wanted to secure access to the gas. This worked well, but has now set up a situation that is slightly awkward for Ashgabat whereby they are almost entirely dependent on one customer. They have sought consequently to diversify in all other directions, but find them challenging to achieve. Outside this, China does play a role in the Turkmen economy more widely, but the country's wealth means it is able to pick and choose what it wants making it challenging for Chinese firms.
17. **Uzbekistan** – until the passing of first President Karimov, Uzbekistan was as closed to China as it was to everyone else. The subsequent opening up has been reflected in a surge of Chinese interest and activity, though this has not entirely overtaken Russian and Turkish investment. As the region's most densely populated country, and traditional heart of the region, Uzbekistan is an interesting opportunity for Chinese traders, investors and businessmen which was on a rapid growth trajectory before the pandemic.
18. To turn instead to a few key issues that are worth considering when looking at the region and China against the wider backdrop of UK interests.
19. **Afghanistan** – the Wakhan Corridor that provides China's direct link to Afghanistan is bordered on the north by Tajikistan and on the south by Pakistan. Consequently, Afghanistan is worth considering in China's calculations. So far, Beijing has not filled the vacuum as was widely speculated following the Taliban takeover of Kabul. Rather China has trodden carefully, while its entrepreneurial cadre has leapt at the potential opportunities. Beijing engages Central Asia on Afghanistan, through involvement in various groupings including the SCO, regional Special Representative formats, as well as being willing to at least rhetorically support Central Asian narratives towards the region. In Tajikistan, China has developed one of its few overseas security bases – run by the People's Armed Police (PAP) in Shaimak, along the country's border with Afghanistan. The intention of this is to help China keep its own eyes on the potential problems that might overspill from Tajikistan. But overall, China has actually stayed relatively back from stepping into the mire in Afghanistan, preferring to instead try to keep a security buffer and engage with Central Asia (and anyone else interested) in trying to ensure the current situation does not de-stabilize further. What is important for the UK to note is that while China is a player in Afghanistan, it is still a relatively timid one, something Central Asians see as well.

20. **Russia** – there is a long-standing misreading of a regional division of labour around Central Asia between China and Russia. The myth says that China does the economics while Russia does security. Quite aside from the illogical nature of this calculation, the reality is that both are engaged in both sectors (and more). This does in some cases lead to competition, but for the most part, they seem happy to operate in parallel. During President Xi's recent visit to Moscow, this comity was emphasized when they stated that they planned to coordinate their activities in Central Asia to a greater degree going forwards. The *canard* of seeking fissures between the two in Central Asia misses the wider problem that this growing proximity presents to Central Asia which finds itself operating in an increasingly limited geopolitical space. Central Asian strategists love to talk about their countries 'multi-vector' foreign policy which is able to balance people off each other, and play them against each other for their gain. But this strategic approach becomes highly challenging when your two biggest neighbours and partners are increasingly in lock-step with each other (even though recently, the balance of economics in the region has swung slightly back in Russia's favour). The region will never be able to entirely reject China and Russia, but it is eager to develop options. What is important for the UK to note is that looking at the region as the place where China and Russia disagree is a waste of time which misses the real impact that Beijing and Moscow's growing strategic alignment has on the region.

21. **Uyghurs** – unfortunately, the plight of Uyghurs in Xinjiang is not something that animates much policy discussion in Central Asia. While pockets of public support can be found, and at a government level behind closed doors people will often sympathise, the reality is that there is little interest or appetite to confront China on this issue. There have been some practical steps taken by the Kazakh authorities to get better treatment for ethnic Kazakhs caught up in the camps system, as well as work on individual cases, but this has not extended to wider condemnation. For many in the region, the Uyghurs living in China are simply citizens living under a different regime, and having to bear the consequences of that. This is important as lobbying at an official level for the region to condemn China on the issue is unlikely to generate any positive response, and is instead likely to simply close doors. This does not necessarily entirely preclude discrete support in some way, but it would be a challenging goal to achieve. At the same time, it is worth considering the ramifications of the Xinjiang and Uyghur related sanctions that have been passed in the US and Europe which may have a direct impact on Central Asian businesses (or UK investments in the region).

22. UK options

23. There is a great deal that the UK could do in Central Asia. As a country with high 'soft power' status across the region, strong business links, as well as one of only a few to have diplomatic representation in all five, the UK could gain a good return on investment were the region to garner more focused and consistent high-level diplomatic attention.

24. When thinking about China in this context, however, three areas are worth considering for UK policymakers:

25. First – engage with the reality of China as a player in Central Asia. This even means engaging with Chinese projects when they are being advanced. This does not necessarily mean working directly with the Chinese firms (though this might also be an option), but to instead work with locals to ensure that they are maximizing their benefits and seeing what ancillary projects could be done which would support local development.
26. Second – help foster a greater Central Asian collective narrative and policy development. One positive development of recent times has been a growing shift towards greater discussion in Central Asia of working together. While there are still deep issues and tensions between the five countries, there is also a clear effort being made to work together. This is in part a recognition of their difficult geographical realities of being between the Scylla and Charybdis of China and Russia (and Iran/Afghanistan), but also as this is now more possible given the passing of the first generation of leaders whose personal animosities sometimes kept relations between countries on ice. The UK should seek to find ways of supporting the fostering of a greater Central Asian policy identity as a way of empowering the region to manage its own affairs and through that become a critical western ally.
27. Third – the war in Russia has complicated routes north (though also increased regional economic dependence on Russia), while routes across Afghanistan remain limited and China is only just opening up again post-COVID. There has been a recent revival in attention towards trans-Caspian routes. While energy pipelines may be difficult to realize, expanding goods capability through strengthening of ports, rail and road links, and more creates a new route for Central Asia to Europe. Clearly this is also a route that China will be interested in, and is in fact already exploring supporting in various ways (the Kyrgyz railway for example). The route, however, would likely benefit Central Asia as much as China.
28. Finally, there is a need more widely for London to consider the Eurasian heartland to a greater degree in its strategic thinking. The recent Integrated Review (IR) Refresh made limited mention of Central Asia, and did not particularly consider in much detail the wide physical geographical space between the Euro-Atlantic and the Indo-Pacific at which Central Asia sits at the heart. When thinking in geostrategic terms it seems strange to omit such a large part of the globe, especially as it is one where the two key strategic adversaries repeatedly mentioned in the IR have increased their presence and attention. Numerous threats (from geopolitical adversaries to terrorist threats) intersect in this region, and Central Asia stands out as a region which could play an important supportive role in managing these issues. To generate true strategic advantage, the UK should focus a greater degree of attention onto Central Asia.

March 2023