

Central Asia

# The new 'great game' for

■ The chief prize is energy supplies: China needs them, Russia wants to control their distribution

By Douglas Birch and Mansur Mirovalev

**T**HE driver of the 18-wheel tractor-trailer from China idling at the Kazakhstan-China border said apples were the cargo he brought to Almaty, Kazakhstan's booming commercial centre.

For Kazakhs, there's a tart irony in the shipment.

Almaty's region is where the first apple trees were found and the first apple orchards planted. The city was a centre of the Soviet Union's fruit industry. Its very name means "Father of Apples".

In the past few years, Chinese fruit, vegetables, TV sets, T-shirts and tires have flooded markets along the old Silk Road in former Soviet Central Asia. Each day, all along the Chinese border, hundreds of tractor-trailers rattle west.

These goods are the most visible sign of Beijing's growing power here as China, Russia, the United States and others compete for financial and strategic advantage on the borders of some of the world's most turbulent countries - Iran, Afghanistan and Pakistan.

It's a struggle in which China seems to be gaining the upper hand.

At stake are oil, hydropower sources, strategic metals, pipelines, transit routes and access to markets. The chief prize is energy supplies: China needs them, Russia wants to control their distribution, and Western powers want to ensure they are not monopolised by Moscow or Beijing.

China today is reaching deep into Central Asia to tap oil and gas reserves, using pipelines and investments to challenge Russia's monopoly on gas shipments and to thwart Moscow's hopes of controlling a bigger share of the region's oil.

In recent years, China and Russia have forged a strategic alliance, as part of a group called the Shanghai Cooperation Organisation, to squeeze the United States out of Central Asia, after the US established military bases here. They have largely succeeded.

However, friction is developing between the two neighbouring giants. And given China's 1.3 billion people and its economic strength, it seems certain that Russia, with its dwindling population and economy based narrowly on energy, will increasingly be on the defensive.

Of course, Russia's two-century presence in region gives it potent advantages in trying to preserve its influence.

But Niklas Swanstrom of Johns Hopkins University's School of Advanced International Studies argues China is succeeding in using "soft power" - judiciously apportioned aid, aggressive diplomacy and massive investment - to shove Russia aside.

"China will be the dominant player over time", he predicts.

Nowhere, perhaps, is China's presence more starkly evident than at Khorgos, straddling the Kazakh-China border.

On the Kazakh side sits a sleepy village, a mosque and arid steppes where shepherds ride horseback. On the Chinese side sprawls a city, its skyline punctuated by two construction cranes, the skeletons of several large buildings and a massive white arch topped by two scarlet Chinese flags.

Talipzhan Suleimanov, a captain in the Kazakh border service in Khorgos, stood outside his ramshackle post and pointed at the gleaming Chinese city across a dry riverbed.

"This looks like the US-Mexican border", he said. "We are the Mexicans, because the Chinese are so much more advanced."

Central Asia - which includes Turkmenistan, Uzbekistan, Tajikistan,

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Kazakhstan's and Turkmenistan's rich oil and gas fields to the west, bypassing Russia.

But Moscow's dominance of the region's energy reserves is eroding. Despite Russian pressure, both Kazakhstan and Turkmenistan have welcomed discussion of a trans-Caspian pipeline - and Putin's proposal was met with silence.

Twice in the past two years, Turkmenistan has signed contracts to ship natural gas west through Russian pipelines - only to turn around a month later and, in effect, promise to ship the same gas east to China.

Beijing is playing a subtler game. It is a customer, not a competitor, for Central Asia's hydrocarbons and other natural resources. It is playing offence not defence, buying oil companies and expanding its access to Middle Eastern gas and oil through a network of new highways, railroads and pipelines.

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Kyrgyzstan and Kazakhstan - was long regarded as the middle of nowhere, 'caught between Russia, China, Siberia and Afghanistan's Hindu Kush mountains.

The region emerged from isolation about 200 years ago as Russian imperial troops and British spies competed for influence in a rivalry that Rudyard Kipling called "The Great Game".

In today's Great Game, Russia finds itself struggling to shore up its influence through arms sales and energy contracts, dominance of mobile phone and TV networks, and shared language and culture - as well as the Kremlin's pledges of billions in fresh investment.

Above all, Moscow wants to preserve its monopoly on distributing Central Asian gas and its major role in other energy sectors. To this end, President Vladimir Putin proposed at an October regional summit in Tehran that all the Caspian Sea states have a veto on any new pipelines crossing the sea bed - apparently so Moscow can block plans to connect

Asia was a source of raw materials for Soviet factories and a captive market for shoddy Soviet goods. After the Soviet collapse, Russian goods vanished here, replaced first by merchandise from Turkey and now from China.

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Russia sees Central Asia as an inheritance from its imperial Czarist and Communist past. For China, with its appetite for raw materials and its awakening as a world power, Central Asia is the Wild West: a land of opportunity, a reservoir of resources and a corridor to the Middle East's oil fields and Europe's wealthy shopping districts.

China has been moving in quietly and steadily since the mid 1990s, when trucks loaded up on scrap iron, steel and copper at derelict Soviet factories and carted the metals

# For Central Asian riches

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back to China for recycling.

In the 1990s, China did relatively little trade with Kazakhstan - Central Asia's economic motor, an oil- and gas-rich nation of 15.2 million larger than Western Europe. But by 2006, China ranked third behind Germany and Russia in Kazakhstan's \$35.6 billion export market and second after Russia in the nation's \$22 billion import market.

The tiny, mountainous nation of Kyrgyzstan imported almost nothing from its giant neighbour to the East. By 2006, 57 percent of Kyrgyzstan's imports came from China - and only 15 percent from Russia.

In Khorgos, trucks leave China packed and typically return empty. The road to the border bears the scars of this one-way trade. The lane leading away from China is deeply rutted, the one leading back is smoothly paved.

**China's clout:** In 2003, Beijing predicted a 30- to 50-fold increase in its trade with Central

officials see Central Asia's oil and gas fields as too remote to meet US energy needs.

Washington has alienated the region's authoritarian governments by criticising human rights abuses. The Iraq war, meanwhile, raised concerns that the US will push regime change to secure oil supplies - a fear the Chinese have exploited.

"China does not pursue a policy of waging wars for energy resources, unlike the United States in Iraq", Dong Xiaoyang, a Chinese diplomat, told a September conference of scholars and diplomats in Almaty.

But China knows much of its future energy supply is here.

The state-owned China National Petroleum Company bought PetroKazakhstan in 2005 for \$4.2 billion, then China's biggest foreign acquisition. In July 2006, the CNPC and Kazakhstan's Kazmunaigaz completed a \$700 million, 597-mile oil pipeline across

industries. China has already turned us into an ideal consumer."

Others welcome Chinese investors.

Tajikistan, with a per capita annual gross domestic product of just \$1,300, desperately needs investment. Saifullo Safarov, deputy director of the Centre for Strategic Research in Tajikistan, said that without Chinese money, his country can't exploit its mineral wealth, locked in what he called "the treasure chest of the Pamir Mountains".

In July, the Chinese Zijin Mining Group bought 75 percent of Tajikistan's Zerafshan Gold Company, once controlled by a British company, and in late September it claimed to have increased the mine's production by 50 percent.

Despite China's economic onslaught, Russia retains enormous influence. Moscow is still the intellectual, economic and business capital for Central Asians, and Russia's capital and other cities draw millions of Central Asian students, merchants and workers.

"Economically, China has conquered all markets, but our mentality remains Soviet and we look at Russia for culture", said Zhukova, the Russian in Kazakhstan whose ancestors helped found Almaty in the 19th century.

Former Prime Minister Almazbek Atambayev of Kyrgyzstan, in an interview with The Associated Press, said the bonds between Russia and the other former Soviet states remain strong. "In many ways, it's like the relation between the United States and Great Britain", he said.

But powerful forces are driving them apart.

**Native languages:** All Central Asian nations are promoting their native languages at the expense of Russian, once the lingua franca here. The region used to share Moscow's secular faith in Marxism. Now, Russia is rediscovering its Orthodox Christian roots as Central Asia is gripped by a Muslim revival.

The road from Osh, Kyrgyzstan's second-largest city, to Kyzyl-Kyya in the verdant Ferghana Valley, is dotted with the glittering metal domes of new mosques.

Russian popular culture is still entrenched here. But today's Silk Road markets, reborn as warrens of metal shipping containers, sell movies from Hong Kong and American pop music. Radio disc jockeys speak in a polyglot of Russian, English and their native languages.

China so far has filled only part of this vacuum.

Central Asian leaders say that in today's Great Game, the challenge for them is the same as in the past - to benefit from the competition while ensuring none of the players becomes dominant.

"We will retain our independence", said Atambayev, "only if we maintain equally friendly relations with all the countries around us, and not be subdued by one of the powers around us". AP

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Asia within a decade.

China's growing clout makes many Central Asians anxious.

"Sometimes, it feels uneasy to be next to such a mighty neighbour", said Anastasiya Zhukova, a 24-year-old ethnic Russian and Kazakh citizen who works as a linguist for Chinese companies.

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Experts say the US has retreated partly because of pressure from Russia and China, partly for a lack of interest: some American

Kazakhstan to Alashankou in northwest China.

The pipeline, designed to supply up to 15 per cent of China's oil needs, will serve the major new Chinese refinery in Karamay, to open in 2008. By some estimates, one-sixth of Kazakhstan's oil production will someday be pumped to China.

Turkmenistan in August started building a 4,350-mile natural gas pipeline through Kazakhstan to northwest China. When completed in 2009, the pipeline is expected to provide China with 1.1 trillion cubic feet of natural gas a year.

Cheap Chinese goods have turned many poor Central Asians into consumers. But some experts say dependence on Chinese products slows the growth of local industries.

"Our industrial production has been going down for years because of the cheap Chinese goods", said Konstantin Syroezhkin of the Kazakh Centre for China Studies. "China is not interested in development of our