EXECUTIVE SUMMARY
This paper takes issue with the U.S. narrative that Chinese activities in Central Asia are, on balance, damaging to the interests of those countries. It notes that these states leverage China’s involvement to address development and security challenges that would otherwise be under-resourced, and that availing themselves of such leverage comports with U.S. interests in the region. It recommends that U.S. policy focus on elevating its diplomatic presence and on assisting institution-building that would improve project assessment and governance capacities.

U.S. CONCERNS IN CENTRAL ASIA AND THE “NEW GREAT GAME”
Central Asia is no stranger to great-power competition. Russian-British competition in Central Asia on the seam of empires in the 19th century became known as the “Great Game.” Tales of swashbuckling majors, intrepid spies, and ruthless warlords populate the histories of this competition, which is remembered more for its intrigues than the successes of its protagonists. Now, a “new great game” is said to be afoot in this region, bounded by Russia, China, Turkey, Iran, and India. Conventional wisdom holds that China is currently making major gains in this game, exploiting the countries of the region, securing needed resources and trade routes to perpetuate the growth of its economic colossus, and trampling on the interests of Central Asians, other major powers, and international standards in the process. In perhaps a more high-minded echoing of these sentiments, Peter Frankopan, in his book “The Silk Roads: A New History of the World,” heralds the reemergence of the centrality of Sino-European land-based trade routes to the future of global commerce. He theorizes that “a new Chinese network is in the process of being built that extends across the globe.”

U.S. policy in Central Asia has long centered on support for the sovereignty and independence of these young and fragile states, seeking to forestall conflict and tension, promote prosperity, and build and strengthen institutional capacity for commerce and governance. In the face of these goals, concerns about China’s
activities in the region have included: heavy debt loads and the questionable economic sustainability of projects that will destabilize fragile national finances; adherence of Chinese projects to best international development practices, such as the use of local labor and compliance with environmental safeguards; indications that Chinese investments foster corruption and bad local governance through the construction of political vanity projects and kickback schemes; and objectionable security cooperation practices that might arise from China’s focus on countering instability in its Xinjiang region. Given the substantial investment of U.S. and international assistance in the region over the years, Washington has worried that Chinese practices in the region could undermine hard-won gains in economic and political sustainability.

But the problem with the focus on great-power rivalry in the region is that it tends to see every development through this distorted prism, traces too many actions solely to major-power influence games, and accords almost no agency to Central Asian states or publics, assuming that their ability to guard their own interests from predatory neighbors is severely limited. Looking objectively at the balance of gains from Chinese activity in Central Asia, it seems clear that Central Asian governments and publics are often properly skeptical of Chinese entreaties and that they have managed to do a fair job of amassing bargaining power behind their priority interests to achieve important goals within China’s “win-win” agenda. While it is certainly true that governance and human rights have not figured near the top of the Central Asian priority list with China, and that these are areas where governments have made concessions to China, this does not mean that Central Asian states have consistently been on the short end of the cost-benefit analysis of their engagement with China.

CENTRAL ASIAN STATES: LEVERAGE AND BALANCE

China was the second country to recognize the independence of the post-Soviet Central Asian states in early January 1992, following the United States. China’s eagerness was mainly attributable to its desire to ensure a stable periphery and maximize its influence with its new and nascent neighbors. China’s western border had been a source of tension and conflict in Soviet times, and Beijing saw the western Xinjiang region as a source of potential instability. Since recognition, China has actively engaged the states of the region, building up its presence over time in a trajectory that has tracked the growth and expansion of China’s own internal development.

China sees Central Asia as integral to the stability and development of its volatile western regions.

Central Asian states, although small and limited in capacity, have particular attributes that generate consequential bargaining power with China. China sees Central Asia as integral to the stability and development of its volatile western regions. Three Central Asian states have land borders with China, making them the focus of particular Chinese attention in its “periphery diplomacy.” These states — Kazakhstan, Tajikistan, and Kyrgyzstan — also have significant co-ethnic minority populations inside China, creating a web of complex relationships and concerns. Aside from security and stability priorities, China sees the Central Asian geography as key to Xi Jinping’s signature BRI to expand markets and integrate Eurasia through overland trade routes. All these factors translate into Beijing’s assured continued attention to this part of the world.

This constellation of key Chinese interests also serves to keep threats to sovereignty front and center in the minds of Central Asians. Fortunately, though, China’s ambitions in the region are kept in relative check by Russia’s outsized continuing interest in and paternalism toward the region, of which China is wary. U.S. and European prioritization of Central Asian sovereignty also plays an important role in this regard and gives Central Asians cards to play in their balancing and bargaining with China. In addition to all these advantages, Central Asian states are experienced practitioners of major power balancing and are quick to exploit the advantages presented by being the object of multiple powerful suitors.
Examples of how Central Asian states have used their leverage to good effect in their bargaining with China are not much publicized. Media narratives tend to play up problems between China and Central Asian states or instances of the Chinese taking advantage. Projects that are advancing development or capacity with few problems tend not to be discussed in popular media. Below, I will explore in more detail examples of hydrocarbon investments, trade development infrastructure, and local resistance to certain kinds of security, diplomatic, and investment proposals that indicate Central Asian astuteness in dealing with China.

These indications have significant implications for U.S. strategy in the region. While the U.S. focus on demonization of Chinese inroads is of little use at best, and likely counterproductive for U.S. interests in the region, maintaining U.S. engagement as a “major-power suitor” increases Central Asian bargaining power and agency vis-à-vis China and can be done at relatively low cost. Indeed, in looking at major-power expenditures and efforts in the region over recent decades and the outcomes of previous “great games,” one might well question the calculus behind the suitors’ ardent, but unrequited, advances.

**THE NEW GREAT GAME FOR RESOURCES**

Much has been written about Chinese resource investments in Central Asia, particularly its hydrocarbon investments in Kazakhstan and Turkmenistan, mining interests in Kyrgyzstan (and Afghanistan), and potential agricultural investments throughout the region. Many of these investments are significant to the host economies and have spurred fears of a “resource curse,” disproportionate dependency or effective colonial exploit of strategic national resources. But on closer examination, it appears that these projects have long and complex histories, often involve renegotiation, and that local governments are adept at subtle power games and playing on the worries of vying parties.

A prominent example of potential over-dependency on China is the case of Turkmenistan. Isolated and resource-cursed, it exported 94% of its rich natural gas production to China in 2017, up from about 50% in 2012. Natural gas exports make up almost one-third of Turkmenistan’s annual gross domestic product (GDP), and more than $8 billion in Chinese loans issued in 2011 and 2013 make Beijing Ashgabat’s biggest creditor. Some have claimed that this gives Ashgabat limited bargaining power and that it is selling its gas too cheaply. Others point out, however, that the “dependency” runs both ways at this point. Turkmenistan supplies a significant amount (30-40% in recent years) of China’s natural gas, China paid for all of the pipeline infrastructure to bring it across four Central Asian states to China, and China now has a major interest in assuring stability in Turkmenistan to recoup its investment.

But this story of Chinese over-dependency misses another crucial point. It was in fact the Chinese investment, launched in 2007, that brought needed diversification to Turkmenistan’s gas revenue picture. In 2009, the gas pipeline that Turkmenistan used to export the lion’s share of its gas to Russia was ruptured at just the time when energy giant Gazprom was unsuccessfesly seeking relief from a high-priced contract with Ashgabat. The ensuing spat saw Turkmen gas exports severely curtailed. The timely advent of major sales to China in 2011 was a welcome reprieve for the Turkmen, who were able to reengage Gazprom and reinstate some sales to Russia in 2011, as well. The Turkmen constantly thumb their nose at Moscow from behind their shield of “official neutrality,” shunning membership in the Collective Security Treaty Organization (CSTO), Shanghai Cooperation Organisation (SCO), and Commonwealth of Independent States (CIS, where it has “associate membership”), and accusing Moscow of various infringements. Amid the testiness, Gazprom again rejected Turkmen gas imports in 2016. This was followed by a Turkmen cutoff of gas exports to Iran (which had been importing on barter terms) in 2017 over a longstanding payment dispute. Turkmenistan could hardly have withstood export cutoffs to two of its main customers if it could not count on Chinese sales.

Indeed, Gazprom came back to the table in 2019 and concluded a new agreement for modest imports. Details were not published, but rumors put the Russian price at well below what China was paying. Some might point to the desirability of further diversification, via the Nabucco pipeline to Europe or the Turkmenistan-Afghanistan-Pakistan-India (TAPI)
pipeline to India, but these efforts have run up against the buzz saw of tough regional politics and daunting investment climates. Only China, so far, has had the motivation, deep pockets, and risk tolerance to get things built and make them work in this notoriously difficult environment. And China will have to keep Turkmenistan afloat, given its investments, even through the looming global economic crisis and supply glut. Without China, Turkmenistan would be left with very poor choices indeed.

The same set of drivers that has ushered Chinese investment into Turkmenistan’s hydrocarbon reserves has seen Chinese money piling in to Kazakhstan’s gas and oil sector as well. One-half of China’s $27.8 billion investment in 55 projects there is said to be in petrochemicals. These are major infrastructure investments that, again, provide diversification and benefits for Kazakhstan’s bargaining position versus its northern, hydrocarbon-focused neighbor. They are difficult projects in extreme environments and are very expensive, but given China’s resource priorities, it has been uniquely committed to moving ahead. And while China’s investments in Kazakhstan pre-date the announcement of Xi Jinping’s Belt and Road Initiative, Kazakhstan has enthusiastically stepped up to be the “buckle of the belt,” much to Russia’s annoyance.

**Belt and Road Gains and Losses**

Apart from investments in hydrocarbons and mineral extraction, Beijing’s BRI roll-out in 2013 ushered in a new round of projects cast as connectivity and development infrastructure investments. China was involved in major transport projects in Central Asia as early as the 1990s, with the opening of a rail link across the border with Kazakhstan and continued involvement with its “Go Out” program in the 1990s and the “Develop the West” campaign in the 2000s. Transportation links in the landlocked and remote region remained woefully underdeveloped, though, and major infrastructure — left from the Soviet era — was creaking and in need of replacement and upgrading. China, saddled with excess construction capacity in the wake of the 2008-09 global financial crisis, was eager to send its construction firms abroad to make use of excess steel, cement, and liquidity from financial crisis stimulus programs. The predictable result was a flood of good, less-good, and problematic projects by companies both experienced and unexperienced working in some of the toughest investment environments in the world.

As regards Central Asia, the problem projects are those that get the headlines. A Chinese firm refurbished heating plants in the capitals of Kyrgyzstan and Tajikistan. The plant in Bishkek failed mid-winter and led to the arrests of two former prime ministers on corruption charges. A 2016 Kazakhstan proposal to change the land code to allow land sales to foreigners drew widespread protests, due to fears of Chinese encroachment. Protests of a planned Chinese joint venture logistics center in Naryn drew protests and was canceled recently in Kyrgyzstan. These and similar protests of Chinese-related projects and proposals have garnered much media attention, giving the impression that Chinese interest is not welcomed.

**Soft Power and Governance**

Despite concerns over China’s increasing soft-power influence through economic assistance and public diplomacy programs, the preponderance of research shows that China has met with difficulty in cultivating a positive image among publics — as opposed to among governing elites — in Central Asia. Opinion polling, although limited, indicates that favorability ratings of China have not increased with Chinese economic...
largesse, and that the descriptor “warm politics, cold public” to describe Central Asian receptivity to China’s overtures remains relevant. Protests against perceived Chinese incursions in Kazakhstan and Kyrgyzstan in recent years indicate continuing concern over Chinese intentions and worries that local government actors are not sufficiently protective of long-term national interests in the face of Chinese wooing.

"Nationalism is a powerful force in these young states, and maintaining independence and freedom of action is highly esteemed by publics who only recently were subject to dictates of another major-power overlord."

There are several factors underlying China’s difficulty in making improvements to its public image in Central Asia. Nationalism is a powerful force in these young states, and maintaining independence and freedom of action is highly esteemed by publics who only recently were subject to dictates of another major-power overlord. Despite China’s assertions that its assistance and programs are free of “political interference,” Central Asian publics understand that these deals serve Chinese interests and they worry that these are preponderant, especially since local governments have tended to be less than transparent about the terms. Nationalistic narratives play on suspicions of major-power ambitions, resource nationalism, and fears of labor or population surges from China. While indicators show that more young Central Asians are interested in Chinese culture and in learning Chinese, they are generally skeptical of China’s clearly self-interested promotion of economic and security-related cooperation.

Another major factor confronting China’s soft-power diplomacy is Russia’s traditional cultural ties to Central Asia, combined with Moscow’s wary eye toward Chinese inroads. Moscow and Beijing waged propaganda contests in Soviet Central Asia at the time of the Sino-Soviet split in the late 1960s, and Russia is not above reviving old tactics to maintain influence in its former empire. Older Central Asians, in particular, have more nostalgia for ties to Russia. Beijing’s targeting of younger cohorts — particularly in its emphasis on scholarships for Central Asian students to study in China — could help to offset this predisposition over time, but continued Russian-language dominance and media infiltration will continue to impede Chinese efforts for years to come.

A third area of challenge for China’s public image is its treatment of Muslim ethnic minorities in western China, including Kazakh, Kyrgyz, and Tajik fellow-ethnics across the border in China’s Xinjiang Uighur Autonomous Region. The problem of cross-border ethnics in the long and porous China-Central Asia border region is longstanding, but has become more acute since 2009, when China stepped up repression of Uighurs in the restive region. Several Central Asian countries host large Uighur minorities, and ethnic Central Asians in China have also been caught up in the repression. In a recent conversation with Kazakh Sinologists, China’s refusal to accommodate the smooth cross-border flow of Kazakh ethnics as the two countries grapple with bureaucratic difficulties over citizenship and statelessness issues was viewed as high-handed. China’s ongoing oppression of its Muslim minorities will be a constant reminder of historical Chinese chauvinism toward those in its border regions and will continue to dampen cross-border affinities.

Some have maintained that Chinese gains in the soft-power area are not measured in influence among elites or publics, but in influence in international organizations, particularly on issues that China prioritizes, such as support for its positions on Taiwan, territorial integrity, and non-interference or sanctions for human rights violations. In this regard, it is true that Central Asian states have tended to support Beijing’s positions in the United Nations, but this is not a major concession, as Central Asians hew closely to G-77 positions in the U.N. General Assembly and have strong views on issues of principle like territorial integrity. One exception was the signing by Tajikistan and Turkmenistan of a letter in support of China’s Uighur incarceration camps, against which U.S. Secretary of State Pompeo inveighed during his Central Asia trip. The letter was consistent, however, with Central Asian attitudes on non-interference and was perceived as a “low-cost” way for those two countries to stack some chips on the table for future difficult negotiations that each will have with China. From the
Central Asian standpoint, in other words, a bargain. The issue of Uighur treatment by Chinese authorities will continue to be a vulnerability for Beijing in its relations with Central Asians, however. One Kazakh interlocutor called the Chinese practice of luring Kazakh permanent residents to China on bureaucratic pretexts only to then send them to “reeducation” camps “needlessly cruel.” This is not the impression that China should be looking to leave.

INROADS IN SECURITY COOPERATION

Another concern that has been raised, following from the discussion above regarding Uighur-related issues, is the degree to which China is expanding its military footprint in the region, and to what end. China has traditionally shied away from involvement in security issues in Central Asia in deference to Moscow’s clear demarcation of its interests in its traditional “backyard.” But in the context of the war in Afghanistan, the potential return of terrorist fighters across the porous China-Central Asian borders, and the prospects for expanding influence with local governments, China’s security cooperation in the region is incrementally expanding.

This is seen most graphically in the stationing of Chinese troops in Tajikistan to help guard the Wakhan corridor, where Afghanistan touches gingerly on China’s border in an extremely remote and mountainous area. China has held counterterrorism exercises with Tajik troops and is working to increase military equipment sales. Cooperation between state security actors on tracking potential terrorists is also a high priority for Beijing. Despite discomfort regarding China’s treatment of its Uighur Muslim population, security authorities have generally cooperated with China to track perceived bad actors and returning foreign fighters. Uighurs who may be seeking refuge in Central Asia cannot be assured of protections they think this might afford, although Central Asian governments have resisted some Chinese entreaties in this area. Despite the clear expediency of such security cooperation, it does buy Central Asian governments some bargaining and balancing power with Moscow, which remains the preponderant security power in the region, and whose offers of security assistance are not always solicited and not always easily declined.

CONCLUSION AND POLICY RECOMMENDATIONS

The prosperity and stability of Central Asian states remains fragile, but China’s engagement has given these states the opportunity to pursue infrastructure development and other opportunities that were not previously available; diversified the sources of external major-power interest, which allows for balancing; and elevated their diplomatic profile and bargaining power. While there may be dangers of future economic overreliance on China, Chinese markets and investment have provided needed development and integration, without which Central Asian states would be economically worse off. Their high-risk investment profiles make it difficult to attract financing from developed countries or international financial institutions for infrastructure projects, and Chinese firms have comparative advantages in this realm.

Fears of a China-Russia condominium to undermine Central Asian sovereignty have not been realized — and in fact, China and Russia continue to eye each other warily amid nods and smiles in the region. China has aggressively pursued avenues to expand security cooperation in Central Asia, with a focus on countering Uighur “extremists.” Even here, though, an area of particular difficulty between China and its Central Asian neighbors, Central Asian states have found ways to protect their interests in the face of Chinese pressure. Central Asians realize that China’s inroads will be limited by sensitivities to Russia’s “backyard-ism,” so although fears of a Chinese “takeover” can be fanned when expedient, the reality is relatively distant.

With respect to China’s balance sheet, its investments in the region are expensive and cannot always be recouped. While China’s projects and presence are aimed at buying quiescence on its borders, they can also build resentment. China’s heavy-handed diplomatic and coercive human rights practices do not sit well with local populations sensitive to recent colonialism. At the same time, China cannot turn its back to Central Asia’s northern neighbor, which will be jealously watching all that is happening. And while China is locking up mineral and hydrocarbon resources and building new transport routes, prices and the commercial calculus can change quickly.
As we have seen, China’s persistent diplomatic engagement in the region typically takes the form of security cooperation proposals, economic development projects, and soft-power influences like leader-level diplomacy, digital technology systems, technical capacity-building programs, and educational and professional exchanges. Many of these are traditional strengths of U.S. diplomacy and leadership, lending urgency to perceptions of Chinese geostrategic gains in the region. However, the U.S. does not need to compete head-to-head with China’s efforts in all these areas to have consequential influence that contributes to American goals in the region. It should, however, shift the focus of its engagement with the region from talking about what China is doing to talking about the U.S. vision for the region and the world, and what that will mean for Central Asian partnerships with America.

As we have seen, Central Asian actors are well-placed to get maximum mileage from major-power diplomatic engagement in any area. Leader-level engagement is absolutely necessary for any diplomatic strategy in this part of the world, where national leaders are still very much identified with state sovereignty. But local American embassies are also important to maintaining engagement, and are generally among the largest diplomatic posts in Central Asian capitals. Embassies should weight more of their public activities toward development, commerce, and transnational concerns with less focus on geopolitics, if they are to make gains in this part of the world. While U.S. assistance programs have dwindled in recent years, efforts to promote technical assistance with government capacity and professional exchanges among civil servants are less expensive and risky than infrastructure projects, but often have long-lasting institutional benefits. Educational exchanges are often regarded skeptically by those wearing green eye shades, but have an outsized impact on the still-young countries of Central Asia and clearly demonstrate U.S. willingness to invest in these countries’ future generations. But, in the final analysis, raising the level of diplomatic attention, conveying official respect, and being willing to discuss issues important to Central Asians are sure-fire, inexpensive, and worthy ways to enhance America’s prospects in the “new great game.”
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ACKNOWLEDGEMENTS

The author would like to thank colleagues who provided peer review. Anna Newby edited this paper, and Rachel Slattery performed layout.