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China's Engagement in Central Asia through C+C5

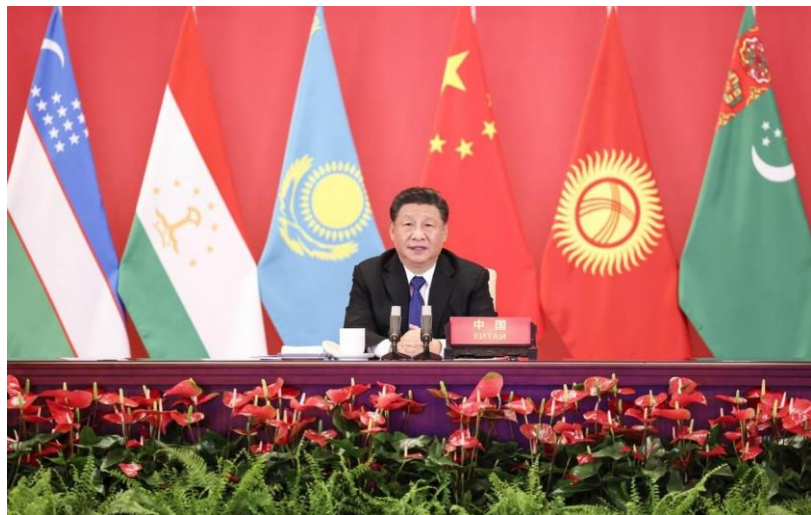


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After the developments in Afghanistan and Ukraine, Central Asia has emerged as a pivotal region for energy and transportation Corridor. China, leveraging its previous undertakings in the area, is rapidly asserting itself as the Major player, overshadowing Western nations in both economic and strategic involvement. The expansive landmass of Central Asia, rich in mineral resources and boasting centuries-old Eurasian transport routes, has regained its historical significance. The conflict between Russia and Ukraine, coupled with Western sanctions on Russia and the United States' withdrawal from Afghanistan, has elevated Central Asia to a vital alternative energy source and a crucial intercontinental transportation route.

China convened a meeting of trade ministers from the C+C5 group, comprising China and the five Central Asian republics—Uzbekistan, Kazakhstan, Tajikistan, Turkmenistan,



and Kyrgyzstan. This diplomatic move is part of China's ongoing efforts in the region following the Russian invasion of Ukraine. The inaugural C+C5 summit in January 2022 commemorated the 30th anniversary of diplomatic ties between China and the Central Asian nations.

Central Asia serves as a crucial market for China's affordable exports and offers overland routes connecting to European and West Asian markets. Abundant in valuable resources such as gas, oil, uranium, copper, and gold, the region is a key asset for



economic interests. Additionally, China prioritizes its relationship with these countries not only for economic Cooperation but it also helps to maintain stability in the Xinjiang Autonomous Region, which shares a border with Central Asia.

Central Asia, renowned for the ancient Silk Road, has become increasingly important due to the Eurasian Land Bridge, a railway network connecting Europe and Asia that serves as an alternative to maritime transport. The disruptions caused by the COVID-19 pandemic to cargo shipping, along with geopolitical challenges in Ukraine and Lithuania, have heightened the significance of the route passing through Kazakhstan, Russia, Belarus, and Poland. Given Russia's invasion of Ukraine, Central Asian nations are actively diversifying away from dependence on Russia, fostering stronger ties with various countries, and China is emerging as a key player. This article explores the significance of China's involvement in Central Asia and how Central Asia region can benefit from China's engagement and investments through the Belt and Road initiative.

Significance of Central Asia:

In a broader context, China's contribution in the region can be analyzed through three crucial dimensions: investment, trade, and diplomacy, with a specific emphasis on Kazakhstan, Kyrgyzstan, and Uzbekistan. Through substantial financial commitments and consistent efforts, China has provided more tangible advantages than any other partner to Central Asia, making a significant contribution to the overall development of the region.

Central Asia is considered crucial for the stability and development of China's western regions, given its close geographical proximity. Additionally, the Belt and Road



Initiative projects have strengthened regional connectivity, linking Central Asia with China, Europe, and the Middle East. The significance of the Central Asian region is further underscored by its abundant natural resources, making each country in the C5 group a notable contributor.

Turkmenistan, for instance, holds the sixth-largest natural gas reserves globally, with Kazakhstan and Uzbekistan ranking 15th and 19th, respectively. In 2021, Turkmenistan was the eighth-largest natural gas exporter, positioning it among the top three pipeline gas exporters on the Eurasian continent, following Russia and Norway.

Kazakhstan, on the other hand, boasts the 12th highest oil reserves globally and was the ninth-largest crude oil exporter in 2020. Given the challenges faced by oil-rich countries like Venezuela, Iran, Iraq, Libya, and Nigeria due to sanctions or unstable security conditions, Kazakhstan's role in the global oil supply becomes increasingly significant. Furthermore, Kazakhstan possesses the world's second-highest uranium reserves and dominated global uranium production in 2021, accounting for nearly half of the world's total.

Uzbekistan holds the fifth position in uranium production, and Ukraine, as Europe's leading producer, secured the tenth spot in 2021. With a growing openness to nuclear power as a means to address oil and gas shortages and reduce dependence on fossil fuels, the Central Asia region assumes even greater importance on the global stage.

China and C5 Trade and Investment:

The prospects for trade between China and Central Asia appear promising, with the roots of their economic and trade relationship dating back to the early 1990s. Over the

past three decades, bilateral trade has experienced substantial growth, encompassing a range of goods from basic consumables to advanced high-tech products.

In efforts to enhance bilateral trade, China and Central Asian countries have implemented measures to streamline road transport. A noteworthy example is the



Memorandum of Cooperation between China and Kyrgyzstan, leading to an expanded quota for goods transportation. Anticipated to accommodate 20,000 units in 2023, the road transportation capacity is set to triple to 60,000 units in 2024. Similarly, the trade route between Kazakhstan and China is progressing, particularly with the reactivation of Xinjiang border ports, with heightened activity in Khorgos since the beginning of 2023.

A significant development occurred on July 28, as the first freight train from China to Central Asia departed from Guizhou, China, to Almaty, carrying over 1500 tons of goods, and returned with 1300 tons of agricultural products. Leading up to July 20, the freight trains passing through Khorgos exceeded 8000, transporting 200 varieties of goods, with the number of goods-carrying vehicles passing through Khorgos reaching 50,000. The reopening of Xinjiang border points has unlocked additional avenues for bilateral trade between Central Asia and China.



Diplomatic Engagement:

Diplomatic initiatives signify another notable step in China's increased engagement in the Central Asian region. Reciprocal visits involving government representatives and entrepreneurs from both China and Central Asia have become a consistent feature. These meetings encompass various domains such as defence, trade, energy, infrastructure, and education. This trend of frequent interactions is expected to persist, as evidenced by the recent high-level visit from China to Kyrgyzstan in October 2023, led by Premier Li Qiang of the Chinese State Council. Simultaneously, Kyrgyzstan is preparing for a reciprocal visit to the Xinjiang region, led by Chairman of the Cabinet of Ministers, Akylbek Japarov. These bilateral engagements aim to evaluate the progress of joint initiatives, with a particular focus on the China-Kyrgyzstan-Uzbekistan railway project.

BRI in Central Asia:

Through the ambitious global infrastructure initiative known as the Belt and Road Initiative (BRI), launched in Astana at the Nazarbayev University in 2013,



China has undertaken projects in areas where no other foreign partner has ventured. In Central Asia, the focus of the initiative has been on advancing regional transport and energy infrastructure, encompassing railways, highways, ports, power plants, and dams.



A decade later, China is leveraging the summit with Central Asia to convey its readiness to engage in business once again and to position itself prominently in the post-pandemic landscape, with Central Asia as a key partner. The joint summit declaration and numerous cooperation agreements ceremoniously signal a sustained Chinese presence in the region, with Beijing committing financial support amounting to \$3.8 billion. Central Asian governments have endorsed China's proposal to build a community based on the principles of mutual trust, common development, peace and security, and everlasting friendship. Beyond aligning with the national development strategies of its Central Asian partners, China has successfully persuaded Central Asia to embrace Beijing's evolving global paradigm for development, security, and people-to-people exchanges.

The list of planned joint activities is extensive and tangible. Highlights include the acceleration of the China-Kyrgyzstan-Uzbekistan railway project, the establishment of a Kazakhstan logistics center in Xi'an, increased military exercises with Tajikistan, and the creation of a new China-Kyrgyzstan investment fund. In addition to deepening cooperation in traditional areas such as connectivity and trade, the parties aim to establish 19 channels of direct engagement to expand cooperation in manufacturing, e-commerce, digital trade, and the green economy. The joint declaration is notable for emphasizing the countries' commitment to closer cooperation in implementing the 2015 Paris Agreement on climate change and sustainable development.



China-Central Asia Summit 2023:

The heads of state from Central Asia convened with Chinese President Xi Jinping on May 18–19 in the city of Xi'an for the inaugural China–Central Asia summit. Choosing Xi'an, a city with symbolic significance as both a contemporary industrial and commercial hub and the eastern end of the ancient Silk Road, underscored the shared history and future envisioned by China and the Central Asian countries in their diplomatic relations established three decades ago.

This summit marked a significant milestone in China–Central Asia relations, as they move towards institutionalization within China's regional cooperation framework of 'multilateral bilateralism,' distinct from the Shanghai Cooperation Organisation that includes Russia. The more than 100 cooperation agreements signed during the summit that have various social and environmental impacts in Central Asia.

President Xi Jinping's Keynotes Initiatives from China-Central Asia Summit:

Chinese President Xi Jinping delivered a keynote address at the China-Central Asia Summit in Xi'an, emphasizing the importance of a stable, prosperous, and well-connected Central Asia. He highlighted the need to safeguard the sovereignty, security, and independence of Central Asian countries, respecting their chosen development paths. Xi emphasized the pursuit of peace, amity, and tranquillity in the region.

Xi called for a deepening of strategic mutual trust between China and Central Asian countries and strong support for each other on core issues. He encouraged the six nations to lead Belt and Road cooperation, promoting the Global Development Initiative. Economic cooperation in traditional areas like trade and energy was emphasized, along



with fostering new growth drivers in finance, agriculture, poverty reduction, low carbon, health, and digital innovation.

Xi proposed establishing meeting and dialogue mechanisms in various sectors, enhancing connectivity, and boosting cross-border freight volume. Energy cooperation, green innovation, poverty reduction through science and technology, and cultural exchanges were also highlighted. China pledged 26 billion yuan in financing support and free assistance to Central Asian countries.

The Chinese president stressed the importance of opposing external interference and maintaining a zero-tolerance stance against terrorism, separatism, and extremism. He called for upholding everlasting friendship, promoting personnel exchanges, and enhancing mutual understanding through the Global Civilization Initiative. Xi outlined a comprehensive eight-point proposal to strengthen cooperation mechanisms and advance China-Central Asia cooperation in various fields, including law enforcement, security, defence capacity building, and coordination for peace and reconstruction in Afghanistan.

Conclusion:

The Belt and Road Initiative (BRI) positions China as the enduring investor in Central Asia, surpassing the capabilities of Western nations and Russia. China's substantial investments in the region are unparalleled, marking a significant and transformative phase in Central Asia's economic progress. Central Asia plays a pivotal role in ensuring the economic growth of the Xinjiang Uyghur Autonomous Region (XUAR) and fostering the development of the land corridor connecting China to Western countries,



offering an alternative to sea routes. While Central Asian countries are currently receptive to Chinese investment, the success of BRI implementation in the region hinges on numerous factors in the medium and long term.

China's rapid strengthening of relations with Central Asia, facilitated by the BRI, showcases commendable economic influence and soft power within a relatively short timeframe. It can be argued that through the BRI, China aims to develop its western region and capitalize on economic advantages. Simultaneously, China prioritizes fostering ties with the Central Asian region and the broader Eurasian context in alignment with its global geopolitical ambitions. The ongoing implementation of infrastructure projects under the BRI in Central Asia not only provides logistical diversification for both the region and China but also underscores Central Asia's crucial role as a key strategic partner of China.