China and Central Asia’s Transnational Concerns Require Multilateral Solutions

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CHINA AND CENTRAL ASIA’S TRANSNATIONAL CONCERNS REQUIRE MULTILATERAL SOLUTIONS

by

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After seven decades of regional domination, the sudden collapse of the Soviet Union in 1991 put the whole continent in a state of political and economic uncertainty. The sudden absence of a strong, yet generally predictable hegemon initiated an intense debate centered on whether or not the rise of China posed a grave threat to the region or whether it would bring stability and cohesion to the region. After 23 years of observation, it is now safe to presume that China does not pose a military threat to the region.

Simply because China does not have expansionist or aggressive political or economic aims does not mean that there should be no cause for concern. China does possess persistent political, economic, and security concerns that, despite the nation’s best efforts, has not been able to solve. Domestically, examples of these concerns are illegal smuggling, weapons and human trafficking, illegal narcotics, organized crime, Islamic fundamentalism, ethnic nationalism, and Islamic militancy. Internationally, China has had a hard time, not only dealing with the aforementioned list, but also with piracy, ethnic unrest, anti-Chinese sentiment, corruption, and illegal port activities.

The reason the solution to these problems remains elusive is the fact that they all share a common element. The element is that they are all transnational in nature; the events themselves, not fully encapsulated within the borders of just one nation-state. This makes them extremely difficult for a single nation-state to be able to effectively deal with them. It happens that Central
Asian nations and littoral nations of Malaysia, Indonesia, and Singapore are also afflicted with many of the same issues.

This fact is why it will take a comprehensive and coordinated effort in order to effectively deal with the underlying causes which contribute to these problems before any noticeable effect will take place. These efforts, or transnational solutions, are the most effective way to deal with transnational concerns.

Research, observations, and the case studies demonstrate that many of the most pressing transnational concerns have similar underlying factors. Income inequality, government repression, and lack of economic opportunity are a few of the most prevalent factors.

The obstacles these factors cause are not insurmountable. However each one of these problems require a concentrated and coordinated effort and the cooperation of multiple nation-states. International Organizations, such as the Shanghai Cooperation Organization, are effective mediums in which to accomplish this. What is repeatedly observed is that transnational problems are best solved using transnational solutions.
DEDICATION

This is dedicated to the supportive members of my family, friends, and mentors.

Their constant and unwavering belief in me made it all possible.

And for Kaia, you are my greatest source of inspiration.
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Chapter 1: Introduction

“The rise of China as a new power is another great challenge for the US. Our failure to properly handle Germany and Japan earlier in the 20th century cost us and the world dearly. We must not make this same mistake with China.” – Steve Forbes

“Treat China as an enemy and it will become one” - Robert Ross

1.1 Overview

The amount of literature concerning the rise of China is vast. The rise of China into a great power has come very late for a nation containing seemingly limitless potential. This pressing question revolves around why a nation rife with potential didn’t industrialize in the same era as did Europe and North America. The answer is not straightforward and there have been a myriad of interpretations for this. The most common of these interpretations suggests the late development was caused by the fact that China spent hundreds of years under various European colonial rulers; which was directly followed by an invasion from Imperial Japan in World War II. The years following World War II were no better for China, as the nation’s economy stagnated and led to a civil war. This is the war in which the Communist party rose to power under Mao Tse-Tong.

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1 The term ‘China’ is most often implemented in this thesis to refer to government institutions in Beijing. It is not to be confused with reference to China as a unitary rational actor; unless specified otherwise.

2 Author has intentionally condensed a vast and complicated political history into a very brief passage. This was not done to marginalize the importance of these events; rather, it was done simply to illustrate that China faced many obstacles which prevented an earlier rise to prominence. For additional information on Chinese history, see: Cohen, Paul. Discovering History of China: American Historical Writing on the Recent Chinese Past.. New York: Columbia University Press, 1984. [http://www.jstor.org/stable/10.7312/cohe15192](http://www.jstor.org/stable/10.7312/cohe15192). This is the most thorough analysis on the exact time period paraphrased in this thesis.
Following the Communist’s victory, China was, for all intents and purposes, absorbed into the Soviet Union’s sphere of influence. This too, worked against the industrialization of China as the country utilized the Soviet Union economic model; a government planned economy that functioned with closed markets. China’s strongest attempt to industrialize internally was during Mao’s Great Leap Forward. This turned out to be an economic and humanitarian disaster.

Under Soviet influence, China, and the rest of the Soviet satellite states isolated themselves, as well as economically and diplomatically shut themselves off from the rest of the world. This would largely remain the status quo until the official dissolution of the Soviet Union in 1991³.

There were two events that have been credited to have unshackled China from the bonds that prevented it from reaching its potential. The first was the economic and agricultural reforms China undertook in 1978 under, then leader, Deng Xiaoping. These reforms allowed China to stabilize its economy and shift it towards a state-guided open market system. China’s markets were then gradually opened back up to the rest of the world. The second major event was, of course, the official dissolution of the Soviet Union in 1991. The collapse of the Soviet Union left its successor state, Russia, in a weakened state; that could no longer tightly control the affairs of its former satellite states⁴.

³ For the China-Soviet Union dynamic, see Segal, Gerald. "China and the Disintegration of the Soviet Union." Asian Survey. no. 9 (1992): 848-868. 10.2307/2645075. Though the over-all conclusions are out of date (explained at length in a later chapter), the correlation made between the Soviet Union and it dissuading an economically powerful and regionally assertive China is valid.

⁴ For additional information concerning the 1978 economic and agricultural reforms, see: Chen, Sheying. "Economic Reform and Social Change in China: Past, Present, and Future of the Economic State." International Journal of Politics, Culture, and Society. no. 4 (2002): 569-589. This source agrees that the economic reforms put in place in 1978 were vital to China’s ensuing economic success. The author argues that in order to make these reforms a complete success, the state needs to eliminate the heavy hand of the state; which would allow more equal development.
Theoretical analysis regarding the future of China started flowing practically before the
dust of the Soviet Union’s ruins had a chance to settle. Despite the vast amount of literature, the
analysis ultimately was a theoretical dichotomy between those who saw China as a future threat
to regional and global peace; and those that saw China as a future regional and international
boon. These arguments will be briefly presented below. The point of this is to put into context,
the theoretical undercurrents of the arguments that will be used for the rest of the thesis.

One Side of the Dichotomy

Adherents to the aforementioned theoretical assumption of China being an eminent threat
to regional and global security are overwhelmingly of the Realist theoretical discipline.
Following the demise of the Soviet Union, theories grounded in the Realist perspective were the
first to emerge. Realism had, up to that point, possessed the ability of being able to aptly explain
the behavior of nations in an international environment in which there existed two ideologically
opposed centers of global power: the United States with its capitalist system, and the Soviet
Union with its communist system⁵.

The Realists offered many theoretical insights concerning how China should be
considered an imminent threat. In one way or another, an overwhelming percentage of the viable
literature framed in the Realist tradition consisted of a perception of a dangerous China. While
there were many reasons proposed as to how they had come to these conclusions; this thesis will
take analytical interest in only the most prevalent and persuasive of these arguments.

⁵ Realism was generally successful in explaining Cold War era international relations. This is why Realism
influenced much of the initial literature regarding the rise of China, following the collapse of the Soviet Union.
The earliest and most widely utilized argument was the Balance of Power Theory. This theory, at its most basic level, took the form of a simple equation: Chinese future behavior as a potential product of both its revolutionary and expansionist past combined with its authoritarian style of government system. Analysts could point to historical events such as the People’s Republic of China’s (PRC) occupation and subsequent annexation of Tibet, the support of North Korea during the Korean War, the incursion into Vietnam to assist communist forces, and the Tiananmen Square massacre as proof that China, and its authoritarian governance model, ‘had/would have’ no qualms about resorting to the use force in order to achieve political goals. This, In addition to China’s failed attempts to incite revolutionary changes in Africa, the Middle East, and Asia in the 1960’s gave those theories more initial credibility.

Another prominent theory in the vein of Offensive Realism was also established. According to this train of thought, China, like the former Soviet Union, was [and still is] a communist nation. It is prudent to note that this theory has a similar end result as the balance of power theory mentioned above. Many advocates of these theories assumed that the power void vacated by the Soviet Union was to be eventually filled by China; who would also ultimately seek to elevate its political and international status to regional hegemon. China was seen as similar enough to the former Soviet Union to have capably filled the void. According to this view, power would have most likely been achieved through military strength.

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Had this scenario come to fruition, the end result would have assuredly and ended in conflict as there was thought to be no way for China to achieve this result without disrupting regional or global balance of power and causing conflict with either Japan, the US, Russia, or a combination of any, or all, of them\(^7\). In addition, according to many Realists, there was no way for China to attain any status of power without disrupting some form of status quo power distribution. Any disruption of status quo power distribution would result in a balancing of military force by a coalition of nations that perceived a strong China to be incompatible with their own interests\(^8\).

Similarly, but more specifically, any scenario involving a potential Chinese hegemony over the Eurasian continent was viewed by the West as a regional transfer of power scenario and thus, a global threat. Historically, any nation that managed to achieve sufficient influence over the massive and plentiful deposits of the resources available in Central Asia would almost certainly also gain influence and control over the entire region.

\(^7\) Author would like to specify that “revolutionary and expansionist past” in this context refers to the ideological zeal displayed by the state. The spread of Communism was seen as a way to maximize influence and power and this is why it was undertaken. Offensive Realism does not consider the revolutionary cultural identity as part of the equation. This will be addressed in a subsequent section.

In other words, captured resources would be a source of great power. If China was to succeed in this endeavor, it would come at the expense of both US and Russian security and economic interests; again, resulting in potential conflict⁹.

The next theory is not accepted by all adherents to realism though it offers a similar prediction. This particular theory is an identity based theory and it envisioned an alternative threat China could potentially pose to regional security. This threat would not be realized through conquest or influence but through the fractionalization of China; resulting from internal conflict arising from a perceived weakness of China’s internal stability. This is similar to the fate of the former Soviet satellite state of Yugoslavia¹⁰⁻¹¹.

**The Other Side of the Dichotomy**

Adherents of the other side of the dichotomy, Liberalism, still originated approximately around the same time as did the Realists. Initially at least, the Realists had the more persuasive arguments based on the pedigree of their theoretical models; which sufficiently aided in explanation of Cold War era interstate behavior. However, the fall of the Soviet Union marked the official end of the Cold War. In the Post-Cold War era, international relations started to

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¹¹ The intricacies and viability of this view will be analyzed in chapter 2. A case study in chapter 4 will further add to the arguments this thesis proposes.
change, and with it, started to erode the usefulness and reliability of the Realist theoretical framework when used to analyze China\textsuperscript{12}.

While Realists predicted China’s rise based on its revolutionary and expansionist-inspired past of the 1960’s, and of course, with the history of the Soviet Union; Liberals chose to predict China’s rise using the examples of Japan, South Korea, and the other ‘Asian Tiger’ nations. The result was a totally opposite conclusion: That China would rise in peace. This prediction was concluded by the Liberal perspective. Again, the most persuasive and prevalent of these arguments will also be analyzed in this thesis.

An overwhelming majority of Liberal literature concerning a peaceful China utilizes the three underlying conditions that eventually deter war. When we refer back to the comparison between China and other Asian Tiger nations, it is argued that all of these particular nations successfully utilized Japan’s formula of economic success: a government planned, export based market economy. All of these nations -initially authoritarian regimes- achieved tremendous economic success and acted as a boon to the whole region left desperately poor following the end of European colonialism\textsuperscript{13}.

\textsuperscript{12} Statement not used to marginalize Realist theories. It is used to illustrate that China was not seeking hegemony through force or coercion; but through avenues and rational actors whose viability is questioned and thus, intentionally ignored by Realism

\textsuperscript{13} See: Overholt, William H.  \textit{China: The Next Economic Superpower.}. London: Weidenfield & Nicolson, 1993. One of the earliest advocator of the peaceful Chinese rise, Overholt’s predictions are clear but observations are sometimes vague and claims are generally unsubstantiated; such as a claim that China’s economic reforms have “benefitted all major social groups in China” (Pg. 50). For more information on the economic model used by Japan, South Korea, and the ‘Asian Tigers’ see Vogel, Ezra. \textit{The Four Little Dragons: Industrialization in East Asia}. New York: Cambridge University Press. (1991): 1-115.
Now in order to put this notion in context, it must be specified that the theoretical insights offered by the Liberal perspective center on the ‘Kantian triangle’. Essentially, the Kantian triangle consists of the notions of economic interdependence, international organizations, and democratization. With regards to economic interdependence, Liberals argue that increased trade has had an immense net effect on economic growth in China and in that respect, economic interdependence implies that greater volumes of trade between different nations gives them economic incentive to remain at peace. War or other aggressive acts would reduce trade, and thus reduce or eliminate all of the economic and political benefits obtained through trade. It was thus argued that any territory or resource China would hope to gain through belligerent military endeavors would prove extremely costly in terms of losing billions of dollars’ worth of trade from nations sure to cease trade as a reaction to the behavior. Thus, increased trade is a deterrent for war and further decreases the likelihood that China will prove to be a threat.

The second major component that helps explain why China can rise in peace is through international organizations (IOs). International organizations serve a multitude of functions including: improving communication between nations; reducing uncertainty experienced by nations regarding actions taken by another nation; increases capacity for states to create binding agreements and commitments to one other thereby increasing reciprocity and cooperation; and

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14 For more information on economic interdependence, international organizations, and democratization as a deterrent to war, see Russet, Bruce “Liberalism”. *International Relations Theories*. New York: Oxford University Press. 2013: 94-110.
international organizations also help reduce the effects of global anarchy\textsuperscript{15}. High levels of mutual cooperation and trust would not be attainable without international organizations.

For now it is sufficient to leave the overview of the international organizations as part of the theoretical dichotomy. For right now, it is sufficient to be aware that IO’s are important to China’s goals and that they also serve a secondary purpose of acting as an overall deterrent to war.

China is skillfully utilizing international organizations in its rise to power to temper fears in the international community regarding China being a potential threat to global security. The tempering of this fear works to avoid being subsequently balanced against by the international community.

The Association of Southeast Asian Nations (ASEAN), ASEAN +3, and the ASEAN regional forum (ARF) are important trade mediums being utilized to increase the trust between nations that have long had tense relations; such as China and Japan. The Nuclear Non-Proliferation Treaty, Comprehensive Nuclear Test Ban Treaty (CTBT), and International Atomic Energy Agency (IAEA) also work to build trust through the mutual reduction in the amount of weapons of mass destruction held by member nations. The Shanghai Cooperation Organization (SCO) is an organization vital to the region’s security and border issues. It can and should be expanded to cover many more issues in the future.

The last part of the Liberal theoretical platform is democratization; arguably one of the chips in Liberalisms proverbial armor when trying to explain the rise of China. While there is a movement within the Chinese population demanding for increased democratization; it is currently not a reality and China remains a nation under authoritative rule.

That being the case, adherents of Liberalism state that increases in economic development could eventually lead to increases in per-capita growth and subsequently, the growth of a strong middle class. Increased incomes free people from having to concentrate their existence solely on survival; thus, can reallocate this effort on personal well-being and perhaps political interests\textsuperscript{16}. The relevance of this is according to the Democratic Peace Theory: democracies rarely, if ever, go to war with one another. It is beyond the scope of this thesis to speculate whether this may or may not eventually come to fruition. Rather, this dynamic is analyzed on its merit of being able to add to the argument of whether or not China poses a danger to the global community.

1.2 Theoretical Framework

It is the goal of this thesis to provide an analysis of the strategies available to China that can be utilized to help solve some of the nation’s biggest economic and security concerns. To this end; an in-depth and detailed effort to accomplish this has not yet been performed. The case studies presented in later chapters outline China’s prominent or pervasive economic and security

concerns, as well as past and current strategies used to attempt to solve them. China’s energy future, border security, piracy, smuggling, terrorism, separatism, and religious radicalism are all economic and security concerns that China has had a great deal of trouble finding long term solutions to. As the various strategies over the years have been analyzed, a trend starts to emerge. The trend that starts to emerge is that strategies based on unilateralism or military force tend to achieve much poorer results than those focused on multilateralism or international cooperation. This trend leads to the assumption that issues that are transnational in nature are better solved through cooperation and diplomacy than through state force or coercion.

Transnational problems offer a considerable challenge over more localized and traditional problems, such as groups of anarchists or single issue radical groups. In such cases, a quick and concentrated government show of force is usually enough to quell the disturbance. These tactics, while effective in stopping or suppressing locally operating groups, have simultaneously been met with disapproval by the international community. It is directly due to these suppressive tactics that China routinely ranks very poorly in annual reports on human rights violations.

In contrast, dealing with transnational issues isn’t as simple as cracking down on particular groups, as these groups tend to exist outside of China’s traditional jurisdiction. Government suppression of its own citizens is not welcomed by the international community; but

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17 Transnational, as used in this thesis, refers specifically to economic or political phenomenon that is not localized within the borders of one nation. International Piracy and Islamic fundamentalism are examples of transnational phenomenon. They do not have definitive operational boundaries.

18 This statement is not used to support or condone any actions of government suppression. This analysis does not offer a position on the ethics of these tactics; it merely analyzes the effectiveness of such tactics. The point is to illustrate that locally concentrated issues have traditionally been handled by the PRC in this matter. For more information please Shah, Anup. Global Issues, “China and Human Rights.” Last modified May 2010. http://www.globalissues.org/article/144/china-and-human-rights..
at the same time, it is often not directly actionable unless the suppression escalates to the point to where it would be defined as genocide. However, a sovereign nation that attacks another sovereign nation is an actionable offense; Iraq’s invasion of Kuwait in 1990 is a recent example of this. It is this fact that makes traditional methods ill-suited to deal with transnational problems.

1.3 Methodology

This thesis is a political analysis of the need for China to pursue diplomatic and multilateral relations with Central Asia and the littoral nations of Malaysia, Indonesia, and the city-state of Singapore in order to effectively deal with China’s most pressing economic, political, and security concerns. This thesis will make use of quantitative data – the most current available. However, this thesis is heavily influenced by, and thus, will rely on qualitative data due to the fact that it deals heavily in the realm of political theory. Deductive reasoning will also be utilized to interpret the observations.

This thesis argues that long term solutions to some of China’s most pressing concerns has remained elusive due to the fact that previous policies were not conceptualized to tackle the actual problems in their entirety. Serious issues can often be dissected into multiple layers of underlying causes. In other words, in order to effectively deal with certain problems, the underlying causes which work to create them must first be alleviated before one can even hope to effectively tackle the larger issue at hand.

The end of the Soviet Union, brought with it, an end to Cold War era of international relations. Recognizing this, China’s ruling Communist Party has responded by crafting policy
which places a specific emphasis on both the utilization of its soft power and consistent economic growth to legitimize their continued rule domestically. As China has started to rise in international importance, so has the need to prioritize its economic and political goals\textsuperscript{19}.

For example, China’s use of its available soft power has helped to boost economic and military integration with other nations in its regional orbit —which both increases economic and domestic security. China’s deft use of international organizations has also helped to achieve its security needs in its border regions as well as its economic and political goals. China’s ‘good neighbor’ strategy has also been used to temper international fears of a Chinese threat. This is important due to the fact that China has an irreversible need to secure additional energy resources, as current demand far exceeds domestic production. China now has an increasing role in the Eurasian region at the expense of traditional centers of influence. These and many other angles are considered when answering the research question: Are unilateral or multilateral approaches more effective in dealing with China’s transnational issues? Which are best used in reducing China’s strategic vulnerabilities?

In order to answer these questions, the focus of this analysis must first be put into perspective. This is the focus of the next chapter.

* What approaches should China take in order to address its border security concerns?

* What approaches should China take in order to effectively deal with criminal activity occurring within and around its foreign ports and projects.

\textsuperscript{19} This thesis analyzes modern China from the dissolution of the Soviet Union onward.
* What approaches should China take in order to effectively deal with the problems caused by Islamic fundamentalism and Islamic nationalism within its borders?

* How should China deal with its own economic and strategic vulnerabilities?

* Specifically, how would diplomacy and regional cooperation benefit both China, and Central Asia?

This thesis will make use of scholarly academic sources to put the answers to these questions in perspective. They will also be used to put China’s regional and national strategies into perspective as well. Specific case studies present in this thesis should demonstrate which economic and political strategies have yielded the most desirable results. The goal of this thesis is to create a balanced view of China and its intentions, thereby eliminating or reducing potential misconceptions which may lead to policy actions that may do more harm than good; or that are made without proper and thorough understanding of the nation or the dynamics of the region.

1.4 Structure of the Thesis

Chapter 2 is focused on establishing the hypothesis that multilateral strategies tend to yield the most desirable political results when dealing with issues that are transnational in nature. Also established will be the independent and dependent variables. In regards to the former, they will be policies or strategies enacted either by the national government or international organizations of which the nation is a member.

Chapter 3 is a case study analyzing China’s involvement and interests in the Strait of Malacca. Other than the issue of Taiwan, no other potential spark leading to international confrontation is
cited by more analysts than the contentious straits. The strait is a vital transportation route for numerous nations, yet, is monitored and patrolled by the US.

This case study aims to demonstrate that China has switched tactics and plans to shore up relations with Central Asian nations as a way to reduce its presence in the Straits. The case study also will attempt to demonstrate that China has nothing to gain from a plan to gain influence in the Indian Ocean with a strategy known in the West as the “String of Pearls”. The crux of the theory claims that China has drafted a plan to increase its influence in the Indian Ocean, at the expense of India, by bolstering its naval fleet and naval capabilities. Also analyzed, is a proposed strategy, which China is prepared to fully fund; that would essentially result in an attempt to build an alternate seaway north of the Strait of Malacca.

China has demonstrated a willingness to turn to Central Asian nations in order to secure alternate economic interests designed to diversify its economic and energy interests and allow China to reduce its reliance of the contentious waterway. The relative success from this dynamic has shown to be the motivating factor in subsequent Chinese regional strategies.

Chapter 4 is a case study analyzing the increasing political and economic relations between Kazakhstan and China. The first part of the chapter is an overview of the similar historic paths between the two nations: Kazakhstan also shared a long tenure in the Soviet Union; similar to that of China. Membership to the Soviet Union ultimately left both nations hopelessly undeveloped and politically isolated upon the dissolution of the USSR.

The second part of the chapter analyzes the specific reasons both nations have an acute interest in cooperating with one another. Kazakhstan is rich in abundant resources; resources
China craves –and, ultimately, many nations are now trying to gain increased access to. This chapter argues that China enjoys a specific advantage and thus finds itself in a more advantageous position relative to any other nation through its unique strategy fuelled by common identities, values, and norms.

The chapter then concentrates on how this position is further accentuated by the fact that both populations contain a sizable number of the same ethnic minority growing increasingly restless over not having their own official nation. Strategic cooperation between militaries and counter-terrorism efforts between China and Kazakhstan will be argued to have had a greater effect than attempts to initiate mass migrations or violent suppression. Border security and transnational issues are then analyzed to see if they indeed have the potential to fracture the region. Also analyzed is the multitude of strategies China is undertaking to try and secure its borders.

Lastly, the issue of Central Asian Islamic fundamentalism is analyzed. Again, the observations will show that unilateral or violent responses have not only been ineffective with preventing the spread of radicalized Islam; they have also contributed to numerous unintended consequences.

Chapter 5 offers a conclusion and summary of the information presented in the thesis. It will also offer an outlook of the region if current trends remain in effect.
Chapter 2: Theoretical Framework and Hypothesis

“International politics, like all politics, is a struggle for power” – Hans Morgenthau

“...Greater economic freedom will spill over into greater political freedom, as it has in other parts of Asia...“- Junning Liu

2.1 Overview

It is the goal of this thesis to demonstrate the merits of multilateral solutions when it comes to trying to solve transnational issues. This thesis will analyze China to this end. This is prudent because much of the in-depth research on China still focuses on if or when China will become involved in a regional or global war.

It is fair to say that if China was to become involved in a regional or global conflict; they certainly would have done so by now. There is evidence to support this. China has now reached the point of modernization where the window to use aggressive policy is rapidly closing. China has started to become afflicted with population decline; much like most of the industrialized world. This means that China has a declining workforce and vastly rising social costs.

The fear is that there will soon be a shift in China’s age demographics. China’s elderly population is growing at a faster rate than that of its working population. Comparatively speaking, this means the Chinese will have to support, with social programs, a growing elderly population with a shrinking working-age one.

Additionally, the era of unmatchable low wages may also be coming to a close. As China’s standard of living per capita is increased, so is the demand for worker’s rights, higher wages, and benefits. Markets in South Asia and Africa can now offer wages lower than China
can; which would explain why many textile operations have been relocated from China, to places such as Bangladesh or Pakistan. This is another factor that will continue to alter the Chinese economy in the long run.20

The next subsections are a brief presentation of the most widely used arguments concerning the rise of China. This is done to isolate the arguments later used in the hypothesis and throughout the rest of the thesis. Following this, the hypothesis and expected results are then introduced; before being analyzed in the case studies.

2.2 The “China is a Threat” Theories

Following the collapse of the Soviet Union in 1991, Analysis concluded a future Chinese threat. Realists over the years have proposed numerous theories as to how China was destined to become a regional and global threat. Out of these, there were three scenarios that were believed to have the greatest potential to negatively impact the future of international regional or global power distribution.

The first of these theories was a proposition that the regional powers of China and Japan (some predicted Russia) would unavoidably clash as China gained too much power and would most likely experience a balancing of powers against it.

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The second theory proposed that China would be tempted into pursuing hegemony; which, in worst case scenario, would have started another Cold War-esque large scale conflict with the United States. According to this scenario, both nations were nuclear powers so that may have prevented a full scale direct war between the United States and China. However, mirroring the Cold War, this scenario had the potential to become a series of proxy wars as each of the powers attempted to gain influence and resources.

The third of these theories proposed that China’s internal weakness and domestic conflicts would prove enough to fractionalize the region into several smaller states. This, of course, would be a similar fate to that of the former Soviet state of Yugoslavia. Known as ‘fractionalization’, this scenario could have the potential to engulf the region into further instability and conflict. Each of these theories will be taken in turn and analyzed.

**Regional standoff**

In the theoretical framework of Realism, there are many typologies and variants\(^\text{21}\). Despite certain individual nuances and tweaks, all variants of Realism in some way or another acknowledge the presence of international anarchy. The theoretical focus of Realism is, in fact, the distribution of power within the presence of international anarchy\(^\text{22}\). Realists define the term ‘anarchy’ as the end result of an international power configuration notable for the absence of a

\(^{21}\) For additional information on the variants of Realism and their individual assumptions and focuses, see Feng, Liu and Zhang, Ruizhuang. "The Typologies of Realism." *Chinese Journal of International Politics.* no 1 (2006): http://cjip.oxfordjournals.org/content/1/1/109.full..

global higher authority. Thus, there is no higher authority above the state level that can adequately resolve disputes, force states to comply, or impose order. As a result of this, material power, usually taking the form of military strength, has been the theoretical focus of this tradition. It is thought amongst Realists that peace is merely a fleeting moment in an international realm shaped almost solely by either power maximization or deterrence.

With that established, we can move to the specific arguments concerning the threat of China. The first one that will be analyzed, as mentioned above, is the potential conflict with Japan. The backbone for these arguments were rooted in one or both of two angles; the first being an observation of China’s [then] recent past, and the other one being China’s apparent desire to right past wrongs.

With regards to the first angle, some analysts had suggested that China would be a potential regional threat based on prior conduct of the Chinese Communist Party that was still in power. Firstly, after the collapse of the Soviet Union, it was not hard to imagine China resurrecting its revolutionary spirit upon the realization of massive economic gains from the years of 1978-1991. China had attempted to incite revolutionary change throughout Africa, the Middle East, and Asia in the 1960’s and early 1970’s. What was particularly noteworthy was that these attempted revolutions failed because, although, China possessed the ideology to persuade Communist mobilization, it lacked material support. As a result, most nations sought

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23 Ibid. Waltz and Mearsheimer encompass the two largest variants of Realism (Defensive and Offensive respectfully) and are good sources for more information concerning Realist theoretical assumptions.

24 The ‘right[ing] of past wrongs’ refers to China’s “Century of Shame” in which China was subjected to exploitative colonialism by Western Europe and Japan between 1839 -1949. For more information, see Kaufman, Alison. “The “Century of Humiliation,” Then and Now: Chinese Perceptions of the International Order.” Pacific Focus. no 25 (2010).
assistance from the two super powers of the time; the United States and the Soviet Union. However, with China’s economy now soaring, the lack of a capacity to provide material support to fledgling communist revolutions was no longer an issue\textsuperscript{25}.

Analyzing the claim of a resurgent communist expansionist movement, with the benefit of retrospect, demonstrates that this particular theory no longer holds water when analyzing modern China. Furthermore, it can now be stated with upmost confidence that this theory and others that predict that China will rediscover its former zeal for the Communist ideology and seek to spread it, is generally no longer academically accepted.

China has demonstrated absolutely no intention or desire to spread the Communist ideology to other countries. Loans and other aid packages are underwritten with ‘no ideological strings attached’ and the souring relations between China and North Korea are further evidence of this\textsuperscript{26}. Each of these nations is one of the few left under Communist rule and as a result of it; one would expect more cooperation than what has actually been occurring.

Historically, China has been North Korea’s strongest ally. By no means will China entirely turn its back on North Korea, but China has been pushing North Korea over issues such as its nuclear armament and its self-imposed political isolation. China’s relations with North Korea have seemed to shift towards economic and security issues and away from ideological

\textsuperscript{25} To see arguments that present this point of view, see Gregor, James. \textit{The China Connection: U.S. policy and the People's Republic of China}. Stanford: Standford University Press, 1986. 84-89.

\textsuperscript{26} Both ‘no strings attached’ financial packages and the ‘good neighbor’ strategy are both analyzed in detail in chapter 4.
issues. Therefore this analysis can safely dismiss this theory and move on to the other arguments 27.

The next portion of the argument was based on the conduct and nature of the Communist regime in power, with an added dimension of China’s new found economic might. As mentioned in chapter 1, China’s Communist government gave analysts plenty of reason to predict that China would become an assertive and potentially troublesome state.

The Communist Party still leading the People’s Republic of China’s (PRC) had historically engaged in aggressive or diplomatically reckless behavior. Examples of such behavior were: The occupation and subsequent annexation of Tibet in 1949 28, China’s support of North Korean forces during the Korean War, the multiple incursions into Vietnam, and the Tiananmen Square massacre. These were all used as evidence of a potentially more aggressive China. Those aforementioned actions demonstrated that China, potentially, felt little remorse about resorting to the use of brute force in order to achieve political goals 29. All of these arguments were put forth by Offensive Realist thought. It was predicted that any attempt of territorial expansion by an economically and militarily emboldened China would ultimately


cause a conflict with Japan, through either direct military conflict or through an alliance of several states acting as a balance of power against China.

The Offensive Realist rationale is that Great powers seek to assert themselves, and as a result, rising powers are often drawn to challenge territorial boundaries, international institutional arrangements, and hierarchies of prestige that were put in place when they were relatively weak. The latter argument is the basis of the Chinese-Japan territory dispute over the Diaoyu/Senkaku islands. Realism has been generally effective in explaining the motivation behind territorial disputes. While this incident is far from over, it seems very unlikely that China would risk its global position over this issue. While there has been political posturing and shows of military ability; it seems very unlikely that this issue would devolve into a regional conflict.

China legal claims to the islands are more concrete than those of Japan. China possesses texts dating back to the 15th century which accentuates their administrative connection to the islands. China has possession of administrative documents which plainly illustrate their presence and connection to those islands. Japan claims they were ‘discovered’ by Japanese merchants’ shortly after Japanese victory in the Sino-Japanese War of 1895. The Diaoyu/Senkaku islands were officially annexed by Japan and included in their territory as a result of the San Francisco Peace Treaty in 1952; the official end of World War II in Asia. It must be noted that neither China nor Taiwan was present, or consulted, when this treaty was drafted.


Either way, China would not need to initiate a regional conflict with Japan over the islands because they possess the more legally compelling and historically accurate claim to them. Japan and the United States have been trying to wage an international charm offensive designed to promote Japan’s claims of the uninhabited but resource-rich islands. The two allies have been trying to portray China as ‘bullies’ and ‘aggressors’ to the international community.

The island chain is strategically important to Japan due to the fact that it can be used to house a fleet. The islands themselves offer good protection and an advantageous level of concealment; which would give whoever controls the chain a distinct advantage in naval combat. Outside the natural gas resources rumored to be there, this is the main interest Japan has with the island chain.

Despite the Japanese/USA rhetoric, it appears China knows it possesses the more compelling and legal claim to the islands and could illicit a favorable decision simply by pleading its case through the United Nations. This makes the actual possibility of a Sino-Japanese conflict over the island chain distinctly remote.

An additional cog of the Chinese hegemony argument is whether China has or has not disrupted or challenged international institutional arrangements. This would be akin to the Soviet Union repeatedly using its veto power to cripple the effectiveness of the UN during the Cold War. As of the writing of this thesis, China has not majorly challenged the functionality of

32 Ibid

33 Ibid. Source also states that Japan was mandated to return all annexed Chinese territory at the conclusion of World War II. Manchuria and Taiwan were returned, but the Senkaku/Diaoyu Islands were not returned. China has maintained a grievance to this fact ever since.
international institutional arrangements. In fact, in instances, China seems to be using institutions to ends that would, at a glance, appear to go against the theory of power maximization. The Offensive Realist framework cannot sufficiently explain these instances. Case and point would be China’s continued support of the Chiang Mai Initiative and Asian Bond Markets.\textsuperscript{34}

The Chiang Mai Initiative is a multi-lateralization attempt to create an Asian Monetary fund that would, in essence, stand and operate independently from the IMF. This institution could be argued to erode state sovereignty as it is being spearheaded by Japan. The Asian Bond Markets are essentially a regional bond market that can increase efficiency allocation of surplus funds, retain domestic capitals, diversify funding sources for corporations, and give governments more channels to stabilize their financial markets.\textsuperscript{35}

In the framework of Realism, China’s support of both these cases is curious for multiple reasons. The first is the fact that China takes a secondary position relative to Japan in overseeing these institutions. Second is the fact that China was relatively insulated from currency crises resulting from the 2008 global recession; the event that encouraged both attempts of further regional economic integration. Thirdly, on a theoretical level, further regional integration is working, in itself, to erode state sovereignty; a move which defies Realist explanation.


\textsuperscript{35} Ibid Greenwood “Asian Bond Markets” pg 183.
Global Standoff

The next major theory is also in the realm of Offensive Realism. This theory predicts that China will be tempted to pursue a hegemony; which would eventually put the nation at odds with the United States. A conflict with the United States would effectively take the conflict out of regional context and would instead be considered a global conflict. This theory uses many of the same arguments as those presented above; they just arrive at a different conclusion.

Adherents to this view saw China, through a multitude of means, essentially picking up the reigns of the former Soviet Union and attempting to elevate itself into the status of a hegemon. Some analysts conclude that China could wrestle regional power from the predicted, but, the inherently weak Japan while others conclude that China would rise and potentially challenge US hegemony through either direct competition or military build-up.

It was proposed that Japan was to be the natural power in the region on the basis of its economic standing. After the collapse of the Soviet Union, Japan possessed the second largest economy in the world. Realist scholars however, concluded that Japan had several inherent weaknesses which essentially prevented it from becoming a regional power it was supposed to be. The most obvious reason for this claim was that Japan is a small land mass with a relatively

36 The previous section concentrated on either direct conflict or indirect (Cold War type situation) conflict between Japan and China. Some predicted this dynamic would eventually involve the United States as their interests would be affected by the Chinese rise. This would turn the regional conflict into a global conflict.

small domestic economy. Even more compelling was that Japan’s island borders severely lacked natural resources; which meant that Japan would always be dependent on foreign imports of primary goods and materials.\(^{38}\)

The second major obstacle was the weakness of Japan’s armed forces. The argument was that Japan, as a nation, lacked the armed forces needed for both national defense and to be able to protect its economic interests abroad. This dynamic decisively affected Japan’s ability to project military power which leads to a general inability to exert political global political influence; outside the realm of trade embargos or economic sanctions.\(^{39}\)

Again, while theoretically compelling, the pure hegemony argument also suffers from the same theoretical deficiencies as the previously explained theories. Once again, this theory comes up short when trying to assess China’s position on the Chiang Mai Initiative and Asian Bond Markets. Power maximization and hegemony theories cannot explain why China is essentially taking a subservient role to Japan; the nation spearheading the leadership roles in these cases. Further economic integration with countries in the region is not compatible with the theory that China is striving for regional hegemony; at Japan’s expense. Not to mention that China has, time and time again, explicitly stated that it had no intentions for hegemony.\(^{40}\) The nation’s actions have only supported this notion.

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\(^{39}\) Ibid 151-153

\(^{40}\) There are many sources which demonstrate China stating this. The quote originates from Deng Xiaoping after the 1790’s era economic reforms; they have been reverberated by leaders there-after. See, Freeman, Chas. Middle
In regards to Japan, the United States has shown countless times that it will come to the aid of Japan in the event that China moves against one of Japan’s interests. The United States has essentially sided with Japan over the Diaoyu/Senkaku islands dispute; and said it would immediately come to the aid of Japan were China to move to claim these islands by force\textsuperscript{41}.

\textit{Regional Fragmentation}

According to this view, the most credible regional danger posed by China derives from the instability already present within the country itself; most notably, in China’s North-western frontier. China is now considered a wealthy country based on its GDP, but China’s wealth is very unequally dispersed. This dynamic is creating a small population of very wealthy individuals, and growing leagues of desperately poor people. Add to this, an extra dimension of an already intense ethnic tension between China’s ethnic majority Han and the various ethnic minorities which populate China’s outer fringe areas. The most volatile of these fringe regions remains, by far, in the North-western, semi-autonomous border province of Xinjiang. According to the theory, this unequal society has the potential to provoke the fractionalization of China into several autonomous regions based on socio-economic or ethnic lines\textsuperscript{42}.

\textsuperscript{41} As stated, it remains very unlikely that China would even need to try to take the islands by force.

\textsuperscript{42} The unequal wealth dynamic was analyzed in Segal, Gerald. “The Coming Confrontation between China and Japan” \textit{World Policy Journal}, Pg. 27. The ethnic tensions in border regions was added into the argument in Swantrom, Niklas “China and Central Asia: A New Great Game or Traditional Vassal Relations?” \textit{Journal of Contemporary China}, no. 45 (2005).
In the Xinjiang region, there exists a relatively large ethnic group known as the Uyghurs. The Uyghurs are a group of Turkic Muslims spread out amongst different Central Asian nations. Similar to the Kurds in the Middle East, they possess no official nation of their own. The majority of The Uyghur population reside in the Xinjiang region of China; a population estimated at approximately ten million. The surrounding states of Kazakhstan, Kyrgyzstan, and Uzbekistan also possess various amounts of Uyghurs; approximately three hundred thousand within their borders.

The Uyghurs have been seeking full autonomy and have conducted terrorist activities in Xinjiang and surrounding regions in Central Asia since the 1990’s. Most of the Uyghur dispute rests with their total opposition to the large scale Han Chinese migration after oil was discovered in the region. Uyghur locals have accused the PRC government of deliberately sponsoring this large scale migration in an attempt to change the cultural demographic of Xinjiang in their favor; a claim the PRC adamantly denies43.

The chance for fractionalization has recently decreased as it seems the Chinese government is acutely aware of the population in Xinjiang that feels little national Chinese identity. China has gone to considerable lengths to try to economically integrate the region with the rest of China. Adherents to the Liberalist tradition feel that economic integration and international organizations are working to gradually reverse the ethnic friction in the region.

This argument is described in depth in Case study 4. The conclusions and future outlook of these efforts will be made there.

All in all, these theories do not paint an adequate picture of China’s regional goals or strategies; therefore they are not useful in analyzing how China can solve some of its most serious concerns.

2.3 The “China is Not a Threat” Theories

As of the writing of this thesis, Liberalism has overtaken Realism as the dominant theoretical framework on the subject of China’s rise, in terms of popularity. That is not written to marginalize the efforts of Realism. Those theories are time tested and diverse. However, Realism has lost ground to Liberalism simply for the observation that the rise of China has played out differently than the rise of Britain, France, the United States, Nazi Germany, and the Soviet Union. Due to the fact that China has proved to be dissimilar, the results of state’s actions are equally dissimilar. None of the aforementioned list of countries has ever contained as much historical depth as China. Additionally, China’s re-emergence is coming in the era of power multi-polarity which again, limits Realism’s effectiveness. With those two observations in mind, Liberalism’s arguments have generally been more academically accepted than Realism when used to rationalize or predict China’s behavior.\textsuperscript{44} At this point, China seems more motivated by

\textsuperscript{44} Freeman, Chas. "China’s Challenge to America's Hegemony." Middle East Policy Control. http://www.mepc.org/articles-commentary/speeches/chinas-challenge-american-hegemony?print. Freeman emphasizes that China cannot be analyzed in the same context as other recent historical rising powers because China is not a recent rising historical power. China has many times achieved the status of greatest power numerous times throughout its long and storied history.
economic growth and development, than it is to expanding its military power, influence, or territory.

The Liberal framework was applied to analyze the rise of China just as early as the Realist framework; just after the fall of the Soviet Union. However, even though both frameworks were used at almost the same time; both predicted the polar opposite conclusion from one another. This is because, Liberalism does not analyze international relations based solely on power or the balance of power; but of cooperation, economic incentive, and integration.

The three most dominant of these theories, by far, are economic integration, international organizations, and democratization. These theories will also be analyzed individually to help accentuate the theoretic basis of the thesis.

Economic Integration

Easily, one of the strongest of Liberalism’s three pillars [economic integration, international organizations, and democratization]. Economic integration theorizes that increased trade and economic integration creates mutual cooperation, stability, and peace between states that partake in those activities. The reason is that these nations would now have economic incentives in place to remain at peace. Any belligerent act or warlike act taken by one state against the other; or against the will of the other state, will result in the loss of these economic
ties and gains. Most of these economic ties, regarding China specifically, are worth much more than any land obtained through forceful means\textsuperscript{45}.

Thus, most Liberals were optimistic that China would follow a peaceful rise and that rise would be economically beneficial to the region. The rationale was not based on China’s past military actions, but based on China’s utilization of the Japanese economic model previously used to great success by Taiwan, Singapore, Hong Kong, and South Korea\textsuperscript{46}. It was easy to make this comparison. China shares many of the same components thought vital to both Taiwan’s and South Korea’s economic miracle. Firstly, all possessed a population, of varying degrees, instilled with Confucius tenets which focused on meritocracy and populations willing to work hard for the greater good for all; as opposed to personal gain. Secondly, Taiwan and South Korea in particular, also had an authoritarian government that were successfully able to initiate the land reforms necessary for industrialization to occur. Similar to events that ended Feudalism in Western Europe in the 18\textsuperscript{th} century, the land reforms performed had an additional effect of eroding entrenched social elite classes that were acting as a hindrance to economic development\textsuperscript{47}. This economic model was, initially, a centrally planned, export oriented model designed to generate a surplus. China has all those in common with the other economically successful Asian tiger nations. Liberal theories then theorized that the eventual conclusion


\textsuperscript{46} For detailed information on the economic model used by Taiwan, Singapore, Hong Kong, and South Korea, see Ezra Vogel “The Four Little Dragons: Industrialization in East Asia” New York: \textit{Cambridge University Press}. 1991

\textsuperscript{47} Overholt, William H. \textit{China: The Next Economic Superpower...} Overholt’s predictions on a peaceful rise of China are clear but observations are sometimes vague and claims are generally unsubstantiated; such as a claim that China’s economic reforms have “benefitted all major social groups in China” (Pg. 50).
would also ring true. Economic development, in the case of Taiwan and South Korea, eventually led towards democratization. It was assumed that if China followed the same path, a similar outcome would occur.

In either case, Liberals have taken the opportunity to use their framework to explain why conflict has not yet occurred. Applying the Liberal framework to China reveals that China does indeed have major incentives to maintain peaceful relations. Out of the theories listed in the previous section, the greatest threat to regional and global security would be a conflict between China and the United States, China and Japan, or China and its northwest frontier respectively.

Appendix A illustrates the volume of trade between US and China and will be analyzed first. In 1985, China exported $3,871.70 million dollars’ worth of trade into the United States; or $321.80 million dollars every month. In just half of a year, from January – July 2013, China exported $241,606.30 million dollars’ worth of trade into the US; or approximately $34,515.19 million dollars a month.

This is a strong incentive to entice China to remain at peace. In fact, Liberals say that this alone gives China close to 483,212.60 million reasons to maintain peaceful relations with the

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48 While Taiwan is considered to have mostly free elections, the ruling party still maintains a sizable advantage. For more information, see: Baum, Julian, & Van Der Wees, Gerrit. The Diplomat. "Taiwan’s Imperfect Democracy." Last modified February 2012. http://thediplomat.com/2012/02/07/taiwan’s-imperfect-democracy/. However, there is no doubt that the island is in fact is experiencing increasing democratization.

49 It is noted that Singapore has not democratized as Liberal theory would predict. However, the nation is not considered a threat to security regardless which is why Liberals claim the peaceful rise theory still applies.

50 Statistics from 1985 and 2013 were retrieved from the foreign trade page of the US Census Bureau <http://www.census.gov/foreign-trade/balance/>. Monthly averages were calculated by author; who notes that averages were calculated using rounded numbers and as such, are to be considered approximate numbers.
United States. In response to realist theories, China stands to lose an extraordinary sum of income should it find itself valuing hegemony over economic stability and development. At this juncture, this seems extremely unlikely. Trade between the US and China has increased by a factor of 127 (see Appendix A).

Appendix B illustrates the volume of trade between China and Japan, and unsurprisingly, it shows a similar trend. In 1999, China exported $42.84 billion dollars USD to Japan. China exported approximately $91.29 billion USD to Japan in 2012. China is Japan’s largest importer and conversely, Japan is China’s fourth largest importer behind the United States, the EU, and ASEAN nations. As such, China has one incentive to keep peaceful relations with Japan. The other is another economic dynamic. Simply, China possesses resources (natural and manpower) that Japan needs; Japan has the technology, capital, and human skills China needs in order to develop its economy. Both nations share mutual interests to proceed with economic integration.

This is, despite the fact that the two nations share currently unresolved historical and political tensions. Again, economic integration is working to keep the two nations in a state of cooperation; and not conflict. Furthermore, cooperation built from the trade relations can also be

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51 Statistics taken from World Trade Organization’s trade by region; located here: <https://www.wto.org/english/res_e/statis_e/tradebyregion_e.htm>. For more information of the trade dynamic between Japan and China, see Japan External Trade Organization (JETRO) at <http://www.jetro.go.jp/en/news/releases/20130219452-news>, and at Global Times located at <http://www.globaltimes.cn/content/734634.shtml>. All show that two years of decreased trade can be attributed to the economic recession of 2008 and not an increase in economic tensions between the two nations. Analysts expect trade to reach previous levels in 2014.

summoned to help deal with other pressing problems in other areas such as border security. It is clear that economic integration is a vital piece of China’s regional strategy.

The last way that it was proposed that China could threaten the region was a defragmentation of China’s northwest frontier region of Xinjiang. This area is rich in natural resources and has recently been discovered to contain oil. The government of China, spurned into action over fears of losing influence there, started implementing an economic strategy aimed towards developing the region (Covered in detail in the second case study). In efforts to achieve this, Beijing has created special economic zones, subsidized many of the region’s farmers, and overhauled the repressive tax codes. The Chinese government then initiated the Tarim Basin project which was created to increase agricultural output in the Xinjiang region. The government then spent large sums of money on massive infrastructure projects including the Tarim desert highway and a rail link connecting Eastern China to Xinjiang. All of these were designed to integrate Xinjiang closer to Beijing. This was done to alleviate some of the massive wealth disparity felt by the resident in Xinjiang to Eastern China; as well as feelings by ethnic minorities who did not feel ethnically ‘Chinese’. We will turn again to this shortly.

53 For an overview of the economic development of the Xinjiang region, Toops, Stanley’ “Demographics and Development in Xinjiang After 1949” East-West Center Washington Working Papers. no. 1 (2004): 1-40.. For more information of the economic development, see Bhattacharji, Preeti. Council on Foreign Relations. “Uighurs and China’s Xinjiang Region.” Last Modified May 2012. http://www.cfr.org/china/uighurs-chinas-xinjiang-region/p16870. This particular source emphasizes that the PRC is doing this to maintain control of the region. For the purposes of this analysis, no distinction is needed regarding the whether the economic development was out of pure benevolence on behalf of the Chinese government or whether it was calculated in order to prevent a succession. See also: Wong, Edward. The New York Times. “China Announces Development Plan for Restive Xinjiang Region.” Last modified May 2010. http://www.nytimes.com/2010/05/29/world/asia/29china.html?_r=0.
International Organizations

The second major component that Liberals use to help explain China’s peaceful rise is through the use of international organizations (IOs). To reiterate, International organizations serve a multitude of functions including: improving communication between nations; reducing uncertainty experienced by nations regarding actions taken by another nation; increases capacity for states to create binding agreements and commitments to one other thereby increasing reciprocity and cooperation; and international organizations also help reduce effects of global anarchy\textsuperscript{54}. The level of cooperation and trust would not be attainable without international organizations.

International organizations have various forms; the most important of these, for the purposes of this thesis are international government organizations (IGO’s) and nongovernment organizations (NGO’s). China, over the years has increasingly integrated itself into the international community through international organizations. For instance, in 1977, China belonged to only twenty-one international government organizations; almost all of them were designed to keep China in the Soviet Bloc. As of this writing, China currently belongs to fifty-two international government organizations\textsuperscript{55}. In 1977, China belonged to virtually no independent nongovernment organizations (NGO’s). Even in the 1990’s there was only a


\textsuperscript{55} Friedberg “The Future of US-China Relations” pg 14.
handful which had developed. However, since then, the amount of NGO’s has grown very rapidly and is no longer a “small circle” of people situated on the peripheral of mainstream society. It is estimated that around one-thousand-one-hundred-and-sixty-three NGO’s currently operate in the country. International Organizations has also proved to be a vital part of China’s regional strategy.

China is currently a member of some very influential international organizations. These are used to further China’s political and economic goals; and to do so in a way which does not incite a global fear of a growing China. For example, the Asia-Pacific Economic Cooperation (APEC) is a multifaceted organization that handles multitudes of international concerns. For example, the organization attempts to promote sustainable agricultural practices in its twenty-one member nations. It also addresses issues such as government corruption, free trade amongst member nations, the development and distribution of advanced technology between member nations, and to regulate food and product standards between member nations.

The Association of Southeast Asian Nations (ASEAN) is another important international organization that is used to promote better contact and understanding between Asian nations. Originally, ASEAN consisted of ten Asian nations: Brunei, Thailand, Malaysia, Philippines,

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56 The term “small circle” was borrowed from the NGO Chinese Directory. The directory took great effort to catalog all of the NGO’s currently operating in China. See Sheih, Shawn, and Brown, Amanda. “Mapping China’s Public Interest NGO’s” A China Development Brief Publication, 2013.

57 Ibid. Pg 14. Author notes that this is an approximate value. Many of the NGO’s working in China operates in a much different way than do Western ones. Many still remain unregistered and are hard to account for.

58 For more information on APEC and more specifically, China’s use of IO’s (such as APEC) to implement its “Good Neighbor” strategy, see Chung, Chien-Peng. China’s Multilateral Cooperation in Asia and the Pacific., New York: Routledge. 2010.
Laos, Cambodia, Myanmar, Vietnam, Indonesia, and Singapore. Officially, China joined the ASEAN +3 when ASEAN expanded its membership after the Asian Financial crisis of the 1990’s. ASEAN consulted closely with South Korea, Japan, and China and this continued well after the crisis. This organization deals with communication and trade among its member nations. Its goal is to generate better communication and better understanding.59

Additionally, the ASEAN regional forum (ARF) was created in 1993 to address security issues in the region. The goal of ARF is to foster constructive dialogue, cooperation, and consultation on political and security issues in the region. Furthermore, ARF contributes to increase confidence building between nations and preventative diplomacy in the cases that tensions start running high.60

Not only has China been joining international organizations which help to promote peaceful relations by removing tangible barriers as well as intangible barriers; it has been creating organizations that provide vital services to the region; such as economic integration and joint security. The best known example of a Chinese founded organization is the Shanghai Five; which eventually became known as the Shanghai Cooperation Organization (SCO). The Shanghai Five comprised of China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan. The original goal of the Shanghai Five was to ease tensions between China and Russia and to demilitarize their joint border.61 Uzbekistan joined in 2001 and the Shanghai Five was renamed

59 Ibid pg 72-87.

60 Ibid pg 42-55. Source is very good at explaining both the function of the IO and China’s relationship with each individual one.

the Shanghai Cooperation Organization (SCO). Mongolia was added as an observer state in 2004 and Iran, Pakistan, and India achieved observer status in 2005\(^62\).

Today, the SCO has been described as a functional regional version of NATO; a security organization with goals of being a bulwark to aggression, should it occur. Until this comes to fruition, the SCO serves as an effective forum for member states to discuss trade, energy cooperation, and security issues.

Central Asian states are some of the most energy rich nations in the world. The region, as a whole, contains over twenty percent of known oil deposits and over 45 percent the known natural gas deposits\(^63\). Counter terrorism and drug trafficking have traditionally been hot topics as member states are all inflicted with them in some form or another\(^64\). The counter terrorism, security, drug trafficking aspect, and resource aspect of these organizations will be discussed further in the case study in chapter 4.

Another important international organization regarding regional security has been the Nuclear Proliferation Treaty. China is a nuclear power and suspicious regarding the nation’s intentions was very high\(^65\). By ratifying the Nuclear Non-Proliferation Treaty, in conjunction

\(^{62}\) Ibid. Para 3.

\(^{63}\) Ibid. Para 5-7.

\(^{64}\) Ibid. Para 3-4. It should be noted that the SCO would become a much more cohesive organization once internal divisions between member states are resolved. For instance, China advocates for free decision making by the other Central Asian states; Russia does not. This dynamic was demonstrated when Moscow partitioned for unconditional support of member states during its attack on Georgia. Russia, predictably, did not receive support from SCO membership.

\(^{65}\) correlation made is admittedly overly simplistic. Beijing built its nuclear arsenal at a time when it feared nuclear retaliation from the US after the Korean War and amidst a tense standoff with the Soviet Union. What is important
with previous efforts such as the Comprehensive Nuclear Test Ban Treaty (CTBT), and subsequent efforts such as the International Atomic Energy Agency (IAEA) additional protocols showed that China was ready to trade nuclear deterrence to assure the international community that China was ready to join the international community.66

This theory generally holds up well when analyzed. Economic integration and international organizations have increased friendly relations between China and Central Asian states. China is being considered a ‘good neighbor’ by the international community, and much of that community view China in a positive light; a stark difference from twenty years ago. The economic and political partnership between China and Kazakhstan is growing into one of the most important in the world. Again, the biggest weakness in the theory is the China-Japan diplomatic complications. With further integration, this should not be occurring, according to the Liberalist framework.

**Democratization**

The theory behind this is that Liberals predict that the movement towards democracy will be closely interlinked with increases in economic development. China is already showing increases and movement towards higher per capita economic growth. This will lead to the growth of a stronger middle class. Increased income frees people from having to concentrate

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66 It was not mentioned that the IAEA additional protocols was an expansion which allowed for inspections of nuclear facilities to ensure that the facilities themselves contained the appropriate safeguards. For information regarding China’s nuclear capabilities, see the Nuclear Threat Initiative’s (NTI) overview at <http://www.nti.org/country-profiles/china/>.
their existence solely on survival; thus, can reallocate this effort on personal well-being and perhaps political interests\(^{67}\).

China is not yet a democracy. The ruling Communist party is in fact legitimizing itself with promises of steady economic growth and increased wealth for all of China. That being said, China appears to be making small strides towards a more democratic outlook. While this does not include the implementation of elections, it does include a relaxation of a few unfavorable laws; which does increase individual freedom; if only slightly. It also demonstrates a willingness by China to look into and work to reverse its record on human rights abuses; which is also bound to be looked upon favorably by the international community. China has recently announced that it plan to relax its highly contentious one child policy as well as its forced labor camps\(^{68}\).

The government plans to review plans to start closing “education through labor” camps set up in the Mao Zedong era. These camps house hundreds and thousands of accused criminals, thieves, prostitutes, drug users, etc. many of whom were imprisoned without a trial\(^{69}\). The international community have long accused the Chinese government of misusing the camps to send political dissidents and others critical of the ruling party\(^{70}\). Should this policy pass, this


\(^{69}\) Ibid

\(^{70}\) Ibid
could indeed be considered a small step towards democratization; though China would still have a long ways to go before it could be considered a democratic country.

Other steps in the right direction involve the decrease in crimes that would be considered worthy of the death penalty; and new leader Xi Jinping’s crusade to arrest corrupt members of government who he sees as “ruining the country”\textsuperscript{71}. Many of these events are too recent for in-depth literary review but they do demonstrate China’s willingness to prove that it can become a good standing member of the international community. But as it currently stands, economic liberalization has remained far ahead of the almost non-existent political liberalization in China.

2.4 The Constructivist Argument

As previously mentioned, the theoretical debate regarding China’s rise and regional strategy has traditionally been influenced by either Realism or Liberalism theories. Both provide valuable insights, but both frameworks tend to marginalize the importance of ideational factors such as local and global, norms, values, and identities. These norms, values, and identities should not be marginalized when analyzing the effects they have on influencing the decisions of policy makers. It is precisely these theoretical limitations which have influenced the growth and popularity of theoretical perspectives such as Constructivism.

Constructivism differs from Realism and Liberalism in that this perspective sees international politics as a world of our own doing. What this means is that norms, ideas, beliefs, and values shape the social identities of political actors, which also influences their actions.\textsuperscript{72}

Generally, Constructivists see state actions as a result of its particular identity. Furthermore, that individual identity is the basis for state interests.\textsuperscript{73} Material interests only require human action through the structure of which this knowledge is embedded.\textsuperscript{74} In this sense, Constructivism helps explain how states choose their values and preferences; which help explain the subsequent behavior. It also explains where these preferences come from. Realism and Liberalism do not attempt to explain this dynamic as both frameworks concentrate on how states pursue their goals, through an approach based on a simple cost-benefit analysis of perceived actions.\textsuperscript{75}

Although few Constructivists have applied the theoretical lens on China’s regional strategy, it can be stated that Constructivists are located in the middle of the debate and can see China as either as a threat or as a regional boon depending on the values, ideas, and norms one analyzes.\textsuperscript{76}

\textsuperscript{72} Liu, Qianqian. "China’s Rise and Regional Strategy: Power, Interdependence and Identity...." Page 86.  
\textsuperscript{75} Liu, Qianqian.. "China’s Rise and Regional Strategy: Power, Interdependence and Identity."... Page 86.  
\textsuperscript{76} It is noted that Constructivists who view China as a regional or global threat are in the minority.
According to Constructivists, China’s rise should be considered different than the rise of all other previous examples for the following reasons. Unlike the United States and Soviet Union, China no longer has an ideology to export. Unlike the United States, China no longer displays power projection or military intervention beyond its immediate frontiers. China also has no entangling alliances or bases abroad. Unlike Nazi Germany, China has no belief in social Darwinism or imperative of territorial expansion to act upon. Unlike early France and Britain, China lacks feelings of superiority in which military conquest was used to glorify war as a measure of success. In addition, China does not possess overseas colonies or ideological dependencies in which it must protect. Unlike the Soviet Union, China is not excluded from contemporary global governance and possesses no satellite states in which it must supervise, subsidize, or control\textsuperscript{77}.

According to Constructivists, while China was under Soviet rule, the international organizations it was permitted to enter generally only served to keep China within the orbit of the Soviet Union. It was only natural that China was suspicious of the use of international organizations upon the dissolution of the Soviet Union. Up until this point in time, China viewed international organizations as a way in which foreign states could use to challenge China’s sovereignty or to limit China’s strategic choices\textsuperscript{78}. To reflect this mistrust of organizations, China played only a passive role in these organizations during the late and mid 1990’s.

\textsuperscript{77} Freeman, Chas. Middle East Policy Control. "China' Challenge to America's Hegemony." \texttt{http://www.mepc.org/articles-commentary/speeches/chinas-challenge-american-hegemony?print}.

\textsuperscript{78} Liu, Qianqian. "China’s Rise and Regional Strategy: Power, Interdependence and Identity." ... Page 88.
After passively participating in these organizations for several years, China’s perception of these organizations began to change. China began to see these institutions and regional cooperation as a valuable diplomatic way to advance its own foreign policy agenda. The general success of these institutions fundamentally shifted China’s perception of them. China’s altered view, from mistrust to confidence; of international organizations helps explain China’s newfound zeal towards regional cooperation and international and regional organizations. 

The Asian Financial Crisis also worked to strengthen a regional identity in the post-crisis era. Many nations that adopted neoliberal economic approaches at the behest of Western developed nations were some of the hardest hit nations as a result of the financial crisis. The Chinese government adopted the notion that the region has, essentially, a shared identity. Arguing further, Constructivists state that the Chinese government saw it as imperative that it pursue a regional approach to deal with any other crises which could happen in the future. In other words, China began to express the notion that it would be unwise for Asian nations to continue to rely solely on foreign plans which had only led to disastrous results for the region.

2.5 Theoretical Conclusion

The last section should have established that it is generally well accepted that China is utilizing a peaceful rise strategy. This is being done through economic integration, international organizations, and the use of their ‘good neighbor’ identity. With that established, we can move to how China can use these strategies to help problems that have long been plaguing the region.

79 Ibid page 88-89.
The question posed last chapter are reiterated:

* What approaches should China take in order to address its border security concerns?

* What approaches should China take in order to effectively deal with criminal activity occurring within and around its foreign ports and projects.

* What approaches should China take in order to effectively deal with the problems caused by Islamic fundamentalism and Islamic nationalism within its borders?

* How should China deal with its own economic and strategic vulnerabilities?

* Specifically, how would diplomacy and regional cooperation benefit both China, and Central Asia?

It should be noted that all these questions have one thing in common: they are all issues that contain elements which exist outside of China’s sovereign borders or jurisdiction. So what is the best way to solve these issues?

It is argued that observational data shows that when China takes a multilateral approach to an existing transnational issue, the nation achieves the greatest and most favorable results. Unilateral approaches based on force often deals only with the result of a culmination of numerous smaller problems; and not the underlying issues which greatly contribute to the problem.

The dependent variable in this case is achieving the most effective solution to a problem associated with border security, economic dependence, transnational crime, separatism,
terrorism, or radicalized religion. The phrase ‘most effective’ means an observational reduction in the amount of occurrence, a reduction in scale, and whether it achieves intended results without manufacturing unintended results; which may lead to other serious problems. The independent variable is a policy or action, directed at a transnational issue, by a government or international organization for which the nation is a member.

By the end of the case studies, a strong correlation should be established that the best way for China to deal with its transnational problems is to enact policies which are multilateral in nature. Successful policy must also incorporate, and be mindful of, the efforts and identities of China’s regional neighbors.
Chapter 3: The Malacca Strait Case Study

“Whoever controls the Straits of Malacca has the ability to heavily disrupt a vital energy corridor to China”
- Robert Potter

“At approximately 500 miles long the Malacca Strait is the longest strait in the world that is used for international navigation.” – Geoff Wade

3.1 Overview

This first case study focuses on the Strait of Malacca. This heavily utilized transportation waterway is perceived by many to have a strong potential to ignite to regional, or worse, global warfare. China’s issues stem from the fact that close to 80% of China’s oil imports from the Middle East are transported through the Strait of Malacca. China sees this dependency as a strategic weakness as any powerful nation could conceivably cripple China’s production capacity simply by delaying or preventing the passage of China’s oil through the strait.

China is not the only nation dependent on the Malacca Strait, this waterway is also heavily utilized by Japan, Korea, India, Malaysia, Singapore, Thailand, Indonesia, Philippines, Australia, and New Zealand.

Yet, despite the fact that the strait is of vital importance to China’s economic wellbeing, the nation has taken the first step to ease international concerns of a militarily assertive China. At the same time, China has found another way to address its own perceived strategic vulnerabilities; as well as assist to reduce regional crime by forming multilateral policy which incorporate its own efforts with those of Central Asian and littoral nations. It will be demonstrated that policies developed on mutual cooperation, information sharing, and economic integration between the countries has proven to have been more of an effective way to, firstly,
tackle China’s need for energy diversification. In addition to energy diversification, regional economic development in the ports and connected cities has been effective in reducing crime and the numbers of possible recruits available to radical Islamic organizations found throughout the areas influenced economically by the transportation industry through the Malaccan Strait.

This case study demonstrates that cooperation and integration with Central Asian and Littoral states has been more effective in dealing with China’s strategic vulnerabilities and regional transnational issues. For example, China’s first response to modernize and greatly expand its naval power in order to protect its economic interests was met with both international fear and scrutiny. Greater shows of force alone were altogether not sufficient to decrease regional crime, such as piracy. Strategies developed and based around the notion of protecting one nation’s own regional interests while simultaneously focused strictly on upholding national sovereignty also failed to properly address the crime which is transnational in nature; thus extremely difficult for nations, acting unilaterally, to be able to properly combat. This dynamic will be analyzed in this case study.

While still far from completion, China’s new role and financial interest in the region is arguably more beneficial in the long term, in that China can finally bring an element of stability, through its leadership and sizable investment, within and around the region. China should then be able to ramp down its heavy presence in the Malaccan region accordingly. It is also argued that both littoral and regional states that also utilize the Straits for transportation have begun to notice that their strategic and economic interests are also served through this strategy.
This case study will begin with the global importance of the strait; then analyze China’s reliance on the strait; followed by an analysis of the transnational issues found in the Strait and surrounding regions; and finally offer an outlook based on the assumption that these policies remain in place or expanded upon.

3.2 The Importance of the Malaccan Strait

The Malaccan Strait is the one of the most important trade routes in the world. The Malaccan Straits are an East-West waterway that connects the Indian Ocean first to the South China Sea and then, to the Pacific Ocean. The straits serve as the shortest available sea route that connects African and Middle Eastern energy suppliers to the growing East Asian markets of China, Japan, South Korea, Indonesia, Thailand, Singapore, and other Pacific Rim nations.81

As of the writing of this thesis, the most current data available states that 15.2 million barrels of crude oil are transported through the Malacca strait on a daily basis.82 To put this in perspective, anywhere from two hundred to three hundred large ships pass through the straights every day. This would calculate to approximately seventy-two thousand to one-hundred-and-eight thousand ships every year.83 Ninety percent of the ships transporting energy products are transporting crude oil; the other ten percent generally transport liquid natural gas.84

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83 Estimates were calculated by the author using statistics from the US Energy Information Agency 2011 report.

Approximately eighty percent of all China’s, Japan’s, and South Korea’s imported oil are shipped through the Malacca Strait.

As of 2012, when the total amount of the energy trade is added to the rest of the trade goods shipped through the straits, approximately forty percent of all seaborne trade passes through the Malacca Strait.\(^85\)

It has now been established that the waterway is home to considerable naval traffic; and perhaps, even more telling are the actual dimensions of the Malacca Strait. The Malacca Strait runs approximately 500 miles (805 km) from one end to the other.

The Phillips Channel; located due south of Singapore is situated near the Eastern-most end of the Strait which leads into the South China Sea. This channel is only 1.5 nautical miles (2.8 km) across and only 82 feet (25 meters) deep, which makes the channel an important economic and strategic traffic choke point.\(^86\)

Despite of the physical limitations of the waterway due to its shallow depth and narrow width in some places, it remains a heavily navigated waterway. The statistics listed in [Appendix C] demonstrate that the Malacca Strait has averaged and accommodated


approximately a 3% increase in traffic every year; averaging around 30% increase in traffic every ten years. With the economies of China and Indonesia growing at such a fast pace; it is predicted that there will be a corresponding increase in both the demand for imported oil and gas, and in seaborne traffic directed through the Malaccan Straits.\(^{87}\)

Due to the shallowness of the Phillips Channel, very large oil tankers are forced to bypass the Malacca Strait and instead, are rerouted around the Indonesian peninsula to either the Sunda or Lombok Straits [See Appendix D]. This adds an additional voyage time, from the Indian Ocean, of at least 1.5 and 3 days respectively. On top of the additional time these trips cause, additional costs are also incurred as a result of the extra fuel and labor; and constant utilization of these alternative routes easily end up costing the Asian nations that use them in the millions of dollars.\(^{88}\)

For example, the typical sea voyage from Rastanurah (a port in the Arabian Gulf) to Yokohama, Japan would be approximately six-thousand-and-six-hundred nautical miles. A deviation from the Malaccan straits to the Lombok Straits would add approximately one-thousand nautical miles to the trip. In monetary terms, that would add an additional cost estimated between eighty-four to two-hundred-and-fifty billion dollars a year.\(^{89}\) To reiterate, large tankers too heavy to traverse the narrow Strait of Malacca are routed through the Lombok

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\(^{87}\) Evers “Strategic Importance of the Strait of Malacca” page 4-5.

\(^{88}\) Evers, "Strategic Importance of the Straits of Malacca." page 4

strait because the channel is wide and deep enough to accommodate them passage. Lombok is generally free of navigational hazards.

With the exception of the nations of Australia and New Zealand (located in a close enough geographical proximity to find their use advantageous), it isn’t solely the additional costs incurred which make these alternative sea routes less desirable to Asian nations than the Strait of Malacca. Though the dimensions of the Malacca Strait make navigation difficult, the waterway is divided into lanes separating ships depending on their direction of travel. Markers are in place to ensure turns are taken properly. The Straits are also heavily monitored by cameras, radio communication, and is patrolled by Malaysian, Indonesian, and Singaporean authorities\(^\text{90}\).

Well established navigation and safety measures currently equipped along the Malaccan Strait are not currently in place in the alternative sea routes. The Sundra Strait in particular, a much wider and deeper waterway, yet is not as convenient to traverse due to the presence of strong tidal flows; dangerous and constantly changing sandbank formations along the waterway; a live volcano; poor visibility during squalls; and the existence of numerous oil drilling platforms and numerous small islands and reefs. All of these hazards make navigation more dangerous; and are hazards that are not present in the Malacca Strait\(^\text{91}\).

\(^{90}\) For more information concerning the geospatial properties of the landscape or security measures currently in place to ensure safe passage through the Malacca Strait, please see: (n.a). National Geospatial-Intelligence Agency. "Strait of Malacca and Sumatera." Last modified July 2014. http://msi.nga.mil/MSISiteContent/StaticFiles/NAV_PUBS/SD/Pub174/Pub174bk.pdf.

\(^{91}\) For more detailed information involving the hazards present in the alternate sea routes, please see bin Mohd Rusli, Mohd Hamzi. The Jakarta Post. "Maritime highways of Southeast Asia: Alternative straits?."…
3.3 China’s reliance on the Malacca Strait

We have established that the Straits of Malacca are an extremely important sea transportation route. At least, ten nations are absolutely dependent on the Strait as it is the shortest and most cost effective way to connect from the Indian Ocean to the East China Sea and Pacific Ocean; and vice versa. With that in mind, how important is this area in regards to China and its interests?

Consider this first: since 1978, China has gradually shifted from net oil exporter to net oil importer. China’s economy has grown so much in that time; that it is not surprising that there exists an equal rise in the dependence of offshore energy resources\(^\text{92}\). This is true not just of oil, but of natural gas, metals, and minerals as well.

China’s dependence on foreign energy sources is increasing every year as long as China’s economy maintains its current rate of growth and continues to rapidly develop. The scope of the Malaccan problem, from China’s perspective, is put in context when one considers where much of these imports originate.

To illustrate the scope of the problem in context, it seems necessary to perform a side by side comparison of the two largest oil importers in the world (as of the time of this writing), The United States and China. China has actually surpassed the United States as the world’s largest oil importer as of September of 2013. The United States, however, still uses more oil per

capita\textsuperscript{93}. Both nations are heavily dependent on foreign oil. Both have been criticized by the media as having an ‘addiction’ to Middle Eastern oil\textsuperscript{94}. This reference is used to denote that the two nations are still reliant on Middle Eastern oil. Exactly how accurate is this claim?

Despite the United States’ high volume of oil imports, the US is still a major producer of oil. America is able to meet approximately 38.8\% of its domestic demand. However, America’s oil production is not large enough to meet the huge domestic demand for oil. Thus, America is dependent on foreign oil, and must import it, in order to meet its demand.

As of 2012 (most current data available), an estimated 19.6\% of this oil is imported from Latin America. An estimated 15.1\% of this oil is imported from Canada (though this will change as technology is developed to cheaply extract oil from Canada’s vast deposits of oil sands). This means approximately 73.5\% of America’s oil either come from domestic production; or from sources in the Western Hemisphere. The same year, America imported an estimated 10.3\% of their oil from African nations, which leaves approximately 12.9\% of oil imports originating from the Middle East. [see Appendix E].

These statistics are telling for a couple reasons. Firstly, as stated previously, the Middle East exports approximately 12.9\% of the oil consumed by the United States. This amount is still a sizable number, comparatively speaking; however, it is relatively small amount when compared to the diversity of America’s oil importers. It may also be likely that the amount of oil


\textsuperscript{94} ‘addiction’ to Middle Eastern oil is media parlance referring to the fact that nations have not developed alternative energy because Middle Eastern oil has generally been an incredibly cheap and available source of energy.
America actually imports from the Middle East (compared to alternative sources) has been slightly exaggerated by the media.\footnote{Flintoff, Corey. National Public Radio. "Where Does America Get Oil? You May Be Surprised." Last modified April 2012. http://www.npr.org/2012/04/11/150444802/where-does-america-get-oil-you-may-be-surprised. Author is solely reporting on the sources of the oil. It is beyond the scope of this article to provide commentary on the types of regimes active in a number of the nations which imports oil to US.}

China, by comparison, has officially surpassed Iran as the fourth largest producer of oil.\footnote{(n.a). People’s Daily Online. "China's oil production ranks 4th in world, only meets half domestic demand." (n.d). http://english.peopledaily.com.cn/90001/90778/90860/6891500.html.} Like The United States, this production is not near enough to satisfy the volume of oil demanded. So, like the United States, it must import foreign oil to satisfy demand. While domestic production has been steadily increasing each year, as of 2012, Chinese domestic production only satisfies approximately 44% of its current demand.\footnote{Statistic obtained from the US Energy Information Agency <http://www.eia.gov/countries/cab.cfm?fips=CH> 2011 statistics are the most current available.}

In terms of a percentage of its imports, China imports approximately 51% of its total imported oil from the Middle East. Saudi Arabia and Iran are two of China’s largest importers of oil. China also imports approximately 24% of its oil from Africa. 16% of China’s oil imports come from Russia and other Central Asian nations (though this is changing). [see Appendix F].

As of 2011, China’s demand for oil was approximately 9.82 million barrels per day (bbl/d). To meet demand, China has to import 56% of its total oil consumption; or 5.42 million bbl/d. 75% of China’s imported oil comes from either the Middle East or Africa.\footnote{Ibid} This makes China much more dependent on Middle Eastern or African oil than the United States.
What is even more telling about this is that 90% of this previously mentioned imported oil is shipped through the Strait of Malacca. It is not an exaggeration to suggest that China is dependent on both Middle Eastern oil and the Strait of Malacca.

Part of China’s self-perceived strategic weakness remains the fact that China remains heavily dependent on a waterway that they do not directly control. Part of China’s economic survival is based on taking measures to ensure uninterrupted passage through the Strait. This cannot be accomplished through force alone. China can certainly expect an international backlash in response to any large scale build-up or modernization of China’s naval force or capabilities; even if the path was sought only to protect its vast economic interests [see next section]. China’s leaders are acutely aware of China’s over-reliance on the Strait. They know that if any major power were to disrupt passage through the narrow Strait, they could effectively disrupt and cripple China’s economy by disrupting their production.

A more effective strategy would be to diversify; create new energy markets while simultaneously creating new avenues of energy transportation. This will be analyzed below.

3.4 Transnational Issues Involving the Strait of Malacca

The United States maintains a heavy naval presence in the region. This presence is not economic in nature per se; but of a stated desire to ensure regional stability by maintaining secure shipping lanes. The United States has maintained that the Malaccan Straits are of vital international significance for more than just legal, economic, and political issues; such as sovereignty and territorial claims.
The ports located throughout and around the Straits are some of the busiest in the world. A sizable number of these ports are not adequately monitored and do not possess a strong security infrastructure. These ports are located within many of the region’s poorer nations. A weak security presence in addition to large numbers of out of work or underpaid workers allows for the penetration of activities which are criminal or radical in nature into the ports. For example, piracy, smuggling, and armed robbery are notorious occurrences in and around the Strait’s ports.

As an occurrence, any of these has the ability to disrupt trade, causing regional chaos. This is the pretense used by the US; which maintains its constant presence to ensure stability. While the littoral states of Malaysia, Singapore, and Indonesia have increased preventative measures for these issues, each nation can only be as effective as their economic standing, material capability, or strength of government will and resolve allows them to be.

Of the many issues localized in the region, piracy and armed robbery have been given the most attention. The security of the Strait is of vital importance to both global trade and the socio-economies of the coastal states. The highly trafficked route combined with geography cluttered with thousands of small islands makes piracy and armed robbery a tempting and lucrative endeavor.

The International Chamber of Commerce’s International Maritime Bureau (IMB) defines piracy as an “act of boarding or attempting to board any ship with the intent to commit theft or any other crime with the intent or capability to use force in furtherance of that act”\(^{101}\). Due to more aggressive patrolling and monitoring of the Strait by the Littoral nations of Malaysia, Indonesia, and Singapore, the amount of successful hijackings has dramatically decreased since 2005. However, Appendix G shows that the attempted hijacking of ships remains an issue. Three reported successful hijackings have taken place in 2013.

Also a danger is the narrow and shallow confines of the passage itself. Ships passing through the Strait are always in danger of colliding with other ships, islands, or the ground underneath the water. These contribute to transportation delays, or worse, oil leaks or pollution. Accidents, naturally, cause a great toll on the environment. Economically speaking, the Littoral states, notably Singapore, have a sizable tourist and fishing industry that can be severely impacted by environmental incidents as a result of ship collisions or groundings. All these factors have combined to spur the Littoral states into cooperating with each other to properly and effectively monitor and patrol their respective parts of the Strait\(^{102}\).

Also of note are the rampant occurrences of smuggling, black market trade, organized crime, terrorism, and human trafficking that occur in the busy ports around the Malacca Strait. Most of the available resources allocated to stop crime in the Straits are spent in the effort to stop

\(^{101}\) Source: The International Maritime Bureau [http://www.icc-ccs.org/icc/imb](http://www.icc-ccs.org/icc/imb)

maritime piracy. This is reflected in the fact that since 2005, in no small part due to the efforts of regional maritime cooperation efforts ‘MALSINDO’; attempted piracy in the Straits has decreased\(^{103}\). However, crimes related to the list above have actually increased since 2005. Part of the problem derives from the poverty that has stricken large parts of the region. Poor and desperate are willing to partake in some of these criminal activities in order to earn a living. Operations like MALSINDO are effective ways to rein in piracy, in the short term. Patrols are of limited use against port crimes of smuggling, black market trade, organized crime, terrorism, and human trafficking. Thus, reducing poverty should be the first priority for the Littoral states; as it would reduce the amount of people committing criminal activities solely on the basis of that it is the only source of steady income available\(^ {104}\).

3.5 China’s Regional Strategies and the Straits of Malacca

China is aware that continuing to push a status quo agenda in the Strait of Malacca would place China in between a rock and a hard place. Why is this? Because a nation with an Achilles heel becomes limited in the variety of foreign policy options it has at its disposal; always having to be mindful of international opinion.

China’s self-identity views itself as a responsible and important regional power. An effective regional power simply cannot allow itself to be restricted to a limited amount of foreign policy courses of action it could potentially take. Flexibility is a vital attribute for a country

\(^{103}\) MALSINDO is an acronym derived from cooperative efforts between Malaysia, Singapore, and Indonesia. This effort is increased surveillance and aggressive patrols of the Straits of Malacca. It was designed to eliminate regional piracy. For more information see Mak, Joon. "NGOs, Piracy and Maritime Crime in Southeast Asia." Asia Pacific Bulletin. no 228 (2013): http://www.eastwestcenter.org/sites/default/files/private/apb228.pdf.

\(^{104}\) Ibid page 2
which has continually stated its peaceful intentions. As of writing this, China’s ‘good neighbor’ rapport towards its neighboring countries has strengthened China’s peaceful identity; and by extension, its regional clout.

Observation and evidence has clearly demonstrated that using strategies based on regional and economic integration and mutual cooperation has been starkly more successful than strategies based on unilateralism or power projection.

China has been striving to both ramp up domestic production of its energy resources as well as attempting to diversify its energy imports as much as possible. Regardless of China’s success at either, the simple fact remains that the nation cannot entirely bypass the Strait of Malacca; certainly not in the foreseeable future. In order to protect its economic interests in the region, there are a few options which have been attempted by the Chinese government. China originally sought to expand and modernize its naval capability in order to project its power in the Straits\textsuperscript{105}.

This naturally set a panic amongst the international community. The international community naturally viewed a newly assertive China as the beginning of a Chinese push for regional hegemony through force; or at least the threat of force. The fear and the reasoning were outlined with the “String of Pearls” theory.

\textsuperscript{105} Some estimates indicated that this plan was set forth in the late 1980’s, but general consensus within US based dates this strategy around 1996. Please see O’Rourke, Ronald. “China Naval Modernization: Implications for U.S. Navy Capabilities- Background and Issues for Congress”. Congressional Research Service. September 2014. Pg 2-4.
The string of pearls ‘strategy’ was a theory developed by the United States and India in response to China purchasing and developing ports strung out along the coast of the Indian Ocean. Both observed and theorized as to why China had been investing billions of dollars in the purchase and upgrading of foreign deep water ports all along the Strait of Malacca and Indian Ocean coastlines.

The fear was that China was obtaining these ports as part of a Chinese plan to ‘encircle India’; with each port symbolizing an encroaching ‘string of pearls’ which could be used as a military staging area to strike any countering Indian or American forces before they had a chance to attack Chinese targets. In zero sum mentality, this ‘strategy’ would be an attempt for China to gain influence in the region at the expense of India. Each base could conceivably house warships and anti-missile technology106.

It must be noted that these ports are not currently equipped with any military projection ability and there is no conceivable way to covertly change this in the age of satellites and air surveillance. America or India would be instantly aware of any attempt to ship in military, or power projection equipment or hardware.

106 The ‘string of pearls’ theory was a US based theory originating in 2004. It supposedly outlines an aggressive military strategy by China to gain control of the region by encircling India. For more information, see Sousa, Fernando. Library of the European Parliament. "China’s investment in ports: what is behind the “String of Pearls” theory?." Last modified June 2013. http://libraryeuroparl.wordpress.com/2013/06/26/chinas-investment-in-ports-what-is-behind-the-string-of-pearls-theory/. See also Holmes, James. The Diplomat. "Don’t Worry About China’s String of Pearls….Yet." Last modified July 2013. http://thediplomat.com/2013/07/dont-worry-about-chinas-string-of-pearls-yet/. This source stressed that China cannot actually move military and defensive equipment into these bases without attracting the attention of India or the United States. As such, it is very unlikely that these ports could ever be covertly converted for military use.
In addition, there simply is also no benefit to China in doing this; the ports are designed to accommodate trade and enhance diplomatic relations, which is the exactly what is being accomplished.

China’s naval actions are being very closely monitored by the international community and a stark increase in naval capability, if only sought to protect economic interests in the Straits or to combat piracy sends the wrong signals to the international community and may be more of a liability to China’s goals than a boon\(^{107}\). Regional fears could lead to sanctions and cancelled trade agreements, which would be counterproductive. America, in response to the theory, has developed a contingency to ‘contain’ China by obtaining regional trade and political agreements with China’s neighboring nations in an attempt to politically isolate the nation. This again, illustrates that the backlash from pursuing such a strategy may present more obstacles than solutions to China’s problems.

In respect to port crimes, it is also disadvantageous for China to attempt to tackle the problem unilaterally. To do this would require China to favor the hiring of ethnic Chinese workers in the ports in order to deal with and try to eliminate crime from international ports. This would certainly create more resentment and anti-Chinese sentiment as local populations, and by extension, local governments would not see the benefit of leasing ports to the Chinese if it

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\(^{107}\) O’Rourke, Ronald “China Naval Modernization” pg 3-6. While China has been modernizing its fleet, its current number of combat ready vessels actually number fewer than it historically maintained. This is intentional; China’s history is littered with humiliating naval defeats resulting from fielding large numbers of inferior vessels against technologically superior forces. Please see [http://sinojapanesewar.com/](http://sinojapanesewar.com/) for a good summary of the war and in Japanese victory due to better modernization. Still, defense is seen as the goal of the modernization, not the creation of offensive naval capabilities.
did not contribute to the elevation of living standards for the population or the local economy. While this may result in a net decrease in port crime, it will lead to a host of different problems which wouldn’t be so easily dealt with; so again, a unilateral approach would not be the most effective in dealing with the problems long term.

So if unilateral solutions are not the long term answer, then what are the alternatives? Observations have shown that when China has employed multilateral approaches, to their transnational issues in particular, the results are far more favorable. In regards to combatting piracy, China has sought policies which call for increased international cooperation with Central Asian and littoral states. China plans to further combat illicit and dangerous port conduct (smuggling, trafficking, and terrorism) through economic development of the port areas. This strategy remains consistent with China’s “good neighbor” regional identity it wants to portray; and fully debunks Western fears of a “string of pearls” military solution.

At the very core of China’s “good neighbor” strategy is simply a powerful independent state that conducts itself in a cooperative, but politically nonintrusive manner regarding state sovereignty. This ideology is usually reflected in China’s political and economic dealings with foreign nation-states. This commitment is predictably present in regards to China’s proposed solutions to deter international piracy. China has largely mediated the efforts of MALSINDO, which have been very effective in combatting piracy at sea.

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108 Author notes that no strategy is perfect. Please see Horton, Chris. “China Didn’t See This Coming”. The Atlantic. no 1 (2013). For additional sources which outline some of the backlash China receives from being the only source willing to develop ports and industries in places such as Myanmar. Local populations see it as a dependence on China; though it must be stated that the same populations do not much favor the alternative which is to not have China’s presence.
The stark decrease in successful pirate attacks in the Strait of Malacca since 2005 has been attributed to the efforts of MALSINDO. The effort has been so remarkable that the MALSINDO blueprint is actually being mimicked in other piracy hotspots in the globe, such as the Gulf of Aden. The simple act of operational cooperation with the addition of the sharing of information proved to be half the battle. Prior to 2005, Malaysia, Singapore, and Indonesia only actively patrolled their own territorial waters and did not relay piracy information forward to the other nations; allowing the pirates to skip detection and operate essentially unopposed\textsuperscript{109}.

The difference between then and now was that, prior to 2005, the littoral nations of Malaysia, Singapore, and Indonesia simply did not trust one another. The spirit of cooperation between the littoral states quickly coalesced for two reasons: the first being that the piracy problem had deteriorated so badly that outside naval powers threatened to intervene if nothing continued to be done to solve the piracy problem. The second reason was that Malaysia and Singapore started to see their economies taking a huge hit as a result of the leagues of successful pirate attacks on commercial shipping; both of these nation’s economies rely pretty heavily on commerce generated from the Strait of Malacca\textsuperscript{110}.

This was the beginning of the international community viewing piracy as a transnational issue, not just a regional one that should be handled unilaterally by one nation. MALSINDO started armed patrols; each nation monitored their own terrestrial waters, but would relay

\textsuperscript{109} MALSINDO cooperation and some fortunate international developments aided the reduction of successful piracy in the Strait. For more information see: Schuman, Michael. Time. "How to Defeat Pirates: Success in the Strait." Last Modified 2013. http://content.time.com/time/world/article/0,8599,1893032,00.html.

\textsuperscript{110} Ibid
pertinent information to other nations as it became available. Additionally, Intel generated from routine air patrols was used to track pirate movements. This information was also dispensed to the regional governments and on an easy to access online database usable by ship crews in order to be aware of pirate movements in the area\textsuperscript{111}. All these innovations ultimately made it costly for pirates to operate in the region.

Another development helped tremendously to deter would-be pirates from attacking commercial vessels in the Strait of Malacca. The three decades long independence movement in Indonesia came to an end in 2005. The local Muslim inhabitants on the island of Aceh in Indonesia had been seeking autonomy and routinely clashed with the Indonesian military. The movement left inhabitants of Aceh, socially, politically, and economically isolated. This isolation drove many inhabitants of Aceh into piracy as it was the only way to sustain a living.

Once the hostilities were finally ended, economic opportunities once again began to return to the region, further deterring would-be pirates as they began to have access to much less dangerous and risky employment. All these demonstrate the most effective way to combat piracy: nations that have developed policies designed to eliminate the causes that turn people to piracy in the first place are as important as the ones designed to combat them at sea\textsuperscript{112}.

Another observation is that China has been reluctant to build up naval forces in the Malaccan region; even under the guise of protecting its own ships. China has seemingly been

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\textsuperscript{111} Ibid.
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content with ‘free-riding’ off of the efforts of the United States which currently conducts this task. China does provide escorts, Intel, and communications, but will not commit to a scaled naval build-up or even going as far as hunting down pirates, on land, at their point of origin. Those activities would go against the very image of China that it wants portrayed; that of a nation that ardently respects the sovereignty of other nations.

A naval build up in and around the international ports might have the side effect of initiating an naval arms race with the other nations in the area, which has the potential to unravel China’s long established efforts to maintain friendly relations with its regional neighbors. In light of this, it seems unlikely that China would turn these ports into bases for military purposes\(^\text{113}\). This again highlights the benefits of a multilateral approach.

China is better off maintaining that these ports are being used for economic development and trade. China can also take a multilateral approach to deal with the transnational problems of piracy, smuggling, trafficking, crime, and terrorism. These ports are located in areas such as Isthmus of Kra in Thailand, Chittagong Port in Myanmar, Hambantota port in Sri Lanka, and Gwadar naval base in Pakistan. These particular areas are in areas stricken with poverty, in which normal citizens may be driven to partake in port and sea crimes as there is no alternate way for them to make a living. By financing and developing these ports, China offers these

citizens jobs which reduce a large portion of the crime at its source; and in return for the sizable investment, China gains a valuable and stable port in which they can conduct trade.\textsuperscript{114}

Additionally, China values these ports because it creates flexibility and economic diversity by not having to transport goods through the Strait to the coasts of China. Thereby a certain percentage of goods can bypass the Strait of Malacca altogether. These foreign ports are important to that end because they can keep trade goods destined for Europe or Central Asia from having to be shipped through the Straits in the first place. This creates an inroad for China to be able to transport their goods by land. The reopening of trading land routes throughout South and Central Asia is a phenomenon commonly referred to as the “Silk Road Revival.”\textsuperscript{115}

From an economic perspective, these foreign ports also offer a chance for China to utilize an investment opportunity to create friendly relations with its neighbors and enhance their ‘good neighbor’ identity. This behavior, while effective in establishing strong regional relationships, also helps demonstrate to the global community that China is a force for good in the region and that the country is prepared to help develop poorer nations wherever it is convenient; which quell fears of a belligerent, militant, or dangerous China in the future.\textsuperscript{116}

\textsuperscript{114} Ibid  
\textsuperscript{115} Silk Road revival means the re-emergence of a trading land route which disappeared at the start of the colonial era. The Silk Road revival will be analyzed further in chapter 4. For now it is important to note that trade based on the western side of the Strait of Malacca can be moved to their destinations without having to transport goods through the Strait.  
There is one more strategy China will continue to utilize, and that is to increase and maintain friendly relations with both the littoral states and ASEAN nations. It must be mentioned that there does exist still unresolved territory disputes with neighboring nations, notably in the South China Sea; however, China does seem more concerned with maintaining friendly relations with both the littoral states and ASEAN nations. At this point, it does not appear that China would let relations deteriorate to the point of open conflict over these disputes, despite instances of political bravado which would otherwise suggest otherwise.

Despite the isolated moments of political posturing involving outstanding territorial disputes, China and ASEAN nations have enjoyed improved relations since the 1990’s. Cooperation and integration were a large part in this trend. For example, During the Asian financial crisis and economic recession of 2007, China did not devalue the Yuan in order to mitigate the damage incurred by some of its ASEAN neighbors; particularly Japan and South Korea. China also worked closely to allocate emergency funding to help Asian nations weather the economic storm.

China has consistently cooperated with ASEAN on matters of finance and security. The most notable examples in finance would be: China’s support of the Framework Agreement for Comprehensive Economic Cooperation in November 2001; and China’s coordination with

117 For more information on China’s relationship with other ASEAN nations in reference to regional issues, please see Shaofeng, Chen. "China’s Self-Extrication from the “Malacca Dilemma” and Implications." International Journal of China Studies. no 1 (2010):
ASEAN to establish a free trade area through enactment of the ASEAN-China Free Trade Area (ACFTA)\textsuperscript{118}.

China is also working closely with the littoral states and ASEAN in the realm of security. This is evidenced by the signing of the Joint Declaration of China and ASEAN on Cooperation in the Field of Non-Traditional Security Issues. This is ASEAN’s response and to coordinate efforts with one another to tackle transnational issues such as terrorism, smuggling, and piracy.

China has also approved of and is a strong advocate of two more major ASEAN initiatives: the Strategic Partnership for Peace and Prosperity and the Southeast Asian Nuclear Free Zone\textsuperscript{119}. Both of these initiatives act as a step forward in regional mutual cooperation and the mitigation of mistrust between China and its ASEAN neighbors; and vice versa.

All of these demonstrates that China is working to establish itself as a nation that is willing to put aside past differences and work in cooperative manner, especially with ASEAN and littoral states to accomplish mutual economic and security goals.

The analysis above was centered on how to improve China’s strategic position in the Strait of Malacca and surrounding regions. The following analysis focuses on strategies which are designed to help China reduce its dependence on the Strait of Malacca by bypassing it

\textsuperscript{118} Ibid
\textsuperscript{119} Ibid
entirely. In this regard, there is three options available to reduce the strategic vulnerability caused by dependence on the Malaccan Strait. The first and most obvious one is to diversify oil imports; in other words, to search for reliable energy suppliers outside of the Middle East or Africa. This would help reduce fluctuations in supply resulting from regional instability and will also reduce the amount of imported oil China would have to ship through the Malaccan Strait. Secondly, also an important precedent for success of the first would be to strengthen economic, political, and cultural ties with surrounding regional powers.

The third would be for China to modernize and expand its naval forces in order to protect its economic interests in the Malaccan region. This thesis has already detailed the dangers of employing this strategy, and the misconceptions that may arise from initiating such an assertive strategy; even if it is pursued solely on the pretense of protecting overseas economic interests.

In regards to the first option; Aside from the ports which have already been discussed, China has been searching for alternate ways to bypass the Malaccan Strait. Pipelines and infrastructure projects have been a primary foreign policy goal for China. China has invested billions of dollars for pipeline projects alone.

One of these was recently completed; it connects Kyaukryu port on the west coast of Myanmar to China’s Yunnan province; at the border city of Ruili. This pipeline serves a dual purpose, increasing oil transportation efficiency and decreasing reliance on shipping through the Malacca Strait. In addition of providing Chinese markets with oil from Myanmar, the pipeline
facilities could also be upgraded to be able to send a considerable amount of Middle Eastern and African oil; which also helps bypass sea travel through the Strait\textsuperscript{120}.

A downside, in terms of cost, to this strategy is that China’s Yunnan province is currently not a large consumer of oil products and as such, refineries and oil production facilities would need to be established there to offset the additional costs incurred as a result of the additional transportation required to bring this crude oil to existing Chinese refineries and production facilities located further south.

The second purpose of this pipeline is a direct result of the increased investment of additional oil infrastructure. This investment can be used to bring jobs, which would increase the provincial GDP and initiate economic development of the Yunnan province; one of China’s poorest regions\textsuperscript{121}.

There has also been sizable investment in pipelines connecting China to Russia, Kazakhstan, Kyrgyzstan, Iran, and Uzbekistan [these will be covered in more detail in the next case study]. For the purposes of this chapter, these additional pipelines offer an alternate route in which China can send oil to China and avoid the Strait. They also serve as investment and opportunity to strengthen diplomatic and economic relations with its neighbors. China has also started deep sea oil drilling in the South China Sea in an effort to increase its domestic production.

\textsuperscript{120} Pipeline structural specifics obtained from http://pipelinesinternational.com/news/the_pipelines_feeding_chinas_burgeoning_economy/055358/. See citation 120 for source concerning the effects of the pipeline in the Yunnan province.

\textsuperscript{121} Pipeline specifics obtained from Pipelines International <http://pipelinesinternational.com/news/the_pipelines_feeding_chinas_burgeoning_economy/055358/>
Chinese offshore drilling began in the South China Sea in 2012. China has invested billions in developing technology for mobile oil rigs, and rigs with the capability of reaching extremely low depths. Drilling has begun in areas close to the Chinese coastline; and their advanced technology seems to suggest that China might be willing to attempt to move their operations further south; in areas of the South China Sea which are currently contested by China, Vietnam, Philippines, Brunei, Taiwan, and Malaysia. While this has not yet occurred, Vietnam and the Philippines are currently the most outspoken countries about the possibility of it happening\textsuperscript{122}. They see the action of deep sea drilling in these disputed areas as a violation of their sovereignty.

In a more extreme example of how far China is willing to go to redirect their imports around the Strait, China has even offered to fully fund an ambitious project which has been estimated to cost upwards of 20 billion dollars. This project proposes to dig an artificial canal, similar to the Suez, through Thailand’s narrow Isthmus of Kra.

This project would essentially open up another waterway in which China can cheaply and effectively transport their oil. However, despite initial approval from the Thailand government, this has yet to come to fruition due to local opposition and strong resistance from both Malaysia and Singapore. Both Malaysia and Singapore strongly oppose the canal amidst fears that the proposed canal would essentially ruin both Malaysia’s and Singapore’s economies. Additionally, China is also reluctant to rigorously pursue the project in fear that it would alienate

\textsuperscript{122} For more information on deep sea drilling in the South China Sea, please see Zhu, Charlie. Rueters. “China Tests Troubled Waters with $1 Billion Rig for the South China Sea. Last modified in 2012. Currently Vietnam and the Philippines do not possess the technology in order to deep sea drill in the disputed areas of the South China Sea.
Singapore; a city-state in which China has spent decades trying to create friendly relations with. Additional problems related to this might arise since Singapore Port Authorities have recently received authority to run China’s strategic Gwadar port.

It has now been demonstrated that much of China’s foreign policy revolves around mitigating its perceived strategic weakness resulting from the over dependence on the Strait of Malacca. To be clear, it seems extremely unlikely that China will ever be able to bypass the strait entirely, it must however, take steps to lessen its dependence. One ill-timed blockade of the Strait could spell doom for China’s short term economic stability.

China has so far been quite successful in establishing a cooperative and friendly regional identity; which has, in turn, created a reciprocal spirit of cooperation amongst most of its neighbors and ASEAN allies. China has exported a unique brand of aid and economic development which offers a distinct alternative to the Western centric institutions; which often carry undesirable prerequisites for the nations of Central, South, and Southeast Asia.

The diversification of energy resources is a priority for the Chinese government. China’s long term stability requires that China lessen its dependence on the Strait of Malacca. It just so happens that the nations of Central Asia are perhaps, one of the world’s last remaining untapped resource pools. Central Asia contains vast deposits of oil, natural gas, coal, earth metals, and uranium. Gaining and maintaining friendly political and economic ties in Central Asia remains


124 For additional information on the cost effectiveness of the proposed Kra canal, as well as the geopolitical opposition to it, please see Panda, Ankit. The Diplomat. "How a Thai Canal Could Transform Southeast Asia." Last modified in December 2013. http://thediplomat.com/2013/12/how-a-thai-canal-could-transform-southeast-asia/.
an absolute priority for the Chinese government if they are going to succeed in lessening its
dependence on the Strait of Malacca.

The nations of the region and China share a similar past. Both China and Central Asia
spent decades under Soviet rule which had left these nations underdeveloped and politically
isolated. Many nations, including the United States, Russia, and the European Union are
scrambling to gain influence, and as a result, gain access to the vast resources contained in these
regions. Fortunately for China, it appears as if the rising nation currently holds the best hand in
the modern version of the “Great Game”\footnote{The next case study will contain the definition and citations of literature concerning the theory of the Great Game}. The next case study takes a close analytical look at
China’s diplomatic, economic, political, and security concerns and successes in the region.
Chapter 4: Kazakhstan and Central Asia Case Study

“China would continue to support Kazakhstan in choosing its own development path and formulating its own policy, and that China supported Kazakhstan playing a greater role in regional and international affairs” – Hu Jintao

“...reinforcing the strategic partnership with China was a top priority for Kazakhstan’s foreign policy”

– Oral Muhamedjanov

4.1 Overview

The previous case study clearly articulated the need for China to continue to pursue a regional integration strategy to solve many of the issues present on the Straits of Malacca. China has done much to try to alleviate its strategically vulnerable position resulting from its over-reliance on one sea based waterway. Integration and cooperation were used to compensate for the fact that there were limited alternate land or sea based alternatives available to China.

For China, diplomatic solutions have shown themselves to be more successful, even for issues much closer to home. Integration and cooperation with Kazakhstan and the other Central Asian nations can help solve some of China’s largest domestic concerns, such as border security, national and ethnic unrest on the peripheries, and the threat caused by radical Islam. That being stated, due to the fact that China is still saddled with such a strategic economic weakness, some of China’s potential political maneuverability has also been somewhat reduced126. Even if that

126 Some examples of China’s limited political manoeuvrability resulting from reliance on the Malacca Strait were detailed in chapter 3. One is China’s seeming reluctance to assist in the ‘muscle’ aspects of international anti-piracy initiatives outside of ship escorts and information sharing. This is because China does not want to project a militaristic image to the other nations that heavily use the Malacca Strait (some of these, incidentally, are already suspicious of a more assertive China). A second example is the current shelving of the Kra canal project. Though China has expressed a desire to fully fund and plan the canal, it ultimately, does not want to alienate Malaysia and Singapore who strongly oppose the project. Please see previous chapter for information and sources involving these events.
be the case, this case study will examine how China can best deal with their most pressing local security concerns, while maintaining its vital “good neighbor” image\textsuperscript{127}.

In light of China’s recent successes in international diplomacy, it can be suggested that it is imperative that China continue to seek reintegration opportunities with its Central Asian neighbors. These nations have a wealth of opportunities to offer China that extend beyond the vast deposits of valuable and untapped resources. More important than resources, is that there exists opportunities which allow China to tackle some of its most important domestic and regional issues that the nation have otherwise found to be simply impossible to deal with in a unilateral manner.

For instance, economic integration with Central Asian nations provides China with an invaluable way to diversify its sources of hydrocarbons and other sources of energy which would therefore decrease the reliance China has in the Strait of Malacca. It also provides China access to an abundance of much needed natural resources that it can use to diversify its energy supplies away from Middle Eastern sources. Alternatively, in return, China offers these nations a chance to both develop their energy and resources into powerful industries and well as open up large additional markets outside the ones which existed during the Soviet era. This will help give these nations some room to maneuver in a region still heavily influenced by Russia’s power.

\textsuperscript{127} It is important to reiterate that the “good neighbor” strategy refers to an international policy of non-interventionism with the governments and policies of other sovereign nations. This does not defend or condone any internal strategy undertaken by the Chinese government against the population. The government of China has been rightfully criticized by the international community for its human rights abuses conducted against the Chinese populace.
The dependence on Middle Eastern oil is another strategic weakness China must overcome. Integration with Central Asian nations and the development of mutual agreeable energy development and distribution once again, helps China achieve this goal. This also has the added benefit of giving China access to valuable new economic markets and important land routes it can use to transport goods. Historically, land routes were once heavily utilized but all but disappeared once the Soviet Union isolated and closely controlled the region.

Strategic integration with Central Asian nations also provides China with an effective way to strengthen China’s border security; most notably, on the North-western frontier through regional cooperation. With the increased border cooperation, China hopes it can continue to try to stem the flow of illegal activity across the border into China. Additionally, China hopes to be in a better position to handle both the ethnic tensions that currently plague China’s North-west province of Xinjiang; as well as the growing transnational issue posed by an increasingly politicalized and militant Islam. All of these issues are of primary concern to China and will be covered in this case study.

This case study will take an in-depth look at all of the aforementioned dynamics, as well as how China and the Central Asian nations are attempting to accomplish the aforementioned goals. Lastly, this analysis will offer a future outlook of the regional strategies currently being advanced.

Though the two nations of Kazakhstan and China have always shared a border, cooperation and integration in modern times has only been occurring for about the last eighteen years. Many analysts conclude that Kazakhstan itself is the key to ‘winning’ the modern version
of the 19th century’s “Great Game”. The Great Game, as mentioned in chapter 2, is a theory which states that an influence war is being waged for pre-eminence over the Central Eurasian continent.

The 19th century version of the Great Game was an indirect battle for influence of Central Asia and it was waged between Britain and Russia. The modern game is now thought to be conducted between the European Union and Russia; however China has now been included as an influential player. This dynamic will also be analyzed; as well as the regional strategies being employed by all three of the actors vying for influence in the region. China, currently, enjoys a unique position that can be considered advantageous for the Chinese cause. What that means is simply that China shares a similar history with many of the Central Asian nations. The advantageous position derives from the fact that China was never a colonial or imperial power and that almost the entire region (including China itself) was either a British colony, or a former Soviet satellite state at one point in time.

The relationship between Kazakhstan and China can be considered the model for China’s strategy for the entire region. This relationship will be one of the focuses of the case study. In addition, the success of the Chinese strategy will be compared to the European and Russian variants.

It is, however, prudent; to start with a brief historical account of the region as it will help put the current events in perspective.
4.2 Brief integration history between Kazakhstan; China; and Central Asian nations.

Integration between China and the nations of Central Asia is not a new concept\textsuperscript{128}. Even before the rise of Nationalism, the people and land area which now comprises modern China and Central Asia have always existed on the peripheries of one another.

In a historical sense, throughout the early dynasties, China has always considered the nomadic tribes who populated the steppes of Central Asia to be ‘barbarians’. The presence of these ‘barbarians’ always presented China with the constant threat of invasion; aimed to loot the immense physical wealth located within China’s borders. However, throughout history, Chinese civilization experienced many shifts which positively or negatively affected the overall strength and influence available to the Chinese civilization. These fluctuations, strongly affected the strategies China employed to deal with the nomadic tribes outside its borders. It can also be said that through these fluctuations, many economic and cultural exchanges occurred between China and the Central Asian nations\textsuperscript{129}.

In times of weakness, in order to avoid being attacked and plundered, Chinese leaders would initiate land trades, send princesses out to the steppes to be wed to the nomad chiefs, and/or initiate other forms of economic integration strategies such as large gifts, trade preference,

\textsuperscript{128} For the purposes of this case study, the term Central Asia is used to refer to the Central Asian continental sub region I define as Kazakhstan, Uzbekistan, Kyrgyzstan, Turkmenistan, Tajikistan, Pakistan, and Afghanistan.

\textsuperscript{129} At least more than it is given credit by many authors. Many point that China enacted policies designed to keep other cultures out of Beijing. For more information regarding the view that Central Asia did have a symbiotic cultural relationship with China please see Swanstrom, Niklas. “China and Greater Central Asia: New Frontiers?” Central Asia- Caucasus Institute Silk Road Studies Program. no 1 (2011): http://www.silkroadstudies.org/new/docs/silkroadpapers/1112Swanstrom.pdf. See also Sheives, Keven. “China Turns West: Beijing’s Contemporary Strategy Towards Central Asia.” Pacific Affairs. no 79 (2006): http://www.jstor.org.ezproxy.net.ucf.edu/stable/40022689?seq=1.
and other tactics designed to appease the powerful nomadic warlords of the steppes. These strategies were designed to make trade and cooperation with the Chinese civilization more profitable than looting and raiding; which also contained a price in human lives\textsuperscript{130}.

In times of strength, China was able to organize itself into a highly centralized and efficient bureaucracy. During these times, China was adept not only at the collection of taxes but was also effective in the allocation of them which had the effect of ensuring the proper and timely deployment of defensive strategies in the border regions\textsuperscript{131}. Though it can be argued that both strategies were of marginal success during the time, many argue that China’s current continental presence can, in fact, be attributed to their dealings with the nomadic people of the Central Asian steppe\textsuperscript{132}. In other words, they obtained a distinct identity as a result of their continued dealings with the nomads\textsuperscript{133}.

Arguably, another dimension of the identity derived from the famed land based trade route known as the Silk Road; which closely connected China with the Central Asian region. The Silk Road was the world center of inter-regional trade and a crucial component of China’s former foreign policy. This lucrative trade route brought economic prosperity to both China and


\textsuperscript{131} Ibid on both sources. Swanstrom 5-15, Liu ch1-3.

\textsuperscript{132} The arguments against their effectiveness come from analysts that use the fact that China was conquered numerous times. This author has the opposite opinion and thus, considers the many years on cultural and economic exchanges had created a unique identity which continues to be relevant in China’s dealings with the region today.

\textsuperscript{133} Ibid, pg 8-11.
its Central Asian neighbors. From this route, numerous intellectual, religious, political, and military ideals and innovations originated from; or migrated to; Central Asian nations.\(^\text{134}\)

The Silk Road’s importance began to wane with the advent of faster and safer sea based shipping routes. The former Silk Road was all but eradicated once the Soviet Union’s iron curtain enveloped the region. Not only did the iron curtain halt any further trade along the fabled Silk Road, but it also halted China’s and its Central Asian neighbor’s rich history of integration. A direct result of the Soviet Union’s authoritarian policies it forced upon the region was the loss of a whole millennia’s worth of cultural and economic integration.

For China, it was a notable fact that under Soviet rule, the nation was prevented from developing and using regional transportation routes; which decreased profits; and hamstrung China’s ability to integrate its western peripheral regions into China proper. Additionally, this period is also where China developed its dependence on the Strait of Malacca as it had to use water transportation to obtain the imports it needed into the country.\(^\text{135}\)

That is not to say that some trade between China and the nations of Central Asia was not permitted; trade did occur, just in limited fashion. This began to change after the introduction of Gorbechev’s *Glasnost*. Though trade began to reoccur, the iron grip of the Soviet Union would not be entirely lifted from the region until the dissolution of the Soviet Union in 1991. The years of isolation and underdevelopment under the Soviet rule left almost all of its satellite states in

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\(^{134}\) Liu demonstrates that art, languages, exotic trade goods, and military tactics all penetrated Central Asia through the Silk Road. Additionally, the religious tenets of Buddhism and Islam also travelled into the region and found adherents via the Silk Road. This was before the Persian Empire brought it through conquest in later centuries.

\(^{135}\) Swanstrom “New Frontiers?”.
financial and diplomatic ruin. However, since 1991, a trend can clearly be seen. After seventy years in isolation, China and the nations of Central Asia began to take steps to reintegrate with one another. After approximately eighteen years of cooperation and integration, the 2014 versions of China and Central Asia have much to offer one another. The area is once again starting to resemble a globally significant trading region. Economic growth and standards of living are increasing across the whole region. China, Japan, and many Western nations are investing heavily to provide efficient transportation and energy infrastructure in the Central Asian nations. This infrastructure is much needed and important, as it helps move Central Asia’s valuable resources to the markets that demand them.

However, this economic growth and development is coming at a price. As is happening in the ports, economic inequality combined with upgraded infrastructure is facilitating an increase in organized crime, drug production and distribution, human and weapons trafficking. In light of this, border security is an increasing concern for nations bordering China’s Xinjiang province which has become an epicenter of ethnic tension; ultimately leading to a considerable rise in Islamic fundamentalism. All of these are issues that China hopes it can combat with the cooperation of Russia and the other Central Asian nations. Efforts towards these goals will be addressed shortly.

136 Two works that support the argument that after the fall of the Soviet Union, China and the nations of Central Asia have begun to reengage with one another, See Sheives and Swanstrom.

137 This is an overall assessment. It does not take into account some war torn areas such as Afghanistan or the continually deteriorating conditions in Pakistan. Despite these trends, both regions have been ‘enjoying’ economic growth; this is not the same thing as economic equality.
4.3 Economic Significance between China and Central Asia

The economic component of the China and Central Asia relationship is rather significant for all parties involved. From the Chinese standpoint, Central Asia offers an opportunity to reconfigure and diversify its energy supply. As outlined in the previous case study, this is strategically important because China can decrease its energy dependence on Middle Eastern oil and decrease its dependence on the Strait of Malacca for its energy transportation at the same time.

This makes the Chinese less susceptible to market fluctuations in oil resulting from market shaping events like the civil wars in Syria, Iraq, and Afghanistan. Iran’s nuclear ambitions are also adding to market fluctuations; by simultaneously stoking the ire of the West; which have responded by dialing up new debilitating sanctions against the Middle Eastern oil producer. In short, instability in the Middle East directly translates to fluctuations in the energy markets. Appendix F demonstrates just how dependent China currently is on Middle Eastern oil.

African oil appears, at first, appears to be a nice alternative, but these regions are also afflicted by war and oil shipments must still be transported through the Strait of Malacca until China’s ports and pipeline infrastructure along the Indian Ocean are further developed.

The development of Gwadar port in Pakistan and surrounding infrastructure has been slowed by recent instability in the country. While this port may eventually be shaped into the transport hub China envisioned it to be, that reality is still a few years off\footnote{There is a sizable academic debate about the ramifications of Pakistan’s sale of Gwadar port to China. India sees it as a future base in which to launch military strikes against India. China states that their interest in Gwadar is simply economic in nature. This author takes the latter as, at this juncture, there appears no evidence to suggest that}. In addition to just
the ports, the transportation infrastructure connecting these ports to vital energy destinations must also be further developed if they are to become a cost effective way of bypassing the Strait of Malacca.

In terms of energy imports outside of African and Middle Eastern crude, Russia is the next largest provider. However, China has generally faced problems from its large neighbor to the North. These problems make it difficult to create; or ferment a will to create, a strategy which incorporates a center role for Russia in China’s regional energy strategy.

That is not to say that multi-billion dollar energy deals have not been penned between the two nations. Russia has signed approximately twenty-one new trading deals with China. All of these twenty-one deals were signed in 2013; one of them being a milestone deal with China that promises to provide over one-hundred million tons of oil in the next ten years. China, in return, agreed to pump over twenty billion dollars into the necessary highway, port, and air infrastructure to help facilitate the transportation of the oil\textsuperscript{139}. It is important to note that none of these deals include oil pipeline infrastructure within Chinese territory.

It is precisely this reason, from a Chinese viewpoint, why Russia cannot be counted on as the sole solution to its Malaccan dilemma. Russia finds itself in a unique advantageous position as a large oil producer right on the periphery of the world’s fastest growing oil market. The

\textsuperscript{139} A great majority of the deals between Russia and China were of a trading nature. For more information regarding the energy deal outlined above, (n.a). RT. "Russia and China strengthen trade ties with $85 billion oil deal." Last modified 2012. http://rt.com/business/rosneft-china-sinopec-oil-537/.
nations in this region, such as South Korea and Japan have little to no natural oil reserves. To be clear, China has proven oil reserves; but not near enough production to meet its current oil demand.

The area is also largely isolated from already established oil infrastructure. Historically, the infrastructure that was in place flowed westward to Europe. This dynamic is starting to change as the world is starting to see more pockets of economic influence with the emergence of Asian regional powers. This dynamic is also fuelling the competitive, yet fickle, nature of the Russian government towards the oil craving nations of Asia\textsuperscript{140}. Russia is deft at the political game and has long demonstrated that it has no qualms with using its oil as a political weapon. A fact that Ukraine, in particular, can attest to since it has on numerous occasions seen energy supplies from Russia disrupted\textsuperscript{141}.

Russia’s fickle nature towards the oil hungry nations of Asia came to light in 2012 when the Russian government, after years of negotiations, finally approved a deal with Japan to run its proposed East Siberian-Pacific oil pipeline from Taishet to the port of Nakhodka; Russia’s easternmost point on the shores of the Pacific Ocean (See Appendix I).

\textsuperscript{140} This statement was in reference to Russia courting China’s proposed Daqing pipeline for ten years before agreeing to the pipeline strongly favoured by Japan instead. A ‘spur’ of this pipeline has been destined for Daqing. Exactly how much oil will be obtained via the pipeline over the traditional method of railway is uncertain. For more information, please see Blagov, Sergei. The Asian Times. "Russia walks thin line between Japan and China." Last modified November 2014. http://www.atimes.com/atimes/Central_Asia/GA05Ag01.html.

How is this decision reflective of Russia’s politically fickle nature? This decision came after ten years of entertaining China’s preferred pipeline routing which would have connected Siberia’s Taishet to Daqing; located in North East China. Russia deftly orchestrated a bidding war between China and Japan to achieve the best possible deal using the rivalry China has with Japan. Appendix I shows that this pipeline skirts outside the border of China to the Pacific Ocean. Official estimates conclude that this pipeline has a capacity to move thirty-five million tons of oil annually.\(^{142}\)

To compensate China for the apparent snub, Russia offered the Chinese owned China National Petroleum Company (CNPC) up to a twenty percent stake in Rosneft; the Russian state controlled company currently in possession of Yuganskneftegaz.\(^{143}\) However, as of early 2014, Russia has been reluctant to actually make good on the proposed ownership deal to the CNPC; opting instead to promise a substantial boost in oil delivered via rail to China.\(^{144}\)

Russia is a regional power that knows how to play the hand it has been given. Russia is playing the East Asian nations off one another to gain favorable deals because it has ample supply of the resource they most crave. Instead of playing into Russia’s hand, the smarter option for China to pursue is to develop its ties with Kazakhstan and Central Asia.

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\(^{142}\) Figure obtained from the Transneft official website.

\(^{143}\) Yuganskneftegaz is the wholly integrated subsidiary of Rosneft, formerly owned by bankrupt Yugos. It is the second largest oil production complex in Russia.

Kazakhstan also has vast deposits of oil and does not possess the opportunistic and well-developed political guile of Russia; as it has only recently entered the political realm as a sovereign nation. Kazakhstan is also the largest and most developed of the Central Asian nations, in terms of energy exportation, which means that the nations would require the least [though still sizable] amount of economic aid and development in order to start generating immediate profit.

Mutual economic and political interdependence between China and Central Asia is advantageous to all involved. Specifically, Kazakhstan stands to benefit just as much as China does; as both can use one another to achieve their individual political and economic priorities. For this discussion, it is necessary to place pure economic growth aside momentarily.

Dealing with China benefits Kazakhstan in numerous distinct ways. Firstly, Kazakhstan needs China to help counterbalance Kazakhstan’s dependence on Russia\textsuperscript{145}. Kazakhstan entered the post-Soviet era isolated and underdeveloped. Kazakhstan relied almost exclusively on Russian pipe infrastructure and railroads to transport its oil and goods to foreign markets. This over dependence is seen as a strategic weakness that happened to tie Kazakhstan down to the wills of its very influential neighbor to the North.

In 2009, Kazakhstan signed into a Customs Union with Russia and Belarus which came into effect in 2010. Prior to this agreement, Kazakhstan had already engaged in forms of free trade with both Russia and Belarus.

\textsuperscript{145} It is important to note that Russia is still an important partner for the Kazakh economy. The phrasing is just to accentuate that Kazakhstan needs China’s presence in order to ensure Russia does not continue to view Kazakhstan as part of the Russian periphery.
The main difference between existing trading orientations and following the creation of the Customs Union was the implementation of a common external tariff. This common tariff is essentially the Russian tariff; which means that, for Kazakhstan, membership to this Customs Union would not result in a terms-of-trade improvement with its Russian bound goods and services\textsuperscript{146}.

Non-tariff barriers and other blockages of trade would have to be further negotiated through institutions. It is noted that those belonging to Kazakhstan are still rather rudimentary compared to its counterparts in the North. It is thus, important that Kazakhstan continue to develop its negotiation institutions. Continued contact with other institutions, such as those belonging to China, can offer an avenue for Kazakhstan to accomplish this.

In addition, Russia’s military antics in the Crimean Peninsula have put Kazakhstan in a disadvantageous position in regards to its place in the Russian Customs Union. Unilateral strategies, in this case, employed by Russia has proven to be a detriment to the goals of Kazakhstan. Any hopes Kazakhstan had for an element of economic stability brought by the Customs Union have taken a hit since Russian troops were sent into the Ukraine. Kazakhstan is set to be indirectly affected by these events. Belarus and Russia share a border with the Ukraine

\textsuperscript{146} A variety of sources including the World Bank and European Bank have predicted that the Customs Union produces minimal benefits at best. The former suggests that it is weighted in Russia’s favor. It would take a considerable amount of multilateralism and institutional development in order to put Kazakhstan on a level negotiating platform when it comes to the negotiation of NTB’s and other trade inhibitors. Please see the World Bank assessment here (n.a). The World Bank. “Kazakhstan in the Customs Union: Losses or Gains?.” (n.d). http://www.worldbank.org/en/news/feature/2012/04/18/kazakhstan-in-the-customs-union-losses-or-gains. The latter suggests that the largest change in trade occurs on goods from China to Kazakhstan. Please see Isakova et. al. The European Bank. “How Much Do Tariffs Matter? Evidence from the Customs Union of Belarus, Kazakhstan, and Russia.” Last modified 2013. http://www.ebrd.com/downloads/research/economics/workingpapers/wp0154.pdf Author takes a position in between the two theories as the Customs Union is a Russian spearheaded entity. Russia has been actively seeking to contain China through regional trade.
and the crisis is naturally causing great tension in the region. Russia’s actions against Ukraine have also earned numerous sanctions from the United States and the European Union which were designed to put a lot of pressure on the Russian government. The issue is that for simply being associated with Russia during the crisis, Kazakhstan may also be subject to the same economic and trade repercussions for being a member is the Customs Union.

The Customs Union is already viewed by a portion of Kazakh population in a negative light. The main complaint is that the Customs Union cedes some sovereignty to Russia in addition to tying Kazakhstan politically towards Russia. This sentiment could expand to larger segments of the population as a result of Kazakhstan’s political position as the crisis unfolds. Kazakhstan’s political position, in this case, is described deftly by the adage of a rock and a hard place. Kazakhstan cannot afford to alienate its vital trade partner to the North, nor can it allow itself to get pulled on Russia’s side of this crisis and face the sanctions and scrutiny of the international community.

Despite the intangibles this may have towards the economic success of Customs Union itself or Kazakhstan’s planned economic growth, Russia’s antics in the Ukraine may also prove to be a liability on Kazakhstan’s bid for entrance into the World Trade Organization (WTO). This statement has two separate dynamics, both with a similar result. Firstly, to its credit, Russia

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147 Numerous sources also see Russia’s part of the Ukraine crisis causing indirect problems for Kazakhstan. The overdependence on Russia is summarily outlined in the following: Kurmanov, Bakhytzhan. East Asia Forum. "China goes west, to Kazakhstan’s benefit." Last modified September 2013. [http://www.eastasiaforum.org/2013/09/27/china-goes-west-to-kazakhstans-benefit/](http://www.eastasiaforum.org/2013/09/27/china-goes-west-to-kazakhstans-benefit/) This source stresses how a stronger relationship with China can help alleviate the problems being caused by Russia. The direct causes to Kazakhstan via the Ukraine crisis are more thoroughly presented here: "Kazakhstan and the global crisis in Ukraine." Kazakh World. [http://kazakhworld.com/kazakhstan-global-crisis-ukraine/](http://kazakhworld.com/kazakhstan-global-crisis-ukraine/) This is also more reflective of the Kazakh population which is often underrepresented in the news.
has been advocating Kazakhstan’s entry to the WTO ever since its own induction in 2012. However, since the onset of the Ukraine crisis, Russian leaders and delegates have been barred from attending meetings in Washington. A meeting scheduled for March 6th, 2014 was supposed to take place and negotiate Kazakhstan’s entry into WTO. With the political storm surrounding events in Ukraine, the United States has expressed that it would not grant an audience with the Russian negotiation team headed by Deputy Chairman of Rosselkhoznadzo Nikolai Vlassov.148

Secondly, Kazakhstan’s affiliation in the Custom’s Union may also affect its eligibility to join the WTO. Essentially, the rules, regulations, and practices of the Customs Union would have to also coincide with those of the WTO to allow entry. At the time of this writing, it appears the Customs Union does not fluidly coincide with the concessions demanded by the WTO. Chief among these would be Kazakhstan’s and Belarus’ support of a level of Russian protectionism on its products. Obviously, Kazakhstan has expressed its wish to join the WTO, however this is one of the areas in which further negotiating would have to be conducted149.

148 Numerous sources have verified this statement. CNN and AP also commented on the story. Author chooses to cite the following as the original source could not be determined. For more information on the barring of Russian officials to Washington, please see: (n.a). Tengri News. "No talks on Kazakhstan's accession into WTO for Russia in Washington." Last modified 2014. http://en.tengrinews.kz/politics_sub/No-talks-on-Kazakhstans-accession-into-WTO-for-Russia-in-Washington-26477/.

149 Some sources claim that the benefits from the Customs Union are minimal at best and that entrance in the WTO is in Kazakhstan’s best interest when it comes to witnessing reliable economic growth. For more information on the ‘marginal’ benefits from the Customs Union, please see: Isokova, Asel, Koczan, Zsoka, & Plekhanov, Alexander. "How much do tariffs matter? Evidence from the customs union of Belarus, Kazakhstan and Russia." The European Bank. http://www.ebrd.com/downloads/research/economics/workingpapers/wp0154.pdf. See also: "Kazakhstan says faces difficulties joining WTO because of Customs Union agreements". Kazinform International. http://www.inform.kz/eng/article/2599887. This source outlines a few sticking points between the Customs Union and the WTO.
Throughout the Ukrainian crisis, Kazakhstan has wisely stayed neutral and advocated a diplomatic solution to the crisis. This is the most sensible course of action as the nation has an equal economic stake with Russia, the United States, China, and the European Union. It cannot afford to alienate any of them. Kazakhstan, following China’s lead is adopting a cooperative identity based on a foreign policy of economic and political cooperation. In hindsight, Kazakhstan would be better served by seeking closer economic relations with nations firmly committed to a good neighbor strategy.

Another area of political concern to Kazakhstan is its dependence on Russia’s oil and transportation infrastructure. The Soviet configuration was to direct almost all of Kazakhstan’s resources through the USSR on their way to their destinations. This configuration was maintained even after the dissolution of the Soviet Union. Kazakhstan inherited Soviet transport routes which continued to direct exports through Russia. This dependence on Russian pipelines to export its oil and gas products; and on Russian highway and rail for all general exports also led to a deep seeded feeling of sovereignty loss.\(^\text{150}\).

Traditionally, a majority of Kazakhstan’s oil gets pumped through two main pipelines: The Uzen-Atyrau-Samara pipeline and the Caspian Pipeline Consortium (CPC). The Uzen-Atyrau-Samara line was historically the most important oil pipeline line connecting Kazakhstan

\(^{150}\) Kazakhstan’s most important direction of export remains Russia. This thesis does not suggest that China will outright replace Russia; only that the economic connection with China is increasing at Russia’s expense. China presents a way for Kazakhstan is shake the historical notion of patronage with Russia. Please see Czerep, Jędrzej. Open Dialog Foundation. "Kazakhstan: between Russia and the rest of the world in its quest for energy independence?." Last modified 2013. [http://www.odfoundation.eu/en/publications/1235/kazakhstan_between_russia_and_the_rest_of_the_world_in_its_q uest_for_energy_independence](http://www.odfoundation.eu/en/publications/1235/kazakhstan_between_russia_and_the_rest_of_the_world_in_its_quest_for_energy_independence). Czerep suggests that Kazakhstan is looking for China as the only realistic way to lessen its dependence on Russia.
and Russia in terms of volume. This line, however, is owned by Russia’s Transneft Company and directs Kazakhstan oil through Russia. This being the case, the transport capacity of the pipeline will likely never be increased as Kazakhstan does not view that venture as particularly profitable. In addition Kazakhstan does not want to have to continue to be dependent on Russia for its oil to be transported to intended recipient markets.

The other and more important line is the Caspian Pipeline Consortium (CPC) line. This pipeline runs from Kazakhstan’s Tengiz oil fields to Russia’s Black Sea coast terminal. It currently transports close to half of all current oil production in Kazakhstan. Again, Russia’s Transneft Corporation owns the largest share (at 24%) but the pipeline itself is unique in that it is the only pipeline in Russian territory which is not fully owned and operated by Transneft. It is due to this that Kazakhstan feels the pipeline profitable and secure enough to expand service\textsuperscript{151}.

While the Caspian Pipeline Consortium pipeline is the better economic option of the two, it still does not solve Kazakhstan’s dependence on Russia for the transportation of its crude. Thus, numerous projects have been put in productions to decrease Kazakhstan’s dependence on its Northern neighbor.

The Kazakhstan-China pipeline is a mutually beneficial way for Kazakhstan to diversify its oil exports and transportation to bypass Russia and thus lessen its dependence. This pipeline is mutually beneficial as China can use this pipeline to diversify its own oil imports which lessen

\textsuperscript{151} Information on both pipelines obtained from Transneft official site. See also, Czerep, Jędrzej. "Kazakhstan: between Russia and the rest of the world in its quest for energy independence?." Open Dialog Foundation. http://www.odfoundation.eu/en/publications/1235/kazakhstan_between_russia_and_the_rest_of_the_world_in_its_q uest_for_energy_independence.
dependence on Middle Eastern crude. The pipeline runs from Kazakhstan’s Caspian coast to China’s North-western province of Xinjiang. Financed largely by China, this pipeline is a step in the long term energy commitment Kazakhstan has signed with China\textsuperscript{152}.

Kazakhstan is a landlocked nation with no direct access to the ocean. Thus, further cooperation with China serves Kazakhstan’s economic interests. Road and rail projects increase Kazakhstan’s transportation potential, while simultaneously decreasing Russia’s geopolitical leverage in the region; as regional countries continue to create alternatives to existing Russian transit lines. These roads and railways are being envisioned as the re-emergence of the Silk Road.

China is reintegrating with the nations of Central Asia to recreate the famed lucrative route of trade and transit; which will again connect East with West by land\textsuperscript{153}. China’s ‘good neighbor’, identity based strategy is currently effectively edging out Russia’s focus on strength when it comes to securing economic and diplomatic deals with the nations of the region. This will become extra apparent as the region sees Kazakhstan struggle to gain acceptance into the WTO while it remains a part of the Customs Union; and as Russia continues to play the part of Western pariah after it successfully annexed the Crimea Peninsula and tries to further annex Ukrainian territory.

\textsuperscript{152} Pipeline information obtained from the US EnergyInformation Administration.

\textsuperscript{153} There are numerous sources reimaging China’s effort in Central Asia to recreate the Silk Road. The new Silk Road is predicted to bring prosperity to China and the Central Asian nations it crosses. The original Silk Road was a highly profitable trade route which connected China to Europe. The advent of sea travel originally weakened trade via the fabled Silk Road and the USSR’s Iron Curtain eliminated it. Please see Swanstrom and Sheives for additional information on the re-emergence of the Silk Road.
4.4 Geopolitical Significance Between China and Central Asia

Economic factors are not the only ones bringing China closer to its Central Asian neighbors. There are geopolitical and security factors which cannot be tackled by one nation unilaterally due to transnational nature of them. These involve border tension; civil and ethnic tension; crime; corruption; illegal drugs, people, and weapons trafficking; Islamic extremism; weapons of mass destruction proliferation; and water and transportation disputes.\textsuperscript{154}

The background of the organization has already been established in Chapter 2 however, it will be reiterated that regional integration between China, Russia, and Central Asia was originally pursued to settle border disputes. The nations of China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan created the organization then known as the Shanghai Five. Uzbekistan was added in 2001 and the organization changed its name to the Shanghai Cooperation Organization (SCO). It then shifted its main focus to combat “Three Evils” of separatism, terrorism, and extremism. Mongolia achieved observer status in 2004 followed by Pakistan and Iran in 2005. The focus of the organization was then refocused to include the above list.\textsuperscript{155}

Since border disputes were the organization’s original focus, it will be the start of the geopolitical analysis. The Shanghai Five’s main goals was to build confidence between bordering states which would lead to the demilitarization and disarmament of border zones.\textsuperscript{156}

\textsuperscript{154} This is a paraphrased list of the main goals the Shanghai Cooperation Organization hopes to tackle.

\textsuperscript{155} Scheineson, Andrew. “The Shanghai Cooperation Organization”.....

\textsuperscript{156} Taken from the SCO official page: http://www.sectsco.org/
As stated in previous chapters, the original focus was the demilitarization of the Russia-China border regions which maintained the massive build-up of armaments during the Cold War. To this end, results have been positive; and effective cooperation between the two regional powers have yielded a drastic reduction in military weapons and personnel deployed on the border region. Following this success, China realized that it could use regional cooperation with its other neighbors to tackle other border disputes that it increasingly found itself unable to deal with unilaterally.

Further success have resulted from the actions of the Shanghai Cooperation Organization. China has also been successful in being able to demilitarize a large percentage of its western fringe. This has allowed all nations involved to focus either their troops or the equivalent funds elsewhere. These are just a few of the general success achieved by the SCO in terms of border security. Since the disintegration of the USSR, the newly formed republics in Central Asia inherited existing border disputes with China. Through SCO negotiations, China has since resolved twenty three of its border disputes. Outside of the settled disputes, China still has claims in six unresolved territorial disputes which still have not been successfully negotiated\textsuperscript{157}.

China’s border disputes stem from what it calls “unequal treaties”. China refused to recognize the borders of Central Asia which were drawn by Czarist Russia; Beijing felt Russia gained swaths of territory at China’s expense during this process. The Soviet Union, which

resulted from a revolution within Russia, then essentially locked down the continent. This meant that the settling of these disputes would never even attempted during its lifespan. The Central Asian nation states created after the disintegration of the Soviet Union inherited the unresolved border disputes with China\textsuperscript{158}.

China did prevent further instability by quickly trying to resolve the, then, unresolved regional border disputes. To accomplish this, China, again, pursued a diplomatic solution anchored by the SCO negotiations\textsuperscript{159}. For instance, in 2011, China was able to successfully settle a 130-year-old territorial dispute with Tajikistan. The settlement requires Tajikistan to cede approximately one thousand square kilometers of rugged territory located in the Pamir Mountains to China. What must be noted is that China’s original claim came close to 28,000 square kilometers of land. In other words, China eventually settled for less than four percent of the disputed territory it originally felt it had claim to in Tajikistan\textsuperscript{160}.

China settled border disputes in a similar fashion with Kazakhstan and Kyrgyzstan; settling for twenty-two percent and thirty-two percent of the original territorial claim respectively. In fact, China has settled for less than half of the territory being disputed in 17 of its 23 resolved border disputes\textsuperscript{161}. Despite the resolution of a majority of China’s land disputes;

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{158} Ibid.
\item \textsuperscript{159} China’s questionable display against human rights often give China the image of being a belligerent power. However, while internally this may be the case against ethnic minorities and dissenters especially, it seems to not be the case in China’s foreign policy. China seems more interested in strengthening cultural and economic ties with its neighbors which would explain why China settled for less than half of its territorial claim in 17 of 23 instances.
\item \textsuperscript{160} Ramachandran, Sudra “China Plays Long Game on Border Disputes”. Full reference in citation 158.
\item \textsuperscript{161} Ibid.
\end{itemize}
\end{footnotesize}
the opposite remains true of China’s sea claims. There are generally considered six of them in
the South China Sea and they have still not been settled.

Perhaps the most well-known of China’s perceived border security issues is caused by
China’s large ethnic Uygur population concentrated in the North-western, semi-autonomous
frontier province of Xinjiang. The Uygurs are an ethnic minority in China; they are of Turkic
ancestry and possess a population upwards of 10 million in Xinjiang alone. The Uygur
population practices Islam and possess their own unique spoken and written language. The
Uyghur language belongs to the Turkic Group of the Altaic language family162.

The largest reason China cannot unilaterally solve the Uygur dispute is due to the fact
that Uygur population are not fully encapsulated within China’s borders and China adamantly
adheres to its non-interference identity when it deals with other sovereign nations.

The root of the problem stems from the fact that the Uygur population currently possess
no official nation of their own. The dissolution of the Soviet Union and the creation of
Kazakhstan, Kyrgyzstan, and Tajikistan as independent nations had the effect of stoking dormant
nationalism within the Uygur population who hoped to also achieve independence for
themselves. While the majority of The Uyghur population are concentrated in the Xinjiang
region of China; the surrounding states of Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan
also possess considerable populations of Uygur163. The major territorial concession China made

163 Author notes that Uygur dispersion was intentionally narrowed to stay within the confines of the Central Asian
region. Uygur minorities exist in Pakistan and Turkey as well. The numbers are estimated in the hundreds of
thousands in all nations that contain them, except China and Kazakhstan which contain considerably more.
to the ‘Stan’ nations in the 1990’s were followed by a sharp surge in violence in the Xinjiang province.

China has always feared the ‘destabilizing’ effect that Xinjiang separatism had on both the nation and to regime security for the sitting government. The separation of the Xinjiang region could have severe implications for the territorial integrity of China; as it possesses many semi-autonomous regions such as Macau, Tibet, and Hong Kong. Furthermore, territorial destabilization would further condemn the legitimacy of the Communist party in the eyes of the population; which already consider the Tibet revolt, the Tiananmen massacre, and the Hong Kong Occupy Movement as serious hits already. It is for these reasons that China feels it absolutely necessary to suppress the Uygur unrest. The Occupy Movement is proving harder for the government to deal with due to the fact that Hong Kong is highly developed, economically integrated, and any violent suppressive action the state takes will be broadcasted for the scrutiny of the international community.

Simply violently suppressing the region is not a viable option. Historical suppression tactics alone has worked only to isolate the ethnic minorities from identifying themselves as “Chinese”. In order to help quell the main complaints of the Uygur population, it was decided that economically integrating the region into the rest of mainland China was a more permanent and effective solution to the problem. The main complaints of the Uygur population reside with long standing economic inequality. A part of it has to do with the great amount of resource and

164 Ramachandran and Swanstrom

165 This is not the case in Xinjiang due to the region being one of the nation’s poorest provinces. Regional poverty stands as a huge obstacle for the Uygur populations in Xinjiang.
energy wealth located in the region. The local population resent that so much its wealth is taken from the region and sent towards China’s major cities; and that none of it is cycled back to the region itself.

The resentment has grown in intensity as Beijing has increasingly shifted towards assimilation of the Uygar people within a Chinese framework through standardized education and language programs166. The Uygar feel that these programs are aimed to dilute the culture of the Uygar people. Recent large influxes of Han migrations have also been viewed as a ploy by the PRC to weaken the strength of the opposition. However, these unilateral tactics only served to create and accentuate ethnic discrimination for jobs and government programs, against the Uygar. This only served to worsen the already deteriorating situation167.

In essence, both the forceful suppression of the Uygar or encouragement of mass migrations of ethnic Han Chinese to the region has not made successful inroads in solving the issue. China realized that it could not handle the situation unilaterally and therefore required the support of the bordering nations of Kazakhstan, Kyrgyzstan, and Tajikistan to be successful.

In terms of economic integration, the cooperation of these bordering states were required in order to create sufficient trade ties and transport routes which would help Beijing integrate with these Central Asian nations; and allow Xinjiang to serve as an active hub to facilitate


167 Ibid.
economic activities between them\textsuperscript{168}. As opposed to being solely an exploited but isolated and resentful province on the periphery of the Chinese nation.

Once again, in terms of ethnic minorities and border security, China was able to convince, through the SCO, the neighboring states of Kazakhstan and Kyrgyzstan to stop offering Uygur refugees asylum and official recognition\textsuperscript{169}. This has, from the Chinese perspective, aided in increasing stability along its outer periphery. Multilateral SCO centered negotiations were employed as the best method available to effectively deal with the separatist sentiments within the region’s Uygur populations.

Beijing was able to accomplish this through effective campaigning against the “three evils” that were plaguing the entire Central Asian region: separatism, terrorism, and extremism. Sporadic Uygur bombings and attacks in Xinjiang, Uzbekistan, Kyrgyzstan, and Tajikistan helped expedite the process and governments signed on and agreed to assist in the fight the extremist threat posed by the region’s ethnic minorities\textsuperscript{170}. China was also able to garner international support in the post 9/11 environment from successfully getting many Uygur separatist groups classified from “separatists” to “terrorists”\textsuperscript{171}.


\textsuperscript{169} Sznajder pg 94-95. In addition, China heavily campaigned for cooperation of Central Asian nations on the extradition of any wanted Uygur fugitive which fled across the border (usually to Tajikistan).

\textsuperscript{170} Ibid pg 96. Swanstrom “New Frontiers” pg

China has since began to organize joint nation and cross border security drills, as well as counter terrorist activities. An emphasis of this strategy includes information sharing. Through cooperation in the SCO, China has convinced its neighbors, Kazakhstan, and Uzbekistan to restrict and disband Uygur political parties, religious activities, and large assemblies which are formed for the pursuit of an autonomous state. China has even bolstered the nations of Central Asia’s ability to crack down on separatist movements within their own borders by integrating them within China’s and Russia’s counter terrorist operations.

Tensions still exist along the borders of the nations in the region. A number of these tensions are generally argued to have more to do with another of the regional problems such as the influx of transnational criminal activity or Islamic radicalism than it does from state centric border tension stemming from a general mistrust of one another’s governments or intentions. This makes these tensions almost impossible for a government acting along to be able to effectively combat. In this regard, the SCO can be considered successful in its aim to integrate the nations under its influence and to build a base of trust and dialog with the other member nations, without resorting to the use of state violence.

That being stated, there have been numerous attacks along the Chinese borders with neighboring Kazakhstan, Kyrgyzstan, Tajikistan, and Afghanistan. Some of these have been contributed to the movement of criminal activity heading into China; while others have been attributed to Uygur nationalism. These particular attacks serve as a transition from border disputes at the state level of analysis, to border altercations on the individual level of analysis.
One point of interest is that since the independence of Kazakhstan, the border shared between itself and China has been relatively peaceful. There have been no major military or political standoffs between the two nations. It is probable that the stable bilateral relations between the two nations has indirectly facilitated the occurrence of smuggling. Until recently, smuggling has often occurred unchecked along the shared border between Kazakhstan and China.

In 2011 alone, over one hundred members of known criminal groups were arrested trying to smuggle illegal goods across the Kazakh border into China. In order to help stem the flow of illegal or illicit goods in the country, China must continue to develop a mutual security minded rapport with the government of Kazakhstan.

Kazakhstan, likewise, must also uphold its commitments to monitor its borders and enforce its laws to discourage would-be smugglers. Beijing knows it cannot solve the issue of smuggling unilaterally; the costs of the monitoring and enforcement activities that would have to be conducted along the 1,500 mile border would be astronomical.

An example would help put this into context. The United States shares a 1,933 mile long border with Mexico and even the United States’ fully developed economy has had generally poor results trying to unilaterally prevent the inflow of criminal activity and illegal immigration. Successfully monitoring the entire length of this similarly sized border well enough to prevent

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172 Statistic taken from Allnutt, Luke. Radio Free Europe/Radio Liberty. "Who Killed the Kazakh Border Guards?." Last modified 2014. http://www.rferl.org/content/who-killed-the-kazakh-border-guards/24603315.html. Source also speculates three theories which may have been responsible for the border killings. The first is smuggling which may have turned violent. The second theory was Uygur aggression. The third was a revenge killing by a continuously hazed border guard.
the flow of weapons, drugs, and people into the country requires a considerable amount of political and physical cooperation by all the bordering nations involved.\textsuperscript{173}

This is particularly true in the case of illegal drugs. Afghanistan itself is responsible for over 90\% of the world’s Opium.\textsuperscript{174} The drug-production region is known as the Golden Crescent. The American-led invasion of Afghanistan after 9/11 has effectively destabilized the nation so that only the informal economy is stable enough to consistently generate income. The stark growth of Afghanistan’s drug trade has elevated it a major transnational issue; it is no longer solvable by the Afghanistan government forces alone. Afghanistan opium has become a 60+ billion dollar industry. It supports warlords, mafias, bureaucrats, and government officials.\textsuperscript{175}

UN and NATO forces have not been able or willing to address the situation because the UN and NATO both assert that conducting counter-narcotics activities do not fall under their official mandate. Since Western powers seem to have little interest in solving the region’s Opium problem, the SCO or similar regional organizations must take the lead on it. This would likely be a two-step process. The first would be to economically integrate Afghanistan back into


\textsuperscript{175} Ibid. Source is very useful to understand the scope of the drug problem originating from the chaos in Afghanistan.
the world economy. The nation has remained either under a state of war or severe and radicalized form of ideological leadership since the Soviets invaded them in the 1980’s.

The second step would be for a group to physically stand up to the mafias and warlords which have now become incredibly powerful with the earnings from the Opium trade. Joint counter-narcotics efforts undertaken between China and Russia has proven themselves valuable in being able to deal with the drug flow smuggled into the country.

The integration of Xinjiang into an important regional economic and trading hub should successfully decrease the mass succession sentiment and therefore should decrease China-side demand for illegal weapons across the border. Increases in per capita wealth should decrease the number of would-be smugglers who engage in the activity through economic desperation. Once again, the volume of economic activity needed would need to be region wide to help stem the activity in the region as a whole.

4.5 Central Asia: Islamic Revival and the Spread of Radical Islam

As previously noted, the rise of political Islam and Islamic militancy is quickly growing into a major security concern for both the governments of China and Central Asia. To fully

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176 Ibid.

177 Counter narcotics efforts have shifted from “strike hard” mentality to “kill less” mentality. Instead of brute force, China has been actively working with Russian and US agencies to help neutralize smuggling in airports and on the sea. For in-depth look, please see: Trevaskes, Susan. “Policing Serious Crime in China”. Routledge. 2010. Pg 1-210.
understand this growing problem, it is important to establish a brief history of the movement as well as the geopolitical undertones which are contributing to it\textsuperscript{178}.

The area that comprises modern day Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan, and western China is geographically located on the Northeast periphery of the Muslim world. An overwhelmingly large area of the region is comprised of very rugged mountains and inhospitable terrain. This unforgiving terrain acts as a natural buffer to both Russian and Chinese soft power\textsuperscript{179}.

The entire region does not entirely consist of rugged and hard to traverse land; the Fergana Valley stands as the best available land in Central Asia capable of maintaining a large population. It is a fertile valley surrounded by the Tian Shan Mountains in the north and the Gissar-Alai Mountains to the south. The Syr Darya River and its numerous tributaries are located throughout the Fergana valley\textsuperscript{180}. The Fergana Valley has the densest population of people in Central Asia: with approximately twenty-five percent of the region’s population living within an area containing less than five percent of the region’s available land\textsuperscript{181}.

Part of the lingering regional problems started when the Soviet Union intentionally split the valley up between Soviet republics; a situation inherited by the independent “Stan” nations


\textsuperscript{179} Ibid, West argues that the terrain facilitates minority nationalism as the area is generally insulated from the spheres of influences of either Russia or China.


\textsuperscript{181} Ibid
after the fall of the Soviet Union. Though it has the potential to be the population and agricultural hub of Central Asia, it has instead become one of the most unstable regions due to intertwined populations, complex borders, disappearing resources, hydro politics, and Islamic extremism\textsuperscript{182}.

The Fergana Valley is now unevenly and complicatedly divided between Uzbekistan, Kyrgyzstan, and Tajikistan; this was intentionally done by the Soviet Union, under Stalin, to ensure that no one country could dominate the region. Please see Appendix I for a graphic representation of the border orientation of the Fergana Valley. In regards to the intertwined populations, each of the nations that share the Fergana Valley possess a considerable amount of ethnic minorities belonging to the other two nations. For example, Kyrgyzstan contains four sizable enclaves of ethnically Uzbek minorities in its section of the Fergana Valley. It is this reason, that Islamic militancy is becoming more prominent. It is proving to be an immense challenge to properly integrate these minority populations into the state. The sizable swaths of minorities do not possess any sense of loyalty to the idea of a modern nation-state; therefore also do not possess a sense of loyalty to any of the three states that comprise the area. The government policies designed to deal with this are unilateral in nature which ensures that there is no uniform goal in place. This dynamic is actually working to aid the spread of radical Islam and Islamic militancy in the Fergana Valley. This point will be returned to shortly.

Most of the fertile areas in valley is under the control of Uzbekistan. However, the most convenient access point to the valley is located in the western portion of the valley; which is located in Tajikistan. Kyrgyzstan essentially controls most of the high ground around the valley.

The Fergana Valley, historically, always existed in the form of a united political identity. In the days of the Silk Road, this region was known as Transoxiana; a lucrative province in the Persian Empire. The Mongols then took over the region but it was incorporated as a united political province. 19th century Russia eventually annexed the Valley but it was turned into the Fergana province and again, run as a united political province\(^{183}\).

The Soviet Union were the first ones to politically separate the region and to force the settlement of the traditionally nomadic people of Kazakhs, Turks, and Kyrgyz. The region does not possess any mutually recognizable languages and bonds were formed through affiliation through clan, region, or religion. This orientation creates a considerable amount of infighting amongst the different ethnic groups.

The complex border configuration is also a major factor for the regional instability. Soviet central planners divided the territory and intentionally ignored existing linguistic, cultural, and ethnic lines. During Soviet rule, these divisions functioned because the Soviets did not restrict the movement of people and trade goods in between, or through the borders of Uzbekistan, Tajikistan, and Kyrgyzstan; especially not in the Fergana Valley. During this time, one travelling could pass from Kyrgyzstan into Uzbekistan relatively easily. However, after

\(^{183}\) Ibid: Please see source for more in depth history of the Fergana Valley. Author intentionally summarized this background information. It is important to understand current events in the region, but this particular analysis does not focus on the history of the region.
each former Soviet Republic gained independence, each one of those complicated and unworkable borders became permanent borders for sovereign nations.

The daunting task of monitoring these borders is problematic. Consider this: Uzbekistan controls several offshoots and enclaves within Kyrgyzstan’s portion of the valley. The significance of these offshoots and enclaves is that it allows Uzbek civilians, smugglers, jihadists, and militans’ easy access to Kyrgyzstan territory through the rugged mountains. These remote and inhospitable terrain are extremely difficult, in terms of man power and financing, for these governments to adequately monitor. For example, this inability to properly monitor the border regions also helps explain the considerable amount of ethnic Uzbeks currently residing illegally within the borders of Kyrgyzstan.

In addition to this, the Tajik-Kyrgyz border is also easily permeable due to the border line along the Vakhsh River on the southern side of the Valley184. Though each nation enforces the use of passports to control migration and maintains numerous border checkpoints to control border crossings on land; bribes have become the standard practice among traffickers and militans hoping to either transport their illegal goods to the large markets of China and Russia; or to fight for autonomy or jihad respectively. Border guard bribes are effective because the area is still impoverished. Though the area is still divided ethnically and linguistically, there still exists one binding force; that of Islam.

184 Ibid. See also “The Complexities of the Fergana Valley” located here: http://www.security-risks.com/security-issues-south-asia/terrorism/central-asia-the-complexities-of-the-fergana-valley-2148.html. The complicated geopolitical boundaries in the region allow Islamic militants from Iran and Afghanistan to travel easily through Central Asia and into Western China. Opium, drugs, weapons, and people are also heavily trafficked through this region.
Already mentioned, was a rise of Islamic militancy in China with the Uygur separatist movement. Although the Uygur population practices Islam, the ultimate goal of the separatist movement is for independence from China. Simply put, the Uygur population more readily identify themselves as Central Asian than Chinese; with whom they share little in common.

That being stated, Islamic fundamentalism is of growing concern in Central Asia. The growing threat of Islamic fundamentalism could pose a threat to both China and Russia; regional powers with sizable impoverished Muslim populations\(^{185}\).

Islam has been prevalent in the region since it migrated over in the 7\(^{th}\) and 8\(^{th}\) centuries. The Mongols then conquered the region in the 14\(^{th}\) century and subsequently converted their Central Asian Golden Hordes to Islam. The Islamic Persian and Ottoman Empires also conquered and ruled the area. The Ottoman Empire was then supplanted by Russia, which would become the Soviet Union following the Bolshevik Revolution\(^{186}\).

Once the Soviets took control of the region, they worked to have Islam repressed. Mosques were forcefully closed, holy sites and shrines were destroyed, and much of the region’s clergy were exiled or killed during Soviet rule. Islam was driven underground. During the early years of Russian dominance, Islamic forces actively fought against the Bolsheviks. This was

\(^{185}\) It is beyond the scope of the analysis to retrace the entire history of the Islam migration to Central Asia. For a solid overview of the Islamic migration into Central Asia, please see Munster, Anna and Bosch, Robert, “Growing Islamic Extremism in Central Asia and the Caucasus – Situation and Outlook” located here: https://www.worldwatchmonitor.org/.../reportcentralasiaislamicextremism.com pg 3-6. See also: Babadzhanov, Bakhtiyar, Ca&CC Press Sweden. “The Fergana valley: Source or Victim Of Islamic Fundamentalism?”. Last modified 2014. http://www.ca-c.org/dataeng/10.babadzh.shtml. Both portray that Islam migrated through the region through conquest; most effectively by Persia and then the Ottoman Empire, which used Islam as a binding agent to bring together many different ethnic groups.

\(^{186}\) Munster, Anna and Bosch, Robert. “Growing Islamic Extremism into Central Asia…” pg 4.
known as the Basmachi (or bandit) Rebellion; again, was an early Islamic flavored rebellion which was actively fought against the Bolsheviks and was aimed at fighting against the system Russia was trying to install. It continued to flare up periodically; plaguing Russia’s dominance in the region, until the rebellion was finally suppressed in 1931 by a much militarily stronger Soviet Union\textsuperscript{187}. Following this, Islamic teachings were conducted discreetly through ‘unofficial mosques’.

Though suppressed heavily, Central Asian Islam was never fully eradicated by the Soviet Union. It was driven underground where rituals and worship still took place. Pilgrimages, such as the hajj, still occurred and those who returned brought back with them Islamic teachings from India; as well as Wahhabism ideals from Saudi Arabia. This allowed Islam to survive the Soviet repression.

Following the fall of the Soviet Union, the Central Asian nations were again free to reintegrate with their Islamic roots. It is important to note that the region is mostly Sunni Muslim, though small pockets of Shi’ism do exist in Tajikistan\textsuperscript{188}.

It is beyond the scope of the analysis to present a full complete analysis of the coming of, suppression of, and return to regional Islam. What is vital to the thesis is how radical Islam obtained a foothold in the region and the potential regional issues that may arise from it.

The earliest known Islamic groups in Central Asia were organized in the Fergana Valley. Gorbechev’s Perestroika lifted the heavy hand of the Soviet state and eventually allowed more

\textsuperscript{187} Ibid, pg 4-5.

\textsuperscript{188} Ibid, pg 4-5. And Babadzhanov, Bakhtiyar “The Fergana Valley….”.
freedom for Islamic based groups to operate. Travel to and from the region was made considerably easier, which allowed an influx in the migration of Islamic Missionaries, which then, began to flock to the region. Aside from bringing Islamic teachings, most missionaries also brought funds meant to build mosques. Some of these missionaries brought with them, radical Islamic literature and teachings from those such as Muhammad Qutb, Sayyid Qutb, and Abu-I-Al’a Mawdudi. Local politicians also began to learn how to utilize Islamic tenets and sentiments to bolster their following.

Uzbekistan was the most susceptible to Islamic radicalization. Uzbekistan contains most of the Fergana Valley within its borders. Half of the nation’s population resides in the Fergana Valley; the great population density there sharply facilitates increased social and religious communication. During the transition from Soviet rule to independent rule, security and safety became a major concern. As a solution, groups affiliated with the underground unofficial mosques returned to the public sphere and tried to step in to fill the power vacuum left by the Soviet Union in order to provide security. This was done in conjunction with local police in several major cities. This developed into a social movement called “Adalat” which means Justice. However, the post-Soviet, Uzbekistan government remained strongly authoritarian and secular. When the Adalat movement started pushing for the implementation of Sharia Law, the Uzbekistan government cracked down violently on the movement. As a result, many of the movement fled into Tajikistan or joined other militant Islamic groups. The repressive methods

\[189\] That point must be stressed. Though descriptively similar, the movement described here did not resemble events leading to ISIS in Iraq and Syria. The armed groups related to the unofficial mosques did not mobilize to try to exploit a power vacuum. They coordinated their efforts through existing organizations, such as the police.


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based on pure force used by Uzbekistan have thus far failed to actually decrease the religiousness of the population\textsuperscript{191}. A side effect of the harsh and improper treatment and repression has actually been a bolstering in the ranks of radical Islamic organizations\textsuperscript{192}.

Tajikistan is the other Central Asian nation that is most vulnerable to radical Islam. The other nations have held strongly to their nomadic roots; this lifestyle is the least likely avenue for religious dogma to penetrate. Uzbekistan and Tajikistan have largely gave up the nomadic traditions and replaced it with more of a sedentary life in cities. This fact has made these two nations the most vulnerable to radicalization. The Islam revitalization in Tajikistan followed much the same route as Uzbekistan.

Another factor leading to the increase of radicals is economic hardship. As previously stated, the Fergana Valley is the most densely populated part of Uzbekistan, Tajikistan, and Kyrgyzstan. Young people in particular, find it very hard to find meaningful work in the valley. One of the only avenues available for this demographic to raise living standards was to participate in “Shuffle Trade”. People who participate in Shuffle Trade are considered a type of merchant, one who regionally travels to find cheap goods, then returns to sell them at a higher price in the Fergana Valley\textsuperscript{193}. However, all three nations passed bans on the import of certain items; fruit in particular. This, coupled with a poor local economic solvency and a region wide

\textsuperscript{191} This is in stark contrast to Turkmenistan which possesses a very repressive government which has been able to tightly control society.

\textsuperscript{192} Ibid. To clarify, many Uzbekistan radical Islam groups are nationalistic in nature. However, by the time of writing, many of these Uzbekistan organizations and almost all Central Asian radical groups now possess a stated desire to reinstate a caliphate and an Islamic state in Central Asia. It is noted that these groups believe a return to a caliphate and an Islamic state would serve as a solution to current repressive government.

\textsuperscript{193} Term “Shuffle Trade” is a local vernacular term.
ban on the free exchange of currency dealt a death blow to the livelihoods of a large portions of the population living in the Fergana Valley\textsuperscript{194}.

A combination of government repression and economic desperation has helped to turn a number of disillusioned and desperate people towards radical forms of Islam. Failed unilateral policies of military repression and market suppression market interference has only led to an increase in people willing to embrace radical forms of Islam. Take for instance the repressed survivors of the Adalat movement. These people were forced to flee their home nations; many of them wound up in Afghanistan, where they were radicalized, trained, and supplied to fight the Soviet Union. Those who survived the war became battle hardened, and trained soldiers with close ties to a far flung and globalized terror networks, such as Al Qaeda. Following the war, these fighters returned to Uzbekistan and Tajikistan and began to recruit and operate\textsuperscript{195}.

The Central Asian radical Islamist networks, especially those in Uzbekistan, have been very active in the civil wars of Iraq and Syria; sending Islamic militants to join in the Jihad against the Iraq and Syrian regimes\textsuperscript{196}. This support has the potential to tip these civil wars in the favor of the radical militants if the West do not intervene.

\textsuperscript{194} Ibid.

\textsuperscript{195} Ibid.

\textsuperscript{196} The largest political Islam groups that operate in the region are the Islamic Movement of Uzbekistan (IMU). They have never been able to overthrow their government. Lately, they seem to have abandoned this goal, and instead concentrate their efforts on the global jihad. Thus they are very active in sending soldiers to fight the civil wars in Iraq and Syria. Please see: Kimmage, Daniel (compiler). Asia Times. “The Growth of Radical Islam in Central Asia”. Last modified March 2004. \url{http://www.atimes.com/atimes/Central_Asia/FC31Ag02.html}.
It has now been demonstrated that Radical forms of Islam cannot adequately be solved through repression tactics alone. This is largely because government repression is probably the single greatest factor contributing to it. Uzbekistan, in particular, has a repressive and secular Soviet style government still in place. Government repression on civil liberties; combined with its overbearing presence in the economic market is working to create the ideal environment of wretched social conditions and limited economic opportunity which breeds radical opposition\textsuperscript{197}.

If Central Asia is to avoid the fate of nations which suffer from terrorist and extremist movements, it must do so through opening and reforming its political system, or by reforming the economy and raising per capita wealth in the nation. The issue, it that currently, analysts demonstrate that the region is generally trending in the opposite direction. Political systems are being more oppressive and the governments are interfering more and more in the markets. If this trend continues, the correlated crime and radical Islam recruitment will continue to thrive.

Can the region reverse the trend? Firstly, it seems very unlikely that China would be willing to spearhead a multilateral effort to champion political openness in Central Asia; its own government remains very authoritarian. As is the one in Russia. So for this is to occur, it would have to be done through collaborative efforts of the ‘stan’ nations themselves, or with assistance from the United States or Europe. In this respect, both the USA and Europe has shown little interest in doing so\textsuperscript{198}. Some of this is because China’s “no strings attached” aid packages are

\textsuperscript{197} Ibid.

\textsuperscript{198} Ibid.

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the more attractive choice for the region’s authoritarian regimes. These packages do not come with measures to reform the political or economic system already in place.

The much more likely way to decrease the number of Islamic radicals and militants throughout the region is through forms of economic integration. China can help Central Asian nations accomplish this by initiating a similar tactic to those planned in China’s Yunnan and Xinjiang provinces. With China’s assistance, it isn’t beyond the realm of possibility to imagine the Fergana Valley becoming a booming trade hub; it has a large population and a centralized location on the Central Eurasian continent. The increased economic activity can be used to raise living standards in the Fergana Valley regions of Uzbekistan, Tajikistan, and Kyrgyzstan.

This is important because the people in Central Asia who gravitate towards crime and radical Islam do not come from the poorest ranks of society. Most come from the upper parts of the peasantry as well as from the lower end of the middle class199. These are the ranks of people who should have some upward mobility in society but increasingly find themselves unable to do so. They do, however, find upward mobility within criminal and radical Islamic networks. These organizations also offer a sense of cultural security and social support, while still modest, but is much better than anything currently provided by the state200.

Offering gainful employment or meaningful social safety nets can work to cut the flow of recruits to criminal and radical organizations. While economic reforms are desperately needed,

199 Ibid.

200 Ibid. Author’s note: While radical Islamic Organizations currently do not cause a direct threat to the entrenched government already in the region. The growing numbers may lead to a more assertive agenda; which may include refreshed terror attacks against the populations. This could work to destabilize an already fragile region.
they won’t be enough to totally eliminate these groups; or the appeal of them altogether in the whole region. However, reforms should drastically reduce the numbers of these groups; which would keep them on the margins of society instead of a growing population. It would also be in China’s interest to pursue this type of integration. Outside of the financial returns that it would bring, it will also drastically reduce the amount of criminal activity which originates in the Fergana Valley (and outside areas) and crosses the borders into China. Integrating the region, using smart tactics, which do not include discriminatory hiring by Chinese companies will also help to decrease anti-Chinese sentiment which would drastically help their image in the region; and most notably in Xinjiang.

While this tactic may help, it is hard to see the trend totally reverse without the political reforms. Central Asia does not possess the economic strength, massive production capability, or relative unity that China possesses. Either way, a step in the right direction would be for the Central Asian nations to lift their repressive policies designed to squash a reemergence of Islam; these policies have already been shown to make the problem worse.
Chapter 5: Conclusion

After many competing theories regarding the future role China would play in the international community; it is safe to assume that China has chosen to be a peaceful nation which strictly adheres to principles of non-interference. It successfully uses the good neighbor identity it developed over the years to secure political and economic ties with its neighboring states; as well as nations within Africa and the Middle East. Now that China is faced with many social and economic problems indicative of a modern nation-state, it seems very unlikely that China would now be headed towards a militarily aggressive trajectory. It is for these reasons that China should remain on a peaceful course.

This thesis has argued that the China and its Central Asian neighbors would do well to take a page out of Europe’s book and to use a strategy based on multilateral cooperation and integration. The regional framework is already in place. The Chiang Mai Initiative, ASEAN, and the Shanghai Cooperation Organization are examples of organizations that serve as valuable tools that the nation-states of the region can use to help solve some of the most pressing concerns in the region. As more issues are brought up, it is likely that more organizations will be created to deal with them effectively.

It was also argued that the most effective way to solve these political, economic, and security issues, was to employ a multilateral approach; as opposed to a unilateral one, when it came to issues that are transnational in nature. Transnational issues, of course, being problems which are not fully enclosed within the borders of one nation-state. This dynamic makes it very hard for a nation acting alone, to be able to deal with in any meaningful way.
It was decided that for the purposes of the analysis, that ‘best’ way to deal with a solution was defined as an outcome of an attempted policy which achieved most, if not all, the desired results. That meant the variables were the policies themselves; though they had to be defined as policies enacted by a national government, or an international organization in which the country is a current or future member.

The first case study was an analysis of the Straits of Malacca. China has numerous political, security, and economic problems which originate from and are concentrated in the region. China itself, has a very acute interest in the Strait of Malacca, as an enormous percent of its vital imported oil is shipped through the straight that is only 1.5 nautical miles wide at its narrowest point. For China’s economy to keep growing at its rapid pace, it must ensure safe passage through the Strait. This is a vulnerability that China has sought to rectify.

Politically, like China, around 10 nations on the Eastern entrance of the Strait alone, are very dependent on the waterway and get very nervous when China makes any attempt to use military forces or even projection of force; even if established for the intention to ‘protect’ its interests in the region. There became a very realistic fear that China was attempting to encircle India in the Indian Ocean; thus calling for global powers, such as the USA, to adopt contingencies to isolate and contain China if necessary. Thus China could not unilaterally solve this vulnerability by simply building up its naval capabilities in order to ensure uninterrupted passage through the Strait. While the result of this policy may be increased security for China’s vessels; it would come at a very high diplomatic, security, and economic price. Additionally, seeking to unilaterally (or bilaterally in this particular case) solve its own vulnerability by
building a man-made waterway through Thailand would also come at too a high price economically and politically.

A ‘better’ solution is for China to diversify both its energy sources and its energy transportation routes. In regards to the former, Kazakhstan, in particular has immense untapped potential in the energy market. It has large oil and natural gas reserves that remain underdeveloped due to its long tenure in the Soviet Union. China has the finances available in order to develop these sources, which works to the benefit of both Kazakhstan and China. China gets a source of energy from its own backyard and Kazakhstan gets financing to develop its energy industry and its infrastructure. It also gets an avenue it can take to lessen its dependence on Russia.

Outside of Kazakhstan, China has immense opportunity with the other Central Asian nations. All these nations remain underdeveloped because of their long tenure in the Soviet Union as well. While not all of them possess large deposits of oil, all can offer China something it had lost when Russia gained dominance in the region: the possibility of resurrecting land based transportation routes. These land based routes are seen as the reemergence of the famed Silk Road, which can be used to bypass travel through the Strait of Malacca.

Additionally, the nations along the Indian Ocean offer China an opportunity to create more land routes, which also decrease its reliance on the Strait of Malacca. These ports are leased to China, which then economically develops these ports for large scale trade and transportation. The benefit to this is that economic development works to decrease the levels of absolute poverty in the ports and surrounding regions. This works to also decrease the
occurrence of rampant crime, such as trafficking and smuggling; as well as the occurrence of hijacking attempts from pirates operating in the region. With the increased availability of honest and non-life-threatening work, people find illegal activities less appealing.

Not only does China get the benefit of diversifying its energy sources and its methods of transportation, the nations of Central Asia, Malaysia, Indonesia, and Singapore get much needed aid and financing that they can use to develop their own economies. The cooperation brokered in dealing with crime gets extended to other areas which also helps further bring together the nations of the region. Of course, these nations also can enjoy a markedly sized decrease in the amount of crime and radical activities within their borders and ports. This works to the benefit of all.

The second case study analyzed China’s relationship with Kazakhstan and the other nations in Central Asia. China’s largest domestic problems concerned its border security, the settling of territorial disputes, and the battle against separatism and radicalism.

In regards to territorial disputes, China could obviously not seek a military solution and simply seize the land is had claims to. This would undermine the identity that china has spent years developing. Thus China engaged in multilateral discussions aimed to settle the disputes; for often, much less than their original claim. Regional unity was seen as a higher priority than territorial acquisition.

In terms of border security, China cannot hope to monitor and patrol its own border unilaterally. Most of China’s Western and northern borders are in very inhospitable and rugged terrain. These regions are also very sparsely populated; meaning it would cost an astronomical
amount to be able effectively secure the borders from illegal immigration, smuggling, trafficking, and crime, even then it would be a monumental task to do unilaterally.

A better solution was for China’s to reach out to the governments of bordering nations to help solve the issue multilaterally. The Soviet Union left a very complicated border configuration between Uzbekistan, Tajikistan, and Kyrgyzstan which ensures that this type of crime remains very hard to tackle effectively. However, steps have been taken to help decrease this type of crime. The first step is increased economic development for the region. With more and meaningful work available, the incentive is there to avoid criminal avenues to make a living.

Two instances which have been considered very successful is the demilitarization of regional borders. The heaviest defended border was the one between China and Russia. Through the SCO negotiations, China and Russia have been very successful in demilitarizing the borders, which has added a sense of stability to the region.

The other relative success was in China’s Xinjiang region. Unilateral attempts to repress and eradicate their Uygur separatist movement were not successful. The government attempts to dilute the Uygur population through massive Han migration has only led to additional problems. Not only was repression making the movement increasingly violent, the migration attempt ensured that there was hiring and government program discrimination towards the Uygur population. The discrimination led to anti-Chinese sentiment which further bolstered the inability of the ethnic minorities to be able to consider themselves Chinese citizens. This worked to accentuate the separatist movement of Xinjiang.
A better solution to this problem was to multilaterally seek to economically integrate the region into China. Thus China negotiated with Kazakhstan to have pipelines originate in Xinjiang. This would lead to a massive investment of infrastructure and refining equipment to accompany the boom in economic activity planned for the region. The goal was to turn Xinjiang into a refining and manufacturing hub for goods destined for the Central Asian continent. This would effectively end the feeling that China was taking the provinces resources and not giving anything back in return for it. The boost in economic activity and the corresponding rise in per capita wealth will have a profound effect on the separatist movement and associated terrorist organizations. Economic opportunity will go great lengths to reduce the number of desperate people willing to join militant or terrorist groups. It will also decrease anti-Chinese sentiment in its peripheral regions.

A second step was taken to ensure stability. The neighboring nations of Uzbekistan and Tajikistan were convinced to stop supporting Uygur nationalism. These nations were urged to stop offering Uygur separatist groups sanctuary and official recognition. This greatly contributed to a decrease in terrorist activities successfully conducted within the region.

Regarding the rising Islamic radicalization, this is a problem which originates generally outside of China’s borders but has a chance to migrate into its borders. The source of Islamic radicalization actually originates in Saudi Arabia and Pakistan, but finds its way into the Islamic Central Asian nations. Therefore, for China, it is prudent to deal with the situation at its source, instead of trying to combat it when it has already been established.

The history of radical Islam organizations is complicated in the Central Asian regions. In essence, Islam was always the target of the secular authoritarian regimes of the Soviet Union and
its successor states. The sudden disappearance of the Soviet Union from the region left a power vacuum that Islam quickly stepped-in to fill. However, government repression scattered the movement into places such as the Taliban’s Afghanistan, where they were further radicalized and exposed to combat. They also became exposed to transnational terrorist organization, such as Al Qaeda, which further radicalized these groups.

The Central Asian authoritarian regimes are continuing to try and repress Islamic movements and organizations which is actually help to create more of them. The repression of civil liberties and lack of economic reform is creating an environment which is very susceptible to radicalization. For there to be any meaningful change, political and economic reforms are needed. At least one of the two would be enough to reduce the number; but both would be ultimately needed to fully reverse the trend towards extremism. Central Asia cannot count on China to lead the wave for political reform because the nation itself remains, politically, very authoritarian. However, it can help boost the economic situation in Central Asia. Economic integration and economic opportunity can help reduce the amount of radicalization in the region by effectively cutting off the main source of their recruits: the upper peasantry and lower middle class who become stuck in a society with no upward mobility.

In all of these cases, the most effective way to deal with transnational issues was to seek a multilateral solution designed to target the roots of the issue. By targeting the roots of a particular issue, the whole problem become easier to solve. It will be very interesting to see if China continues to deal with transnational issues in a multilateral fashion; for both the issues already outlined in the thesis, as well as any transnational issues it may run into in the future.
Appendix A:

China’s volume of trade with the United States from 1985 - 2013

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Trade: US dollars in (b)</th>
<th>Total GDP in (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>3.8</td>
<td>257</td>
</tr>
<tr>
<td>2013</td>
<td>483 (approx)</td>
<td>8,230 (approx)</td>
</tr>
<tr>
<td>Change:</td>
<td>Factor of 127</td>
<td>Factor of 32</td>
</tr>
</tbody>
</table>

Both table and conversions from millions to billions constructed by author. Statistics obtained from trading economics <http://www.tradingeconomics.com/china/gdp> and US Census Bureau <http://www.census.gov/foreign-trade/balance/>
Appendix B:

China’s volume of trade with Japan from 1999 – 2012

<table>
<thead>
<tr>
<th>Year</th>
<th>Trade in US dollars (b)</th>
<th>Total GDP in (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>42.82</td>
<td>1020</td>
</tr>
<tr>
<td>2012</td>
<td>91.29</td>
<td>7320</td>
</tr>
</tbody>
</table>

Change:

Factor of 2.12
Factor of 7.17

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Both table and conversions from millions to billions performed by author. Statistics obtained from trading economics [http://www.tradingeconomics.com/china/gdp](http://www.tradingeconomics.com/china/gdp) and US Census Bureau [http://www.census.gov/foreign-trade/balance/](http://www.census.gov/foreign-trade/balance/)
Appendix C:
Volume of crude oil shipped through Malacca Strait per day from 1993 to 2011

<table>
<thead>
<tr>
<th>Year</th>
<th>Million barrels per day (bbl/d)</th>
<th>% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>7</td>
<td>Base Year</td>
</tr>
<tr>
<td>2001</td>
<td>10.3</td>
<td>33</td>
</tr>
<tr>
<td>2011</td>
<td>15.2</td>
<td>32</td>
</tr>
</tbody>
</table>

Table and percentages generated by author. Statistics obtained through the US Energy Information Agency.
Appendix D:
The Malacca Strait and major alternative routes

Appendix E:

Domestic production and origins of oil imports destined for the United States\textsuperscript{205}

\textsuperscript{205} Statistics obtained from the US Energy Information Administration. Table constructed by author. Totals calculated by author using 2012 statistics.
Appendix F:
Domestic production and origins of oil imports destined for China\textsuperscript{206}

\textsuperscript{206} Statistics obtained from the US Energy Information Administration. Table constructed by author. Totals calculated by author using 2011 statistics.
Appendix G:

Piracy activity in the Malaccan Straits in 2013\textsuperscript{207}

\textsuperscript{207} Source: Picture and stats from the International Maritime Bureau <http://www.icc-ccs.org/icc/imb>
Appendix H:

Major pipeline infrastructure in Russia, Kazakhstan, and Europe

Source: Official public Transneft website located at http://www.transneft.ru/
Appendix I:

Map of the Fergana Valley

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