

## China's Rise in Central Asia Implications for EU Interests

March 2014

*Yu Xichao*<sup>1</sup>

Relations between China and Central Asia have been developing rapidly in recent years. The region has risen from a marginal position to becoming one of the top priorities in China's foreign policy strategy, and is a region of great geostrategic importance presenting both challenges and opportunities to China's security, economic and political interests. China's policy focus towards Central Asia is guided by the strategy of 'March West'. China has a strong interest in a peaceful, stable and prosperous Central Asia. This contributes to ensuring energy supplies and protecting the stability in the autonomous region of Xinjiang, in the country's Northwest. The increasing Chinese influence has sped up competition among major powers to defend their interests in Central Asia, including Russia, the United States (US), the European Union (EU), Turkey and India. The EU has long been Central Asia's biggest trading partner for decades, but it was surged past by China in 2010. In a context of fierce 'power struggles' in the region, the EU has to define the role it will play in order to safeguard its own interests.

*EU-Asia at a Glance is a publication series about the current state of affairs in Asia and EU-Asia relations*

*This paper expresses the view of the author and not the European Institute for Asian Studies*

---

<sup>1</sup> Yu Xichao is a Junior Researcher at the European Institute for Asian Studies



## Introduction

In recent years, Central Asia<sup>2</sup> has risen from a marginal position to becoming one of the top priorities in China's foreign policy strategy. In September 2013, only half year after Xi Jinping took office as Chinese president, he paid an eight-day visit to four Central Asian republics – Turkmenistan, Kazakhstan, Uzbekistan and Kyrgyzstan – to further consolidate mutual economic and security cooperation. During this trip, President Xi signed a number of significant energy deals and promised to bring billions of dollars worth of investment.<sup>3</sup>

China's strategic focus towards Central Asia is branded as a 'March West' (西进). Beijing sees the further regional integration with Central Asia as vital, because it presents both challenges and opportunities to its security, political, and economic interests. China has a strong interest in a peaceful, stable and prosperous Central Asia. This contributes to ensuring energy supplies and protecting the stability in the autonomous region of Xinjiang.

The increasing Chinese influence has accelerated competition among major powers to defend their interests in Central Asia. Russia, the US, the EU, Turkey and India all have demonstrated a strong interest in this strategically important region. The EU has long been Central Asia's biggest trading partner for decades, but it was surged past by China in 2010.<sup>4</sup> In a context of a fierce power struggle in the region, the EU should clearly define the role it will play in order to safeguard its interests.

Against this background, this paper will first discuss China's strategy of 'March West' and its interests in Central Asia, then it will move on to explore the struggles among great powers competing for their own interests, and finally, it will analyse how the EU should defend its interests in the region.

### 'March West'

The strategy of "March West" was coined by prominent Chinese Scholar Wang Jisi in 2012 to respond to the US strategic rebalancing towards the Asia-Pacific. According to Wang, China should develop a strategic plan by shifting attention away from the heated competition in Asia-Pacific and rebalance westwards towards Central Asia and Middle East, where the US is reducing its presence.<sup>5</sup> In Central Asia in particular, as the US forces withdraw from Afghanistan and its air base in Kyrgyzstan closes in 2014, its influence is in relative decline. Strategically, this presents a perfect opportunity for China to advance in and expand its influence. In particular, 'March West' has two major advantages.

Firstly, it helps to improve the China-US relationship. Unlike East Asia, Central Asia is an area free from a US dominated regional order. Both China and the US have a number of common interests to pursue such as securing energy supplies, anti-terrorism and

<sup>2</sup> In this paper, Central Asia refers to Kazakhstan, Kyrgyzstan, Uzbekistan, Turkmenistan and Tajikistan.

<sup>3</sup> The Economist. (2013). Rising China, Sinking Russia. Retrieved from <http://www.economist.com/news/asia/21586304-vast-region-chinas-economic-clout-more-match-russias-rising-china-sinking>.

<sup>4</sup> Godement, F. (2011). Seeking an Alliance by Any Other Name? In: The New Great Game in Central Asia. *European Council on Foreign Relations*. Retrieved from [http://www.ecfr.eu/page/-/China Analysis\\_The new Great Game in Central Asia\\_September2011.pdf](http://www.ecfr.eu/page/-/China%20Analysis_The%20new%20Great%20Game%20in%20Central%20Asia_September2011.pdf).

<sup>5</sup> 王缉思. (2012) "西进", 中国地缘战略的再平衡. 环球网. Retrieved from [http://opinion.huanqiu.com/opinion\\_world/2012-10/3193760.html](http://opinion.huanqiu.com/opinion_world/2012-10/3193760.html).



regional security. For example, the US has been calling for China to play a more active role in assisting the stability of Afghanistan and Pakistan.<sup>6</sup> In this regard, the strategy of 'March West' will make Sino-American relations more cooperative on regional issues. This will considerably reduce the possibility of military confrontations between the two great powers.

In addition, 'March West' will benefit China's domestic policy of 'Grand Western Development' (西部大开发). This policy was adopted by the Central Government in 2000 to promote economic growth in the western provinces in light of the unbalanced development level compared to the coastal areas. In Wang's view, accelerating the construction of a China-led 'new Silk Road' to safeguard the smooth flow of energy supplies and commodities from Eurasia to China is important for both regional economic cooperation in Central Asia and economic integration between China's western provinces and coastal areas. In this sense, Xinjiang's geographical location will benefit the region considerably by acting as a gateway to Central Asia. In turn, China will be able to transform its economic strength into political clout and soft power by allocating more resources through diplomatic engagement, and social and cultural exchanges with Central Asian states.<sup>7</sup>

### **Chinese interests in the region**

China has two major interests in Central Asia: security and energy-based economic interests. China's chief security concern is Xinjiang, where Uyghur separatists have posed a serious threat to domestic stability. Since the Central Asia states achieved independence from the Soviet Union, their governments have remained in a weak position to be in full control their national territories and borders. Additionally, the unpredictable situation in Afghanistan after the end of the NATO-led International Security Assistance Force (ISAF) in late 2014 poses an additional threat to regional stability. Furthermore, the region provides a relative safe base for Uyghur separatists.<sup>8</sup> Xinjiang shares a long border of 3,700 km with Central Asia states,<sup>9</sup> and any regional instability can potentially have spill-over effects into Xinjiang. In order to enhance regional security cooperation to fulfil the Chinese security needs in combating its discourse of 'three evils' (三股势力) of separatism, religious extremism, and terrorism, China has been seeking to strengthen the political, military and economic links with Central Asia mainly through the Shanghai Cooperation Organisation (SCO), which acts as a regional intergovernmental security organisation that brings China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan together to fight terrorism and drug trafficking.<sup>10</sup> However, SCO has limited ability to act beyond holding talks between members in cases of crisis. For example, the crisis in Kyrgyzstan of 2010 confirmed the lack of joint capabilities in handling crises.<sup>11</sup>

---

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

<sup>8</sup> Jarosiewicz, A and Strachota, K. (2013). China vs. Central Asia: The Achievements of the Past Two Decades. *OSW Studies*. p.10-11.

<sup>9</sup> Stratfor. (2013). *China's Growing Interests in Central Asia*. Retrieved from <http://www.stratfor.com/video/chinas-growing-interest-central-asia>.

<sup>10</sup> Hauff, L. V. (2013). A Stabilizing Neighbor? The Impact of China's Engagement in Central Asia on Regional Security. *Deutsche Gesellschaft für Auswärtige Politik*. P9.

<sup>11</sup> Doyon, J. (2011). Strengthening the SCO. In *The New Great Game in Central Asia*. *European Council on Foreign Relations*. Retrieved from [http://www.ecfr.eu/page/-/China Analysis\\_The new Great Game in Central Asia\\_September2011.pdf](http://www.ecfr.eu/page/-/China%20Analysis_The%20new%20Great%20Game%20in%20Central%20Asia_September2011.pdf).



In addition, energy-based economic cooperation is another core Chinese interest in the region. China deepened its energy cooperation with Central Asia during President Xi's visit last September. In Turkmenistan, China's largest natural gas supplier, Xi announced the opening of the world's second-biggest gas field in production; in Kazakhstan, a USD 30 billion deal including a stake in Kashagan oilfield was signed; in Uzbekistan, another USD 15 billion deal of oil gas and uranium was inked.<sup>12</sup> Securing the steady supply of energy resources from Central Asia is a significant Chinese geostrategic consideration. The geographical advantage of the region offers an alternative that reduces China's heavy reliance on the energy imports that pass by maritime routes dominated by the US Navy. In recent years, the oil and gas supply from Central Asia has risen from covering less than 5 percent to over 10 percent of its needs.<sup>13</sup> However, energy cooperation entails some complexities and uncertainties for China. Apart from the weak regional stability, the considerable energy reserves results in a fierce competition for investment among great powers. For example, in Kazakhstan, US oil companies dominate 75 percent of new oilfields.<sup>14</sup> Moreover, Russia maintains its traditional strong influence, and other oil companies from the UK, France, Turkey, Iran and Japan are also present.<sup>15</sup> This has resulted in Central Asia becoming a core region for major powers' struggle for resources.

### **The New Great Game**

China's rise in Central Asia has accelerated the competition among great powers to defend their interests in region, which has drawn comparison to the Great Game, a period of intense rivalry between the British and Russian empires in the 19<sup>th</sup> century, as both empires sought to expand their influence in Central Asia. In addition to Russia and the US, other major powers such as the EU, Turkey and India have different economic, political and security interests to pursue in Central Asia.

Many analysts argue that China has already replaced Russia as the most influential power in the region.<sup>16</sup> China is the largest trading partner of four of five countries in the region, and second largest trading partner of Uzbekistan.<sup>17</sup> However, as the former imperial overlord, Russia still has considerable impact on the region's economy and politics. Currently, Russia controls the major pipeline networks for energy exports from Central Asia to Europe.<sup>18</sup> The high dependence of Central Asia's states on energy exports, their inability to diversify energy exports route has put them in a highly weak position vis-à-vis Russia. In addition, Russia also provides a vital market for the region's agricultural and industrial goods.<sup>19</sup> It also invests heavily to assist the region's economic development.<sup>20</sup> Meanwhile, Russia often uses its economic influence as a leverage seeking to influence

---

<sup>12</sup> The Economist, *Rising China, Sinking Russia*.

<sup>13</sup> Godement, *Seeking an Alliance by Any Other Name?*

<sup>14</sup> Cabestan, J.P. (2011). Energy Cooperation Between China and Central Asia. In *The New Great Game in Central Asia. European Council on Foreign Relations*. Retrieved from [http://www.ecfr.eu/page/-/China Analysis\\_The new Great Game in Central Asia\\_September2011.pdf](http://www.ecfr.eu/page/-/China%20Analysis_The%20new%20Great%20Game%20in%20Central%20Asia_September2011.pdf).

<sup>15</sup> Ibid.

<sup>16</sup> Peterson, A. (2013). US Relations with Central Asia after 2014 and the New Silk Road Pt. 3. *The Jamestown Foundation*. Retrieved from <http://vimeo.com/78367760>; Olcott, M.B. (2013). China's Unmatched Influence in Central Asia. *Carnegie Endowment for International Peace*. Retrieved from <http://carnegieendowment.org/2013/09/18/china-s-unmatched-influence-in-central-asia/gnky>; The Economist, *Rising China, Sinking Russia*.

<sup>17</sup> The Economist, *Rising China, Sinking Russia*.

<sup>18</sup> Aminjonov, F. (2013). Central Asia's Natural Gas: The Pitfalls of Energy Export Diversification. *OSCE Academy*. Retrieved from [http://osce-academy.net/upload/Policy\\_briefs/Policy\\_Brief\\_13.pdf](http://osce-academy.net/upload/Policy_briefs/Policy_Brief_13.pdf)

<sup>19</sup> Doyon, *Strengthening the SCO*.

<sup>20</sup> Ibid.



the region's politics from behind the scenes.<sup>21</sup> In fact, Russia is deeply concerned about its traditional influence in Central Asia being overtaken by other powers. In order to defend its interests, Russia's President Vladimir Putin, back then the Prime Minister, proposed in 2011 a vision of building a Eurasian Union binding the economic and political integration of the former Soviet republics.<sup>22</sup> However, it is important to note that Russia's vision of Eurasian Union and China's strategy of 'March West' were proposed around the same time, which led to an inevitable potential competition between China and Russia over this strategic region. This source of competition derives from the geopolitical concern of both countries.<sup>23</sup> Both attempt to exert economic, political and security influence over the region. Russia seeks to regain its dominance in its century-long 'backyard', whereas China's goal is to engage with Central Asia rather than to hinder Russia's ambitions in the region.<sup>24</sup> But both have divergent strategies to integrate with Central Asia, resulting in the potential clash of interests. For example, China has proposed to establish a free trade zone twice within the SCO framework, but Russia considered the regional economic integration should be promoted under the leadership of a Russian-led Eurasian Union rather than a Chinese-led SCO framework.<sup>25</sup>

Furthermore, the US also has strong ambitions to maintain its influence in the region, but it lacks a real strategy. American Foreign Policy Council expert Stephen Blank argued that the US only has a strategy in Afghanistan, but it has no real policy, strategy or vision for Central Asia, which considerably undermines itself to act effectively in defending its interests.<sup>26</sup> In 2011, the former US Secretary of State Hillary Clinton proposed a vision of building a 'new Silk Road' aiming to revitalise Afghanistan as the link between Central and South Asia, but since then, no such policy has been adopted.<sup>27</sup> In fact, as the US withdraws its military presence in the region in 2014, its influence will be in decline. Meanwhile, the fading US influence in the region has left room for other powers to fill in. Russia promised to provide Kyrgyzstan USD 1.1 billion military aid and a debt write-off of roughly USD 500 million once the US leaves.<sup>28</sup> China, on the other hand, promised to build its own vision 'Silk Road' economic belt during Xi's visit last year. The Chinese are bringing tens of billions of dollars worth of investment in roads, rail and pipeline projects linking Central Asia and China.<sup>29</sup> However, the US has no intention to leave the region entirely. According to Chinese expert Sheng Shiliang, the US is playing the game of divide and rule to secure its interests, which is to rely on either China or Russia to weaken the other's expansion in the region.<sup>30</sup>

Additionally, other major powers also have interests in Central Asia. Turkey, for instance, has been seeking influence in the region. It has long considered its relationship with Central Asia as a special priority in its foreign policy because of the linguistic, cultural,

---

<sup>21</sup> Olcott, China's Unmatched Influence in Central Asia.

<sup>22</sup> 任禹阳, 斯洋, 魏之. (2013). 美中俄在中亚: 俄中的潜在竞争. 美国之音. Retrieved from <http://www.voachinese.com/content/china-russia-central-asia-20131119/1793707.html>.

<sup>23</sup> Zhao, H. (2013). China-Russia Relations in Central Asia. *The Asian Forum*. Retrieved from <http://www.theasianforum.org/china-russia-relations-in-central-asia/>.

<sup>24</sup> Ibid.

<sup>25</sup> Ibid.

<sup>26</sup> Blank, S. (2013). US Relations with Central Asia after 2014 and the New Silk Road Pt. 3. *The Jamestown Foundation*. Retrieved from <http://vimeo.com/78367760>.

<sup>27</sup> Ibid.

<sup>28</sup> The Economist. (2013). The United States in Central Asia: Going, Going.... Retrieved from <http://www.economist.com/news/asia/21591242-america-winding-down-its-presence-claims-it-wont-fade-away-going-going>

<sup>29</sup> Ibid.

<sup>30</sup> Doyon, Strengthening the SCO.



religious, ethnic and historical links.<sup>31</sup> It sets to develop strong economic, political and cultural cooperation with the region, and it provides assistance to state-building process and peaceful resolution of regional conflicts.<sup>32</sup> India is also increasing its engagement with Central Asia. From 2010, it has been developing the Trans-Afghanistan Pipeline (TAPI) along with Turkmenistan, Pakistan and Afghanistan to secure the energy supplies from the region.<sup>33</sup> Its only overseas military base - the Farkhor air base in Tajikistan - also enhances India's military presence in the region.

## Implications for the EU

The shifting geopolitical landscape in Central Asia has a number of implications for EU interests. First, securing energy supplies from the region is one of the priorities. The EU is Central Asia's second largest trading partner, and its main interest is in the energy field. In 2010, 88 per cent of EU trade with the region came from the oil imports from Kazakhstan.<sup>34</sup> Central Asia is an important external energy source for the EU. Enhancing energy cooperation with Central Asia will meet EU's energy security and supply needs by diversifying its trade partners and supply routes.<sup>35</sup> In return, it can also benefit Central Asia's economy. The EU helps the region to improve investment conditions, and increase the efficiency of energy production by enhancing local energy markets.<sup>36</sup> Furthermore, the EU will provide assistance to Central Asia in developing a new Caspian Sea-Black Sea-EU energy transport corridor.<sup>37</sup> As a result, Central Asia gains its position in energy market by diversifying its energy distribution, and the EU will also benefit from it by potentially reducing its reliance on Russia's oil and natural gas. In 2010, Europe's oil imports from Central Asia only took up 3.5 percent of its entire imports.<sup>38</sup> However, according to the European Commission, Central Asia, in particular Kazakhstan has emerged as a new partner for EU's oil supply between 2002 and 2010.<sup>39</sup> Thus, expanding EU investment in the region's energy sector will further explore the potential of EU-Central Asia energy cooperation.

In addition, both the EU and China should cooperate on developing international overland transport routes linking each other through Central Asia. As EU-China economic cooperation continues to grow rapidly, expanding EU-China rail routes will help to improve connectivity and trade between the EU and China, as well as to benefit the economic development of Western China and Central Asia. One example is the Chongqing-Xinjiang-Europe railway, starting in Chongqing, a manufacturing hub in Southwestern China, and linking Western China, Kazakhstan, Russia, Eastern Europe and ends in Duisburg, Germany.<sup>40</sup> It takes around 16 days to reach Europe by rail, saving approximately 20 days compared to seaborne transport from China's eastern ports to Europe.<sup>41</sup> It also offers relatively lower costs for freight. The cost by rail is only one-fifth

---

<sup>31</sup> Wheeler, T. (2013). Turkey's Role and Interests in Central Asia. *Saferworld*. p3.

<sup>32</sup> Ibid.

<sup>33</sup> Doyon, Strengthening the SCO.

<sup>34</sup> Godement, Seeking an Alliance by Any Other Name?

<sup>35</sup> Council of the European Union. (2007). *European Union and Central Asia: Strategy for a New Partnership*. Retrieved from [https://www.consilium.europa.eu/uedocs/cmsUpload/EU\\_CtrlAsia\\_EN-RU.pdf](https://www.consilium.europa.eu/uedocs/cmsUpload/EU_CtrlAsia_EN-RU.pdf).

<sup>36</sup> Ibid.

<sup>37</sup> Ibid.

<sup>38</sup> Godement, Seeking an Alliance by Any Other Name?

<sup>39</sup> European Commission. (2012). *Energy Production and Imports*. Retrieved from [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Energy\\_production\\_and\\_imports](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Energy_production_and_imports).

<sup>40</sup> Zhou, W. (2013). Rail Route to Europe Improves Freight Transport. *China Daily*. Retrieved from [http://europe.chinadaily.com.cn/world/2013-09/13/content\\_16966629.htm](http://europe.chinadaily.com.cn/world/2013-09/13/content_16966629.htm).

<sup>41</sup> Ibid.



of the cost by air.<sup>42</sup> Meanwhile, the cost of transporting goods has also decreased, from 80 cents per 22 metric tons of cargo for every kilometre in 2011, to 70 cents in 2013.<sup>43</sup> Furthermore, the China-Europe railway will also play a significant role in assisting Central Asia's economic development. The region will play a role of crossroads connecting China and Europe. Improving the transportation links with better and faster logistics will better assist the region to expand economic cooperation with the EU, China and Russia as well as to participate in global economic cooperation.

Lastly, strengthening security cooperation with Central Asia through institutions like the Organisation for Security and Cooperation in Europe (OSCE) suits EU's strategic interests in the region, namely a stable, peaceful and prosperous Central Asia and neighbouring Afghanistan. The regional stability is vital for the EU, because it needs to protect its energy supplies, investment and other economic interests in the region. However, the EU's role as a hard security actor on the global stage is limited, because most of the European states rely on NATO to guarantee their security on a global level.<sup>44</sup> Currently, the EU is developing its Common Security and Defence Policy (CSDP), but it only operates smaller international civilian and military missions, and this situation is unlikely to change in the near future.<sup>45</sup> Given this circumstance, the EU Strategy for Central Asia of 2007 called for its member states to enhance cooperation with Central Asia through institutions like the UN, NATO and particularly OSCE.<sup>46</sup> As all EU member states and the Central Asian republics are member states of OSCE, the EU regards the organisation as playing a significant role in ensuring regional security and stability.<sup>47</sup> So far, the EU and the OSCE have demonstrated a good level of cooperation in Central Asia in combating security threats, including in border security, anti-terrorism, police training, illegal migration and drugs, and combating human trafficking.<sup>48</sup> As the European Neighbourhood Policy covers South Caucasus region and the Black Sea Synergy Initiative, there will be more room for bilateral cooperation between the EU and Central Asia in the near future.

In conclusion, the rising Chinese influence in Central Asia has shifted the balance of power in the region. As Russia's economic clout is no longer comparable with China, and the US military withdrawing from Afghanistan, China has emerged as the region's new superpower. This offers both challenges and opportunities to EU interests. China's economic expansion may lead to a potential competition with the EU in Central Asia, but it also offers new rooms for cooperation in particular in defending common interests. This raises an important question for the EU: how will it react to defend its interests in the face of the rapidly shifting geopolitical dynamics of the region?

---

<sup>42</sup> Ibid.

<sup>43</sup> Ibid.

<sup>44</sup> Peyrouse, S, Boonstra, J, and Laruelle, M. (2012). Security and Development Approaches to Central Asia: The EU Compared to China and Russia. *Europe-Central Asia Monitoring*. p12.

<sup>45</sup> Ibid.

<sup>46</sup> Council of the European Union, European Union and Central Asia: Strategy for a New Partnership.

<sup>47</sup> European Union. (2013). *OSCE Forum for Security Cooperation Nr 730 Vienna, 16 October 2013: EU Statement on Central Asia*. Retrieved on from <http://www.osce.org/fsc/107737>.

<sup>48</sup> Ibid.

