

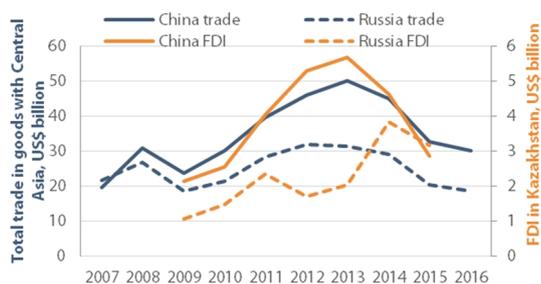
China's role in Central Asia

Since 2013, China's growing trade and investment in Central Asia have been boosted by its ambitious 'Belt and Road' initiative. However, China only has limited security involvement and soft power in the region, and it is not challenging Russian supremacy there for the time being.

A growing economic role for China in Central Asia

China has become a major trade and investment partner for Central Asian countries

Chinese trade and investment in Central Asia



Despite the recent downturn in Central Asia, China's economic presence in the region is growing and has overtaken that of Russia.

Data: [ITC Trade Map](#), [IMF](#).

Once only a marginal economic player in Central Asia, China has overtaken Russia to become the region's second-largest trade partner (after the EU): between 2001 and 2015, Central Asia-China trade grew 32 times. Beijing imports oil and gas from Kazakhstan, Uzbekistan and Turkmenistan, and minerals, such as gold and copper, from Tajikistan and Kyrgyzstan; in return, it exports manufactured goods, such as machinery and textiles, to them. In Kazakhstan, the region's largest economy, China's foreign direct investment lags behind that of the EU and the USA, but it is involved in many major projects: [gas pipelines](#), [oil refineries](#), [gold mines](#), [highways](#), [railways](#), as well as a gigantic [trade hub](#) on the Kazakh-Chinese border.

The Economic Belt is likely to further increase China-Central Asia economic ties

China's Economic Belt, the land-based component of its [Belt and Road](#) (B&R) initiative launched in 2013 (originally targeted at Central Asia, but since then extended to other countries), aims to further increase trade and investment opportunities by means of a network of road and rail trading routes between Europe and Asia. For example, China and Kazakhstan are building a [new high-speed railway](#) linking China to the Caspian Sea — one of several investments agreed by the two countries in 2015, to a total value of [US\\$50 billion](#). In the same year, Beijing and Astana also signed an agreement on [customs cooperation](#).

China's benefits of closer economic ties with Central Asia

In 2016, China's trade with Central Asia was [less than 1 %](#) of its total foreign trade. Nevertheless, the region is a key supplier of energy and raw materials ([nearly half](#) of Chinese pipeline gas imports come from Turkmenistan). It is also a vital transit area for many of the existing and planned trade routes connecting China and Europe, such as a [new rail service](#) to Germany passing through Kazakhstan. Furthermore, these overland routes are faster and [less vulnerable](#) to disruption than sea routes. Last but not least, China [hopes](#) that economic cooperation with neighbouring Central Asian countries will bring prosperity and stability to its [impoverished](#) Xinjiang region, while mopping up some of its considerable [excess industrial capacity](#).

Central Asia's benefits from closer economic ties with China

All the Central Asian countries are in desperate need of foreign money. Tajikistan and Kyrgyzstan are among the world's [poorest countries](#); Kazakhstan, while much wealthier, is only just emerging from a severe downturn and is now hoping to kick-start its economy through an ambitious [investment programme](#). Economic ties with China also help to reduce the region's dependence on Russia (for example, pipelines to China offer an alternative export [route](#) for Central Asian gas and oil producers).

However, there is some scepticism about the benefits of increased Chinese economic engagement. The region is in deep recession and Chinese economic growth is also slowing; despite the promised multibillion-dollar deals with Kazakhstan, Chinese investment in the country has halved since the 2013 launch of the



Economic Belt, and so has [trade](#). Moreover, apart from infrastructure, Chinese investment is mostly confined to the energy and extractive sectors, and thus has limited potential to support broader economic modernisation. For [Turkmenistan](#) (which derives [74 %](#) of its export revenue from gas sales to China), closer economic ties with China have hampered rather than helped diversification.

China-Central Asia security cooperation remains limited

China is a [leading member](#) of the [Shanghai Cooperation Organisation](#) (SCO), a regional body that focuses on political, economic and above all security cooperation; its other member states are Russia and four Central Asian countries (other than Turkmenistan). Such cooperation includes border security as well as countering terrorism and drug trafficking, all vital issues for Central Asia, but also for China, given the threat of [Islamic extremism](#) in its north-western region of Xinjiang and the smuggling of [Afghan heroin](#). The SCO's defence role is less important, essentially being confined to its annual Peace Mission military drills; that said, in 2014 these took place on an [unprecedented scale](#), holding out the prospect of closer military cooperation between Central Asia and China through the SCO. However, subsequent drills have been smaller, and the accession of [India and Pakistan](#) to the SCO in June 2017 will not make defence cooperation any easier. Kazakhstan, Kyrgyzstan and Tajikistan will therefore probably continue giving precedence to the Russia-led [Collective Security Treaty Organization](#), a military alliance to which they belong, but China does not.

Outside the SCO, China also cooperates with Central Asian countries on a bilateral basis. Only Turkmenistan has made major purchases of [Chinese weapons](#), but China has also provided [military assistance](#) to Kyrgyzstan and Tajikistan in the form of training as well as donations of uniforms and equipment.

China has little soft power in Central Asia

There are few historical, cultural or linguistic ties between China's Han majority and Central Asia. Anti-Chinese sentiments are reflected in [negative language](#) and stereotypes in local media. Such sentiments are triggered by problematic issues, such as fear of Chinese migration; continuing [resentment](#) over border agreements signed by Central Asian countries since the 1990s, ceding disputed territories to China; Chinese investors' use of labour imported from China despite local unemployment; and the [environmental impact](#) of some projects. In Kazakhstan, the government was forced to suspend a proposal allowing foreign farmers (mostly Chinese) to lease land for up to 25 years after widespread [protests](#).

In an effort to build soft power in the region, [Confucius Institutes](#) teach Chinese language and culture in four Central Asian countries, as well as offering scholarships to study in China. In 2015, there were [13 000 Kazakh students](#) at Chinese universities, making Kazakhstan the eighth largest country of origin for foreign students.

China-Russian geopolitical competition in Central Asia

B&R has sparked talk of a '[new Great Game](#)', in which China is wresting control of Central Asia from Russia, the region's historical overlord, with the EU (whose presence is above all economic) watching from the sidelines. However, on launching the Economic Belt in 2013, Chinese President Xi Jinping [denied](#) wanting to create a sphere of influence in Central Asia. In line with this, China has avoided direct competition with Russia. In its economic activities, Beijing tends to move in only when Russia is no longer interested; for example, Chinese investors did not begin [talks](#) on hydropower projects in Kyrgyzstan until after Russia pulled out; similarly, it only became a key importer of Turkmen gas after Russia's Gazprom sharply [reduced](#) its purchases. In the security, low-level defence cooperation with China [does not challenge](#) Russia's military dominance: Moscow has an estimated [13 000 troops](#) stationed in the region, whereas Beijing has none.

For the time being, China's growing economic clout in Central Asia seems unlikely to trigger a geopolitical confrontation. Despite some [misgivings](#), Russia is cautiously supportive of the Economic Belt, in which it is a participating country. Accordingly, in May 2017 [Vladimir Putin](#) travelled to Beijing to attend the Belt and Road Forum, two years after he and Xi Jinping [announced](#) their plans to link the project to Russia's Eurasian Economic Union (EEU), of which Kazakhstan and Kyrgyzstan are members. Exactly what such a link might mean is [unclear](#) – for example, Russia's [protectionist stance](#) makes a free-trade deal with China unlikely. Nevertheless, Chinese goods transiting to Europe and Russia via Central Asia are already [benefiting](#) from the removal of customs barriers between EEU countries such as Russia and Kazakhstan.

EU position: EU documents, such as the 2007 [Central Asia strategy](#), barely mention China. The European Parliament's April 2016 [resolution](#) on the strategy calls for coordination between the EU and China to enable social and economic development in the region, including through better transport links and greater mobility.