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Sebastien Peyrouse, George Washington University

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CHINA AS AN ECONOMIC ACTOR IN CENTRAL ASIA: BETWEEN DEVELOPMENT AND CONCERNS

China's economic presence in Central Asia is very multi-faceted. Beijing seeks to establish itself in as many sectors as possible with an eye to occupy the many economic vacuums left by the collapse of the Soviet Union. In 20 years, China has gained significantly in importance in Central Asia and has gradually emerged as the region's main economic partner. China's trade figures, which began in the first half of the 90's at 350 million dollars, doubled to 700 million dollars by 1998. Between 2002 and 2003, trade increased about 300 percent, going from about US$ 1 billion per year to more than 3 billion. An increase of 150 percent followed between 2004 and 2006, with trade reaching more than US$10 billion according to Central Asian figures. In the second half of the 2000s, China closely trailed Russia which had been so far the main trading partner of Central Asia. In 2008, before the world economic downturn, trade between China and Central Asia exceeded US$25 billion, while trade between Russia and Central Asia was US$27 billion. Since then, China has clearly gained the upper hand while Russia has stagnated. In 2013, Chinese - Central Asian trade reached US$49 billion.

Although Central Asia still represents less than 2 percent of Chinese foreign trade, in 2013, the Chinese president Xi Jinping took a step forward and unveiled his new strategy, referred to as the Economic Corridor of the Great Silk Road. Its main objective is the development of economic cooperation by constructing transport infrastructure, increasing trade, and removing barriers to trade and strengthening the role of national currencies in mutual trading. The long-term implications of China's economic engagement for landlocked Central Asia will partially determine the future of the region. Chinese investments have enabled all the Central Asian states to develop and to escape from the increased isolation that they have experienced after the disappearance of networks dating from the Soviet era. However, their impact on good governance and population is double-edged and raises concerns.

CHINA AS A GLOBALIZED ACTOR IN CENTRAL ASIA

Chinese interests in Central Asia have been structured in phases. In the first half of the 1990s, Beijing's concern was to sign demarcation treaties, demilitarize the borders, and prevent the strengthening of Uyghur separatism. In the second half of the 1990s and early 2000s, it aimed to create a platform for discussion and mutual discovery, and to build a collective security framework through the Shanghai Cooperation Organization. In the first half of the 2000s, China moved to establish itself vigorously on the Central Asian market, mainly in hydrocarbons, extractive industries, infrastructures, and communications. Finally, since 2005, Beijing has been trying—still timidly—to establish ways to promote its language and culture and to train Central Asian elites according to the Chinese model. Despite China's initially negative overall image in Central Asia, the Middle Kingdom has succeeded in improving its reputation with soft-power diplomacy, and drastically changed the economic given on the

Central Asian arena. It positions itself as the second most influential external actor in the region, surpassing Russia in economic terms, but not strategic or cultural ones.

In the Chinese perception of its environment, Central Asia is not only a part of the post-Soviet world, but also a part of West Asia. China's positive reappraisal of the continental routes to the detriment of the maritime routes must be understood as part of a long-term historical evolution. Since the nineteenth century and its confrontation with Europe during the opium wars, China saw its development concentrated on its maritime façade. However, today's Chinese ruling elites know that domestic unity and stability, not to mention great power status, will pass through a rebalancing in favor of the continent. Beijing is therefore increasingly looking toward building a privileged partnership with the Muslim world.

Central Asia is unique to Beijing in terms of its direct interference with domestic issues. The cultural, linguistic, and religious similarities between the Central Asian and Uyghur populations are not only important, but are also regularly revived. Central Asia's ethnic contiguity with the Uyghur world is perceived by Beijing more as a danger than as an opportunity; nonetheless the region is also conceived as a key engine for Xinjiang's current economic development and future stabilization. Beijing's "open door policy" and "Far West Development Program" have indeed helped to transform this landlocked region into a place of major subsoil resource exploitation and an outpost for the advancement of Chinese trade in Central Asia, Afghanistan, and Pakistan. The Chinese policy is thus double-sided: It is repressive in political terms when it comes to pressuring the Central Asian governments to eliminate Uyghur associations, but constructive in economic terms when it comes to offering development aid on the principle that the improvement of living standards defuses political conflict.

Finally, Central Asia has come to position itself on the Chinese radar as partial solution to two concerns: securing continental energy supplies that are not subject to global geopolitical complications, especially in the Straits of Malacca; and appearing as a peaceful rising power able to play the card of multilateralism. In Chinese energy strategies, Kazakhstan has emerged as an exporter of oil and uranium, and Turkmenistan as an exporter of gas, while Tajikistan and Kyrgyzstan have the potential, still unrealized, to export hydroelectricity and water. As for the second concern, through the Shanghai Cooperation Organization (SCO) China is experimenting with new platforms for discussion between powers and ensuring its "peaceful rise" (*heping jueqi*) in order to allay international concerns about it.

However, these two most publicized elements should not be overestimated. Even if energy and multilateralism remain important components of Chinese international positioning, Beijing's interest in Central Asia is primarily driven by the duality of domestic stability in Xinjiang and good neighborly relations with local governments, and the transformation of Xinjiang and Central Asia into areas of transit trade for the conquest of new markets. Central Asia is therefore, paradoxically, fundamental in terms of domestic stability because of the Uyghur issue and secondary to the preoccupations of Chinese foreign policy as a whole. It is not related to Japan, North Korea, or even to Taiwan since the Central Asian governments have not sought to challenge the "One China" policy. Even if the region is partly related to relations with the United States, it remains a relative problem compared to the issues of trade, currency, and human rights that occupy everyday U.S.-China relations.

THE ECONOMIC STRATEGY OF CHINA IN CENTRAL ASIA

Growing Chinese influence has profoundly changed the economic status quo in the region. As in the other regions of the world where Beijing is establishing itself, its settlement economic strategies respond to many objectives, seen by the Chinese authorities as intrinsically related. First, China consolidates its geopolitical influence in Central Asia by creating economically based good neighborly relations that work to diffuse potential tensions. Secondly, it contributes to regional development in order to avoid political and social destabilization, which could slow down Chinese economic growth. Lastly, the Central Asian states provide new markets for Chinese products, markets that could open up to the whole of Russia, Iran, and Turkey. For landlocked Central Asia, the Chinese economic engine opens up the prospect of new trans-Eurasian corridors and is thus seen as a unique historical opportunity.

China's Place in Imports, Exports, and the Trade Total of Central Asian States
in 2013 (in millions of US$)

	Imports	Rank	Exports	Rank	Total trade	Rank
Kazakhstan	13,509 (31.1%)	1	14,265 (23.4%)	2	27,775 (26.6%)	2
Kyrgyzstan	5,468 (51.7%)	1	56 (5%)	6	5,524 (47.3%)	1
Tajikistan	2,014 (41.6%)	1	79 (8.5%)	3	2,093 (36.2%)	1
Turkmenistan	1,229 (13.3%)	4	7,916 (68.5%)	1	9,148 (43.9%)	1
Uzbekistan	2,816 (20.6%)	1	1,707 (28.1%)	1	4,523 (22.9%)	1

Source: European Commission, http://trade.ec.europa.eu/

Energy-Thirsty China's Resource Diplomacy

China's priorities are clearly defined: it wants not only to diversify its imports, but also to secure them by directly acquiring foreign oil fields. The war in Iraq, which was perceived as a threat to energy security, reinforced Beijing's energy decisions. The Chinese appetite for energy contributes to strengthening relations with the Central Asian states, which are searching for new export markets for their hydrocarbons to dilute their reliance on Russia. In contrast with the projects oriented toward the west, which necessitate agreement between numerous partners, international majors, transit countries, and destination countries, the projects oriented toward the east concern above all bilateral relations between the Central Asian and Chinese governments and as such are easier to implement. In addition, Chinese companies are not put off by the often excessive prices of the Central Asian market, since its commercial decisions are legitimated by much larger political and geopolitical rationales.

With close to forty billion barrels in proven reserves, Kazakhstan possesses 3.2 percent of total world oil reserves. The other Central Asian states are distinctly less blessed. Uzbekistan reportedly has close to 600 million barrels of proven reserves, mainly concentrated in the regions of Bukhara and Khiva. Turkmenistan allegedly has similar amounts of reserves to its neighbor, a little less than 600 million proven barrels. In the natural gas sector, the show has been stolen from Kazakhstan by Turkmenistan. The new site of Yolotan-Osman, situated in the Mary region, allegedly contains huge reserves: with between 4,000 and 14,000 bcm, it would be the fourth or fifth-largest deposit in the world. Even if production costs for Central Asian hydrocarbons prove higher than those in the Middle East, they hold two advantages:

they are not subject to global geopolitical hazards since they arrive via a continental route without passing through any intermediary country or ocean, and Beijing considers them reliable long-term investments, since they go hand-in-hand with political alliances and a solid coordination of interests with the Central Asian governments.

Central Asian hydrocarbons have thus great potential, but it is costly to realize. The deposits can sometimes be difficult to access, such as those, for example, on the Ustyurt Plateau and in the Aral Sea. Some are also sensitive on the environmental level, like the Kashagan deposit in the Caspian Sea, and others still involve unresolved legal conflicts, like the Turkmen offshore deposits, disputed with Azerbaijan or Iran. Moreover, the extraction conditions are technically complex: on most sites the gas is associated with oil; the sites contain a large volume of sulfur and carbon dioxide; and the deposits are deep and have high pressure levels. Without a mastery of cutting-edge technology, the Central Asian state-run companies cannot perform the work alone and Russian and Chinese companies are less qualified than the large international majors. Lacking capital and know-how, the Central Asian states are reliant on foreign countries to develop their hydrocarbon reserves and so have to contend with the geopolitical game that goes along with the control of resources.

The construction of gas and oil pipelines connecting Central Asian fields to Chinese markets is however a technically and financially complex affair: it covers distances ranging from 3,000 to 10,000 kilometers and cost up to several billion dollars. In addition, China arrived several years after the big international majors had already established themselves on the most promising sites. China's breakthrough, however—accomplished in less than a decade—is very visible and entails very many geopolitical developments. Beijing has become an increasingly important player in the Central Asian hydrocarbon market, one that can be counted on to offer alternative strategies, but it will not replace the large international majors in terms of exploitation, or the Russian pipelines to Europe in terms of export paths.

The Chinese energy thirst obliges the country to develop paradoxical commercial logics. As large Western companies already control the majority of exploitable oil fields, Chinese companies had to specialize in old or difficult-to-exploit fields, or settle in countries seen as unstable or that have been sanctioned by the international community. In addition, they do not possess the same technical skills as the large majors, and prefer to minimize the risks of exploration by utilizing already-known extraction sites. On their side, however, Chinese firms have all Beijing's diplomatic and financial support, which enables them to outbid competitors during negotiations and put forward complementary good neighborhood measures. These strategies elicit angry reactions from competitors, who often perceive Chinese energy policy as overly aggressive.

China has succeeded, within the space of a few years, in imposing itself as one of Central Asia's main energy partners. Although they arrived late on the scene in Central Asia, Chinese companies such as CNPC and its subsidiaries, the China National Offshore Oil Corporation (CNOOC) and the National Oil and Gas Exploration, as well as the Development Corporation (CNODC), and Sinopec (China National Petrochemical Corporation), have set up an offensive strategy, which is reinforced by their acceptance of the rules of the game laid down by KazMunayGas, not to mention the good political relations between the Chinese and Kazakh governments. Today China controls about a third of Kazakh oil production, thanks to its main deposit of Aktobe (AktobeMunayGas), but also through the acquisition of numerous smaller sites situated along the Sino-Kazakh pipeline (North Buzachi, North Kumkol, and Karazhanbas) and of the offshore deposit of Darkhan. Beijing failed in its bid to establish itself on two of the three main sites: Tengiz and Karachaganak. However, at the end of 2009, the CNPC bought MangistauMunayGas, one of the largest oil companies in the country, which exploits or explores thirty-odd sites, in particular those of Kalambas and Zhetybay. CNPC has acquired an 8.33% stake in the development of Kashagan.

China now has its sights set above all on Turkmen gas. In 2007 the CNPC pulled off a major feat: it became the only foreign country permitted by Ashgabat (after the exceptional case of Burren, which dates back to the 1990s) to exploit the onshore deposit of Bagtyyarlyk on the right bank of the Amu Darya, with 1.3 tcm of reserves. This Amu Darya natural gas project is China's largest overseas natural gas project so far, but Chinese success does not stop there. In early 2010, Ashgabat announced that the tender bid for US$10 billion to develop South Yolotan had been won by a consortium consisting of the CNPC, LG International, Hyundai Engineering, the Gulf Oil & Gas FZE, and Petrofac International. In this framework, CNPC signed a US$3 billion contract, according to which it can produce up to 10 bcm per year and retain 3.13 bcm per year to fill the gas pipeline. The Chinese Development Bank, on its part, provided Turkmenistan with a US$3 billion loan for developing South Yolotan, and the provision of another US$4 billion for the completion of the project's first stage. In 2013, China signed an agreement to initiate and finance the second phase of the Galkynysh gas field, which seals Chinese dominance of the Central Asian gas sector.

China has therefore succeeded, within the space of a few years, in establishing itself on numerous sites, and has demonstrated its tenacity with the construction of both oil and gas pipelines, which many observers dismissed as too costly and too complex to become rapidly operational. In 2006, Kazakhstan opened its first export route able to bypass Russia, the Atasu-Alanshankou pipeline to Xinjiang. It is part of a bigger structure, namely the gigantic oil pipeline linking the shores of the Caspian Sea to China, whose Kazakh part was constructed in three sections. The first has been in operation since 2003 and connects the deposit of Kenkiyak to Atyrau; the second is the pumping station and the railway terminal of Atasu in the region of Karaganda, at the Sino-Kazakh border post of Dostyk-Alashankou; while the third, linking Kenkiyak to the Kumkol fields via the town of Aralsk, was finished in 2011. China thus have the advantage of an oil pipeline of 2,228 kilometers in length connecting the shores of the Caspian to the Dostyk-Alashankou border post, with a capacity of 20 million tons a year.

Beijing succeeded in convincing the Turkmen, Uzbek, and Kazakh governments to build a common gas pipeline to transport 30 bcm annually, a capacity which will rise to 50 bcm in coming years. The CNPC was committed to investing more than US$2 billion in it. The pipeline, inaugurated in December 2009, draws from the Turkmen reserves of Samandepe, on the right shore of the Amu Darya, runs 180 kilometers to Gedaim at the Turkmen-Uzbek border, and then crosses through Uzbekistan for 500 kilometers and Kazakhstan for more than 1,300 kilometers, before reaching the Chinese border at Khorgos. A second line was completed by the end of 2010 and a third line became operational in June 2014. Each of the three countries is committed to delivering 10 bcm, although Ashgabat planned the delivery of the 30 bcm promised in the 2006 agreement by 2015. Beijing seems interested in controlling the Turkmen market as much as possible and has offered to raise capacity possibly to 65 bcm, and the construction of a second gas pipeline fourth line from Turkmenistan through Uzbekistan, Tajikistan and Kyrgyzstan, with a projected capacity of 30 bcm per year.

The growth of Chinese activity however does not come without arousing anxiety concerning the autonomy of the Turkmen authorities, who risk becoming prisoners of Chinese supremacy in the coming decades. China enjoys preferential tariffs well below the gas market price, and Ashgabat risks being unable to increase prices once Beijing acquires a quasi-monopoly status. However, under current geopolitical conditions, it serves Turkmenistan to open its gas market to such a well-paying client and especially one that is so thirsty for energy. Kazakhstan finds itself in a more flexible situation, since it can play off several actors against one another, and does not risk seeing its oil dependency on China become too problematic since Russian and Western actors are long-term sustainable partners.

Chinese Economic Inroads in Landlocked Central Asia: Investments in infrastructures and other sectors

China's economic presence does not only bear on hydrocarbons; it also aims at a multitude of other sectors. If advantage is to be taken of the new commercial rationales that opened up with Central Asian independence and the region's insertion in a global market, massive investments must be made in the domains of mineral extraction, transport infrastructure, and communications, all of which are key sectors that will enable the Central Asian states to take advantage of their subsoil riches and/or their geographical position.

Uranium plays a major role in the economic partnership between Kazakhstan and China. Priority is given by the Chinese authorities to partners with whom they have already established global economic cooperation, like Kazakhstan. In 2006-2007, several cooperation agreements were signed between Kazatomprom and the Guangdong Nuclear Power Group (CGNPC). In 2008, a tripartite strategic partnership between the Kazakh national company and two Chinese state companies, CGNPC and China National Nuclear Corp. (CNNC) propelled Kazakhstan to the rank of China's main foreign supplier of uranium, ahead of its traditional partner, Areva. Both Chinese companies invested considerable sums of money in three extraction joint ventures, and Kazakhstan has agreed to supply a total of about 24,000 tons of uranium to China by 2020. As a symbol of this increasing partnership, Kazatomprom opened a representative office in Beijing in fall 2009. The Guangdong Nuclear Uranium Corp. is also active in Uzbekistan and in 2009 signed an agreement with the State Committee of Geology and Mineral Resources to establish a joint venture, Uz-China Uran, for the exploration of the Boztauskoye deposit in the Navoy region, whose uranium will be commercialized by the Chinese company.

Infrastructure has aged and has often been neglected by the Central Asian states: since independence they have lacked the means to invest the large sums of money required, and so have ended up relying only on infrastructures inherited from Soviet times. Since these infrastructures are completely oriented toward the north, they prevent a southward reorientation of flows. It is precisely in these areas that Beijing has many trump cards up its sleeve. Its companies, whether public or private, have expertise to share, and offer much more attractive prices than other foreign companies.

The Central Asian electricity sector, still relatively underdeveloped, appears promising. With domestic demand for electricity expected to remain weak due to industrial crisis, coupled with high production potential, exports of electricity are destined to experience considerable growth. Beijing views Central Asia as an area capable of supplying it with cheap electricity. Contrary to its hydrocarbon policy, the aim of the Chinese here is not, at least not primarily, to have this hydroelectricity delivered to its large cities in the east (the electrical lines required would need to stretch over about 6,000 kilometers), but rather to make up for the energy shortfall in Xinjiang. China would also like to be able to sell Central Asian hydroelectricity to countries of the southern corridor (Afghanistan, Pakistan, and India) because of the significant transit fees it would accrue. The establishment of Chinese companies in the region, like those it has set up in Russia and Mongolia, has thus been centered on two axes: first, the construction of new hydroelectric stations; and second, the installation of new electricity lines, in particular high-voltage ones.

The strategic China-Kazakhstan partnership signed in 2005 provides for cooperation between the national electricity company of Kazakhstan, KEGOC, and China's GRID Corporation, and seeks the establishment of an "electricity bridge" between the two countries. Tajikistan is the second largest producer of hydroelectricity in the CIS after Russia, and accounts for more than half of the total hydroelectric resources of Central Asia. With Dushanbe's support, China has decided to invest mainly on the Zarafshan River in the Penjikent region near Uzbekistan. The Chinese Theban Electric Apparatus Stock Company (CTEAS) built two strategic electric lines: the Lolazor-Obi Mazor, one in the Khatlon region in the country's south; and the 350 kilometers-long 500 kV high-voltage North-South line which can transfer eight billion kWh to Afghanistan, Iran, and Pakistan and was completed in 2010.

As is the case in the hydrocarbon sector, China has also arrived somewhat late on the Central Asian hydroelectricity market. The largest projects for hydroelectric stations were already launched during Soviet times and are today in the hands of mainly Russian companies, with Iran also involved in Tajikistan. However, multiple delays and conflicts of interest between the political authorities and foreign investors, as well as the Uzbek blockade, have ground these large projects to a halt. Despite the repeated calls by Bishkek and Dushanbe, the Chinese authorities are mostly concentrating on small to medium-size projects, and are not participating, at least not for the moment, in the two large projects of Kambarata and Rogun.

China is investing ever greater sums in the Central Asian transport system, following a twofold strategy: it is seeking to improve the routes heading to its border posts in order to increase the rhythm of trade, and to open up the most isolated regions in order to facilitate internal communications. The financial allocations come from the China Import-Export Bank, and are directed mainly to the weakest states, Tajikistan and Kyrgyzstan. In the latter, Beijing has established itself in the south of the country, mainly around the border post of Irkeshtam, which is the most promising in trade terms. China has partly financed and took over the reconstruction of the Irkeshtam-Osh highway, built about 100 kilometers of the Madaniyat-Shamaldysay-Tashkumyr-Razan road to the Krupsay hydroelectric station, while the China-Road & Bridge Corporation won the tender to construct a section of nearly 80 kilometers on the Osh-Dushanbe highway.

Relatively well-equipped during the Soviet period, Central Asia has lost some of its railway potential. The progressive effacement of the network has had detrimental effects on the development of goods freighting, which is much less costly than road transport, and has also hindered the opening up of isolated regions. China has attracted attention to itself thanks to its sales of equipment. In Tajikistan, thanks to Beijing's US$900 million loan, the Chinese Railway Company built the Shar-Shar tunnel on the Dushanbe-Kuliab road, and the China Roads Company another one at Shakhristan on the road leading to Khudjand. In both cases, the junction between the capital and the large provincial towns is viewed as a key element in the country's political stability. Since 2005, Turkmenistan has purchased of several tens of diesel locomotives and about 200 passenger carriages from Capital-Lonqji Sci-Tech Co, and CITIC. Uzbekistan also seems interested in Chinese rail-sector expertise and has ordered a dozen locomotives. In 2013, Xi Jinping signed with Uzbekistan a contract for the construction of a strategic railway tunnel in Uzbekistan, to cost US$455 million. Kazakhstan Temir Zholy, the national railway society, also ordered about 150 passenger carriages from the Chinese factory Tan-Shan, as well as some electric locomotives, and opened negotiations with the China Railway New Express Transportation Equipment Corporation.

Chinese firms also offer their services in the cement sector and are involved in the construction of many large cement factories in Tajikistan and Kyrgyzstan, in particular that of Kyzyl-Kiia. Beijing has also proposed small-scale projects for the construction of mini mills and factories for the production of bricks to replace old ones in Central Asia.

The telecommunications market is in rapid expansion throughout Central Asia. Since 1998, China Telecom, a participating member of the Transit Asia Europe (TAE) Fiber Cable System, a link connecting Shanghai to Frankfurt-am-Main, has been developing a telephone network for four Central Asian states (Turkmenistan only entered the project in 2004). More and more Central Asian internet providers work with Chinese software capable of blocking dissident sites. Even if Russian companies dominate on the Central Asian market, Chinese firms are very well established in the service sector, mainly China Telecom and Shanghai Bell-Alcatel, and in the technology domain, mainly ZTE (Shenzhen Zhongxing Telecom Equipment Corporation) and Huawei Technologies.

As the only state in the region able to demand more interesting investments from its partners in terms of technology transfers and human capital, Kazakhstan also aims to strengthen bilateral cooperation with China in the sector of high technology, even if this trend is still only in its beginnings. In 2013, China signed a credit agreements worth US$8 billion for Baitarek, the newly created state institution in Kazakhstan which will be responsible for modernising the economy. Last but not least, China is one of the only investors present in Central Asia which attaches such importance to the frequently neglected banking sector, a sector that enables the Central Asian states to pursue large-scale projects. With the exception of Kazakhstan, the local banking systems are particularly weak. Chinese banks offer higher lines of credits than those extended by the Islamic or the European banks, and at lower interest rates than those of the main international lenders.

Conclusion: The Chinese impact on Central Asian economy and populations

Chinese investments in Central Asia raise questions and concerns. Whereas Western entrepreneurs often invest in the speculative sectors of the economy, by the acquisition of shares and bonds, Chinese companies direct their attention to the “heavy” sectors. Chinese investments in infrastructure enable the Central Asian states to escape from the increased isolation from which they have suffered following the disappearance of Soviet-era infrastructure networks. Concerning the development of this landlocked region, China seems destined to play the same major role in the twenty-first century that Russia played in the nineteenth and twentieth centuries, though this time the orientation will be toward the south and south-east, and not the north. Moreover from China, Central Asian societies benefit from consumer products that are appropriate to their low living standards, but which are also capable of satisfying the growing consumer technology needs of the middle classes, in particular in Kazakhstan. The massive influx of Chinese products also gives the peoples of Central Asia the opportunity to reassume their traditional role as a transit culture exporting goods as far as Russia, and Afghanistan, potentially further south and west.

This Chinese presence is of benefit to the Central Asian economies, but in an ambiguous way. Above all else Beijing privileges the extraction industry and exploiting subsoil resources. the development of Sino-Central Asian relations such as it is now taking shape entails the economies of Central Asia are encouraged into restrictive specializations: nearly exclusively exporters of raw materials, the new States run the risk of having their last processing industries disappear. Such a limited specialization coupled with the continued de-industrialization of the area could be factors of social destabilization since they may well accelerate the rapid pauperisation of lower strata of the population.

Small and mid-size Chinese enterprises are rare, since the Central Asian market is very limited and the investment climate is regarded as negative, and is only developing in the trade sector. Heavy industry as much as the resale of Chinese products constitute paradoxical elements of the Central Asian economies, which do not necessarily contribute to fostering the circulation of wealth and the production of knowledge. Moreover, these sectors enrich corrupted milieus such as the ruling circles and oligarchs linked to them, who control the profitable sectors of extraction, and the customs and police officers, who divert a share of the revenues generated by cross-border trade. In addition, the Chinese methods of economic settlement are decried by Central Asian actors: Chinese firms to not want to find equipment and materials locally and so come with their own, do not give work to local enterprises, mostly hire Chinese workers who live in isolation at their place of work and engage little with the host society, and often submit the few locals they do employ to appalling working conditions. This is however nothing specific about this situation which is replicated in the Chinese economic set-ups to be found in Afghanistan, Sub-Saharan Africa, and in Asia.

Can the USA and China cooperate in Central Asia? China - and Russia - is a “total” actor in the region, not in the sense that it shapes the local realities on the ground, but that it has the capacity to engage on all fronts. USA and Western countries capacity is more limited. The lack of territorial contiguity and inability to concurrently influence the political, security, economic limit its impact. This does not mean that China is without restraint. As spectacular as China’s rise in power has been over the last ten years, it may suffer partial setbacks due to domestic difficulties facing the authorities: growing social unrest; instability in Xinjiang and Tibet; the slowdown of current economic dynamics; and the Communist party’s legitimacy could be questioned if growth stumbles. All these factors may work to alter the balance in the years to come and limit China’s leverage and interest in Central Asia. Although scope for joint economic action with China in Central Asia is limited, cooperation could be based on a trade-off between Western technical knowledge and Chinese funds and investments to the benefit of Central Asians. The US companies would of course need to assess on a case-by-case basis whether it is transferring knowledge to China alone with little gain for either themselves or Central Asians.

Does the Chinese presence bring sustainable societal development with it? Does it contribute to spreading know-how and techniques, to training locals, to interacting with the settlement country? Or is it rather an exploitation of partner countries’ wealth in order to fuel the Chinese economic boom and domestic consumption? The response may be rather paradoxical, but whatever the negative or positive consequences, Beijing now represents the most credible economic alternative for the states of Central Asia to free themselves from an increasingly shaky Russian tutelage.