

# Chapter 10

## Contemporary Central Asia: Balancing Between Chinese and Trans-Asian ‘Silk Road’ Diplomacy

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It is well known that contemporary world history has been characterized by substantial political transformations, including the creation of the Soviet Union and its dissolution, decolonization, the East-West conflict, and many others. The international relations at the end of the twentieth and the beginning of the twenty first centuries, has been characterized by uncertainty. Regional cooperation and integration are two of the important aspects of contemporary international relations. From the mid-twentieth century to the present, in various parts of the world, political and economic regional organizations have been gradually developing. Representatives from various disciplines have searched for explanations of regional integration and the major analytical framework including functionalism, neo-functionalism, inter-governmentalism, economic theories of integration, and others. But, there are weaknesses of the various approaches to international affairs, and it is generally accepted that there is no “one size fits all” method—different questions demand different methods (Reus-Smit and Snidal 2010: 9). Many issues of contemporary international and regional relations in Central Asia require a wider view and approach. Like all post-Soviet regions in which there are limitations of approaches, this will be more efficient towards analyzing the past 25 years of complex processes that the region has faced and is still facing. Since the collapse of the Soviet Union, Central Asian republics have tried to form new bilateral and multilateral relations, and these, within a short time, were formally recognized by many countries, as they established diplomatic ties and also exchanged missions. Central Asian republics have joined the main international organizations, received memberships, and have become co-founders of regional organizations. They have also expressed their interest in developing mutually beneficial relations with various Asian regions and leading countries like Japan, the Republic of Korea, India, Iran, and others. But, there are challenges and similarities in ultra-regional relations in

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Central Asia. Elaboration of the challenges and contradictions in the past 25 years' multilateral relations in Central Asia will make contributions to the prospective future regional cooperation and international partnerships.

## 1 Post-Soviet Geopolitics in Central Asian

While independence allowed Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan to establish external links, there were a number of problems. Firstly, Central Asian republics had no experience in world politics because, in the Soviet era, they were deprived of the possibility of directly approaching the international community. Secondly, the collapse of the Soviet Union further deteriorated the economic, political, and ethnic situation. Thirdly, the collapse of the Soviet Union created a new geopolitical situation in Central Asia.

In the post-Soviet era, there are many factors that make Central Asia an important region in the world arena, and, of these, there are three main factors: firstly, Central Asia's geographic proximity with countries like Russia, China, Iran, India, Pakistan, and others makes it a highly-contested region in terms of geopolitics; secondly, the availability of rich energy resources in Central Asia and the Caspian region raises its geo-economic profile. The proven oil reserves in Kazakhstan are estimated at 30 billion tons and natural gas at 1.5 trillion m<sup>3</sup>. Turkmenistan and Uzbekistan hold mainly huge natural gas reserves—17.5 and 1.1 trillion m<sup>3</sup>, respectively.<sup>1</sup> Kazakhstan is the biggest producer and exporter of oil in Central Asia; Turkmenistan and Uzbekistan are major producers and exporters of natural gas. Kazakhstan and Uzbekistan are also exporters of gold, uranium, and strategic minerals. Uzbekistan is the world's fifth-largest producer of cotton and second largest exporter of cotton; thirdly, the issue of Afghanistan and challenges of illegal drug production and trafficking, terrorism, and other security threats also makes the region important (Table 1).

All these and other factors have encouraged regional and global players to compete in the Central Asian region for influence. Post-Soviet Central Asia has become an important place for interests of the major powers such as Russia, the US, China, the EU, Iran, India, etc. and major international organizations like the UN, NATO, OSCE, and others. Since the beginning of the twenty first century, Central Asia is confronted with new types of geopolitical transformations. One of the main challenges to regional stability in Central Asia is the maintenance of geopolitical balance, especially between Russia, China, the US, the EU, and others, as well as the creation of a multilateral system of partnerships with various countries and international organizations.

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<sup>1</sup>British Petroleum, BP Statistical Review of World Energy. June 2015.

**Table 1** Central Asian republics

Country	Population (mln)	GDP, current US \$ billion	GDP grows (%)	School enrollment, primary (% gross)
Kazakhstan	17.7	189.6	1.2	104.9
Kyrgyz Republic	6	6.6	3	105.9
Tajikistan	8.4	7.9	4.2	99.6
Turkmenistan	6.8	43.6	6.5	
Uzbekistan	31	66.9	8	

*Source* Statistic committee of Kazakhstan, Kirgizstan, Tajikistan, Turkmenistan, Uzbekistan. Statistic committee of CIS. World Banks ECO economic update. April 2016. [http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2016/05/03/090224b0842f1054/3\\_0/Rendered/PDF/The0impact0of000pe0and0Central0Asia.pdf](http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2016/05/03/090224b0842f1054/3_0/Rendered/PDF/The0impact0of000pe0and0Central0Asia.pdf)

Central Asian republics have established strong partnership with leading Asian nations and received memberships in leading Asian organizations, including the Organization of Economic Cooperation (ECO), and Organization of Islamic Cooperation (OIC), as well as being co-founders of regional organizations, including Central Asian Cooperation Organization (CACO), Eurasian Economic Community (EEC), Commonwealth of Independent States (CIS), Shanghai Cooperation Organization (SCO), Eurasian Economic Union (EAEU), and others (Cooley 2002; Marlene 2013; Rakhimov 2015: 103–120). In December 2016, as a newly elected Uzbekistan President Shavkat Mirziyoyev mentioned Central Asia as the priority of his foreign policy and first two international visits were in March 2017 to Turkmenistan and Kazakhstan. Today, Central Asians are still confronted by complex threats including international terrorism, religious extremism, illegal drug trafficking, ecological degradation, and water shortage. The still evident water-sharing problem will require the countries in the region to find common approaches and acceptance of legal framework for the main regional or transnational rivers as well as the use of international best practices in solving water-sharing problems.

## 2 SCO and the “Belt and Road”

China is one of the largest neighbor of Central Asia. In its policy in Central Asia, China holds the expansion of trade and economic contacts with the countries of the region on a bilateral and multilateral basis; it also maintains a close policy dialogue with the possibility of an extended economic presence and the balance between political forces and stability in Central Asia as its priority. In 1996, the presidents of Russia, China, Kazakhstan, Kyrgyzstan, and Tajikistan established the “Shanghai Five” in order to resolve border disputes and to reduce armed forces stationed along their borders. At a meeting in Shanghai on June 2001, these countries, as well as

Uzbekistan, founded the Shanghai Cooperation Organization (SCO). During the summit, the presidents signed a declaration establishing the SCO and the “Shanghai Convention to combat terrorism, separatism, and extremism”. It is clear that the SCO is mainly supported by China, but for Central Asian countries the interest in the organization is to facilitate infrastructure development, maintain stability in Central Asia, and build a partnership with both China and Russia. At the SCO summit in St. Petersburg in June 2002, it was decided to create a secretariat in Beijing. During the SCO summit in Tashkent in June 2004, a counter-terrorist center was officially opened in Tashkent.

The SCO passed through a number of phases in its institutional and political evolution. At present, it represents an international instrument to coordinate areas of multilateral cooperation. My survey of Central Asian experts on regional organization shows that the SCO is one of the most successful organizations in Eurasia (Rakhimov 2013: 72).

Ever since its foundation in 2001, the SCO has been expanding in its scope and reach. At present, Mongolia, Iran, Afghanistan, and Belarus have observers’ status, while Turkey, Armenia, Azerbaijan, Cambodia, and Nepal are dialogue-partners. India and Pakistan were granted full membership at the SCO summits in June 2016 in Tashkent and in Astana in June 2017, which will significantly expand the political and economic scale of the organization. However, it should be noted that differences between the SCO member states on a number of economic and institutional aspects remain to be ironed out. In addition, there are new challenges and problems for the SCO. Needless to say, we need to develop cooperation between the SCO and leading European, Asian, African, and American countries and international institutions. In the long run, the SCO may open up new opportunities for cooperation and integration among member countries, at the same time it strengthens regional and global security.

In 2013, Chinese President Xi Jinping in Astana announced the creation of the “The Silk Road Economic Belt” and later the establishment of the Silk Road Fund (\$US40 billion) and the Asian Infrastructure Investment Bank (AIIB) (US\$100 billion) aimed at providing investment and financial support in various sectors, such as infrastructure, industry, finance, and transport communication under the framework of the “Belt and Road” initiative.

Central Asian republics have expressed their support for the “Belt and Road”, and the republics were the founding members of the China-led AIIB financial institution. On 14–15 May 2017, along with 28 state and government leaders Central Asian presidents also took part at the ‘Belt and Road’ international cooperation forum in Beijing. Before the Forum during the official visit of Uzbekistan President Shavkat Mirziyoyev to China two countries signed more than 100 intergovernmental and other documents in the trade-economic, investment, finance and other areas more than \$23 billion.

### 3 Central Asia and Japan's 'Silk Road' Diplomacy

In the beginning of the new century, Japan showed keen interest in Central Asia, which was welcomed by the region. In 1997, almost 16 years before China unfolded its OBOR, Japan formulated its own "Silk Road" Diplomacy for greater trade and investment with the CARs. Tokyo recognized the growing strategic importance of Central Asia in the context of international security, and sought to play a more active role in Eurasia. During the past two decades, CARs–Japan relations grew steadily. Japan remains one of the largest donors of the CARs. There are several areas where CARs and Japan have found convergence, for example, cooperation in education, democracy, economic development, and cooperation in infrastructure and energy resources where China is a late entrant but has made huge strides. Japan's ODA program for major investment and social programs in Central Asia totaled more than US\$3.5 billion, utilized primarily for the development of telecommunication networks, for renovation of construction plants, and the modernization of airports and railways.

Japanese Prime Ministers Koizumi and Abe visited the Central Asian republics in 2006 and 2015. In particular, during their visits to Kazakhstan and Uzbekistan, several agreements in energy and other sectors were signed, and Japan reiterated its commitment to assisting the CARs in building capacities in education and culture.

Is Japan carving a niche in Central Asia in the face of aggressive Chinese engagement in the region? If it is, however, there are problems and challenges too. According to my survey of the Central Asian experts, the majority (80%) was of the opinion that there was no problem whatsoever between the CARs and Japan, but 20% of the respondents mentioned some problems such as the language barrier, low level of political cooperation, moderate level of economic cooperation, weak contacts, and the lack of expertise and experience among the Japanese entrepreneurs in Central Asia (Rakhimov 2014: 79–80). However, there are potentialities for future multilateral relations. It is well known that CARs have continuously and consistently supported Japan as a candidate for permanent membership in the UN Security Council.

### 4 Connectivity as the Driving Force for Inter-Asian Integration

Contemporary Central Asian nations consider development of alternative, regional-transport communications important to the national and regional strategy. No wonder CARs aggressively favor revival of the Great Silk Road, supports the OBOR, and hence the development of new transport communication in all directions of the compass. Central Asia is a land-locked region, and Uzbekistan as the region's most densely populated country is one of only two (along with Liechtenstein) double land-locked countries in the world. The geographical

remoteness of Central Asia from the main seaports is a serious disadvantage to the region's fledging participation in world trade. The newly independent CARs consider the development of alternative regional transport and communication networks as an important part of the national and regional strategy. This has resulted in the development of new transport communication systems and their integration with similar systems in other regions. In particular, CARs, in tandem with China, Iran, Pakistan, and the Caucasian republics, are involved in the process of organization and harmonization of the transport arteries and communications connecting Europe and Asia. This includes the famous Transport Corridor of Europe-Caucasus-Asia (TRACECA), which has received serious support from the European Union in an effort to rebuild sea, road, and railway links. In 2007, the EU Commission launched "The Reorganization of Transport Network by Advancing Rail Freight Concepts (RETRACK)" to identify the main competing overland railway corridor between Europe and China. Tejen-Serakhs-Meshkhed-Bandar-e Abbas rail link (Turkmenistan-Iran), which connects the railway systems of Central Asia with Iranian ports on Persian Gulf and passes through Turkey on the way to Europe, was completed in May 1996. In addition, in April 2016, the Ashgabat agreement between Turkmenistan, Uzbekistan, Iran, Oman, and Qatar entered into force to establish a new international transport corridor connecting Central Asia with the ports of the Persian Gulf and the Sea of Oman.

It should be noted that, ever since the rolling out of the "Belt and Road", China has intensified its participation in the development of new transport and communication links in Eurasia. In particular, these include intercontinental railroads linking China with Europe via Russia, and through an alternate route to Europe via Kazakhstan, Uzbekistan, Turkmenistan, and Iran. Its branches go in the north-west and south-west directions, passing through countries like Russia, Ukraine, Belarus, and Poland. The second branch passes through Kazakhstan, Uzbekistan, Turkmenistan, Iran, Turkey, and southern Europe. The construction of the Tashkent-Andizhan-Osh-Sarytash-Irkeshtam motor highway and railway construction project has created a conducive environment for intensive economic exchanges between China and the CARs. Nonetheless, there are problem areas too, for example, the decade old Kyrgyzstan-Uzbekistan rail project has remained a non-starter owing to disagreements among the states as regards nodes of connectivity inside the territory of the respective countries. The logic of its continuity is the new railroad, Angren (Tashkent region)-Pap (Namangan region in Ferghana valley)<sup>2</sup> on the territory of Uzbekistan. Construction of railways on this line was carried out by "Uzbekistan Temir Yollari"<sup>3</sup> and completed in June 2016. The

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<sup>2</sup>Over 10 million people are living in the Namangan, Ferghana, and Andijan regions of Uzbekistan, and during the Soviet era highway and the train communication between Uzbek regions in Ferghana Valley and Tashkent went through Tajikistan. Since that time, it has been very strategically important for Uzbekistan to have safe and continual transport communication links between the Ferghana Valley and rest of the republic.

<sup>3</sup>The Angren-Pap line is 123 km long, but, in the high mountainous area, some locations are above 2000 m, the overall costs of this project is over US\$1.6 billion, including more US

company predicts half a million passengers and about 4.6 million tons of cargo per annum. However, the network is not good enough to cater to the needs of the entire Ferghana Valley, and, if the potentials of Tajikistan transit are included, it falls short. CARs remain in favor of strong transport communication with China, and there is huge opportunities for opening new trans-regional routes.

While trans-regional transport and communication system are developed, the geopolitics and geo-economics of the CARs and Caspian region's hydrocarbons cannot be undermined. This is the reason for growing interest in Central Asia by major powers, especially ascendant China. In December 2005, the construction of an oil pipeline from Atasu in West Kazakhstan to the Chinese border town of Alashankou was completed. In 2009, the first gas pipeline between Central Asia and China was constructed. In the following years, second and third lines, which pass through the territories of Turkmenistan, Uzbekistan, and Kazakhstan, were completed. These lines allow the formation of a transit corridor, through which natural gas and oil would be channeled and exported to various countries. Furthermore, an intergovernmental agreement on the construction of the Turkmenistan–Afghanistan–Pakistan–India (TAPI) pipeline has also been signed; however, progress has been slow.

Stabilization of the situation and positive changes in Afghanistan would open up new opportunities for Central and South Asian cooperation Central and South Asian cooperation. Since 2002, CARs actively participated in the reconstruction of the country. The improvement of transport connections between Central Asia and Afghanistan would be a significant contribution toward future economic recovery of Afghanistan, as well as Central Asia's connectivity with South and East Asia.<sup>4</sup> In June 2003, Uzbekistan, Iran, and Afghanistan signed an agreement for the creation of the "International Trans-Afghan Corridor," which entails the construction of a 2,400 km expressway and an additional railway network passing through Termez–Maza-e-Sharif–Herat and reaching the Iranian seaports of Bandar-e Abbas and Chorbakhor. The Murghab–Kulma road connects Tajikistan with the Karakorum highway in China and Pakistan and gives the CARs access to the Pakistani ports of Karachi and Gwadar. Uzbekistan–Afghanistan–Pakistan is yet another trans-Afghan transport corridor. With financial support of Asian Development Bank (ADB), in 2011 Uzbekistan completed the construction of the Khairaton–Mazari–Sharif railway line, while work on the Mazari–Sharif–Herat railway line is underway.

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\$1 billion from "Uzbekistan Temir Yollari" and the National reconstruction and development Fund (Uzbekistan), US\$350 million, and US\$195 million loans from China's Eximbank and the World Bank, respectively. In 2013, construction began, and by 2016 more than ten new bridges and several railway stations had been constructed plus two tunnels, including one 19.1 km long built by the Chinese company China Railway Tunnel Group.

<sup>4</sup>In particularly, Tajikistan and Uzbekistan exports electro-energy to Afghanistan; in addition Uzbekistan built a number bridges, highways, and a railway in the country. Kazakhstan is exporting wheat and other goods and carries out various educational projects in Kazakhstan for Afghan students. India contributed more US\$2 billion for reconstruction and various educational and social programs in Afghanistan.

Once completed, the Trans-Afghan corridor will form the shortest possible route between Central Asia and Afghanistan, which will positively impact the economic recovery of Afghanistan, and also help it to function as a node connecting Central Asia with South and East Asia.

In summation, the CARs consider development of alternative regional transport communications important to their national and regional strategies. Today, CARs are actively participating in various projects to promote economic cooperation with Asia and Europe. Most of these projects are multilateral projects, extremely important for national and international connectivity. Well-developed regional transport system in Central Asia will increase the potential for regional integration and interconnectivity. On the other hand, it would facilitate intra-regional, as well as international networks and trade, investment, tourism, and people-to-people exchange. At the same time, there is an urgent need to invest in the overhauling, modernization, and upgrading of existing highways and railways. There is also an urgent need to cooperate in the sphere of customs legislation, standardization of rail systems, and the challenges posed by traditional and non-traditional security. Undoubtedly, the CARs are gradually being integrated into the world economy; however, intra-regional connectivity and trade need to be strengthened simultaneously, since they at present remain very low.

## **5 Externality: From Conflicting to Cooperating Approaches**

It is well-known that the main external actors Russia, China, the US, the EU, and other countries have declared their support for peace, stability, and regional cooperation in the CARs. These have, in turn, been welcomed by all the CARs. However, some contradictions remain between them. Russia traditionally has viewed Central Asia as within its sphere of influence. China expresses its understanding for Russia's leading role in the region; however, it has created a strong economic presence in the region, trouncing Russia. The EU has made some progress in the region, but it has not crafted a unified strategy toward the region. Russia and China, on the one hand and the US and the EU on the other, have diametrically opposite institutional approaches to security in Central Asia. Cooperation with NATO has become an important dialogue mechanism for the CARs, and many NATO delegations at various levels have visited the region repeatedly. Leaders from the CARs have also participated in the various NATO summits and NATO's Partnership for Peace program. At the same time, they have also joined the Russia-led Collective Security Treaty Organization (CSTO) alliance. Since 2014, the region has witnessed increased level of tensions between the US and Russia, as well as in US-China relations, which have resulted in Russia and China working more closely on bilateral and multilateral issues. However, this equation may change under the presidency of Donald Trump in the US.



The end of the twentieth century was characterized by significant geopolitical changes and transformations in the Asian continent. The CARs voiced their interest in developing mutually beneficial relations with various Asian regions and leading countries like Japan, the Republic of Korea, India, Turkey and Iran. There is potential for Central Asia's cooperation with South Asia, the Middle East, and East Asia. As regards the Central Asia and South Asian cooperation, the CARs have looked for a more proactive role from India in the region. India's major initiative in the region, the construction of the north-south trade corridor has been welcomed by all. Improvements in India-Pakistan, Afghanistan-Pakistan relations would be crucial in linking South and Central Asia in this strategy. With both India and Pakistan on board the SCO since June 2016, there may be some changes in their strategic considerations because India has increasingly expressed interest in trade and ensuring energy security. Lifting international sanctions from Iran also provides an opportunity to enhance Central Asia-Iran trade. The unfolding of China's Belt and Road, which calls for investment in infrastructure, energy resources, industries, transport, and communication along the Silk Road Economic Belt and 21st Century Maritime Silk Road, has also been seen as an opportunity to build capacities by the CARs.

Central Asian countries believe that strong cooperation with China, India, Japan, and other countries is strategically important and will contribute to closer trade ties, economic development, and the promotion of investment between Eurasia, South Asia, the Middle East, and the Asian-Pacific region.

## 6 Conclusion

Though CARs have established close bilateral and multilateral partnership with leading countries of the region and the world, however, there are many problems among the various stakeholders in Central Asia, originating from differing perceptions, approaches and understandings of the situation. China's engagement with Central Asia has deepened with the establishment of the SCO; it is diversifying into various areas with the operationalization of the Silk Road Economic Belt running through the region. Future prospects for multilateral regional and international cooperation in Central Asia will depend on correlations of national, regional, and global interests. The problem of reconstruction and peace in Afghanistan is critical for CARs-South Asia and East Asia cooperation and partnership.

The CARs consider development of alternative regional transport communications important for national, regional, and international perspectives. They are keen to develop new transport communication systems and link them with the respective transport systems of neighboring countries and regions. A well-developed regional transport system in Central Asia will facilitate trade and investment, bring regional prosperity, and strongly contribute to global interdependence.

The security paradigm in CARs has adversely affected the direction of integration, patterns of regional cooperation, and building of institutions. Nevertheless,

these have been successful in forging strong bilateral and multilateral relations with international and regional organizations. Political, military, and economic support from many international organizations has been crucial towards maintaining peace, stability, cooperation, development, and modernization in the region, albeit they need to develop a concrete long-term strategy in Central Asia.

From the Central Asian perspectives, it is in the best interests of the region to forge a strong cooperative partnership with China, India, Japan, and other countries and international institutions at bilateral, as well as multilateral levels, on a range of issues including security, economics, and transport communication. The region was a highly-developed region during the Silk Route period; however, after the decline of the Silk Route in the sixteenth century, the development of Central Asia started to stagnate. It is time to learn from lessons of the past and resuscitate the Silk Road spirit that connected the region through various routes of communications, nodes of which reached a vast area, encouraged unimpeded trade, and facilitated bonding between the people of the various regions and countries. Can we together build those arteries of communication yet again and bring prosperity to the region?

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