



Security Policy Working Paper, No. 13/2018

# China's March West

## Emergence in Central Asia and Afghanistan

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**China's western neighbourhood is undergoing a power shift in favour of Beijing. China is successfully pushing ahead with the establishment of economic dependencies and no longer relies exclusively on the Russian Federation to ensure regional security. European decision-makers are now facing the question how they should respond to this development in the triangular relationship with China and Russia. China's more active role in Central Asia and Afghanistan constitutes a challenge to European interests and therefore requires a resolute response. At the same time, cooperation with the People's Republic can provide opportunities to accelerate the weakening of the Russian position and to sway Moscow towards greater willingness for compromise with Brussels in the medium term.**

In early 2018, Beijing denied reports that China was involved in the construction of a military base in north-eastern Afghanistan. Whether this is true or not, the debate also provides a symbolic example of China's growing importance in its western neighbourhood. Beijing is concerned that fighters from the Muslim Uighur minority trained by the Taliban or ISIL could return across the common border and enter the unstable Xinjiang region. China already confirmed last year that it was carrying out joint patrols with Afghan security forces in the affected province of Badakshan. The Chinese units were deployed via Tajikistan, where China is also funding border fortifications to fence off Afghanistan as a source of unrest.

China has been increasing its security efforts in Central Asia after further strengthening its economic supremacy in the region during the course of 2017. Since January 2017, Turkmenistan has been completely dependent on China as a customer for its crucial gas exports after Russia and Iran discontinued their imports due to contractual disputes. Moreover, China now also holds the majority of Tajikistan's and Kyrgyzstan's foreign debt. China's rise to become Uzbekistan's most important trading partner is partially due to a new focus set as part of its Belt and Road Initiative. The growing need to protect Chinese investments and the Silk Road "success story" is resulting in China placing an even greater emphasis on its security interests in the region.

From the Western perspective, China is both a potential development partner and a competitor. It shares similar security interests but also undermines Europe's influence and ideas concerning the rule of law. The growing influence of the People's Republic in Eurasia has significant geopolitical implications. While Eurasia is the main region for Chinese-Russian cooperation, the West can also use China's growing regional influence as a lever against further rapprochement between Moscow and Beijing. Excessively close relations between China and Russia could pose a serious problem because they might serve as a pillar of support for an even more assertive foreign policy towards other actors.

## **Energy security and the new Silk Road**

China's new position of power in the region to its west is primarily based on tangible economic interests. The main focus is on securing China's supply of energy. Worries about US-controlled sea routes and frustration with difficult negotiating partners in Moscow resulted in China establishing a system of overland pipelines through Central Asia since the mid-2000s. In 2017, this system was again extended with the construction of a pipeline through Kazakhstan. Since China's announcement of the Belt and Road Initiative, the establishment of transport infrastructure and outsourcing of heavy industry have become two further key areas of China's economic presence in the region. Chinese funding and technology have already enabled the completion of the Kamchiq tunnel, the longest in the region, in preparation for the Uzbekistan-Kyrgyzstan-China railway line that was approved in January 2018. In Kyrgyzstan and Tajikistan, Chinese investors are strongly involved in the extension of road networks and power grids, as well as in the construction of coal-fired power stations. They have already used the new infrastructure to achieve a tenfold increase in Tajikistan's cement production and are currently constructing the country's largest aluminium mill. In addition, Beijing is making an effort to connect Afghanistan to the Chinese-financed energy and transport infrastructure in Central and South Asia. For instance, China has offered to integrate Afghanistan into the economic corridor between China and Pakistan within the framework of the Belt and Road Initiative. Among Afghanistan's trading partners, China has already reached third place behind Pakistan and Iran. China's potential contribution to the country's economic stabilisation is also intended as a contribution to the security of Xinjiang and Chinese investments in the region – and likewise as a way of gaining political influence in Kabul.

Russia is trying to preserve its economic influence with new protectionism in the framework of the Eurasian Economic Union. Common external customs borders are to render the remaining small national economies less accessible for non-Russian competitors. However, a further expansion of the project has not been making much progress. The EU managed to maintain its strong position in Kazakhstan, but it is increasingly being overshadowed by China. Chinese companies frequently operate with unlimited support from state-owned banks, and Beijing often makes contracts with these companies a condition for Chinese loans to local governments. Unlike the EU would, for instance, China does not attach the provision of such capital to any conditions aimed at reforms.

## **China's division of work with Russia has ended**

In its communication with external actors, but also domestically, the Russian government has always emphasised that although China may be a rising economic power in Russia's old "back yard" of Central Asia, Russia remained the exclusive guarantor of security and therefore the strongest player. This division of work has since ended, because China is increasingly taking the protection of its interests into its own hands, rather than relying on Russia. Beijing for the first time started developing a position in the regional security architecture that is independent of Moscow in 2016. Small and more agile cooperation projects, such as the anti-terror coordination with Tajikistan, Afghanistan and Pakistan, are enabling China to become an independent institutional guarantor of regional security. At the same time, by taking the lead role in the Conference on Interaction and Confidence-Building Measures in Asia (CICA), which had previously been inactive for a long time, and by expanding the Shanghai Cooperation Organisation (SCO) to include India and Pakistan, Beijing has been showcasing a new level of confidence. Russia's dominant position is being progressively weakened.

In the fight against terrorism, China is now preparing for missions abroad that would most likely take place in its western neighbouring countries. China's white paper on military strategy published in 2015 defines the protection of interests abroad as a strategic task, and the new anti-terrorism law adopted in 2016 allows corresponding deployments of the People's Liberation Army. Tajikistan and China have agreed to intensify cooperation between their intelligence agencies and to establish a joint anti-terrorism centre in Dushanbe. The patrols carried out in Afghanistan by the Chinese "People's Armed Police", which since January 2018 is clearly part of the military, represent a distinct qualitative change.

The third pillar of China's new security presence is the export of modern weapons systems, which entails joint exercises and an intensification of military diplomacy. Turkmenistan and Uzbekistan have purchased modern surface-to-air missiles from China, while Kazakhstan has purchased armed drones. China's new market share in this area was achieved at the expense of Russian producers. In addition, China has been sending limited shipments of military equipment to Afghanistan since 2016, and Beijing has also offered to dispatch instructors, while members of the Afghan military have claimed that the People's Republic is funding a new base for Afghanistan's armed forces. One aspect that is of primary importance for China's role as a security actor in Afghanistan is its active mediation in the ongoing war. Since late 2017, Beijing has been working to achieve a rapprochement between the governments in Kabul and Islamabad through trilateral meetings of the foreign ministers. During the two previous years, China had already participated in four-nation and six-nation consultations on this topic that were also attended by the United States and Russia, respectively. Moreover, delegations of the Afghan government and the Taliban have repeatedly visited Beijing since 2015 in an effort to discuss possible approaches to resolving the conflict.

Suddenly, the idea of China as a co-guarantor of security in Central Asia can also be heard in Moscow; the previously asserted exclusivity for Russia has been abandoned. Prominent representatives of the Russian foreign policy establishment are now informing external observers that this does not represent a geopolitical challenge because Moscow and Beijing have identical interests and continuously coordinate their activities. What the governments of China and Russia do, in fact, have in common is their mutual support for authoritarian regimes, a very broad definition of terrorism, and little respect for the standards associated with the rule of law. The two countries have also stated their joint opposition to NATO's presence in Afghanistan, despite benefiting from this presence and not offering sustainable alternatives. Complaints are nevertheless being voiced in the internal debate within Russia. China had supposedly only waited to transform economic influence into political influence, and the rerouting of Central Asian resources towards the east would now be followed by a changeover at the geopolitical level. Meanwhile, the US and its NATO partners have shown they are open to Chinese involvement in conflict resolution mechanisms, while also making clear they do not wish to see Chinese involvement in Afghan military bases. With respect to China's new role in regional security organisations, Europe and the United States appear to be taking a "wait and see" attitude.

### **Consequences for Germany and Europe**

China's strategic and long-term move towards a gradual leadership role in the EU's extended neighbourhood represents a significant challenge, although it also opens new opportunities for cooperation. As opposed to the Kremlin, the leadership in Beijing is not interested in political instability or deteriorating relations with the EU. Chinese efforts aimed at economic support and stabilising the security situation in Central Asia can be beneficial for Europe. On the other hand, the gradual shift also brings a continuous decline in Europe's influence, for instance regarding the standards of comprehensive security and development cooperation, which have been carefully built up throughout many years. It is therefore important to note that, depending on the situation, China takes on the role of a partner, competitor or opponent in this region, and that this requires a differentiated response in each case.

At the economic level, China's presence creates incentives for the states in the region not to disappear behind the protectionist walls of the Russian-dominated Eurasian Economic Union – and this could also be beneficial for Europe. For Tajikistan and Uzbekistan, the relations with China are a reason to be more sceptical about joining Russia's "integration project". For Kazakhstan and Kyrgyzstan, they are an incentive to keep external economic barriers low. Meanwhile, for fear of not being sufficiently competitive, Moscow is playing for time with regard to a possible free trade agreement with China. There has even been mention of a regulatory "Eurasian acquis" that China may first need to accept, similarly to countries wishing to join the EU.

Furthermore, new infrastructural connections and the activities of the Asian Infrastructure Investment Bank (AIIB), established by China, are generally in Europe's interest. Improved connectivity within the region and towards China, Pakistan and Iran also reduces the Central Asian states' dependency on Russia and enables better connections with Europe via Turkey. The AIIB is working in accordance with international standards so far, and it can make contributions to the stability and resilience of the recipient states. However, European companies are now also confronted with Chinese competitors benefitting from extensive state support whose aim is to secure raw materials, create economic dependency, and build political influence. This could develop into an increasingly serious problem, especially for the export-oriented economies of Europe, such as Germany. In fact, it is apparent that Europe's position in the external trade and investment statistics of several states in the region has already been negatively affected.

Europe's energy policy, which has always been aimed at diversification and reduced dependency on Russia, is facing the problem that the plans to import gas from Turkmenistan will probably have to be buried. At the moment, Ashgabat is completely dependent on China as a customer, and the latter is unlikely to be interested in competition and higher prices. Moreover, Germany can expect strong Chinese competition should it want to increase imports from its fourth-largest oil supplier Kazakhstan.

When it comes to issues of security, the three EU members involved in the initially successful negotiations on the Iran nuclear deal – France, the United Kingdom and Germany – have established a certain degree of trust with China, as well as an interest in further cooperation. It remains to be seen, however, which elements of the agreement can be maintained following the withdrawal of the United States. China's government is trying to position itself as a prominent conflict resolver at the global level. Regarding Afghanistan, the governments of the aforementioned European states and the EU Commission could build on China's ambition and influence in this area. They could propose a new negotiation format with European participation at the level of foreign ministers. After all, London and Berlin kept troops in Afghanistan after 2014 and also committed considerable budget funds.

In the area of border protection, which is closely associated with the topics of transnational terrorism and illegal migration, European governments have been active in Central Asia for a long time via the OSCE and the EU. The OSCE has been running the Border Management Staff College in Tajikistan for ten years, and has been supporting training and information sharing. Meanwhile, the EU has been supporting professionalisation and institutional reform in the current phase of the Border Management in Central Asia (BOMCA) project that was launched in 2003. The experience accumulated by Europe in this area over many years can be seen as software that is complementary to China's hardware investments made in the form of border protection facilities between Tajikistan and Afghanistan. There will be new challenges for Europe regarding normative principles resulting from Chinese-led security formats. The SCO as well as the pan-Asian CICA, both of which include Russia as a leading member, have quite different ideas than the EU and – despite Russian membership – than the OSCE when it comes to rule of law, good governance, integration of civil society, as well as deradicalisation and the fight against terrorism. China's new influence on agenda and standards could endanger the objective of sustainable security in the region and requires a European response.

The money channelled into the region by Chinese development banks and large state-controlled commercial banks (this inflow of cash is much greater than the investments made by the multilateral AIIB) could also have a destabilising effect. It is often used to fund authoritarian regimes, regardless of whether they are efficient or concerned about good governance. This approach encourages kleptocracy and the accumulation of enormous debt burdens. Socio-political discontent about massive wealth inequalities and corruption in non-democratic systems can prepare the ground for violent unrest or radical ideologies.

## **Conclusion: The EU-China-Russia triangle**

There is a fundamental shift taking place in the balance of power in Europe's extended eastern neighbourhood. This shift is being driven by China as a new protagonist, whom Europe should see as a partner, competitor and opponent at the same time and deal with accordingly, depending on the respective situation. This presents new challenges that require responses designed for the longer term, but also the opportunity to achieve a more favourable positioning for Europe in the triangle with China and Russia. The real loser will be Russia, even though it emphasises to the outside world that it is working in partnership with China.

China's more active role in Afghanistan could encourage peace and stabilisation and may also make it easier for NATO to withdraw its troops. A key pillar of Russian-Chinese consensus in the region and of the Central Asian desire for Russian protection would thereby be eliminated. In the meantime, Europe's governments can cooperate with Beijing in the area of conflict resolution and border protection, which may also serve to build confidence. However, they would simultaneously need to counter an expansion of Chinese-dominated security structures as well as a weakening of rule of law standards.

In Central Asia, a proactive approach by European governments taken in indirect cooperation with China may offer an alternative to the protectionist Eurasian Economic Union. If the free trade flavour of China's foreign trade strategy is to be taken seriously, it could be used to prevent new trade barriers, and to integrate states within the region into global regulatory frameworks on trade and investments. A stronger connection between China, Central Asia and Europe in terms of infrastructure would also weaken Russia's position. Finally, a further strengthening of economic ties could erode China's (indirect) support for Russia's aggressive foreign policy, despite the differences between China and Europe concerning unfair trade practices.

The overarching goal of Europe's policy in the region should be to shift EU-China-Russia triangular relations in its favour, while safeguarding its own regional interests. A weakening of Russia's diplomatic, economic and security power base in the East, in combination with increasing friction in the relations between Moscow and Beijing, could then facilitate a more compromising Russian foreign policy towards Brussels.

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