CHINESE POLICY TOWARD RUSSIA AND THE CENTRAL ASIAN REPUBLICS

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This report examines the foundations of the People’s Republic of China’s policies toward Russia and the former Soviet Republics of Central Asia: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. In addition, it discusses what factors will determine the evolution of China’s relationships with these countries and how they might affect U.S. regional or global interests.

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China's relationships with Russia and the Central Asian Republics have improved steadily since the Soviet Union collapsed in 1991. Along a border once marked by military tension, China and its neighboring countries of the former Soviet Union (FSU) now foster increased trade and political cooperation. Russia and Central Asia are poised to become major suppliers of energy resources to China's rapidly growing economy. With the declaration of a new "strategic partnership" in 1996, the strategic aspect of Beijing's relationship with Moscow attained a prominence not seen since the Sino-Soviet alliance of the 1950s.

The future of China's relationships with Russia and the Central Asian Republics, and the implications for U.S. interests, is far from clear. The current harmony in Sino-Russian and Sino-Central Asian relations may be merely a prelude to a period of prolonged tension and suspicion as China's growing power comes to be seen as a threat by leaders in Moscow and the capitals of Central Asia. Conversely, the current "strategic partnership" between Beijing and Moscow might represent nothing less than the initial stage of the first major challenge to U.S. global power and influence in the post–Cold War era. At the same time, China's growing presence in Central Asia may be indicative of its impending ascendance in continental Asia, and may provide secure land links between China and states in the Middle East (and possibly even Europe) who share the Middle Kingdom's ambivalence toward American power. While extreme, both of these scenarios are possible. It is important for U.S. policymakers to understand what combination of factors will make them more or less likely and how they will affect U.S. policy goals.
Unlike during the Cold War, close relations between Beijing and Moscow are not necessarily detrimental to U.S. interests. China and Russia are in the midst of difficult economic and political transitions. Policies that reduce security tensions, enhance economic cooperation, and develop Russian energy resources for the Chinese market could benefit the successful completion of these transitions. As such, Sino-Russian relations primarily reflect domestic economic and political considerations and pose little threat to U.S. interests.

The possible implications for U.S. interests of China’s strategic relationship with Russia are less benign. Beijing and Moscow’s “strategic partnership” is the product of the two countries’ mutual concerns over the overwhelming U.S. economic, political, and military power in the post–Cold War world. Their rhetoric contains thinly veiled attacks on the U.S. position as the dominant post–Cold War world power and suggests the two countries will seek to reduce U.S. influence and power in the future.

At the present time, however, the importance of the U.S. export market, technology, and capital to China’s continued economic development is a powerful constraint on Beijing’s willingness to assume an openly hostile position toward the United States. Although the potential for conflict with the United States is real, China does not have the power to make a direct challenge. China is therefore pursuing a policy to develop a broad array of secure relationships with countries that could provide it with valuable trade, technology, investment, and international political support and thereby reduce its vulnerability to American power. China’s strategic relationship with Russia is a component of this policy.

However, tensions in Sino-Russian bilateral relations are likely to become more pronounced over time. China’s dramatic economic growth and Russia’s economic turmoil in recent years underlie a dramatic reversal in the balance of Russian and Chinese power in Northeast and Central Asia. In the next ten to twenty years, Moscow is likely to become more concerned about the potential threat of China’s growing power than it is about the enduring power of the United States.

The United States is an important variable in how Sino-Russian relations evolve. Russia and China formed their strategic partnership in
the context of sharp bilateral disputes with the United States over
issues such as NATO expansion and the political status of Taiwan.
Greater tension in Sino-U.S. and Russian-U.S. relations will produce
a stronger rationale in Russia and China to subordinate their bilateral
differences in the interest of resisting the stronger and more threat-
ening American power. While this should not be the only factor
considered by U.S. leaders, U.S. policy toward these two countries
should be made with this dynamic in mind.

In Central Asia, China’s open economic policies are playing a signifi-
cant role in the emergence of independent and viable states in the
region. China provides the Central Asian states vital non-Russian
transportation routes through which the states can interact with in-
ternational markets. Of particular long-term significance is a recent
agreement between China and Kazakhstan to build a pipeline from
western Kazakhstan to China to bring Kazakh oil resources to the en-
ergy-hungry economies in East Asia. Like the United States, China
opposes the spread of Islamic extremism in Central Asia and sup-
ports the region’s existing secular regimes. Beijing’s primary motiva-
tion for doing so is to minimize the potential for instability emerging
in the region that might threaten its own domestic stability and eco-
nomic development.

China’s relationships with the Central Asian Republics pose fewer
potential problems for U.S. interests than does its relationship with
Russia. While China may develop a dominant influence in areas of
Central Asia near its border, there is little threat of China dominating
the region in a manner that restricts U.S. access to its valuable energy
resources. There are simply too many other actors in the oil- and
gas-rich regions of Central Asia. There are, however, some aspects of
China’s relationship with the Central Asian states that might become
problematic. In particular, land-based transportation links through
Central Asia to the Middle East may facilitate greater economic,
political, and military cooperation between Beijing and regimes in
the region the United States seeks to isolate.
A transformation has occurred along China’s Russian and Central Asian border (see Figure 1). From Vladivostok to Dushanbe, the focus of Chinese policy has shifted from maintaining military readiness and deterrence to expanding trade and cooperation. Beijing and Moscow have dramatically reduced political and military tension between their two countries. Despite initial misgivings, China also enjoys friendly relations with the newly independent states of Central Asia. Improved relations between China and countries of the former Soviet Union (FSU) on its border extend beyond simply addressing long-standing border disputes. Trade links have expanded steadily over the past decade; Russia and countries of Central Asia are poised to become major suppliers of energy resources for China’s growing economy. Also, Russia has provided China with a wide array of advanced weapons systems through a series of arms sales, and Moscow and Beijing have recently trumpeted a new “strategic partnership” aimed at hastening the emergence of a truly multipolar world system.

This report examines the foundation of China’s policies toward Russia and the five republics of Central Asia, identifies what combination of issues and environmental conditions is likely to shape their evolution, and assesses the policies’ potential impact on regional or global U.S. interests.

Chapter Two addresses the question of why China has improved its relations with Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. It describes the evolution of Sino-Russian and Sino-Central Asian relations since the fall of the Soviet
Figure 1—Asia

Union and the goals of Chinese policies toward these countries. The purpose is to highlight the wide range of issues and interests that drive Chinese policy toward these countries.

Chapters Three and Four examine the prospects for Sino-Russian and Sino-Central Asian relations, respectively. A number of factors, many of which are beyond Beijing's control, will affect how China's relationships with these countries will evolve. These chapters identify some of the primary issues that will determine whether Sino-Russian strategic relations will grow closer and the extent to which China's influence in Central Asia is likely to expand.

Lastly, Chapter Five discusses how the development of Sino-Russian and Sino-Central Asian relations might affect U.S. interests. To what extent does the Sino-Russian strategic partnership threaten U.S. in-
terests? Does China's expanding role in Central Asia work against American policy goals in the region? This chapter examines the nature and limits of the threat these developments pose to U.S. interests.
Four considerations provide the foundation for China's policies toward Russia and the Central Asian Republics in the post–Cold War era: (1) China's desire for stability on its frontier and border provinces, (2) its desire to enhance the economic development of specific inland regions, (3) its growing energy needs, and (4) its concerns over its relative position in the post–Cold War strategic environment. The importance of each of these factors varies according to China's perception of each country's economic prospects, potential to affect China's domestic stability, energy resource endowment, and relative strategic significance. In this context, strategic considerations receive greater attention in China's policy toward Russia than they do in China's policies toward the Central Asian Republics. At the same time, issues relating to safeguarding China's domestic stability against outside threats are much more prominent in China's policies toward the states of Central Asia. These distinctions aside, the four considerations listed above provide a basic framework for understanding China's current and potential future policies toward Russia and the states of Central Asia.

The warming of Sino-Russian and Sino-Central Asian relations did not begin abruptly with the end of the Cold War. Rather, relations improved through a gradual process of rapprochement between China and the Soviet Union initiated by Mikhail Gorbachev in his famous "Vladivostok speech" of 1986. This speech indicated the Soviet Union's willingness to compromise on what the Chinese termed the "three obstacles" to improved relations. These compromises included withdrawing Soviet troops from Afghanistan, withdrawing troops from Mongolia, and reducing support for Vietnam. The last of
the "obstacles" was overcome with Vietnam's April 1989 announcement that it would withdraw its forces from Cambodia. China and the Soviet Union normalized relations one month later during Gorbachev's summit with Deng Xiaoping in Beijing.

Chinese and Soviet leaders reached agreement on 98 percent of their 7500-km common border in May 1991. The collapse of the Soviet Union only a few months later delayed negotiations on the remaining 2 percent of the border, now split among four countries, but did not derail them. In October 1992, a joint delegation from Kazakhstan, Kyrgyzstan, Tajikistan, and Russia traveled to Beijing to reassure Chinese officials of their commitment to the principles agreed to in the 1991 agreement, thus setting the stage for future negotiations. China and Russia announced the complete demarcation of their border in 1997, although details of the demarcation remain unclear.

Since 1992, China has negotiated a series of political, military, and economic agreements with Russia and the Central Asian Republics. The goals of these agreements were to reduce tensions around or resolve remaining border disputes, address other security concerns, and foster economic development on both sides of their common borders. The 1996 and 1997 Five-Party Military Agreements, signed in Shanghai and Moscow, respectively, are the most important of these multilateral security agreements. These agreements involve China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan and place limits and conditions on military activity within 100 km of the Sino-FSU border. Russian officials describe the 1996 agreement as "in effect a non-aggression treaty."

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2Moltz, 1995, p. 517.
The two Five-Party Military Agreements demonstrate geography's significance in how China implements its policies toward the Central Asian Republics. Rhetorically, China's policies apply to Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan equally. In practice, however, the bulk of China's efforts in the security realm have focused on Kazakhstan, Kyrgyzstan, and Tajikistan. Their geographic proximity makes these countries natural security concerns for China. (See Figure 2.) Kazakhstan and Kyrgyzstan's common borders with China make significant economic interaction with China feasible. Tajikistan participated in the Five-Party Military Agreements, but its domestic turmoil limits its prospects for developing a significant economic relationship with China.

Neither Uzbekistan nor Turkmenistan participated in the Five-Party Military Agreements. Sino-Turkmen relations are negligible in both security and economic terms. Uzbekistan, on the other hand, has enjoyed significant increases in trade with China in recent years. Recent improvements in regional rail transportation might allow for further growth in Sino-Uzbek and perhaps even Sino-Turkmen trade.

Figure 2—Xinjiang and Central Asia
While it does not border China, Uzbekistan is home to a modest Uighur population. Its attitude toward the separatist movement in Xinjiang is, therefore, of some concern to Beijing.

**STABILITY ON THE BORDER**

China's diplomatic focus on reducing security tensions with its neighbors reflects one of Beijing's foremost security priorities in the reform era. With the disappearance of an immediate threat of invasion and the emergence of dynamic economic centers along its eastern coast, China's security policy in the 1980s shifted from simply ensuring survival in a hostile world to preventing international instabilities from undermining its prospects for continued economic development. In this context, minimizing the potential for conflict or instability along its border is a central goal of China's policies toward the Soviet Union's successor states.

Securing stable borders with Russia and the Central Asian Republics addresses slightly different concerns for Beijing. Russia represents a potential security threat in the conventional military sense. Although it can no longer claim superpower status, Russia remains a significant military power and the only country along China's land border that can pose a realistic military threat to China. Military clashes occurred on the Sino-Soviet border as recently as the late 1960s and early 1970s. Effectively resolving their remaining border disputes removes one of the largest potential sources of conflict from the Sino-Russian relationship. Furthermore, the less Beijing has to worry about security threats along its northern border, the more resources it can devote to economic construction or addressing security concerns off its east or southeast coasts.

Unlike Russia, the countries of Central Asia cannot threaten China in a conventional military sense. However, they can potentially affect conditions within China in a much more direct and dangerous manner than can Russia. This potential stems from the demographic similarities between the Central Asian states and China's Xinjiang.

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Uighur Autonomous Region (XUAR). Roughly 60 percent of Xinjiang’s 16.6 million population is composed of ethnic minorities, who typically have far more cultural and ethnic affinity for the Islamic Turkic populations in Central Asia than they do for ethnic Han Chinese. The region’s largest single ethnic group, the Uighurs, are ethnic Turks and number just over 7 million. Han Chinese are Xinjiang’s second largest ethnic group, with a population of approximately 6 million. The autonomous region is also home to over one million Kazakhs and smaller numbers of Kyrgyz, Tajiks, and Mongols. Because of the heavy concentration of ethnic minority populations, the Chinese leadership views Xinjiang as particularly susceptible to foreign, anti-Chinese influences. Following the Soviet Union’s collapse, Chinese leaders worried that transnational Islamic or ethnic Turkic forces operating out of the newly independent Central Asian Republics would actively encourage and support the separatist activities of minority groups within Xinjiang.\textsuperscript{5}

Chinese concerns over minority unrest in Xinjiang are not without merit. While most minority groups in the XUAR remain relatively submissive to Beijing’s authority, some elements within the Uighur population have engaged in violent opposition to Chinese rule and call for the reestablishment of an independent nation of East Turkistan in Xinjiang.\textsuperscript{7} Since the late 1980s, Uighur separatist groups have waged a campaign of sporadic violence against ethnic Chinese. As one reporter describes their activities, “Uighur terrorists specialize in three types of operations: planting bombs, killing police and soldiers, and robbing banks (in order to purchase weapons).”\textsuperscript{8} Since 1989, anti-Chinese rioting has occurred in the region’s capital city of Urumqi as well as in major trading centers such as Kashgar and Yin-


\textsuperscript{7} A Uighur-led movement succeeded in establishing an independent nation of East Turkistan in the northern section of Xinjiang in 1944. However, its independence proved to be short-lived, as it was incorporated into the People’s Republic of China in 1950. For details, see Felix Chang, "China’s Central Asian Power and Problems," Orbis, Summer 1997, p. 406.

ing.\(^9\) Riots in Yining in 1997 left at least 10 dead, and were followed by a harsh crackdown by Chinese authorities and sporadic reprisals by Uighur groups.\(^{10}\) Perhaps most serious from the Chinese leadership's perspective, Uighur activists claimed responsibility for a bomb attack in Beijing in 1997 that injured approximately 30 people.\(^{11}\)

Stability in Xinjiang is important to Chinese leaders for a number of reasons. The first is that instability in the XUAR could ultimately threaten China's hold on the region, and thereby threaten the integrity and sovereignty of the People's Republic of China (PRC) as a whole. Although few nations are ambivalent about their territorial integrity, China is particularly emphatic in asserting the historical legitimacy and inviolability of its declared borders. This sensitivity is part of the legacy of China's "century of humiliation," when imperial powers frequently violated China's sovereign and territorial rights. In Xinjiang's case, there are also fears that a loosening of Chinese control might encourage non-Chinese populations in other regions, such as Tibet or Inner Mongolia, to increase their own separatist activities, or weaken the credibility of China's commitment to reunification with Taiwan.

Xinjiang's stability also concerns Chinese leaders because of the region's importance to China's continued economic development and overall security. As a 1996 commentary in the region's daily paper bluntly stated, "Xinjiang's stability has a bearing on the stability of the whole country and Xinjiang's development has a bearing on the development of the whole country."\(^{12}\) In the security realm, Xinjiang has historically served as a buffer against potential aggressors from the mountains and steppes northwest of China. The region's vast open spaces and relatively small population make it an area in which the People's Liberation Army (PLA) can conduct both nuclear tests and large-scale conventional military exercises.


Xinjiang’s primary economic significance is as a domestic source of natural resources—115 of the 147 minerals located in China can be found in Xinjiang.\textsuperscript{13} The region’s most prominent resource is oil. Three oil basins lie within Xinjiang’s boundaries—the Turpan, Junggar, and Tarim.\textsuperscript{14} The Tarim basin is reportedly the largest unexplored oil basin in the world, with some estimates of potential reserves ranging as high as 147 billion barrels (bb),\textsuperscript{15} although the recent experience of Western oil firms there indicates that the region’s recoverable reserves may be in fact significantly lower.\textsuperscript{16} Nonetheless, Chinese leaders consider Xinjiang’s oil resources to be vital to China’s future energy security, particularly as the PRC’s large eastern oil fields—the Daqing, Shengli, and Liaohe—mature and begin to decline in production. In a recent article on China’s future energy policy, Li Peng stated that China hopes only to stabilize production in its East China fields. Increases in total domestic production will have to come through expanded production in Western China.\textsuperscript{17}

**TRADE AS A TOOL FOR STABILITY AND DEVELOPMENT**

China’s policy toward the Soviet Union in the 1980s focused primarily on how to counter the Soviet military threat. Even though the expansion of economic relations with the outside world was a defining characteristic of Deng Xiaoping’s reforms, China made only modest progress in this aspect of its relationship with the USSR. Trade relations between China and the Soviet Union did expand during the

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\textsuperscript{14}These three are listed by Li Peng in his recent article, “China’s Policy on Energy Resources,” *Xinhua*, May 28, 1997; as “Li Peng on Energy Policy,” *World News Connection*, insert date: June 23, 1997, document id: drch1119_n_97001. Li also mentions the Qaidam Basin located nearby in Qinghai province as having significant oil reserves.


\textsuperscript{17}Li Peng, *Xinhua*, May 28, 1997.
1980s, reaching approximately $2.5 billion in 1987\textsuperscript{18} from only $389 million in 1982\textsuperscript{19}. However, they fell significantly short of the level of trade China enjoyed with the more economically vibrant countries of East Asia and the developed world, such as Japan ($23.7 billion in 1987) and the United States ($7.8 billion in 1987).\textsuperscript{20} This is understandable given the enduring security tensions in Sino-Soviet relations in the first half of the 1980s and the USSR’s economic collapse in the second half. Perhaps as important, China’s reform policies focused on expanding trade between China’s coastal provinces and countries that could provide the PRC with the capital, technology, and export markets it required to sustain a rapid pace of economic development. As the Soviet Union could not provide these in any abundance, there was relatively little reason for China to devote significant resources to increasing trade links across this inland border.

Strengthening trade ties with Russia and Central Asia gained new prominence in China’s policy in the post-Soviet era. By 1993, China’s trade with Russia was more than double Sino-Soviet trade totals in 1991, although it retreated somewhat in subsequent years (see Figure 3). In 1997, China and Russia set a target of $20 billion for bilateral trade by the year 2000.\textsuperscript{21} China and Kazakhstan, China’s largest Central Asian trading partner, set an ambitious, but perhaps more feasible, goal of $1 billion for the same period.\textsuperscript{22}

Increasing trade along its Russian and Central Asian borders serves a number of interests for the PRC. First, it broadens Sino-Russian and Sino-Central Asian relations beyond issues of security. Increased trade generally fosters greater economic opportunity and cooperation between the countries involved. Sino-Russian and Sino-Central

\textsuperscript{22}“Li Tieying Discusses Scope of Sino-Kazakhstani Cooperation,” Xinhua, September 5, 1996, appearing in World News Connection, insert date: September 9, 1996, document id: 0dxxhv5001dxk.
Asian relations will become more stable as each country plays a larger role in the economic development of the other.

Certain Chinese policymakers view expanding trade links with Russia and Central Asia as means to enhance economic development in China’s interior regions. They argue that this is not only consistent with the general economic policy of “opening up,” but also a way to address growing problems of uneven development among China’s diverse regions. According to Gaye Christoffersen, regional Chinese leaders have pushed hard for the creation of “regional economic circles” of Chinese border regions and contiguous states “for the purpose of trade and economic development.”23 An article in the journal of the Institute of South Asian Studies of Sichuan University emphasized the need for such policies. It noted that the failure to increase development in areas of “backward social and economic

development" will prevent the "stabilized and concerted development of the national economy." This will eventually have an adverse impact on "national unity and frontier stability." While this particular article's recommendations focused on enhancing links between South Asia and China's Southwest region, its fundamental argument is applicable to China's Northwest and Northeast regions as well.

Greater economic development, fueled by increased trade with Central Asia, is a central component of Beijing's approach to fighting separatism and maintaining long-term stability in Xinjiang. A 1996 meeting of Xinjiang's provincial party's central committee identified "national secessionism and illegal religious activity" as the primary danger to Xinjiang's stability. While the committee called for tightened control of religious activities in the province and increased propaganda and education efforts to reduce the appeal of secessionism and religion, it cited greater economic development in Xinjiang as vital to effectively addressing this problem. The committee declared, "we must seize the opportunity to accelerate Xinjiang's economic development and improve the living standards of the people of various nationalities. This is the most important basis (emphasis added) for maintaining Xinjiang's stability."25

Finally, Beijing believes increased trade will enhance stability within the potentially volatile countries of the FSU. This goal is more relevant to China's policy toward Central Asia than its policy toward Russia. As discussed earlier, unrest in Central Asia holds a much greater potential for affecting China's own internal stability than does unrest in Russia. Chinese leaders hope that increased economic interaction with Central Asia will strengthen the secular-minded governments of the region against religious or ethnic-based groups who might actively support separatist groups in Xinjiang.26

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Beijing’s policy emphasis on promoting trade is reflected in the dramatic growth in infrastructure links between China and Russia and China and Central Asia. In 1986, China’s northeastern border province, Heilongjiang, had only a single station on the Soviet border. By mid-1993, 13 river ports, three airports, and four road bridges linked Heilongjiang to the Russian Far East (RFE). More recently, China and Russia included Mongolia in an agreement to increase trade and cooperation among the three countries’ rail networks. The purpose of the agreement is not only to spur trade among the three signatory countries, but to also increase the volume of trans-Eurasian rail trade.

A similar expansion of links occurred along China’s Central Asian border, perhaps the most significant being the opening of the Urumqi-Almaty rail-line in 1992. This rail-line not only gives the various states of Central Asia access to China’s domestic market and eastern ports, but also opens a potentially important overland route between China and Europe and the Middle East. In addition to the rail link, 14 other ports of entry were open in Xinjiang in April 1993. Most are simple road routes, but two are airports. In 1998, China, Uzbekistan, and Kyrgyzstan agreed to open a new highway from Kashgar through Kyrgyzstan to Tashkent in Uzbekistan. According to Xinhua, the road is intended to stimulate increased trade among the three countries and lay the foundation for the eventual construction of a new railway along the same route.

Li Peng’s 1994 tour of the Central Asian Republics (except civil war-wracked Tajikistan) highlighted trade’s prominent role in China’s policy toward the region. Li’s trip was the first of a major Chinese official to the newly independent Central Asian states. Notably, a large

group of Chinese entrepreneurs accompanied him. This marked the first time representatives of Chinese commercial interests officially accompanied a PRC official on a formal state visit. In a speech to the parliament of Uzbekistan, Li stated that improved “economic cooperation” is a primary goal in China’s policy toward the Central Asian Republics.31

The significance of China’s trade with Russia or the Central Asian Republics is not fully captured in statistics depicting the official dollar value. As discussed earlier, Sino-Russian and Sino-Central Asian trade is considered particularly important to the economic development and political stability of bordering Chinese regions. Moreover, China may receive goods of particular economic or strategic value through its trade with these countries. Russia’s arms sales to China are a current example of this. Future Russian and/or Central Asian energy supplies to China may also fit into this category. Finally, unofficial transactions, often referred to as “suitcase trade,” are quite common in China’s trading relationship with Russia and the Central Asian Republics. There are no figures for the amount of “suitcase trade” that goes on between these countries, but the total volume may represent a significant percentage of the official trade.

In the immediate aftermath of the Soviet collapse, the decision to promote trade with the new Central Asian states was the source of some debate among the Chinese leadership. In 1992, Wang Enmao, the former head of Xinjiang’s regional government, reportedly called for the construction of “a great iron wall” along the Sino-Central Asian border to protect Xinjiang from hostile foreign elements.32 Wang’s call reflected the desires of much of the Chinese leadership to prevent the combination of Pan-Turkic nationalism and Islamic radicalism from provoking greater unrest in the XUAR.33

A pamphlet published by the China Youth News (Zhongguo Qingnian Bao) in early 1992 argued that in the aftermath of the Soviet collapse China’s domestic and foreign policies should use “stability” as “the

32 Craig Harris, 1993, p. 118.
basic point of departure." Although this suggestion was less extreme than Wang Enmao's, it was, nonetheless, an essentially cautious and reactive approach to dealing with the new national entities of Central Asia.

Deng Xiaoping's historic "Southern Journey" of early 1992 settled the debate over what kind of policy China should pursue toward the Central Asian Republics. Deng's forceful promotion of more rapid economic reform in China effectively rendered the cautious approach to expanding economic ties between Xinjiang and Central Asia politically untenable. Evidence of this can be seen in a September 1992 article in Xinhua that criticized decisionmakers in Xinjiang for allowing their "fear of instability" and "fear of chaos" to prevent them from pursuing more aggressive economic and trade policies. The article declared that these leaders were able to "emancipate their minds" and "boldly lay down a new strategy" of "letting trade take the lead" in the region's development only after "studying the talks of Comrade Deng Xiaoping during his southern tour."\(^{35}\)

For their part, the governments of Central Asia share many of Beijing's concerns about the dangers that transnational ethnic or religious groups pose to regional stability. Their secular policies and sensitivity to Chinese concerns over "separatist" groups operating out of their countries have made it easier for China to pursue more open economic policies. Sino-Central Asian joint declarations uniformly stress the need to oppose all forms of "ethnic separatism," and prohibit "organizations and forces from engaging in separatist activities in the respective countries against the other side."\(^{36}\)


Ironically, the longer-established states of South or Central Asia—Pakistan and Afghanistan—have proven much more of a problem in recent years as sources of radical Islamic elements entering Xinjiang than the Central Asian Republics. Beijing has been disappointed with Pakistan's inability to prevent Islamic groups, such as the Jamaat-e-Islami, from assisting separatists in Xinjiang. China reportedly erected a fence along its 750-km border with Pakistan in 1997 to reduce the assistance such groups might provide militant Uighur elements in Xinjiang.

Chinese leaders are concerned about conditions in Afghanistan for a number of reasons. Like many in the region, they are concerned with the implications of the Taliban's rise, and are keen to prevent radical Islamic elements there from assisting Uighur separatist groups. The French newspaper *al-Watan al-'Arabic* reported in 1997 that the notorious anti-U.S. terrorist, Osama Bin-Ladin, was planning to move to Xinjiang to participate in a jihad against Chinese rule there. This report has proven to be inaccurate, but it does suggest that Chinese concerns about radical outside groups assisting Uighur separatists may have some foundation. Aside from preventing terrorists from crossing China's borders or providing assistance to Uighur separatists, Beijing is also concerned about the flow of drugs and other illicit goods into Xinjiang from both Pakistan and Afghanistan.

China's policy of promoting trade with Russia and the Central Asian Republics has not met with unmitigated success. Although trade has increased significantly since 1991, the total volume of trade remains relatively low and is subject to volatility. Sino-Russian trade soared to $7.7 billion in 1993, more than twice the $3.8 billion total for China's trade with the entire Soviet Union in 1991. However, it dropped to little over $5 billion the next year, largely because of a tighter visa regime adopted to address Russian concerns over Chinese immigration. Although Sino-Russian trade recovered to $6.8 billion in 1996, it fell to just over $6 billion in 1997. Given these erratic trends, the goal

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of Sino-Russian trade reaching $20 billion in the year 2000 appears wholly unrealistic.

Trade flows between China and Central Asia demonstrate similar volatility, although the total volumes involved are significantly less. For example, Kazakhstan's bilateral trade with China reached $435 million in 1993. In 1994, it dropped over 20 percent to $336 million. Sino-Kazakh trade recovered faster than Sino-Russian trade, however, surpassing its 1993 trade level in 1996 with $460 million in total trade (see Figure 4). Overall, China's official trade with the Central Asian Republics in 1997 totaled only $872 million.

The volume of China's trade with Russia and Central Asia is relatively insignificant compared with its trade with countries like Japan, the United States, and South Korea (see Figure 5). Russia's trade with China in 1997 represented only 2 percent of China's total trade (see Figure 6), and absorbs 1 percent of China's total exports. China's trade with the Central Asian states in 1997 was less than half a percent of China's total trade. As discussed earlier, trade with Russia and Central Asia benefits a range of Chinese interests. However, its relative importance to the continuing development of China's overall economy is marginal.

Apart from the one-time shock resulting from the tighter visa regime between China and Russia, Sino-Russian and Sino-Central Asian trade is constrained by an inadequate physical and financial infrastructure. Establishing effective transportation links is only one step in the process of creating stable trading relationships between China and the FSU. Inadequate financial institutions in all of the involved countries also contribute to the volatility of Sino-Russian and Sino-Central Asian trade. An article in Heilongjiang province's daily newspaper argued that the low quality of Chinese export products and the failure to effectively develop more advanced, nonbarter trading systems are to blame for the enduring problems in Sino-

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Russian border trade. Although China and Russia can resolve these problems over time, they limit the prospects for dramatic increases in Sino-Russian or Sino-Central Asian trade in the near term.

The potential for growth in trade between China and Russia and China and Central Asia is also limited by the weaknesses inherent in the Russian and Central Asian economies. Russia's economy, for example, is of moderate size, but has experienced massive dislocation since 1991 and continues to face severe challenges in its transition to a market-based economy. Aside from military equipment and natural resources, few Russian goods are sought after in China. This was poignantly illustrated in 1997 when Russian firms failed to win the bid to supply power generators to the massive Three Gorges

dam project. Because much of China’s hydroelectric industry is based on technology and designs provided by the Soviet Union during the 1950s, Russian firms believed they would have a decisive edge in the bidding competition. Instead, contracts worth $740 million were awarded to a consortium of European firms. The Moscow paper Trud reported that failure to be awarded the bids was due, in part, to Chinese complaints that Russian firms are often unable to meet their commitments in terms of “quality or timeliness.”

Over the long run, Russia’s economy may revive and its products become more competitive. However, for the foreseeable future neither Russia nor Central Asia will be able to offer China the kinds of opportu-

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nities for commercial interaction it can find in the economies of East Asia or the developed world.

**CHINA'S ENERGY NEEDS**

Russia is an important supplier of oil and gas resources in the international energy market. Provided they can successfully develop pipeline routes to the outside world, a number of Central Asian countries will become major suppliers of energy resources in the
next ten to fifteen years. Estimates of the Caspian region’s potential oil reserves, including Azerbaijan, range from 70 to 200 billion barrels (reserves of 100 billion barrels would allow for production levels roughly equivalent to that in the North Sea).\textsuperscript{43} These potential reserves cannot compare to those of the Persian Gulf, but they are significant nonetheless.

In contrast, China is increasingly reliant on energy imports to fuel its economic growth. China became a net importer of oil in 1993. In 1995, China imported roughly 400,000 barrels of oil a day. Estimates place China’s demand for oil imports by the year 2000 at 1.3 million barrels a day. By the year 2010, this figure could be as high as 3.6 million barrels a day.\textsuperscript{44} How China attempts to meet its shortfall in energy resources has important implications for the stability of world energy markets as well as for the regional security environment in Asia.

In an article on China’s energy security strategy, Li Peng declared that China must face the reality that its domestic oil production will not be able to “meet the demands of economic development.” Li stated that China will have no choice but to augment domestic energy sources through “vigorous” cooperation with foreign governments and energy companies for exploration and development of oil and gas resources abroad and the maintenance of a “stable market for the import and export of crude oil” in the international economy.\textsuperscript{45}

Li’s comments presaged some truly “vigorous” cooperation between China and Central Asia and China and Russia in the area of energy policy. On June 4, 1997, China’s National Petroleum Corporation (CNPC) outbid American and Russian competitors for the right to own and operate the Uzen oil field in western Kazakhstan over the

\textsuperscript{43}“Oil Drums Calling,” \textit{The Economist}, February 7, 1998, p. 6.
next 20 years. The agreement is worth approximately $4 billion and provides the CNPC with 60 percent ownership in the Kazakh share company Aktobemunaygaz. This deal proved to be the precursor to a larger basket of agreements signed during Chinese Deputy Prime Minister Li Lanqing's September 1997 visit to Kazakhstan. The package of deals is worth roughly $9.6 billion and includes an agreement to construct a pipeline from western Kazakhstan to western China (see Figure 7). Kazakhstan already supplies China a modest amount

![Map of Central Asia with pipeline routes](image)

**Figure 7—Rail Links and Proposed Pipeline Routes from Central Asia and Russia to China**

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of oil by rail. The CNPC also agreed to construct a pipeline from Kazakhstan to Turkmenistan. Should the Iranian and Turkmen governments agree, this pipeline will be extended through Turkmenistan to Iran. In late June 1997, China and Russia agreed to jointly develop the Kovylktinkoye gas field, located in the Irkutsk Oblast near Lake Baykal, and construct a pipeline from there to China. This deal is reportedly worth around $8–$10 billion and is supposed to eventually supply China with 20 to 30 billion cubic meters of gas annually. The route would involve over 3000 km of pipeline through Russia, Mongolia, and China. The pipeline is envisioned to be extended, eventually, to South Korea and Japan.

As large as these energy investments are, particularly for a developing country like China, they may represent only components of a larger, more ambitious Chinese energy strategy. In June 1996, a group of Chinese oil experts outlined a plan for meeting a significant percentage of East Asia’s oil needs through the construction of a massive “Pan-Asia continental oil bridge.” This “oil-bridge” would consist of a network of pipelines stretching from the Middle East, Central Asia, and Russia into China and potentially to South Korea and Japan. Construction of a number of segments of the proposed “oil bridge,” such as a Central Asian-Chinese or Russian-Chinese pipeline, may begin in the near future. The Chinese vision calls for the incorporation of these individual projects into a single, compre-

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49 “Chernomyrdin Meets with Li Peng, Pipeline Agreement Signed,” Moscow Interfax, June 27, 1997, World News Connection, insert date: June 30, 1997, document id: 0eclt1so1ucayo. Lao Xi Sici writes the deal may be worth as much as $10 billion in “China to Sign $10 bn Gas Deal,” Asia Times, Beijing, June 18, 1997.


51 For more detail on China’s energy policy as it applies to Central Asia and Russia, see Gaye Christoffersen, “China’s Intentions for Russian and Central Asian Oil and Gas,” National Bureau of Research Analysis, Vol. 9, No. 2, 1998.
hensive system. Chinese experts predict the "oil bridge" could meet up to 20 percent of East Asia's oil needs.\textsuperscript{52}

The construction of a comprehensive network of oil and gas pipelines stretching from the Persian Gulf to the Sea of Japan is probably excessively ambitious, particularly in light of conditions in the international oil market and the Asian economic environment. Nonetheless, Beijing's commitments to multibillion dollar investments in Russian and Kazakh energy projects demonstrate its resolve to make at least a modest version of the "Pan-Asian oil bridge" a reality. They also show that Russia and Central Asia figure prominently in China's long-term energy strategy. Maintaining stable Sino-Russian and Sino-Central Asian relations, therefore, takes on added significance for China as long as it is unable to meet its energy needs through domestic sources.

There are a number of challenges confronting China's ambitions for constructing a transnational oil and gas pipeline network: the most serious is how to pay for it. As daunting as the technical demands of building many thousands of miles of pipeline from Central Asia and Siberia to China's coast are, they could be managed if the projects themselves were economically viable. Officials at CNPC apparently believe the Sino-Kazakh pipeline would be economically feasible if international oil prices rose above $16 per barrel. Although oil prices are currently over the $16 barrier, they have recently been as low as $10 per barrel. Should consensus and production discipline within OPEC break down, oil prices are likely to drop once again.\textsuperscript{53} The economic turmoil in Asia also complicates China's plans for pipeline construction. China expected assistance from other East Asian countries, South Korea and Japan in particular, in funding the proposed pipelines from Central Asia and Russia.\textsuperscript{54} The economic troubles experienced in these countries since 1997 call into question their

\textsuperscript{52}"Experts Call for a Pan-Asian Oil Bridge," \textit{Xinhua}, June 16, 1996, \textit{World News Connection}, insert date: June 18, 1996, document id: 0dt7tt303s348w.

\textsuperscript{53}A recent article in \textit{The Economist} contends that oil prices as low as $5 per barrel are possible in the near future. "The Next Shock," \textit{The Economist}, March 6, 1999, pp. 23-25.

willingness or ability to participate in such massive pipeline projects, at least in the next few years.

China may yet proceed with the construction of any number of pipelines from Central Asia and/or Russia despite their current dismal economic prospects. If Beijing believes that it is in China’s strategic interest to develop secure, land-based energy supply routes, it could simply decide to subsidize the construction of the Central Asian or Russian pipelines. Guang Pan, a Middle East scholar at the Institute of European and Asian Studies in Shanghai, notes that for the foreseeable future China will be unable to build an “oceangoing navy” capable of defending its sea-lanes to the Middle East. He contends that this presents a risk to China’s energy security and provides an important incentive to Beijing to develop energy resources in Central Asia and Siberia.55 Aside from strategic concerns, China might subsidize pipeline construction to stimulate economic development in the regions the pipelines would pass through, such as Xinjiang, or to strengthen its relationship with the supplier country. China may also simply believe the price of oil will rise sufficiently in the future to ensure the eventual profitability of the various pipelines.

STRATEGIC VULNERABILITY IN THE POST-COLD WAR WORLD

Toward a Multipolar World

China’s post–Cold War security environment is the most benign the country has faced in the last 160 years and offers an excellent space in which the PRC can focus on economic development.56 Chinese leaders describe international conditions as becoming “more relaxed,” with “peace and development” serving as the main “themes of the present era.”57 According to Chinese rhetoric, world politics

55Guang Pan, “China’s Success in the Middle East,” Middle East Quarterly, December 1997, p. 38.
are in transition from the Cold War bipolar structure to a multipolar one. As a 1995 article in a prominent Chinese international relations journal described the world situation, "Great nation relations are undergoing a crucial structural adjustment, with multipolar progress obviously accelerating, and a new state of mutual dependence, benefit, and restraint among all major forces already starting to form." 58

However, despite positive trends toward a multipolar world system, Chinese analysts view the United States' current position as the world's preeminent economic, political, and military power as threatening to a wide range of China's interests. Throughout the 1990s, the United States has taken or threatened action over issues ranging from human rights to economic access to the political status of Taiwan that many Chinese leaders believe undermine China's international status, territorial integrity, and political stability. This is particularly troublesome in the post–Cold War era because there is no single state or group of states of sufficient strategic weight to counterbalance U.S. pressure. As Bonnie Glaser explains, following the Gulf War "the United States was perceived in Beijing as in an unprecedentedly strong position from which to impose a new world order based on American values, including human rights, democracy, and capitalism." 59 Even prior to the Gulf War, the U.S.-led movement to sanction China following the 1989 Tiananmen incident demonstrated Washington's willingness and ability to isolate China internationally and undermine its economic development over issues Beijing considers to be of purely Chinese domestic concern.

Chinese worries regarding the United States' dominant position in the post–Cold War world underscore the fact that the world has not made the transition from the bipolar structure of the Cold War to a multipolar structure as quickly as Beijing expected. The Chinese media frequently accuse the United States of acting in a "hegemonic" fashion and practicing "power politics." These two terms refer to U.S. actions that "apply political pressure on other

countries to force them to act according to the United States' will." The presumed purpose of this is "to build a new world order that safeguards U.S. interests and has the United States at its center,"60 Many Chinese believe the PRC has been marked for special consideration by "hegemonists" in Washington. As one Beijing journal asserted, U.S. actions toward China "are essentially all aimed at opposing and eventually causing the collapse of socialist China through the peaceful evolution of China."61

It should be noted that China does not view itself as the sole target of these kinds of policies. In 1997, Jiang Zemin declared "hegemonism and power politics to be the main source of threat to world peace and stability," not simply to Chinese interests.62 The Chinese media frequently cite the Helms-Burton Law and D'Amato Act, which do not directly relate to China, as examples of U.S. "hegemonism."63

Chinese analysts identified multipolarity as an important trend in international affairs as early as the mid-1980s. This trend was the product of the declining relative power and influence of the two superpowers and the emergence of economic power centers in Europe and Asia. It was expected to produce a world where many large powers, or "poles," exist and no single power is able to impose its will on others.64

A "pole" is a country that possesses powerful "comprehensive strength"—a combination of "political stability, solid economic

60 "The United States' Interference in Other Countries' Affairs Is Unpopular," Yunan Ribao, Kunming, March 29, 1997, appearing as "Commentary Criticizes U.S. Foreign Policy," World News Connection, insert date: April 1, 1997, document id: 0e7zyk835wx3c.
61 Hong Ye, "The Western Nations Have Started a Smokeless War," Zhongli de Zhaiqiu, Beijing, November 11, 1995, appearing as "On West's Smokeless War of Containment," World News Connection, insert date: December 22, 1995, document id: 0dk00m0461g17.
strength, strong military power (particularly nuclear armaments), as well as well-developed scientific and technological capabilities." It must be able to influence its region and international organizations, and ensure that other countries take its interests into account when dealing with global or regional issues.65

From Beijing's perspective, a truly multipolar international system offers a number of benefits to China's overall security. Interaction among states in a multipolar system, while mutually beneficial, is mutually constraining as well.66 Multipolarity, therefore, reduces the ability of powerful, developed nations, like the United States, to pressure or coerce less powerful, developing countries, like China. Although the reforms of the Deng era have spurred unprecedented economic growth, they have also increased the PRC's vulnerability to outside pressure. The United States has demonstrated its willingness to exploit China's economic needs to compel China to alter its foreign and domestic policies. The U.S. ability to do this in a truly multipolar system would be significantly reduced. There would simply be too many alternative sources of capital, technology, and export markets for the U.S. threat of economic sanctions to be credible.

Events in the early 1990s seemed to validate the Chinese view that a multipolar international system was rapidly replacing the old bipolar one. The collapse of the Soviet Union, apparent economic decline of the United States, and continued growth of economies in Europe, Japan, and the developing world marked the end of an era where only the two superpowers could exercise significant influence over world events. Although less dramatic than the Soviet Union's, the United States' decline was viewed as no less certain. A 1990 article in Beijing Review predicted that Japan would surpass or at least equal U.S. economic power by the end of the decade. The article also predicted that the United States would eventually lose its position as the


66Yan Xuetong, “Forecasting International Politics at the Beginning of the Next Century.”
sole head of the international economic order to accommodate the rising Japanese and European powers.\textsuperscript{67}

The U.S. performance in the Gulf War did little to alter Chinese views of America's declining power. As one Chinese journal wrote in 1991, "The Gulf War has also not changed the historical tendency which sees the United States in a gradual decline." The article listed such factors as the loss of industrial and technological competitiveness, the inability to reduce public and private debt, and low savings and investment rates as important causes of the U.S. decline. It concluded, "In the long run these factors are bound to diminish U.S. economic strength and cause it to gradually retreat from its superior position in the international arena."\textsuperscript{68}

By the mid-1990s, a number of the trends driving the transition to a multipolar system became much less pronounced or reversed themselves outright. Perhaps the most dramatic of these reversals were the economic resurgence of the United States and economic and political stagnation in Japan and Europe. By 1995, at least some Chinese analysts accepted that the United States had effectively addressed many of the economic problems that plagued it in the 1980s and early 1990s. Japan and Europe, on the other hand, did not gain much "headway in developing their national strength."\textsuperscript{69} The United States was again recognized as the undisputed world leader in terms of economic, technological, and scientific strength (its superior military strength was never questioned).

A number of Chinese analysts recently concluded that the United States is the only true "pole" in the current international system.\textsuperscript{70}


\textsuperscript{69}Da Zhou, "Does the United States Have a Principal Rival?" Shijie Zhishi, March 1, 1996, appearing as "Article Sees United States as Its Own Worst Enemy," World News Connection, insert date: June 27, 1996, document id: 0d0b9100tsav.

\textsuperscript{70}See Da Zhou, "Multipolar or 'One Superpower and Four Big Powers'," Shijie Zhishi, January 1995; Da Zhou, "Does the United States Have a Principal Rival?" Shijie Zhishi, March 1, 1996, appearing as "Article Sees United States as Its Own Worst
Japan, Germany (or the European Union (EU) in general), Russia, and China are "big powers." They are important, particularly in their respective regions, and may possess capabilities comparable to those of the United States in a particular aspect of comprehensive strength. However, they cannot match the overall national power of the United States. As one Chinese analyst declared, "the United States has no principal rival in the world today."\(^{71}\)

Most articles in the Chinese foreign policy literature continue to argue that the United States’ power and influence in the international arena is declining relative to that of the developing world. However, authors now accept that it will be a much more gradual decline than predicted in the early 1990s. As one Chinese journal noted, "there are few people holding that Japan or Germany will soon narrow its economic gap with the United States."\(^{72}\) Instead of having its position as the world’s premier power challenged by the end of the decade, Chinese writers now speculate that the United States might reign as the world’s sole superpower for as long as the next 30 years.\(^{73}\)

The continued decline of the United States’ relative power, as Chinese analysts view it, is primarily a function of the rapid growth of developing countries. Wang Jisi, director of the American Studies Institute of the Chinese Academy of Social Sciences, writes, "When we say that the U.S. position in the world has weakened relatively, we chiefly refer to the fact that the rise of many developing countries

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\(^{71}\) Da Zhou, "Does the United States Have a Principal Rival?" Shijie Zhishi, March 1, 1996.


\(^{73}\) This length of time was suggested the Chinese America watcher Yang Dazhou in “The Heterogeneous Patter of One Super, Four Strongs,” Shijie Zhishi, December 16, 1996, appearing as "United States seen as Only Pole," World News Connection, insert date: January 9, 1997, document id: 0e3thq04102xx.
poses a strategic challenge to the United States."74 As these countries continue to develop, they will gradually offset the United States' economic, political, and military power. However, because of their current low level of economic development, it will take considerable time before their comprehensive power begins to approach that of the United States. Moreover, the recent economic turmoil in Asia calls into question the validity of the description of the United States as a declining power in even a relative sense. It will be decades before China, assuming it avoids a major economic slowdown, will have sufficient economic, political, and military weight in the international system to counter the long-established U.S. power. Until it or some other country is able to do this, China will be vulnerable to American economic, political, and military pressure.

There is not a complete consensus within the Chinese literature regarding trends in the U.S. position in the international system. An article in the Shanghai paper Liberation Daily (Jiefang Ribao) differs markedly from many of the articles described earlier in arguing that the "current 'U.S. rise and Japanese fall' will not last long." The article contends that Japan will accelerate its drive to become a political power and will eventually compete for dominance in Asia.75 There is undoubtedly a range of opinions on the U.S. position in the international system within the Chinese Communist Party as well as within various Chinese state institutions. Nonetheless, the argument described earlier generally reflects the views of Chinese foreign policy analysts and leadership as they have been expressed in China's major foreign policy publications.

**Beijing's Strategic Response**

China's diplomatic response to the U.S.-led unipolar world began to emerge in 1992 through what is referred to as the "good-neighbor" policy. This policy holds that national interests rather than ideological criteria will dictate China's relations with other countries,

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74 Wang Jisi, "There Is More Continuity Than Change in U.S. Foreign Policy."
particularly those on its borders.\textsuperscript{76} Specifically, China has tried to strengthen ties with other countries in the Asia-Pacific region, lower tensions surrounding maritime or land-based territorial disputes,\textsuperscript{77} and strengthen or develop relations with countries in Europe and Latin America.\textsuperscript{78} As James Hsiung describes it, the good neighbor policy is "an attempt to operationalize the idea of a 'collegial sharing of power among nations' to counter the threat of a unipolar world."\textsuperscript{79} In other words, China is attempting to address the potential danger posed by U.S. unipolar power by developing a broad network of secure regional and global relationships. These relationships may not be able to completely offset the U.S. economic, military, and political power for the foreseeable future, but they should be able to offer China alternative sources of trade, technology, investment, and international political support should China's relationship with the United States deteriorate. It is in this context that the strategic aspects of China's relationship with Russia and the states of Central Asia must be understood.

The Sino-Russian "strategic partnership," announced during the five-nation summit held in Shanghai in April 1996, is an echo of China's "strategic triangle" diplomacy during the Cold War. The "partnership" is the product of China and Russia's mutual concerns with American global power and influence. Beijing hopes that its closer strategic relationship with Russia will prompt the United States to moderate its behavior toward China. In a joint statement released during Jiang Zemin's visit to Moscow in 1997, the two countries asserted their purpose to promote "the multi-polarization


\textsuperscript{77} It should be noted that two PRC actions in that same year undermined the country's attempts to reduce tensions surrounding territorial disputes in the South China Sea. The first was the adoption of a revised National Law of the Sea that included sweeping claims of Chinese sovereignty over many disputed areas in the South China Sea. The second was contracting the Crestone Energy Corporation to explore and develop oil fields in an area that is subject to conflicting claims by Vietnam.

\textsuperscript{78} James Hsiung, "China's Omni-Directional Diplomacy," p. 577.

\textsuperscript{79} Ibid., p. 575.
of the world" and oppose "hegemonism and power politics." A summary of the "strategic partnership" appearing in Beijing Review noted that neither China nor Russia "accepts a single-polar world." The article also stated that the two countries would work for the establishment of a "new equitable and reasonable international order in which no one country dominates another."

The recent Sino-Russian declarations do not specifically name the United States as the world's hegemon. Both governments emphasize that their "partnership" is not aimed at any "third country." Nonetheless, their new strategic relationship clearly reflects their mutual discomfort with the United States as the dominant global power and their desire to see it decline. Indeed, it is difficult to see how references to "rejecting hegemonism and power politics" do not refer to the United States when China's state-run media publish articles with such titles as "Symposium Reviews 1996: Highlights U.S. Hegemonism," or "U.S. Power Politics Continuously Challenged."

Thus far, the most troubling aspect of the Sino-Russian relationship is Russia's sale of weapons systems to China. Since 1991, Chinese arms purchases have included at least 48 Su-27 multipurpose fighters, four Kilo-class submarines, two Sovremenny-class destroyers, and eight S-300P surface-to-air missile systems. Between 1991 and 1995, Russian arms sales to China may have totaled over $3 billion. These purchases do not radically alter the East Asian military balance in China's favor, but they do grant China greater power projection capabilities than China would have if left to its own weapons systems and technologies. The effective incorporation of

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these advanced Russian weapons systems into China's existing forces does not seriously threaten U.S. security or the security of its primary allies in Asia. However, in the context of a limited regional crisis—in the Taiwan Straits, for example—the weapons systems do have the potential to increase the risk to U.S. forces, and therefore raise the political stakes of U.S. military intervention in East Asia if Chinese forces are involved.

Perhaps more serious than Russia's sale of military hardware to China is the transfer of production technologies. China and Russia signed a memorandum on defense technology cooperation in 1996 in which Russia agreed to assist China's development of new weapons systems. China and Russia have signed a licensing agreement granting China the right to domestically produce up to 200 Su-27s. China has also attracted a significant number (the actual number is not known) of Russian scientists to work in China's defense industry. These elements of China's military relationship with Russia have long-term implications for China's overall military modernization program in that they may facilitate a comprehensive upgrading of Chinese defense research, development, and production capabilities.

There are similarities between Beijing's current policy toward Russia and the PRC's Cold War diplomacy toward Moscow and Washington, when it aligned with what it perceived to be the less threatening superpower to deter the more threatening one. When the immediate threat from both superpowers neared parity, Beijing pursued an "independent" foreign policy. At the present time, the United States poses the greatest potential threat to Chinese international and domestic interests. Chinese policymakers recognize that Russia does not carry the same strategic weight as it did at the height of its power during the Cold War. Nonetheless, Russia remains a major power

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88 Yang Dazhou, "The Heterogeneous Pattern of One Super, Four Strongs," Shijie Zhishi, Beijing, December 16, 1996, appearing as "United States Seen as Only 'Pole'," World News Connection, insert date: January 9, 1997, document id: 0e3rqqqy11022x.
because of its enormous geographic size, military-technological capabilities, and nuclear arsenal.

There are, however, important differences between China's current policy toward Russia and the policies it pursued toward the Soviet Union during the Cold War. The deepening of ties with Russia and the countries of Central Asia is not an attempt to create a formal strategic bloc to openly oppose U.S. power. Rather, it represents Beijing's desire to lessen to whatever extent possible its vulnerability to U.S. power and pressure without directly confronting Washington. Unlike the earlier Sino-Soviet alliance of the 1950s, the new "partnership" between Beijing and Moscow does not include explicit security guarantees or commitments to actively oppose U.S. interests on a regional or global level. As mentioned earlier, China's relations with Russia are improving in the context of Chinese diplomatic efforts to improve relations with a number of countries. During the 1990s, China also normalized relations with South Korea, Singapore, and Israel, reflecting Beijing's recognition of the limits to Russia's power. Russia alone can simply no longer act as a balance to the United States in terms of comprehensive national power.

Russia's continuing economic difficulties render it particularly unsuited to assist China in countering U.S. power in the post-Cold War era. Whereas military capabilities and technology remain important aspects of a nation's overall security, Chinese analysts cite economic strength as the most crucial component of national power. Among the world's large powers—the United States, Japan, the EU, Russia, and China—Russia's economy is the weakest. An article in the Chinese foreign policy journal Contemporary International Relations (Xiandai Guoji Guanxi) notes that Russia's prospects for economic development are uncertain. If Russia is unable to effectively address its economic problems and restore growth to its economy soon, it will "bound to be the weakest of the five major powers."
Finally, Chinese leaders are not interested, at this time, in alienating the United States. Although serious conflict with the United States is possible, it is neither desirable nor inevitable. China needs American technology, investment, and market access for its economic development, and will continue to do so for the foreseeable future. The active promotion of an explicitly anti-U.S. alliance would clearly call into question China's continued access to these resources. As Henry Kissinger put it in an op-ed piece appearing in The Washington Post, "neither China nor Russia can afford to jettison its relationship with the United States." According to Kissinger, their rapprochement signifies "not so much a break with the United States (at least not yet) as a rebalancing."\(^{91}\)

Despite their negligible economic and military power, the Central Asian states do have a role to play in China's strategic calculus. Central Asia may emerge as an area of transit through which material can be moved between China and Europe and China and the Middle East. It is already possible to transport goods by rail from China's eastern port of Lianyungang to Rotterdam in Western Europe. Chinese proponents of the Lianyungang-Almaty-Rotterdam route's economic potential point out that the rail-line is 8000 km shorter than corresponding sea routes between Asia and Europe via the Suez canal, and considerably faster. China hosted an international conference on the "New Silk Road" in 1996 at which Li Peng trumpeted the "key role" the emerging Eurasian rail links could play in promoting economic development in countries from China to Western Europe.\(^{92}\) Rail connections have also been completed between Iran and the Central Asian rail network, which links China via Almaty. Work is progressing on a rail-line between Turkmenistan and Turkey, which will provide a third Euro-Asia rail link.\(^{93}\) As promising as these land-based routes appear, significant problems remain, such as varying tariff rates and rail gauges in individual transit countries. According to one estimate, the cost of moving cargo from China to

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\(^{93}\)Information Access Company Newsletter Database; Russian Express Update, "Central Asia: Getting to World Markets," October 1, 1996, downloaded from Lexis-Nexis.
Europe by rail is as much as 20 percent more expensive than alternative sea-based methods of transportation.\textsuperscript{94}

Although their immediate impact, strategic or otherwise, is likely to be minimal, rail links through Central Asia to other economic and political centers in Europe and the Middle East reflect China's long-term economic and strategic interests in developing continental channels through which it can interact with other economic and political centers in Eurasia. The United States is the world's premier maritime power. Should China and the United States come to military conflict, China's export economy and growing thirst for energy imports will greatly amplify its vulnerability to American naval power. Whether China seeks to move consumer goods, vital natural resources, or materials related to the proliferation of weapons of mass destruction, a functional land transportation system through Central Asia can significantly reduce the risk of American interdiction in Chinese activities. Repeats of the 1993 \textit{Yinhe} incident, when the United States searched a Chinese vessel suspected of carrying technology related to chemical weapons en route to the Persian Gulf, become much less likely if questionable cargoes are carried by rail through Central Asia to Iran rather than through international waters.

\textsuperscript{94}Agence France Presse, "China Eyes Closer Ties with Central Asia, Europe with New 'Silk Route'," May 9, 1996; downloaded from Lexis-Nexis.
Chapter Three

PROSPECTS FOR AND TENSIONS IN SINO-RUSSIAN RELATIONS

An article in a 1993 issue of *Asian Survey* argued that the post–Cold War Sino-Russian relationship represented nothing less than a "modern, Eastern version of Rapallo"—the treaty between the Soviet Union and Germany in the 1920s that "symbolized a pact between two continental powers united by their real or imagined grievances against the West."\(^1\) Although this assertion overstates the strength of the current relationship between China and Russia, future Sino-Russian strategic cooperation aimed at undermining U.S. influence and power cannot be ruled out. It is worth American policymakers’ consideration if for no other reason than that the United States will play a large role in determining whether it becomes a reality. Assuming they are able to effectively manage the tension inherent in their bilateral relationship, Beijing and Moscow will raise or lower their level of strategic cooperation roughly according to the extent they believe U.S. power and influence threaten their political, economic, and security interests.

Two U.S. actions, in particular, would push China toward greater strategic cooperation with Russia: the imposition of restrictions on Chinese access to the American technology, capital, and export markets it needs to continue its economic modernization, and the effective recognition and defense of Taiwanese independence. The United States and China normalized relations in the 1970s on the

understanding that the United States would not promote or support
Taiwanese independence or stand in the way of a peaceful unifica-
tion of Taiwan with the Mainland. Taking actions that Beijing be-
lieves contradicts this understanding on Taiwan or denying China
access to the above-mentioned economic resources would effectively
eliminate the foundation of China's current policy toward the United
States. At the very least, Chinese leaders could conclude that there is
no longer a compelling reason to try to maintain constructive rela-
tions. Many in China would undoubtedly take these kinds of actions
as final proof of the U.S. irrevocable opposition to a united and pro-
perous China. Closer cooperation with Russia and other willing
countries could then be justified, in Beijing's eyes, as necessary to
defend China's economic and security interests from an aggressive
and hostile American power.

China and Russia need not form an actual alliance for their rela-
tionship to cause problems for the United States in a number of interna-
tional settings. The two countries could complicate U.S. policy in the
Persian Gulf by increasing the quantity or quality of weapons sales to
countries like Iran, or even Iraq. Of course, this can be done without
any overt cooperation between Moscow and Beijing. China and
Russia might find common cause in opposing U.S. influence in the
Korean Peninsula. This would require closer diplomatic and strate-
gic cooperation, but not necessarily an alliance in the formal political
and military sense. The two countries can also share intelligence.
Access to Russian intelligence resources could be very useful to Be-
jing during a crisis centered on Taiwan to follow the U.S. defense
posture in the region before and during the crisis.

China and Russia can also work to generally undermine U.S. estab-
lished international norms by opposing American initiatives in the
United Nations, or developing economic relationships that bypass or
ignore the World Trade Organization and other international eco-
nomic regimes. They can also provide weapons and financial assis-
tance to countries that are the object of punitive U.S. sanctions, like
North Korea, Iraq, or Cuba. The threat this kind of behavior poses to
U.S. interests should not be overstated. What Russia and China can
do to undermine U.S. global power is limited by their own political
and economic shortcomings. Nonetheless, over time China and
Russia could emerge as the foundation of a broad coalition of states
that believe they will benefit by the diminution of U.S. power and influence.

There are significant obstacles to close Sino-Russian strategic cooperation over the long term. There is widespread dissatisfaction in the Russian Far East (RFE) with the 1991 border arrangement.2 (Refer to Figure 8.) The head of the Russian demarcation group for the eastern section of the border resigned in 1996, arguing that ceding territory to China was counter to Russia’s national interests.3 Alexander Lebed, a figure of national prominence, echoed this theme at a press conference in 1997.4 Russian officials in the RFE also warn that the new border demarcation will allow China to construct a major new port facility on the Tumen River that will undermine the economic viability of the Russian ports of Vladivostok and Nakhodka.5 These security and economic criticisms derive added emotional weight from claims that the border agreement requires Russia to transfer land that holds the remains of “tens of thousands” of Russian soldiers who died “defending the motherland” in border clashes with Japanese forces in 1938.6

Local leaders in the RFE have been quick to exploit these issues to bolster opposition to the border agreement, and in turn strengthen their own political positions. Yevgeny Nazdratenko, the “unsinkable” governor of Maritime Territory, is the clearest example of this. Nazdratenko won 70 percent of the vote in a December 1995 election by playing on local fears of China and disgust with officials in Moscow. He focused in particular on local Russians’ fears of illegal Chinese immigration and the adverse impact the 1991 border

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2The Russian Far East consists of the Primorski (Maritime) and Khabarovsk regions, the Sakha-Yakutia Autonomous Republic, and the Amur, Magadan, and Sakhalin provinces. It extends geographically from Russia’s Pacific coast to roughly the Lake Baikal region.


6 Ibid.
agreement will have on Maritime Territory's economic prospects. Nazdratenko swore that he will not allow the border agreement to be implemented as long as he is governor.

To be sure, Nazdratenko's rhetoric is largely populist bluster that, as yet, has only marginally affected Russia's official relationship with China. Nonetheless, in 1996 he was enough of a concern to Moscow that Yeltsin's government attempted (and failed) to have him re-
moved from office. In that same year, then-Russian Foreign Minister Yevgeny Primakov described the border agreement as "vital" to Russia's relationship with China and warned, rather vaguely, that "if localities do not give up their interests, the fate of the Russian-Chinese border agreement . . . will become a problem." Again, local resentment toward the Chinese has yet to have a significant impact on the overall Sino-Russian relationship. However, over the longer term it could limit or at least complicate official relations between Beijing and Moscow.

Nazdratenko's exploitation of local Russian fears of illegal Chinese immigration is the product, to some degree, of real demographic pressures on Sino-Russian relations. Eight million Russians living in the RFE face roughly 100 million Chinese in the PRC's neighboring regions to the south. In Russia's Maritime Territory these pressures are even more acute, with the 2.3 million Russian residents confronting more than 70 million Chinese in neighboring Heilongjiang and Jilin provinces. The net outmigration of almost 500,000 Russian citizens from the RFE since 1991 has only heightened Russian concerns over the demographic imbalance. The two countries tightened their visa regime in 1993 to reverse the growth of the Chinese illegal population in the region, estimated to range anywhere from 200,000 to over two million in 1992. The new visa arrangements did reduce the number of Chinese illegally living in the Russian Far East, but at the expense of dramatically reduced border trade with China. Even with the new visa regime, Russian anxiety and suspicion stemming from demographic pressures will play a complicating role in Sino-Russian relations for years to come.

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9 This figure represents the combined population of China's Northeastern Provinces: Heilongjiang, Jilin, and Liaoning. Although the Inner Mongolia Autonomous Region borders Russia, the bulk of its population lies much further to the southwest, along the Sino-Mongolian border.

10 Moltz, 1995, p. 121.

11 These demographic issues are discussed in more detail in Sherman Garnett, "The Russian Far East as a Factor in Russian-Chinese Relations," SAIS Review, Summer-Fall 1996.
Central Asia is a potential object of contention between China and Russia. Whether Russia takes measures to counter China’s growing influence in Central Asia has been described by some analysts as “one of the great uncertainties of the region.” Other observers of the region are less equivocal, contending that Central Asia’s natural resources and important geographical position will “unavoidably cause it to become contested territory” between China and Russia.

China’s official policy toward the region appears to be conservative—to promote regional stability and expand economic ties. In a speech to the Russian Duma in 1997, Jiang Zemin declared that China and Russia will work to uphold the other’s “national dignity” and safeguard their “respective due status and legitimate rights and interests in the international arena.” Such rhetoric implies that Beijing is not seeking to displace Russian influence in Central Asia. This probably reflects actual Chinese sentiment on the issue. As long as Russia is a force for stability and works against the growth of radical Islamic or Pan-Turkic elements in the region, there is little reason for China to oppose its continuing influence there.

This approach toward Russia’s presence in Central Asia will change if instability emerges in the region that is beyond the ability of Russia or the Central Asian states to control and has an adverse impact on Xinjiang’s stability. This would create a much greater incentive for Beijing to support particular governments in the region with arms or financial assistance. It would also prompt a greater Chinese military presence on the Sino-Central Asian border as Beijing attempts to control the flow of destabilizing elements into the XUAR.

Regardless of Chinese declarations of concern for Russia’s “national dignity” and perhaps genuine satisfaction with the status quo regarding Russia’s influence in Central Asia, China’s policy of expanding economic links with the countries of the region is effectively under-

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mining Moscow’s influence there. The reality of the Chinese economic boom and the Russian economic bust is causing a shift in the economic orientation of sections of the Central Asian region from the north to the east. Perhaps the most significant aspect of this process is that it is occurring independent of intentions or desires in Beijing or Moscow. As long as China maintains its open economic policies toward Central Asia and its economy continues to grow, it will inevitably become more important to many areas of Central Asia than is Russia.

Russian leaders are not likely to quietly watch as China gradually but inexorably displaces the influence their country developed in Central Asia over the last 150 years. Russian suspicions of China’s expanding presence in Central Asia are already evident. A nationalist Russian paper warned that Li Peng’s 1994 tour of Central Asia represented nothing less than “pre-battle reconnaissance” of a region China covets as part of its own traditional sphere of influence. For the foreseeable future, China will develop significant economic and political influence only in those areas of Central Asia that lie along or near its western border. However, even this marks the most dramatic change in the region’s strategic and economic alignment since the Russian conquests of the 18th and 19th centuries.

China is not the sole outside variable in the Central Asian equation. Other countries, such as Turkey and Iran, are economically and politically active in the region. However, because of its dramatic economic growth, China’s role in undermining Russia’s dominant position will be the most noticeable at the earliest date. This probably will not lead to military conflict, but it will increase friction in the overall Sino-Russian relationship.

The People’s Republic of Mongolia (PRM) is a potential source of tension between Beijing and Moscow. Mongolia shares complicated histories with both Russia and China. It was a satellite of the Soviet Union for the better part of this century. China is home to almost five million ethnic Mongols (roughly twice the population of Mongolia itself) and harbors some concern that the PRM will assist the fledgling independence movement in its Inner Mongolia Au-

tonomous Region. As in Central Asia, the issue here is how Russia will react to the expansion of Chinese influence into an area that, until recently, was within Russia’s exclusive sphere of influence.

The most fundamental challenge to China’s relationship with Russia over the long term is the growing difference in the two countries’ relative national power. During the 1990s, China’s economy grew rapidly whereas Russia’s contracted. This trend underlies the enormous reversal in balance of power that is taking place in Northeast and Central Asia. Provided China sustains its strong rate of economic growth, Russia will be hard-pressed to maintain anything more than junior-partner status in any kind of close Sino-Russian relationship. "Strategic partnership" notwithstanding, Moscow has to deal with Beijing on a wide range of issues, some potentially contentious, that invariably arise between two countries who share a long border. As Sherman Garnett explains, in ten years’ time “Russia is likely to discover that it can no longer manage an equal partnership with China.” While avoiding conflict will remain in both sides' interests, “Russia will likely face a choice between the increasingly close embrace of a more dynamic China and attempting to find regional and global partners to help balance Chinese influence.”

Prospects for an enduring Sino-Russian strategic relationship aimed against U.S. influence and power are also weakened by the fact that most issues of concern to Moscow and Beijing regarding U.S. power do not directly involve the other country. Russia is unhappy with the expansion of NATO and the growing role of the United States in the Caucasus and Central Asia. China is displeased with U.S. actions regarding Taiwan’s political status and the strengthening of the U.S.-Japanese security agreement. Each country lends rhetorical support to the other’s case against the United States. However, neither country is willing or able to offer substantive assistance that might help the other. Furthermore, even if China could have an impact on the expansion of NATO, it does not have a sufficient interest in the issue to risk open conflict with the United States. The same could be said

of Russia's interest in the Taiwan issue. It is worth pointing out that the most immediate common concern in Moscow and Beijing—preventing the rise of radical Islamic forces in Central Asia—is also one of the primary U.S. policy goals for the region.

Like a formal Sino-Russian alliance, a stark Sino-Russian conflict in the near future is possible, but not terribly likely. Even if China's relations with the United States and the other countries to the east and southeast improve dramatically over the next ten to fifteen years, China will continue to have compelling reasons for maintaining stable relations with Russia and the countries of Central Asia. As noted earlier, Russia has the potential to become an important source of energy resources for China. More generally, China will continue to have a strong interest in maintaining a stable region in order to focus on economic development.
Given China's geographic proximity, dynamic economy, and policy emphasis on promoting trade, it should be no surprise that its economic role in Central Asia has expanded dramatically since 1991. With continued economic growth and expansion of transportation links, China's influence will continue to expand. Important questions remain, however, as to how far China's influence in Central Asia might ultimately extend.

Though now free of direct Russian control, the countries of Central Asia remain economically and politically oriented toward Moscow, albeit to varying degrees. This orientation is the product of Russia's long domination of the region. However, with the continued decline of Russian power, the countries of Central Asia, and possibly even regions within individual countries, are slowly reorienting themselves in directions more appropriate to their geographic position, political conditions, and economic needs. China's growing influence in Central Asia reflects this reality.

China has never expressed any interest in extending an exclusive sphere of influence—defined as a country or region that grants priority to another country's interests when formulating its own policies—into Central Asia. China's main policy priorities, discussed earlier, involve avoiding instability in the region, securing access to energy resources, and expanding economic cooperation. However, as China's economic, political, and military power grows, this ambivalence toward deeper involvement in Central Asian affairs is likely to change.
Continued strong economic growth is an obvious prerequisite for almost any scenario in which China is able to project its influence beyond its borders. Sustained economic growth will provide China with the financial resources necessary to further expand its economic presence in Central Asia. A vibrant economy will also allow China to enter more large energy-related ventures in the region, similar to one recently concluded by the CNPC in Kazakhstan. If China’s economy stagnates, investments in Central Asian oil resources will become much less feasible.

It is possible, even likely, that China will develop a dominant economic and political role in some countries or areas of Central Asia. However, it is unlikely that China will be able to extend that kind of influence across the entire region. Spheres of influence generally result from one country’s ability to economically dominate another or coerce it through political or military pressure. For China to exert a dominant economic influence in individual Central Asian countries, its presence there must fulfill two criteria: (1) it must meet vital economic needs of the particular country and (2) it cannot be easily substituted for by another country or group of countries.

For the countries in the eastern portion of Central Asia, China represents a dynamic and accessible market for exports and a vital non-Russian conduit through which the region can move goods to the broader international marketplace. China’s geographic proximity to this otherwise quite remote region is significant. Central Asia is not an easily accessible market for the countries of the developed world. Ethnic ties between Central Asia and minority populations in Xinjiang, now free to reestablish contact after decades of enforced separation, will also increase China’s interaction with the region.¹

The smaller Central Asian countries on China’s border—Kyrgyzstan and Tajikistan—are the most likely candidates to move, albeit gradually, from Russia’s sphere of influence to China’s. This process may already be evident in Kyrgyzstan. In 1994, China was Kyrgyzstan’s largest official export market and second largest official source of imports.² Some observers note that China may dominate Kyrgyz-

¹Toops, 1994, pp. 21–22.
stan’s economy within the next five years if unofficial trade, potentially quite large given the common use of barter trade, is counted.\textsuperscript{3} China also offers Kyrgyzstan road links to ocean ports in Pakistan by way of the Karakorum highway.\textsuperscript{4} The recent renaming of Lenin Avenue to Deng Xiaoping Avenue in Bishkek, the capital of Kyrgyzstan, may indicate that China’s political influence is beginning to follow its economic influence.

Some qualification regarding China’s potential economic role in Kyrgyzstan, and Central Asia in general, is warranted at this point. China will play a large, perhaps dominant, role in Kyrgyzstan as a source of imports and market for exports. However, Kyrgyzstan also requires foreign capital to successfully complete its transition to a modern market-based economic system. China itself is a developing country with pressing investment needs of its own. Because Kyrgyzstan does not have large amounts of oil or gas resources, China is unlikely to become a significant source of foreign investment. China’s economic influence in the country will therefore be limited, at least in this respect.

China’s economic relationship with Kazakhstan will also inevitably grow. Kazakhstan is already China’s largest trading partner in Central Asia, with official bilateral trade in 1997 totaling over $500 million.\textsuperscript{5} Ethnic ties between Kazakhs in Kazakhstan and those in China should facilitate the further expansion of Sino-Kazakh trade. The opening of the Almaty-Urumqi rail-line, China’s granting Kazakhstan access to its ocean port of Lianyungang for trade, and its recent large investment in western Kazakh oil fields further bolster China’s economic importance to Kazakhstan. Thus, China’s economic role in Kazakhstan extends beyond commercial trade. China has committed to significant investment for Kazakhstan’s energy industry, and provides a non-Russian transport corridor through which Kazakhstan can ship its goods to world markets.

\textsuperscript{3}Munro, 1994, p. 232.
\textsuperscript{5}International Monetary Fund, Direction of Trade Statistics Yearbook, August 1998, p. 159.
Two major factors will constrain China’s economic influence in areas of Kazakhstan that do not lie near the Sino-Kazakh border. The first is Kazakhstan’s large ethnic Russian population, particularly those living in the predominantly ethnic Russian region in northern Kazakhstan along the Russian-Kazakh border. The Russian ethnic and political presence here predates that of other parts of Kazakhstan, to say nothing of the rest of Central Asia. Kazakhstan’s industry in this region remains closely integrated with Russian industry in southern Siberia. This is not to say Russians in this area of Kazakhstan will avoid profitable opportunities for economic interaction with China. The point is that this region’s stronger ethnic affinity and economic orientation toward Russia renders it less susceptible to Chinese economic domination than the non-Russian regions of Kazakhstan, particularly those lying near the Chinese border.

The second factor limiting the potential growth of Chinese economic influence in Kazakhstan is the existing and growing presence of large multinational corporate interests from developed countries. China’s recent agreement to invest approximately $9 billion to develop the Uzen oil field and connecting pipeline is noteworthy. It is also probably not the last large energy or pipeline deal China will strike in Central Asia. Nonetheless, it is significantly smaller than Chevron’s $20 billion investment in Kazakhstan’s Tengiz oil field, which began operating in 1993. Other large corporations that have entered agreements in Kazakhstan or are interested in doing so include British Gas, Mobil, Shell, Total, Agip, British Petroleum, and Statoil. China’s role and influence in the region will be limited as long as there are many large, capital-rich multinational corporations interested in investing in Kazakhstan, and the Caspian region in general.

Uzbekistan and Turkmenistan are unlikely members of a Chinese sphere of influence. Both are geographically separated from China. Uzbekistan is Central Asia’s most populous nation, and possesses the most developed sense of national identity of the five Central Asian

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states. It has also been one of the most resistant countries of the FSU to Russia’s attempts to reassert some form of control over its former possessions. Uzbekistan holds its own ambitions to expand its influence in the region, and will, therefore, not welcome a dominant Chinese role in Central Asia. Turkmenistan’s proximity to proposed western or southern pipeline routes will mean an economic orientation toward Iran to the south, and Azerbaijan and Turkey to the west.

The limited Chinese influence in the western regions of Central Asia demonstrates the general point that as one moves away from the Sino-Central Asian border, the number of outside economic and political players in the region increases. Although Russia still has a predominant influence in the region, countries such as Turkey, Iran, and Saudi Arabia are playing increasingly significant roles in Central Asia’s economic, political, and religious development. There is also the growing influence of developed nations, the United States in particular.

As explained earlier, the individual countries of Central Asia are developing economic and political links and affiliations that are appropriate to their particular geographic location and economic and political needs. Although some countries will naturally gravitate toward China, others will move closer to other nearby countries such as Iran or Turkey, and still others will remain closely tied to Russia or avoid close alignment with an outside power altogether. Insofar as China represents only one of a number of potential markets and sources of capital for the new Central Asian states, its ability to play a vital and irreplaceable economic role throughout the entire region will be limited.

China is unlikely to employ forms of political or military coercion in pursuit of its interests in Central Asia. At the present time, there is no need for China to do so. Moreover, whether China could bring sufficient military or political pressure to bear on an individual Central Asian Republic is open to question. Despite its growth since 1991, China’s political influence in Central Asia remains modest. China’s military can suppress separatist elements in Xinjiang, but it would

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face tremendous difficulties in trying to project power across its rugged Central Asian border. Of course, this situation will change as China's economy continues to grow and its military modernization progresses.

It is not impossible that China, at some point in the future, will consider bringing significant political or military pressure to bear against a Central Asian state it believes to be providing support for separatist elements in Xinjiang. The decision to follow such a course would probably take place only in the context of sustained and large-scale instability and violence in Xinjiang, and would be based on China's assessment of the particular Central Asian state's willingness or ability to control the activities of separatist groups based within their borders. The current Central Asian governments have demonstrated a willingness to not promote anti-Chinese activities on their soil. This could change if a more nationalistic or Islamic-oriented government came to power in a particular Central Asian country, or if there were a general breakdown of authority in a Central Asian state that allowed anti-China forces to operate free of a central governing power.

For the foreseeable future, however, China will be reluctant to use military force against individual Central Asian states for the very practical reason that Russian guards still patrol the Sino-Central Asian borders. Military conflict with Kyrgyzstan, for example, would risk bringing China into conflict with Russia. Apart from the military dangers inherent in engaging in armed conflict against Russia, strategic considerations would constrain China. So long as China harbors serious concerns about United States' overwhelming global power, it will refrain from taking actions that clearly and unavoidably alienate Russia. Again, the key factor in this equation is the extent to which conditions in or groups operating out of the Central Asian states threaten stability in Xinjiang.

Sustained ethnic or religious unrest in Xinjiang is the most obvious potential source of conflict between Beijing and the governments of Central Asia. An exchange between China and a Kyrgyz newspaper in Bishkek hinted at the potential divisiveness of this issue. In 1997, China protested to the Kyrgyz Foreign Ministry that the newspaper Res Publica's coverage of Uighur riots in the Chinese city of Yining represented "impudent interference in China's internal affairs" and
"seriously offended the feelings of the Chinese people." For its part, 
Res Publica responded sharply, asserting that its editorial office 
"reserves the right to publish materials without sharing the author's 
opinion and also publishes opinions expressing opposing opinions" 
(its emphasis). Res Publica went on to note that it was willing to 
publish an article from the Chinese embassy expressing its position 
on conditions in Xinjiang, provided it "does not insult the feelings of 
the peoples living in Kyrgyzstan."9 This exchange demonstrated 
three points that suggest that this issue could become a source of 
tension. First, China is sensitive to any appearance of outside 
support for the Uighur separatist movement. Second, there is an 
amount of popular, or at least editorial, Kyrgyz interest in the fate of 
Uighurs in Xinjiang. Third, the Kyrgyz government will not, at this 
time at least, restrict the expression of this interest through the popular 
media.

Should separatist violence in Xinjiang or political instability in Central 
Asia increase, pressure will build within the Chinese leadership 
/to restrict activity along China’s Central Asian border. This will be 
more likely if Beijing concludes that its economic policies are allowing 
greater financial or material support for separatist elements to enter the country from the outside. It is unclear how much friction 
closing the border would cause between China and the various Central 
Asian states. It would certainly remove one of the primary founda-
dtions of the current Sino-Central Asian relationship.

The political stability of the Central Asian states themselves will 
clearly play a role in how Chinese influence there evolves. Despite 
the general stability the region has enjoyed since 1991 (with the 
exception of Tajikistan), serious questions remain as to the five 
states’ ultimate viability, at least in their current form. Nationalism is 
a potentially explosive political force in Central Asia. The current 
boundaries of the Central Asian Republics are the product of Stalin’s 
desire in the 1920s and 1930s to maximize Soviet control over the 
region, rather than to create ethnically coherent states. As a result, 
many members of titular nationalities live outside their home

Bishkek, appearing as "Paper Refutes Protest by China Over Xinjiang Reporting," 
World News Connection, insert date: April 29, 1997, document id: 0e964202f0089.
republics. The most volatile example of this is the one million
Uzbeks living in the Khojent region of northern Tajikistan.10

These demographic conditions have yet to seriously affect stability in
Central Asia (Tajikistan, again, is the exception). However, in his
1994 article, "Central Asia: The Quest for Identity," Graham Fuller
contends that this condition is temporary. The region's reigning
neocommunist leadership has, thus far, held nationalist sentiment in
check. However, Fuller argues that more nationalist, or Islamic,
elements seeking to define their states according to dominant na-
tionality and culture will eventually replace this current leadership.
This will occur as individual states in Central Asia develop their own
national identity and attempt to "translate it into concrete political
form."11 The ascendance of nationalism within certain countries in
Central Asia will not only affect the internal political stability of the
individual states, but may also open the question of adjusting na-
tional borders to more accurately reflect demographic realities.

The rise of nationalism as a political force in Central Asia will con-
cern China in a number of ways. At the most basic level, China
wishes to avoid the instability on its border that would almost in-
evitably accompany a challenge or replacement of an existing gov-
ernment in Central Asia by a more nationalistic one. Chinese leaders
will also be concerned that a nationalist Central Asian government
will serve as an example for Uighur separatists to emulate and will be
less cooperative with China in suppressing the activities of sepa-
ratists on the border.

Not all issues with potential to disrupt China's relations with the
Central Asian Republics are related to the behavior or Chinese treat-
ment of ethnic or religious groups in the XJAR. There are some con-
cerns in Central Asia similar to those in the Russian Far East regard-
ing demographic pressures from China.12 It is hard to gauge how
serious this issue will be over the long term—Xinjiang's population is

582, April 1994, pp. 146-147.
actually smaller than that of the three Central Asian states it borders. Moreover, ethnic Chinese make up less than half of the region’s population. The perception of Chinese economic exploitation of Central Asian markets and China’s nuclear tests in the Lop Nor region of Xinjiang have led to a degree of contention between Beijing and various governments of Central Asia. Central Asian consumers and officials have complained that Chinese merchants frequently sell products of low quality. However, Chinese officials point out that it is often Central Asian merchants who purchase low-quality but inexpensive goods in China for re-sale in their home country. Regarding nuclear testing, Kazakhstan has lodged official protests with China in the past, expressing Kazakhstan’s concerns over the potential harmful impact of the tests on ecology and overall health of the region. This particular issue, however, should not be a future problem provided China adheres to the Comprehensive Test Ban Treaty it signed in late 1996.
The improvement in China’s relationships with Russia and the five republics of Central Asia in the 1990s is not simply a function of Beijing’s enmity for the United States. Most of the economic, political, and security considerations that underlie China’s policies toward these countries have little or no relation to its relationship with the United States. Many aspects of China’s relationship with Russia and the Central Asian Republics are either conducive to or have no real impact on American interests. Increased trade between China and Russia, for example, over the long run will probably increase the overall stability and economic strength of the potentially volatile Northeast Asian region. The strategic aspect of Beijing’s relationship with Moscow, however, is the product of mutual dissatisfaction with America’s predominant position in the post–Cold War world. China’s “strategic partnership” with Russia is a diplomatic tool intended to impress upon the United States the dangers of following policies that Beijing opposes.

At this time, however, there are clear limits to the benefits for China of closer strategic cooperation with Russia. Russia no longer represents a viable military counterweight to the United States, and its economic importance to China borders on insignificance compared to that of the United States and its allies in Asia and Europe. So long as the United States continues to allow China access to its technology, capital, and export markets, and refrains from openly supporting Taiwanese independence, the costs of aligning with Russia against U.S. interests and power will outweigh the benefits.
Over time this equation may change. As China’s economic, political, and military power continues to grow, it may no longer consider U.S. economic resources crucial to its development or U.S. acquiescence vital to reunification. Under these conditions, China may seek to actively cooperate with Russia or other willing countries to undermine America’s regional or global influence. At the same time, however, tensions arising from issues inherent in the Sino-Russian bilateral relationship discussed earlier in this report will increasingly impede closer cooperation between Beijing and Moscow. Geographic proximity and the growing disparity in national power suggest that Russia’s concerns with the rising Chinese power will eventually outweigh its concerns with the established American power.

China’s relationships with the countries of Central Asia do not carry the same potential threat to U.S. interests as its relationship with Russia does. In many ways, China’s role in Central Asia actually complements U.S. policy goals for the region. China is a force against Islamic radicalism and supports the establishment of stable, secular regional regimes. The expansion of oil pipelines and other transport routes from Central Asia through China is essential to the region’s economic development and, over the longer term, transition from imperial possessions to independent and viable nation-states. Moreover, China is only one of a number of economic and political actors in Central Asia. While its presence in the region is significant and growing, it is very unlikely that China will be able to negatively impact U.S. interests in any meaningful way for the foreseeable future.

China’s support for the extension of pipeline routes from Central Asia through Iran has the potential to generate conflict between Beijing and Washington. As described earlier, China’s recent oil agreement with Kazakhstan included a Chinese pledge to help construct a pipeline from Kazakhstan to the Kazakh-Turkmen border, with the goal of eventually extending through to an Iranian port. This would run counter to the current U.S. policy of denying Iran access to Central Asian oil. U.S. officials have yet to comment on this aspect of the Sino-Kazakh agreement. Of course, this will become a nonissue should the recent thawing of U.S.-Iranian relations lead to a reappraisal of the policy in Washington.
Serious conflict between the United States and China over Central Asia is imaginable only if Chinese actions in the region begin to restrict international access to energy resources. China has not yet demonstrated any intention, or the capability, of pursuing such a policy. As mentioned earlier, the major oil-bearing regions of Central Asia lie far from the Chinese border. It is in the interest of a number of countries, many of which have greater financial resources and relatively easier access to that area of Central Asia than China, that no single country dominates the region.

China’s policies toward Russia and Central Asia are components of a broad policy intended to gradually reduce the PRC’s vulnerability to U.S. power and move the world toward a multipolar international order. China’s “strategic partnership” with Russia and growing influence in Central Asia are not only important in terms of the implications of these relationships to U.S. interests but as indicators of Beijing’s strategic view of the world and international security in the post–Cold War era. Regardless of the eventual fate of the Sino-Russian “strategic partnership,” China will continue to seek counterweights in the international arena to the United States’ overwhelming economic, political, and strategic power.


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