CHAPTER-2

POLITICAL RELATIONS
2.1 HISTORICAL PERSPECTIVE

Kazakhstan with its advantageous geo-political location and vast deposits of oil and gas has become one of the key players in the huge energy sector in the Central Asian region. It’s landlocked and shares its borders with Russia, China, Uzbekistan, Kyrgyzstan and Turkmenistan. China ranks as one of the main priorities for collaboration (Saurbek 2008:79). Subsequent to the collapse of the USSR, Kazakhstan became an imperative state in Central Asia. It is situated on the Silk Road, the historical trade route, connecting East and West. These characteristics have made it the new focal point of the world especially the big powers.

The first formal political contact between the Kazakh Governors and China’s Qing dynasty rulers began in the summer of 1755 AD. The commander of Qing army came into contact with the Sultan of Average Zhuz, Ablay. However, in the autumn of 1755 anti-Qing revolt broke out in Zhungaria and in the summer of 1756, Qing army intruded into Kazakh area. In early 1757, Ablay’s and Amursana’s groups engaged in negotiations with the Qing Court, resulting in the reestablishment of diplomatic and trade relations between the Qings and the Kazakh Governors. “Tribute System”, a system of offering traditional gifts to the Chinese Emperor was in practice during that period. However, the Qing Court designated Kazakh Khans and Sultans as new vassals of the Chinese Emperor. By the middle of 1760s, there was an inconsistent situation when Kazakh Zhuzs in the Russian empire were considered by the Chinese as” Citizens of the Chinese Empire” and their territory was called as “the territory of the Celestial Political Instability” (Akataeva 2006:45).
This image shows how Kazakhs deliver a white horse as a gift to the Qianlong Emperor of China (1757), soon after the Qing conquest of Xinjiang. Source: (Millward, James A. (2007), Eurasian crossroads: a history of Xinjiang, Columbia University Press, pp. 45–47)

Kazakh people and the Chinese were involved with each other since the second half of the 18th century while some Kazakhs came under the influence of the distant power, others started expressing loyalty to Russia because of the fear of Chinese expansionism. Subsequently, in the second half of the 19th century, Russia annexed the Kazakh steppes. This situation turned Russian and the Chinese borders to touch for the second time after 150 years. After the delimitation of the border between Russia and Chinese empire in the Siberian front, the two empires started dividing the border in Turkistan. As a result, the Treaty of Peking of 1860 was the first attempt of border establishment. According to the Treaty, the border in Turkistan was based on the then-
existing line of permanent pasture pickets which had been established to limit the use of pastures by the nomadic Kazakhs. However, this was still a roughly defined border, and for this reason, there was a need of comprehensive delimitation. This delimitation took three decades and finally the \textit{Treaty of Tarbagatai}, signed in December 1893, and marked the final decision on border issues in Turkistan. But this is delimitation of Turkistan between the two empires was done without regard to ethnic, cultural and religious considerations. It was mostly based on the military and the strategic considerations of Russia and China. Thus, it resulted in native people living on either side of the border which remained porous for more than a century. It so happened that when there was disorder on the Russian side, the people fled to the Chinese part and vice versa. Moreover, the border became the backdrop of several migrations and the first families moved to the Russian empire during the 19th century. So, the border became vulnerable from both sides (Ercilasun 2006:12).

\textbf{2.1.1 Kazakhstan-China Relations during the Soviet Period}

Kazakhstan–China relations did not begin all of a sudden with the disintegration of the USSR, infact the post-cold war relationship was moving according to the progress in Sino-Soviet relations. Sino-Soviet rivalries followed the break-up of Moscow-Beijing alliance in 1958 and Moscow’s propaganda against Beijing generated fear and suspicion in Kazakhstan towards China, which for a long time inhibited the relations between the two sides (Hunter 1996:125). The Open Door Policy introduced by China in December 1979 could have normalized the situation; but the Soviet intervention in Afghanistan in the same month re-fuelled the hostility. In a positive development in April 1982, the Ministry of Foreign Trade of China and the Soviet Ministry of Foreign Trade formally exchanged a note to resume trade ties (Liu 1998: 180). Those ties were bolstered up during President Gorbachev’s visit to Beijing in May 1989 to attend the Sino-Soviet Summit. As an indirect outcome, the diplomatic ventures removed all barriers to improve relations between China and Kazakhstan as well (Hunter 1996:125). Since then, the trade and economic relations between Astana and Beijing have have been incessantly improving.
2.1.2 Diplomatic Recognition

After the collapse of the Soviet Union, China took active interest in the developments in Central Asia (Rumer and Stanishpav1998:159), and particularly, in Kazakhstan. The country grew in significance as it shares the longest common border (approximately more than 1718 kms) with China among all the Central Asian states, and also because of its huge amount of nuclear weapons and stockpiles. Apart from these factors, close ethnic affinity of its people with that of volatile Xinjiang province has been a matter of great concern for Beijing. So China lost no time in recognizing and establishing diplomatic relations with its neighbour. On 27 December, 1991, a telegram was dispatched to the Foreign Minister of Kazakhstan regarding Chinese recognition of the country’s independence and its intention “to hold negotiations with it on matters relating to the establishment of diplomatic relations” (China Quarterly, March 1992, no.129:285). Accordingly, China established diplomatic links with Kazakhstan on 3 January 1992 (Yasmin 1998:236).

Subsequently, Beijing smartly managed to get Kazakhstan’s support regarding its territorial integrity with particular reference to Xinjiang as part of China and “One China policy” (ruling out recognition and establishment of official relations with Taiwan) as a pre-condition for diplomatic recognition. The Kazakhstan government immediately recognized that “the Government of People’s Republic of China is the only legitimate government of China and that Taiwan is an indivisible part of the Chinese territory.”

Adopting a realist approach to international relations, China seeks to maximize its power and influence in the region vis-à-vis Russia and the USA. Beijing has enhanced its role in Kazakhstan through diplomacy and therefore maintaining good relations with the nascent Central Asian states is vital for China. Through the Shanghai Cooperation Organization (SCO), China intends to exert its authority in Central Asia as well as show the international community that its presence there is indispensable for regional security (ONG 2005:437). On its part Kazakhstan has made rapid progress after managing the
pains of building a new regime and a new country. It is gradually emerging as a regional power in the region. Thus, strengthening relationship with Kazakhstan gains more importance for China. (Ercilasum 2004:11)

2.2 KAZAKHSTAN-CHINA RELATIONS

As regards China’s foreign policy initiatives towards Kazakhstan, these have been broadly woven around two basic issues: (a) reviving the Silk Route as an umbilical cord between China and Central Asia, and (b) creating new framework like the ‘Shanghai Cooperation Organization’ forum which seeks to project itself as an alternative paradigm for evolving the 21st century world order. For China, these forums remain geared to achieving its core national interests in Kazakhstan which includes: (a) ensuring China’s continued access to Kazakhstan’s energy resources, (b) ensuring that the ethnic linkages between Kazakhstan and Xinjiang do not have any negative impact on China’s internal security and external ties, and (c) ensuring that external powers are not able to build their presence in Central Asian Republics in such a way to undermine China’s own course of actions and make it vulnerable in any manner.

Firstly; considering that China shares 3,500 km joint borders with Central Asian Republics, the foremost strategic concern of Beijing has been to ensure stability of this frontier so as to create more favorable external environment to sustain its modernization. Secondly; in view of Washington’s attempts to using issues like Tibet, Taiwan and human rights to seek its goals of westernizing, weakening and splitting China, it becomes imperative for Beijing to ensure that any such engineered social unrest does not affect its security and stability. Hence, by strengthening ties with Central Asian Republics, China has efficiently handled separatists and religious extremist infiltration from these countries. Thirdly; China’s engagement with Kazakhstan provides it with a buffer zone against the eastward expansion of NATO. Finally; the fourth strategic concern is to seek a stable and reliable energy supply. Its rapid economic growth has made China hostage to energy supplies and considering abundant oil and gas deposits in Central Asia. So,
evolution of a reliable supply-demand relationship based on fair and reasonable prices is in the common interest of both China and these Republics (Singh 2000:10).

Though Kazakhstan has surrendered all its nuclear weapons and joined the NPT as a non-nuclear state, it still continues to wield influence due to its size, economy and goodwill in the west. Bilateral relations between China and Kazakhstan entered the primary stage following the joint statement on neighbourly relations announced by the two presidents during Nazarbayev’s first formal visit to Beijing in 1993. Since then, Sino-Kazak bilateral trade has witnessed a steady growth between 10 to 12 percent, and it crossed $500 million mark during 1997 when it made Kazakhstan China’s second largest trading partner amongst the countries of Commonwealth of Independent States next only to Russia. During 1999 alone, their bilateral trade showed an impressive growth by 80 percent and crossed the figure of $1 billion. Their cooperation in oil exploration and oil exports also remains to be the pillar of mutual trade and commerce. Kazakhstan’s petroleum production has grown at about 12 percent and China has since emerged as a major player in its oil exploration efforts. The two countries had signed their first cooperative agreement at Almaty in 1997 when China agreed to jointly develop Kazakhstan’s refining capability, promising to invest $9.5 billion.

In 1998, the two countries had begun to operate the Uzen oil field and the Aktyubinsk oil and gas field in Kazakhstan. The China National Petroleum Corporation (CNPC) purchased 60 percent of stake in the Aktobemunai gas oil production enterprise for $325 million and pledged to invest another $4 billion in next 20 years. Similarly, these two countries have also been debating long-distance oil pipelines. Once complete, these pipelines will allow an increase in annual crude oil exports to China from the present 100,000 tons to 2.5 million tons. In addition, CNPC is now involved in developing two more oil fields in Kazakhstan.

The steel industry has been another promising area in bilateral cooperation. Although China has emerged as world’s largest producer of steel and its annual crude steel output exceeds 100 million tons, it lacks quality steel products, especially thin steel
products, where Kazakhstan has an advantage. In 1997, China’s steel output was up by 8 percent over the previous year, and exports of steel products accounted for half the total shipments. Each year about 300,000 to 500,000 tons of steel products are exported to China. Besides, the two have been deliberating on how Chinese enterprises will invest in Kazakhstan’s farm products processing industries, daily necessities production, tourism and medical fields. These positive interactions between the two largest countries of this region have set in motion China’s cooperation with other Central Asian Republics (Singh 2002:29).

China has been keen to promote bilateral military cooperation with Central Asian states has been evident in the Sino-Kazakh military cooperation. As early as in 1993, a joint statement stated that ‘both sides agree to facilitate the contact and promote the relationship between their military and conduct military exchanges according to international practice so as to enhance mutual trust and cooperation in the military field. In September 1995, Chinese President Jiang Zemin and the Kazakh President Nursultan Nazarbayev issued a joint announcement at the end of the latter’s visit to China, affirming that in the sphere of military relations, links between the defence ministries should be established and developed, and efforts at working out an agreement on reduction of military forces along the borders and strengthening the trust in the military field speeded up. Military technological cooperation should be carried out on the basis of mutual benefits and taking each country’s international obligations into considerations.

In 1995 and 1996, military exchanges were conducted on a regular basis. A Chinese military delegation from the garrison of the Xinjiang Uighur autonomous region visited Kazakhstan in August 1995. In May 1996, Kazakh Foreign Minister and Defence Minister received Fu Quasnyou, the chief of staff of the People’s Liberation Army (PLA) visiting Kazakhstan. In October 1996, Chinese Defence Minister Chi Haotian met his Kazakh counterpart Alibek Kasymov in Beijing and discussed cooperation between the two armed forces. In the mean-time, Chinese Premier Li Peng also had a meeting with the visiting Minister (Xing 2002:214).
On 24 May 1995, the Kazakh Foreign Ministry announced that all nuclear weapons deployed on its territory during the Soviet era had been either transferred to the Russian territory or destroyed. Shortly before Kazakhstan became a nuclear weapon-free state, on 8 February 1995, the Chinese government announced its security assurance to the neighbour. In a brief announcement, the Chinese government stated that, China fully understands the desire of Kazakhstan for security assurance. The Chinese government has unconditionally undertaken not to use or threaten to use nuclear weapons against non-nuclear states or nuclear weapon-free zones. This long standing principled position also applied to Kazakhstan. The Chinese government urges all nuclear weapon states to undertake the same commitment so as to enhance the security of all such states, including Kazakhstan (Xing 2002:207). In short, Kazakhstan’s policies on China and vice versa are governed by economic consideration. The rising threat of ethno-nationalism in Kazakhstan is a matter of concern for China. Thus it wants the present status quo to continue in Kazakhstan to ensure harmony on its border and good relations with neighbors.

During the Cold War, Kazakhstan served as a forward base for potential Soviet military operations against China. After the USSR’s collapse, the initial focus of Astana and Beijing, after establishing diplomatic relations in 1992, was to delineate their new 1,782-km common border. They progressively resolved their frontier differences in their joint communiqué of November 23, 1999, the bilateral protocol on border demarcation on May 10, 2002, and the comprehensive border agreement of December 20, 2006. The two governments also signed an agreement to govern the use and protection of their cross-border rivers on September 12, 2001 (Embassy of Kazakhstan in China 2001). Thus, Kazakhstan has now become China’s most important strategic and economic partner in Central Asia. In 2002, the two countries signed a “Good Neighbor Treaty of Friendship and Cooperation,” an “Agreement on Cooperation against Terrorism, Separatism, and Extremism” and an “Agreement between the Chinese Government and the Kazakhstani Government on Preventing Dangerous Military Activities (Rumer, Trenin & Zhao 2007: 170-172).
In May 2004, they established a China-Kazakhstan Cooperation Committee, which has served as a major governmental mechanism for promoting bilateral relationship. It includes ten specialized sub-committees consisting of policy makers and technical experts from both governments. For example, the Economic and Trade Cooperation Sub-Committee seeks both to increase the overall volume of bilateral trade and rebalance the exchange to counter Kazakhstan’s growing trade deficit. The bilateral Cooperation Committee also supervises the work of the Cross-Border Rivers Joint Committee, an important group given the tensions that have arisen over water rights and water management. The Kazakh and Chinese Presidents meet several times a year in bilateral and multilateral gatherings while other senior government officials meet more frequently (Embassy of Kazakhstan in China 2001). A major concern for China in relations with Kazakhstan is securing Astana’s support for its efforts to curb “separatism” among China’s Uighur population. About 180,000 Uighurs reside in eastern Kazakhstan. In addition, some one million ethnic Kazakhs live in China, especially in Xinjiang (Cummings: 35 & Nichol: 3). The Chinese government has long been concerned about Muslim-inspired ethnic separatism in the Xinjiang Uighur Autonomous Region, an area constituting one-sixth the land area of China that contains the world’s fourth largest concentration of Turkic people (after Turkey, Iran, and Uzbekistan), effectively requiring analysts “to view China not as a neighbor of Central Asia but as a part of Central Asia” (Fuller & Starr 2004: 10). Of the region’s 20 million inhabitants, approximately half are Non-Han Chinese Muslims with ethnic and religious links to neighboring Turkic populations in Central Asia, especially Kazakhstan and Kyrgyzstan. Xinjiang adjoins Afghanistan, Pakistan and several Central Asian countries. Many of its local Muslims, like the Buddhists of Tibet, oppose the continuing influx of Han Chinese into their traditional homeland, which enjoyed de facto independence before 1949, when Beijing incorporated Xinjiang into China. Although their economic standards of living have improved under Chinese rule, many perceive that Beijing discriminates against them.

Some Uyghurs have responded to the Chinese presence by joining anti-Beijing groups, most prominently the East Turkestan Islamic Movement. The United Nations, the U.S. government and other bodies have listed the movement as a terrorist group. Some of
its members have engaged in violence against Chinese civilians in their campaign to secure Xinjiang’s independence. Chinese officials accuse the organization of collaborating with al-Qaeda and, more recently, the Dalai Lama (Buckley 2008). The Chinese government has employed primarily diplomatic initiatives and direct security assistance to bolster Central Asian governments against domestic threats as well as induce them to crack down on East Turkestan separatist. Chinese pressure forced the dissolution of the independent associations of Uighurs in Kazakhstan as well as the closure of the Institute of Uighur Studies that had been based at the Institute of Oriental Studies in Almaty (Peyrouse 2007: 12). By 2004; Beijing signed bilateral counter-terrorism agreements with all Central Asian neighbors. These include provisions for joint law enforcement operations, bilateral police training and enhanced intelligence sharing (Press Trust of India, 2004). To bolster ties with these governments as well as enhance their counter-terrorist capabilities, Beijing has also supplied Central Asian governments with defense equipment, military training and intelligence information regarding terrorist threats. The National Security Committee of Kazakhstan and the Public Security Ministry of China regularly conduct joint anti-terrorist exercises in border regions. Kazakh and Chinese law enforcement agencies also collaborate against trafficking in narcotics and weapons. China’s defense academies now enroll Kazakh military personnel in their classes (China Daily 2007).

The Central Asians often sympathize with the Uighurs’ separatist aspirations inspired by drive for independence in the region. These governments while allowing practising limited degrees of political activity, do not permit them to engage in unauthorized activities against China and have deported those accused of terrorism by Beijing. In line with Chinese preferences, Central Asian governments also regularly profess solidarity with Beijing’s counter-terrorist concerns. For example, when Chinese President Hu Jintao visited Astana in June 2004, the two governments issued a joint declaration that stated: “The two sides are determined to continue to take effective measures and work together in cracking down on all forms of terrorism, including the terrorist force of the ‘Eastern Turkestan Islamic Movement’ in order to safeguard the peace and stability in the two countries and this part of the world.” In addition, the
communiqué affirmed that, “The two sides maintain that the crackdown on the terrorist force of the ‘East Turkestan Islamic Movement’ is an important part of the international fight against terrorism (BBC Monitoring 2003).” Joint Kazakh-Chinese declarations also normally include a clause affirming the mainland’s position regarding Taiwan—that Beijing is the only legitimate government of China and that Taiwan is an inseparable part of its territory. The joint communiqué issued when Hu visited Astana in August 2007, states that, “On the Taiwan issue, the Kazakh government reiterated its steadfastness in upholding the one-China policy and throws its support behind China for all efforts it has made to realize nationalre-unification, recognizing that the Taiwan issue is China's internal affair (Xinhua 2007).” When Taiwan held a referendum on March 22, 2008 on Taiwan’s joining the United Nations as a separate country, the Kazakh Ministry of Foreign Affairs declared Astana’s opposition to Taiwan’s independence aspirations and any attempt to create “two Chinas (Ministry of Foreign Affairs of Kazakhstan 2008).”

In 2008, as various international groups urged foreign governments to boycott the Beijing Olympics, or at least the opening ceremonies, to signal disapproval of China’s policies regarding Darfur, Tibet or other issues, the Chinese government sought to solicit their endorsement. When Kazakh Prime Minister Karim Masimov met Chinese Premier Wen Jiabao in April 2008, they issued a communiqué declaring that, “Kazakhstan supports China's efforts in the preparations of the Beijing Olympics and will enhance coordination with China on strengthening the Olympic security work to ensure its successful and smooth holding(Xinhua 2008).”

The long common border and overlapping ethnic groups have also encouraged cultural and commercial ties. As one Chinese scholar observed, “Kazakhstan represents a type of connecting bridge between the states of Central Asia and China on the Eurasian continent. That is why once Chinese-Kazakhstan free economic zone will be created; it must become such an element that will push forward the creation of free trade zone of the SCO (Gang 2006).” Although it took years to overcome the impact of the Sino-Soviet confrontation, when trade between Kazakhstan and China was minimal due to the defense and security barriers along the Sino-Soviet border, Kazakhstan has become, by
far, China’s largest economic partner in Central Asia. Of the $8.7 billion in total trade between China and Central Asia in 2005, approximately $7 billion involved Kazakhstan. In late 2007, the Kazakh Ministry of Transportation offered for consideration the possible construction of a railway that would connect China with the Caspian port of Aktau for overland trade with European markets. Chinese officials were eager to enhance commerce between the country’s relatively impoverished northwestern regions and their Central Asian neighbours. This consideration applies particularly to restless Xinjiang since over half the province’s income derives from trade with Central Asian countries.

Trade with Central Asia also has been increasing since Beijing began opening western border after 1985. The Chinese government has granted hundreds of millions of dollars in credits to these countries for the purchase of Chinese goods. In 2006, according to Kazakh figures, official bilateral trade amounted to $8.36 billion, a 22.8% increase over the previous year. In addition, the underground shuttle trade between merchants evading taxation amounts to several more billion dollars. The two governments have set a target to raise trade volume to $15 billion by 2015. If current trends continue; the volume of trade with China will exceed that with Russia for the first time in centuries. Increased commerce could help promote the economic development of Xinjiang, Tibet, and other regions that have lagged behind China’s vibrant eastern cities. Although trade with Central Asia represents less than one percent of its overall foreign trade, it will likely continue to play a more important role for western China due to their geographic and other links with the region.

Chinese policy makers are uneasy about relying so heavily on vulnerable Persian Gulf energy sources for oil and natural gas. Gulf oil shipments traverse sea lanes susceptible to interception by the U.S. or other navies. Further, China recognizes that terrorism; military conflicts and other sources of instability in the Middle East could abruptly disrupt Gulf energy exports. Since Chinese efforts to import additional oil and gas from Russia have proven problematic, Beijing has strongly pushed for the development of land based oil and gas pipelines that would direct Central Asian energy resources eastwards towards China. The new inland routes would provide more secure supplies to China than the existing sea-borne links.
While retaining a strong presence in Pakistan, Chinese firms have been increasing their investments in new South and Central Asian markets, especially in India and Kazakhstan. Beijing has been helping finance the development of roads, ports, and energy pipelines linking South and Central Asia to China as robust economic engagement will require major improvements in the capacity and security of east-west transportation links. Over the past decade, the two countries have been establishing the core infrastructure required by their expanding economic ties—creating border posts, energy pipelines, and roads and railways that have converted the informal shuttle trade that arose in the 1980s to a large-scale, professional economic relationship (Peyrouse 2007: 10).

Yet, much additional progress is needed in this area to achieve the higher levels of bilateral commerce. When Kazakh Prime Minister Karim Masimov met his Chinese counterpart Wen Jiabao on April 9, 2008, he emphasized Kazakhstan’s commitment to enhancing bilateral commerce through infrastructure development, specifically citing the need to improve its ports, customs, banking systems, railways, highways and other commercial networks involving China. In addition to the underdeveloped economic infrastructure connecting the two sides, other impediments to expand commercial exchanges include unsupportive visa policies, special regulations on Chinese consumer products, corrupt commercial practices in both countries, and Kazakhstan’s non-membership in the WTO. Ironically, one factor working against Kazakhstan’s rapid entry into the WTO has been its concerns about having their national industries devastated by Chinese competition in the absence of protective barriers—as happened with neighboring Kyrgyzstan.

China has imported Kazakh oil via railroad for a decade. In addition, hydropower plants in China supply about 20 percent of Kazakhstan’s electricity consumption. Western firms were initially able to block the efforts by Chinese energy companies to join Kazakhstan’s largest oil and gas projects. But energy cooperation has accelerated in recent years after the Kazakh government committed to directing a share of its energy exports to China. In July 2005, Chinese President Hu Jintao signed a declaration of
strategic partnership with his Kazakh counterpart Nazarbayev providing for expedited development of the 1,300-km Atasu- Alashankou pipeline to transport ten million tons of oil annually from Caspian coast to Xinjiang province. This 50-50 joint venture between the Chinese National Petroleum Corporation (CNCP) and KazMunaiGaz began operating on a limited basis in December 2005, marking the first eastward flow of Central Asian oil and China’s first use of a pipeline to import oil. In August 2007, the CNPC signed an agreement with KazMunaiGaz to extend the pipeline 700-km westward; linking China directly to the Caspian fields. The CNCP has also acquired a substantial stake in a new natural gas field in western Kazakhstan. Chinese oil firms operate four oil fields in the country, and in 2005 purchased Petrokazakhstan, a leading Kazakh energy firm. Sinopec, CNPC, and other Chinese energy firms produce about 13 million tons of oil annually in Kazakhstan. Beijing views Astana’s cooperation with China on energy imports as an important contribution towards realizing its goal of becoming less dependent on Middle East oil supplies.

Although many Kazakhs welcome China’s increasing involvement in their economy, especially as a supplier of cheap consumer goods and a potential market for their products, they also fear Chinese long-term ambitions in their country. A widespread worry is that demographic imbalances—Kazakhstan has the lowest population density in Central Asia—could entice Chinese immigration that would eventually lead to China’s annexation of its territory. A related anxiety is that China’s growing wealth will result in Chinese ownership of important sectors of its economy. These concerns became most evident in 1999, when the media criticized the decision by the national legislature to ratify what many Kazakhs deemed as excessively generous concessions to Beijing regarding demarcation of the China-Kazakhstan border. Popular concerns about “peaceful Sinification” of Kazakhstan’s under-populated regions compelled Kazakh authorities to re-impose visa regulations on Chinese nationals seeking to enter Kazakhstan. More recently, Kazakhs have complained about China’s excessive consumption and unilateral management of trans-border water resources. Concerns also have arisen about the growing imbalance in Sino-Kazakh trade—with Kazakhs urging the Chinese to buy (and help develop) Kazakhstan’s non-resource sectors (Peyrouse 2007).
The continuing attractiveness of Russian culture and the Russian language has also limited Chinese influence in Kazakhstan. Although some 3,000 Kazakh students are studying in Chinese universities, the number of Chinese speakers in Kazakhstan is miniscule compared to the many Kazakhs who are fluent in Russian (Lifei 2007). It was only on May 29, 2008, that the first direct passenger train, which will make one run every week, began operating between Astana and Urumqi in China. The 1,898-km route takes 37 hours to travel (People's Daily Online 2008).

2.3 GROWING KAZAKHSTAN-CHINA BILATERAL RELATIONS

Developing good neighborly relations with China is a top priority in Kazakhstan's foreign policy. In 20 years of diplomatic relations, the two neighbors have concluded major political agreements. These comprise China's security guarantee to Kazakhstan (statement of the Chinese government on February 8, 1995); final settlement of the border issue (joint communiqué on November 23, 1999, joint protocol on demarcation of the line of border on May 10, 2002 and agreement on the state border on December 20, 2006); and the agreement on cooperation on cross-border river use and protection on September 12, 2001.

When President Hu Jintao visited Kazakhstan in June 2003, the two countries approved the Kazakhstan-China Cooperation Program (2003-2008). In May 2004, the two governments signed an agreement on establishing the Kazakhstan-China Cooperation Committee, which has become the main mechanism to promote bilateral relations in a systematic way. In July 2005 in Astana City, the presidents of the two countries signed a joint declaration on establishing and developing a relationship of strategic partnership. President Nursultan Nazarbayev and President Hu signed an agreement on the strategy for cooperation in the 21st century and the development of economic cooperation in December 2006, when the Kazakh leader paid a state visit to China. Again, in August, 2007, President Hu paid a state visit to Kazakhstan, during which he met President
Nazarbayev, Head of Senate Kassym-Jomart Tokayev and Prime Minister Karim Massimov. The two presidents exchanged views on strategic cooperative partnership and signed a joint communiqué to sum up the summit talks. Foreign ministers of the two countries also exchanged notes on opening a Consulate General of the People's Republic of China in Almaty. During President Hu's visit, the two parties also signed the program of cooperation in the non-raw material economic sectors. The program involves development of cooperation to rationally diversify the balance of trade. The two sides signed nine agreements in all.

Now both the countries continue to display thriving vitality in their relations, on the basis of mutual cooperation, which includes political dialogue. Summits and high-level meetings at regular intervals have played an important role in taking the bilateral relationship further. Since 2003, Kazakh and Chinese presidents have met 12 times under bilateral or multilateral frameworks. They met four times in 2006 alone, the occasions for the meetings including the Shanghai Cooperation Organization (SCO) anniversary summit in Shanghai (June 13-16), the Conference on Interaction and Confidence-Building Measures in Asia (CICA) Summit (June 17, Almaty), G8 Summit in St Petersburg (July 17), as well as the Kazakh President's visit to China in December. During these visits, the two parties signed 14 agreements covering the spheres of border issues, economy, energy, cross-border Rivers and education.

In 2006, Kazakh foreign minister K. J. Tokayev, Deputy Prime Minister K. Massimov and Kazakh cabinet ministers in charge of bilateral cooperation visited China. Chinese officials visiting Kazakhstan during the year included delegates of the National People’s Congress of China, the Shanxi Provincial and Xinjiang and Beijing party secretaries. In January 2006, Vice-President Zeng Qinghong attended the inauguration of the President of Kazakhstan, which was an unprecedented gesture. In March, Kazakh Prime Minister K. Massimov visited the border-crossings at Dostyk-Alashankou and Korgas-Khorgos to acquaint himself with border customs, frontier inspection performance and infrastructure for goods delivery. Indeed, in those periods with several
formal visits of both the countries delegates their bilateral relations had become stronger and have several major achievements.

Kazakhstan and China continue to cooperate vigorously in the world arena, which includes such international and regional frameworks like the UN and SCO. China supports the convention of the CICA. It cooperates with Kazakhstan in sponsoring the Congresses of the Leaders of World and Traditional Religions, with a view to facilitate harmony and dialogue among all religious sects.

The two countries are developing bilateral relations based on the framework of the China-Kazakhstan Cooperation Committee. Comprising 10 special sub-committees, the committee also supervises the performance of the Cross-Border Rivers Joint Committee. At its third meeting (November 17, 2006, Beijing), Kazakh Deputy Prime Minister K. Massimov summarized the past performance of the committee laying down cooperation guidelines for the next year. Thus, the two nations continue to set standards for development and cooperation under the Cross-Border Rivers Joint Committee. During the December 2006 visit, the Kazakh President signed a significant agreement with his Chinese counterpart on the exchange of hydrological and hydro-chemical data and the launch of scientific activity on cross-border Rivers. Bilateral cooperation also exists in security and military fields. In August the National Security Committee of Kazakhstan and the Public Security Ministry of China carried out an anti-terrorist exercise in the border areas. Law enforcement agencies continue to work together to crack down on traffic in drugs, weapons and explosives, as well as on organized transnational crimes. Each year, Kazakhstan sends servicemen for programs in Chinese military academies.

2.3.1 Economic Ties

In August 2005, Kazakhstan signed a protocol with China on Astana’s access to the World Trade Organization. According to the Chinese data, it has invested about $8 billion in Kazakhstan in recent years. Kazakhstan is next only to Russia among East European and Central Asian countries in terms of trade with China, and ranks 30th
among its worldwide trade partners. Chinese statistics show that bilateral trade reached $8.3 billion in 2006, up by 22 percent over the previous year. The neighbors have set the objective of expanding the index to $15 billion by 2015. Compared with exports worth $3.6 billion (up 24 percent), Kazakhstan's imports from China were worth $4.7 billion (up 21.9 percent), representing an enlarged trade deficit with China. In 2006, Kazakhstan's trade deficit with China amounted to $1.14 billion, up 15 percent over the previous year. Raw materials constitute the bulk of its exports to China, with little diversity in their composition.

To counter the negative influence of a growing trade deficit, Kazakhstan reached an agreement with China under the framework of the Economic and Trade Cooperation Sub-Committee. They have set up a package of measures to improve the commodity circulation structure. These include enhancing the efforts of Kazakhstan's business delegates in China to promote Kazakh products on the Chinese market, so as to create favorable conditions to boost exports of Kazakh traditional commodities and new products. In addition, the committee studies issues related to great diversity in customs statistics in both countries. According to Kazakhstan data, the trade volume between the two countries was $5.51 billion in 2006, including $3.59 billion worth of exports and $1.92 billion in imports.

The two countries give priority to altering the trend of Kazakhstan's inclination to export mostly raw materials to China, by expanding mutual cooperation in non-raw material sectors, and setting up joint ventures utilizing high technologies. So far, Kazakhstan has been tapping the potential of cooperating with Chinese companies in the petrochemical industry, as well as machine building and other non-raw material economic sectors. Kazakhstan and China continue to develop the Korgas international border cooperation center, which is expected to become a cornerstone for regional economic and trade cooperation and the setting up of joint ventures. The two sides are also cooperating in the energy sector. In December 2005, the Atasu-Alashankou oil pipeline was put into use, this exporting Kazakh oil to China. When the Kazakh president visited China, the two countries reached an agreement on main principles directing the
construction of the second stage of the China-Kazakhstan Kenkyiak-Kumkol oil pipeline. They also discussed constructing a natural gas pipeline between the two countries.

Cooperation in the transportation field also is another priority for both nations. In 2007, freight delivered over the Dostyk-Alashankou railway station increased 19 percent to reach 13.1 million tons. The two countries also reached primary consensus on regulating vehicle transportation. In September 2006, the two countries opened up 22 international passenger and freight transportation lines. The number of Chinese tourists and entrepreneurs visiting Kazakhstan is increasing steadily. At present, respective organizations are studying the feasibility of opening more flight routes, which is expected to expand transit capacity and facilitate further development of economic and trade ties, and the tourism industry. (China Daily 2007)

2.4 CHINA’S GEO-STRATEGIC ROLE IN CENTRAL ASIA

Internal and regional stability, access to petroleum and competition with the US for influence in the region constitutes the focus of China’s diplomacy in Central Asia. Martha Brill Olcott, Senior Associate at the Carnegie Endowment for International Peace, stated in her testimony before the Commission, “The Chinese leadership and its quasi-state business community have been very pragmatic in establishing and strengthening their relationship within Central Asia, making careful calculation of China’s short, medium- and long-term interests in the region “ (Olcott 2006). Internal security motivates China’s relationships with its Central Asian neighbors. In Xinjiang province, a very small element of China’s Muslim Uighur population has, for some time, expressed separatist sentiments. Observers generally believe that these do not indicate an embrace of radical Islam but rather that they stem from a desire for sovereignty, land rights and fair treatment by the Chinese government (Gladney 2006). Given the similar ethnic and religious backgrounds of the populations of bordering Central Asian states, China fears the possibility that some of these states might decide to support Uighur aspirations for independence or greater autonomy. A major reason China engages the countries on its Western border — Kazakhstan, Kyrgyzstan, and Tajikistan — is to reduce the likelihood
these countries will support the Uighur separatist movement and to obtain cooperation in ensuring border integrity and security (Wolfe 2004).

China was instrumental in establishing the Shanghai Cooperation Organization (SCO), for engaging Central Asia on issues of regional security and political and economic development. Four observer nations—Mongolia, India, Pakistan, and Iran — also attended its meeting in June 2006. The SCO identifies ‘‘terrorism, separatism, and extremism’’ as principal security concerns. It also encourages cooperation on issues of border control and narcotics (Cohen 2006). Despite its appearance as a multilateral organization, Dr. Dru Gladney, Professor at the University of Hawaii, argued to the Commission that the SCO ‘‘ has no other role than bringing the member countries together to discuss issues that are only and ever addressed bilaterally and resolved bilaterally (Gladney 2006).’’ For example, although it was hailed as an example of SCO cooperation, the August 2005 Peace Mission military exercise involved only Russia and China. The chief beneficiary of the SCO is China, which uses it to promote its reputation as a leader in regional security affairs and a reliable international partner. China also has used it as an instrument for increasing its access to petroleum resources in the region (Cohen 2006).

China has focused considerable attention on acquiring petroleum from Central Asia. In October 2005, one of China’s national oil companies, China National Petroleum Corporation, purchased Petro Kazakhstan, a Canada-owned oil company in Kazakhstan, for approximately $4.5 billion. In December 2005, China and Kazakhstan opened a 998-kilometer-long pipeline, to deliver 200,000 barrels per day to China by 2007 (Cohen 2006). China also developed a gas pipeline from Uzbekistan to connect with the Kazakhstan-China pipeline, and another pipeline linking it with Turkmenistan (Cohen 2006). For the US, China’s involvement in Central Asia raises several questions. Beijing and Washington have enunciated similar goals of opposing radical Islamic terrorism, and the two nations reportedly have cooperated on some anti-terror initiatives. Dr. Gladney, however, expressed doubts regarding China’s sincerity in these efforts, primarily because the US has not received cooperation from China in combating terrorism in Southeast Asia.
or in the Middle East, but also because he views Chinese anti-terror efforts as an excuse to expand control over Xinjiang Muslims in a political move serving the interests of China’s government and the Chinese Communist Party that controls it (Cohen 2006).

Experts differ regarding China’s perception and acceptance of the US in Central Asia. Dr. Cohen argues that China began to feel strategically threatened by the United States’ increased presence in that region following the September 11 attacks and subsequent invasion of Afghanistan, evidenced by China’s support of public statements opposing U.S. democracy initiatives and U.S. bases in Uzbekistan and Kyrgyzstan (Cohen 2006). Chinese pressure coincided with other factors in Uzbekistan, when the U.S. base was closed (Ahrari 2006). Also, in Kyrgyzstan, the rent for U.S. military bases was raised significantly (Pannier 2006). China is trying to use the SCO to reduce U.S. influence in the region and even contacted Kyrgyz officials to initiate discussions of placing Chinese military bases in Kyrgyzstan (Cohen 2006). Conversely, Dr. Olcott contends that China has no immediate interest in pushing the US out of Central Asia because it views the U.S. presence as a stabilizer in the region; however, she believes China would not endorse an extended U.S. presence in the region over the long term. With regard to China’s statements against U.S. bases, she pointed out that these statements did not suggest a deadline for the departure of U.S. troops and that the statements originated from Uzbekistan, although both China and Russia supported them (Olcott 2006).

In Central Asia, China is encouraging regional economic integration, political dialogue, security cooperation, and development of Central Asia’s petroleum market as a driver of economic growth. However, China has little interest in some of America’s goals, such as promoting human rights, freedom of the press, and development of post-Soviet democratic political systems. Dr. Cohen indicated that China’s actions may be an effort to resurrect or create a modern form of the tributary system that existed during the era of Imperial China (Cohen 2006). China’s relationships with Central Asian states do

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1 See the “Declaration of Heads of Member States of Shanghai Cooperation,” July 5, 2005 for an example. This statement calls upon the United States and other coalition members to set a final timeline for their presence in Afghanistan. URL:www.sectsco.org/html/00500.html. (Accessed on 22nd of October, 2010)
not support governmental and economic reforms toward democracy, human rights, and free market economies.

2.5 XINJIANG AS A KEY FACTOR IN KAZAKHSTAN–CHINA RELATIONS

Xinjiang is in the northwestern corner of the People’s Republic of China, bordering on Mongolia, Russia, and Central Asian countries. Just over half of the region's population of nearly 21 million is composed of Turkic-speaking, traditionally Muslim people, including over 1 million Kazakhs and some 9 million Uyghurs (Millward 2004). Xinjiang is a remote province and sparsely populated. It is made up of vast deserts, which contribute to a climate of very cold winters and very hot summers. Xinjiang accounts for more than one sixth of China’s total territory and a quarter of its boundary length.

Xinjiang, previously known as Xiyu or Qurigher, is bordered by Russia to the north, Kazakhstan, Tajikistan, Kirgizstan, Afghanistan, Pakistan and India to the west, Tibet Autonomous Region to the south and Qinghai, Gansu and Mongolia to the East.
Historically, Xinjiang has been a cultural, economic and political bridge between China and Kazakhstan. Xinjiang’s historical relationship with China is also the history of China’s numerous attempts at territorial expansion westwards. Under the Qing dynasty (1644 -1912), the border of the empire expanded to Xinjiang and the bordering region of Central Asia during the Qianlong period (1736-1795). In 1759, Xinjiang officially became part of China (ICE Case Studies Number 183 2006).

The task of making Xinjiang an inseparable part of China has been a continuing process in China. From the absorption of Xinjiang into the PRC in October 1949, there have been sporadic episodes of overt ethnic minority opposition to Chinese rule. Yet the
most intense periods of unrest in Xinjiang correlate with the fluctuating policies and actions of the state in the region (Millward 2005: 3). This is particularly accurate with regard to the Maoist period (1949–76) in Xinjiang, where the policies, campaigns and crises induced by the ideological vicissitudes of national politics produced opposition from the region’s ethnic minorities. Another constant of the pre-1990 history of Xinjiang was that the opposition thus produced was susceptible to manipulation by the Soviet Union. The constant instruments of Chinese rule between 1949 and 1990 were the establishment of military–agricultural colonies through the paramilitary Xinjiang Production and Construction Corps, encouragement of Han colonisation, state control and management of religious expression and institutions, and cooptation of ethnic minority elites. The intensity with which individual components of this strategy were pursued varied due to both internal political considerations, particularly during the ideological fluctuations of the Maoist era, and the dynamics of China’s relations with the Soviet Union (Millward 2004: 63–98). In the post-Mao era, Xinjiang experienced an initial liberalisation and reform dynamic in terms of the state’s approach to the region. The CCP’s policies toward Xinjiang in the early 1980s were marked by increased liberalisation, particularly towards religion (Christoffer sen 1993:136). The remainder of the 1980s was punctuated by various social and ethnic disturbances, including protests against the use of Xinjiang for nuclear tests in November 1985, demonstrations in June 1988 against publication of a book allegedly containing racial slurs against Uighurs and Kazaks (Dillon 1997:136-7). The state’s reformist economic strategy, as in other regions of China, produced contradictory developments in Xinjiang. In particular, the decentralisation of economic decision-making and the spatial differentiation of the Chinese economy through channeling central government investment toward the eastern coastal regions by the late 1980s encouraged the development of a fledgling attempt to re-orient Xinjiang’s economy toward Soviet Central Asia (Zhao 2001:200–201).

This period also witnessed the beginning of the dynamics that would come to characterise Chinese rule of Xinjiang and China’s relations with the neighboring states. The provincial leadership’s linkage of internal instability and external influences took on greater significance with China’s involvement in supporting the mujahidin in Afghanistan
against the Soviet Union (Lufti:172). The radicalised Islamic movements that Soviet defeat would spawn in Afghanistan and post-Soviet Central Asia proved to be of enduring importance, not only for such states as the US and Pakistan but also for China. These three factors would converge in the 1990s to make Chinese governance of Xinjiang and China’s foreign relations with the region increasingly problematic (Regional Outlook Paper No. 11, 2007). China’s engagement in Kazakhstan is, linked to its domestic stability in Xinjiang. Uyghur diasporas live in Kazakhstan, Kyrgyzstan, Uzbekistan and Tajikistan as well as Kazakh, Kyrgyz, Uzbek and Tajik communities live in China and are officially recognised as four of the 55 official minorities. Thus, China’s overall interests in Central Asia are clearly tied to Xinjiang’s internal developments. China’s policies there represents an outward projection of its own fears for its internal security (Blank 2006:11)” (McMillan 2009: 94-115). Supporting this linkage, a third of total trade between China and Central Asia is organized by the Xinjiang Production and Construction Corps (XPCC or Bingtuan)²(Peyrouse 2007: 14). Beyond that the Great Western Development Plan also has been implemented in 2000 to strengthen trade relations between Central Asia and China’s Western provinces (Holbig 2004:335-357 Szadziewski 2009: 210-218). In 2004, China initiated the establishment of the Regional Anti-Terrorist Structure (RATS).

The Uyghurs who are the Turkic Muslim minority living in the Xinjiang region, complain of the denial of Religious freedom. The Chinese government is officially declaring all religions equal and free, put restrictions on Uyghurs. Muslims in China must endure terrorist labels, public harassment and stringent religious regulations. The Uyghurs have, at times, resorted to violence, their goal is to practice religion freely in China and a separate East Turkestan. Many Uyghurs who lived in the Middle East after the September 11 attacks were suspected of being al Qaeda operatives (Davis 2008).

The United States military arrested Uyghurs after China declared the East Turkestan Islamic Movement a terrorist organization. Twenty Uyghurs were under arrest in Guantanamo Bay. Today, Uyghurs are divided in two groups: those who want an independent Uyghur state and those who realize that it is easier to conform to traditional Chinese culture. It seems that the Uyghur youth want to be able to practice their religion without worrying about harassment, but they also believe that going to Chinese schools, wearing traditional Chinese clothing, and living comfortably with Han Chinese in Xinjiang is more acceptable than constantly being targeted by the Chinese government. As more Uyghurs conform to the traditional Chinese way of life, the government believes that the Uyghur independence movement is getting smaller.\(^3\)

Xinjiang Uygur an autonomous region is the most enriched in resources of oil and gas. The most abundant resourceful area holds over 20 percent of the country’s potential petroleum reserves with an estimated 20-40 billion tons of oil and 12.4 trillion m\(^3\) of natural gas. As exploration deepens, large oil- fields with up to 100 million tons of reserves are being discovered in Xinjiang nearly every year.\(^4\) Xinjiang Province, has geographical proximity with the Central Asian States, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan and Russia. As the government shifts the focus of its oil development to western regions, Xinjiang is rapidly becoming China’s largest strategic region for the petroleum industry. Between 1990 and 2001, over RMB 120 billion ($15bn) was invested in related infrastructure and development. In 2005 alone, crude oil output in Xinjiang region totaled 24 million tons, up 7.5 percent over 2004. Xinjiang is also now an important oil and petrochemical production base in western China (ICE Case Studies Number 183 2006). The region has also become crucial to processing petroleum products, which increased by 17 percent from 2004 to 2005. Xinjiang has a capacity to process and refine 20 million tons of crude oil and churns out some 200 petrochemical products, fertilizers and plastics. A number of national transport projects have already


\(^4\) This report was produced by the Center for Energy and Global Development and supported by Chen Shi China Research Group and with the assistance of the government of the Xinjiang Uyghur Autonomous Region.) www.wsichina.org
been completed including the China-Kazakhstan Crude Oil Pipeline First-Phase Project and the Western China Pipeline that provide critical infrastructure upon which China can exploit its natural resources and bring the oil to its markets in eastern China.

2.5.1 Importance of Xinjiang for China

Oil and gas are the most important fuel resources for China. Xinjiang provides a large part of the domestic requirements. Presently, Xinjiang produces almost 8% of China’s oil and 5% of gas. This proportion is rising and will continue to increase in the next century. Initial commercial petroleum production dates back to about 1940, when the relatively small Dushanzi field was developed, largely by the Soviets, some 15 miles southeast of Wusu, a highway junction west of Urumqi. In 1949, exploration began in the Kerlamayi area in the central Zhunger Basin. Large oil deposits were discovered there and in the late 1950s oil refineries and pipelines were constructed to develop the Kerlamayi fields. Secondary oil fields exist at Shawan, Urumqi, Kucher, Aksu and Kashi.

Since 1980’s large oil and gas fields have been found in Talim and Zhunggar and the Turpan-hami basins. The production of oil and gas increases year by year along with Xinjiang’s proportion of the total Chinese production of oil. In 1996, Xinjiang’s crude oil production reached 12.6 million tons which accounted for 8% of the country’s total oil making it the fourth largest oil producer. It cannot be ignored that further exploitation of Tarim, Zhunggar, and Tulufan-Harmi basins will make Xinjiang one of the most important oil and natural gas bases. The Tarim basin, 560,000 sqkms in area, has so far produced 9 oil fields and 34 oil-bearing geological structures. It is estimated that there are 10.7 billion tons of oil and 8,400 billions c.m natural gas in this basin which amounts to one seventh and one 3 quarter of the country's reserves. In 1996, the Tarim basin produced 3.15 million tons of crude oil making it the eighth largest oilfield in China. Fourteen large-sized oil and gas fields have so far been discovered in Zhunggar, with oil and gas-bearing areas covering over 800 sq km. Presently, the Cainan oilfield in the Junggar basin is operating with reserves in excess of one million tons. Output from fields in the Turpan-hami basin in 1996 reached 2.2 million tons. The three basins of Xinjiang,
with a total area of 740,000 sqkm, account for one quarter of the country’s total oil and gas resources. The region’s crude oil resource is 28 percent of the national total, and its gas 33 percent. These Central Asian countries, particularly Kazakhstan, will probably become one of the main overseas oil and gas providers for China. At the same time, an analysis of the industrial structure of China in particular, Xinjiang and Central Asian countries suggest that these countries may become a very large potential consumer goods market for China.

In the former Soviet Union, Central Asian countries played the role of raw material and energy suppliers. This shaped the characteristics of these countries’ industrial structure. Central Asian countries have a comparative advantage in the production of materials and energy, but their light industry is extremely backward, so consumer goods are scarce and must be imported. In 1993, consumer goods made up 46%, 90%, 44% and 32% of Kazakhstan, Turkmenistan, Kyrgyzstan and Tajikistan’s consumption goods needs, respectively.

**Table 2.1**

**Foreign Trade of Xinjiang region and the Share of Kazakhstan**

<table>
<thead>
<tr>
<th>Years</th>
<th>Total Trade $mn</th>
<th>Share of Kazakhstan,%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>1532</td>
<td>36.6</td>
</tr>
<tr>
<td>1999</td>
<td>1765</td>
<td>50.4</td>
</tr>
<tr>
<td>2000</td>
<td>2264</td>
<td>52.1</td>
</tr>
<tr>
<td>2001</td>
<td>1772</td>
<td>51</td>
</tr>
<tr>
<td>2002</td>
<td>2692</td>
<td>50.7</td>
</tr>
<tr>
<td>2003</td>
<td>4772</td>
<td>53.4</td>
</tr>
<tr>
<td>2004</td>
<td>5636</td>
<td>58.3</td>
</tr>
<tr>
<td>2005</td>
<td>7942</td>
<td>63.2</td>
</tr>
<tr>
<td>2006</td>
<td>9103</td>
<td>55.1</td>
</tr>
<tr>
<td>2007</td>
<td>13716</td>
<td>50.8</td>
</tr>
<tr>
<td>2008</td>
<td>22217</td>
<td>40.8</td>
</tr>
</tbody>
</table>

Table 2.2
Share of Xinjiang region in Trade between Kazakhstan and China

<table>
<thead>
<tr>
<th>Years</th>
<th>Total Trade $mn</th>
<th>Share of Xinjiang, %</th>
<th>Export to China</th>
<th>Share of Xinjiang, %</th>
<th>Imports from China $mn</th>
<th>Share of Xinjiang, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>636</td>
<td>81.1</td>
<td>205.8</td>
<td>81.4</td>
<td>431.0</td>
<td>91.3</td>
</tr>
<tr>
<td>1999</td>
<td>1138</td>
<td>78.1</td>
<td>494.0</td>
<td>93.9</td>
<td>644.0</td>
<td>66.0</td>
</tr>
<tr>
<td>2000</td>
<td>1559</td>
<td>75.7</td>
<td>960.0</td>
<td>68.8</td>
<td>599.0</td>
<td>85.0</td>
</tr>
<tr>
<td>2001</td>
<td>1288</td>
<td>70.2</td>
<td>960.0</td>
<td>72.4</td>
<td>328.0</td>
<td>63.5</td>
</tr>
<tr>
<td>2002</td>
<td>1955</td>
<td>69.9</td>
<td>1354.7</td>
<td>68.2</td>
<td>600.1</td>
<td>73.6</td>
</tr>
<tr>
<td>2003</td>
<td>3286</td>
<td>77.5</td>
<td>1565.5</td>
<td>81.3</td>
<td>1720.9</td>
<td>74.0</td>
</tr>
<tr>
<td>2004</td>
<td>4498</td>
<td>73.1</td>
<td>2211.9</td>
<td>80.6</td>
<td>2286.3</td>
<td>65.8</td>
</tr>
<tr>
<td>2005</td>
<td>6810</td>
<td>73.7</td>
<td>3900.9</td>
<td>78.0</td>
<td>2909.4</td>
<td>67.8</td>
</tr>
<tr>
<td>2006</td>
<td>8358</td>
<td>60.0</td>
<td>4750.5</td>
<td>78.0</td>
<td>3607.3</td>
<td>36.2</td>
</tr>
<tr>
<td>2007</td>
<td>13876</td>
<td>50.3</td>
<td>7446.4</td>
<td>75.5</td>
<td>6429.2</td>
<td>21.0</td>
</tr>
<tr>
<td>2008</td>
<td>17550</td>
<td>51.5</td>
<td>9818.9</td>
<td>73.0</td>
<td>7731.0</td>
<td>24.6</td>
</tr>
</tbody>
</table>

Source: Ministry of Commerce of the People’s Republic of China (PRC), Renaissance Capital Estimates.

Although Xinjiang’s share of trade between Kazakhstan and China is decreasing, it still accounts for more than half of the increase in mutual trade. Two thirds of Kazakhstan exports to China are directed to the Xinjiang region and this proportion is likely to increase once the aforementioned major oil and gas transportation projects are completed. As the region undergoes rapid industrialization and opens up to global markets, Kazakhstan will likely remain a major trade partner. Further trade development with Xinjiang region provides Kazakhstan exposure to the booming trade facilitation and market economy of the region. In 1992, just after its independence, Xinjiang contributed 57% of Kazakhstan’s imports from China. So, Central Asian countries are not only the main oil and gas suppliers to China but also they are a potential consumer goods market for China. The contract for the joint construction of an oil pipeline from Kazakhstan to the coast of China and the joint exploitation of the Caspian Sea oilfield signed by China and Kazakhstan prove this point. Xinjiang is the bridgehead between Kazakhstan and Chinese inland areas.
The recession in Central Asia has brought on ills such as hyperinflation, rising unemployment, rising death rates, deteriorating health care, corruption and a crumbling infrastructure. The new state borders of the republics do not correspond with their ethnic borders, which in future may cause inter-state conflict. Conflicts born out of religious fundamentalism are increasing as population in Central Asian countries, which includes Uyghurs and other groups, see themselves as closely linked to their Islamic cousins over the border in China. The existence of a Xinjiang secessionist organisation in Central Asian countries also heightens tension in the region. So, the collapse of economy, the confusion of political systems, the conflict of religion and differing cultures lead to a complex and potentially tense situation. These problems only propel between China to have good relations with Central Asia. To a great extent, the problem of Xinjiang may well decide the future of the relationship between China and Central Asian countries.

The current borders of Xinjiang do not constitute, strictly speaking, a geographic whole. Indeed, it is more a historical entity than a geographic or cultural one. At its heart is the expanse of the Tarim Basin, with the enormous (135,000 square miles) and forbidding Taklamakan desert at its center. Cutting through the northern half of the province from west to east is the snow-capped Tian-Shan Mountains. Together, these divide the province into at least three main zones, each with its own distinct economies and cultures (Graham E. Fuller   S. Frederick Starr year: 14).

An economic interdependency has formed between Xinjiang region and Kazakhstan, which is contributing to economic development in the western regions of China, in particular, Xinjiang. These ever strengthening ties are not only countering previous and new tensions such as border demarcation, water diversion, interstate migration of Han Chinese and Islamic activism, these are also restricting secessionist movements, especially the Uygur separatism in Xinjiang. Though the Central Asian governments have an attitude of leniency towards the Uygur diaspora residing in their countries, this leniency is fast evaporating as the economic interdependency in the Xinjiang-Central Asian region expands. The crackdown on any secessionist are religious
extremist group that may impact on the stability of the region, is the direct result of the burgeoning economic relationships taking place in Kazakhstan and other Central Asian Republics. Though Kazakhstan is by far Xinjiang’s largest external trading partner, but China’s trade with Kazakhstan is barely a tenth of what Xinjiang creates.

### 2.5.2 Chinese Approach to Xinjiang

China’s strategy to manage the dynamics in the changing situation of geopolitical scenario of the region since 1991 has rested upon developing what has been termed a double-opening approach to simultaneously integrate Xinjiang with Central Asia and China proper in economic terms, while establishing security and cooperation with Central Asian neighbors. Internally, this policy has resulted in increased central government investment, particularly regarding construction and infrastructure projects (especially energy-related), and enhanced government control and management of ethnic religious minority and cultural practices. Externally, China’s foreign policy in Central Asia has facilitated further integration for Xinjiang and emphasis on the establishment of political, economic, and infrastructural links with the Central Asian states, particularly Kazakhstan and Kyrgyzstan. The major challenge for Chinese policy in this respect has been to reconcile the perceived need for strengthened integration and security of the Xinjiang province with the economic and political opportunities accruing to China presented by the relative retreat of Russian power from Central Asia after 1991 (Michael Clarke 2003:207–224).

China’s strategy to reduce the risk from the three factors; as follows:

- The Radicalisation of Uyghur Separatists,
- Terrorist risks that are being obstacles to the vast network of expensive infrastructure (e.g. road, railway and pipeline) that could lead endanger its comprehensive economic development programme extending from Central Asian states particularly Kazakhstan and Kyrgyzstan to Xinjiang.
- To the control secessionist tendencies of Islamic fundamentalist and separatist of Xinjiang involves an increasing per-suit for strengthening of the Shanghai
Cooperation Organisation (SCO) as a regional entity as the organisation can provide a safety valve against Muslim fundamentalism in the member states. China has also resorted to a sting of anti terrorist exercises with its neighbors to reduce threats from Uighur terrorism.

Chinese investment in energy and transportation infrastructure facilitates regional economic integration. However in many Central Asian states, suspicions about China’s intentions and the consequences of its expanding role in their economies persist. Even if infrastructure improves, political tensions among these countries will limit economic integration. Unrest in Xinjiang has served as a pretext for China to seek greater cooperation within the SCO to combat the “three evils” and to resist interference from outside groups. The SCO statement issued right after the July 2009 riots did not take sides and limited itself to conveying condolences and expressing hope for the restoration of public order. However, cross-border flows between China and Central Asia faced new restrictions. Kazakhstan and Kyrgyzstan repatriated some of their nationals, and the Kazakh government issued a travel advisory. In the short term, this meant a drop in Kazakhstan’s trade with China, 70 percent of which goes through Xinjiang and depends on a flow of Kazakh traders across the border. Although the authoritarian leaders in Central Asia have cooperated with China’s repressive policies in Xinjiang, the recent Chinese crackdown has angered Central Asian Uighur populations. On July 19, 2009, some 5000 Uyghurs protested in Almaty, Kazakhstan against the crackdown in Urumqi.

China recently implemented economic programs directed at stimulating development and prosperity in the western regions. The region’s ethnic minorities have not benefited from past economic development programs and they believe the Han immigrants unfairly compete with them for already scarce resources and limited educational and employment opportunities. By raising the standard of living for all Xinjiang residents, the central government hopes to reduce the economic causes for separatism and unrest among the ethnic minorities in the western regions (Lai 2002: 433-466). In response to escalating terrorist violence and to central government warnings of expanding terrorist activities in region, the Xinjiang authorities implemented the “Strike
Hard” anti-crime campaign in 1996, a strong law enforcement crackdown on separatist organizations and their violent terrorist-related activities (Becquelin 2000: 88). The campaign was re-launched in 2001 resulting in numerous executions, hundreds of arrests and prison sentences, and the confiscation of a variety of illegal weapons and explosives (Uyghur Information Agency, 2001, Internet; Accessed 15 December 2011). The Chinese authorities maintained the campaign due to continued terrorist activities in the region. In Xinjiang province, Amnesty International reported serious human rights and violations of religious freedom committed by the Chinese government against the indigenous Uighur population, in the name of counter-terrorism (Amnesty International, “Human Rights 2001). In December 2001, the Chinese government passed several significant amendments to its criminal laws that increased punishments for organizing or leading terrorist related crimes, and added punishments for crimes associated with weapons of mass destruction, financial activities linked to terrorism, and illegal activities that disturb social order.

With its partners in the SCO, the Chinese government established broad cooperative agreements aimed at combating terrorism and separatism in the region. By sharing intelligence regarding terrorist activities and organizations, deporting captured terrorists, and conducting joint anti-terrorism exercises, China is attempting to prevent the indiscriminate movement of terrorists across the borders between Xinjiang and its Central Asian neighbors - Kazakhstan, Kyrgyzstan and Tajikistan (Wong: 2003:9). In order to create better conditions for the development of economic ties, Beijing considered a revival of the Silk Road and mobilized a large group of specialists to study this matter and plan its implementation. In Central Asia, the proposal to revive the Silk Road was greeted with much interest. By the end of 1990, China completed the construction of a 460-kilometer rail from Urumqi to the border of Kazakhstan (Rashid 2009: 9-28)

On October 27, 2005, China made its first major raid into the Central Asian oil industry when the state-owned Chinese National Petroleum Company (CNPC) purchased the Canada-based Petro Kazakhstan Inc, owner of the Kumkol field, a move that was applauded in China as a major victory over the privately-held Russian giant Lukoil
China paid well over market value and was forced to sell a third of its holdings in the Kazakh state oil company KazMunaiGaz back to the government as part of the deal (URL:http://select.nytimes.com/...04482, 2006, Accessed on 6th of March, 2011). China is the second largest importer of oil and it is predicted that it will overtake the current leader in imports, the US, by 2030 (URL:http://www.iags.org/...htm, Accessed on 6th 0f March, 2011). The purchase of PetroKazakhstan was only a small part of China's overall plan to access Central Asian oil. In 1997 China and Kazakhstan signed a pact forming the Sino-Kazakh Oil Pipeline Co. Ltd., a joint venture between CNPC and KazMunaiGas which had, as its stated goal, a pipeline running from the Caspian Sea to Xinjiang (Xinhua 2005). At an initial investment of $700 million, 962 km section of the pipeline, stretching from Atasu to Alataw, started pumping oil in May 2005 from the Kumkol field of the Aktobe region, making it the first pipeline to pump crude directly into China. It has a 20 million ton/year capacity. Though the exact conversion depends on the grade of crude oil, 1 ton of oil is approximately 7.15 barrels what was 15% of China's 2005 total crude imports, though it currently carries only half of that (URL:http://news.xinhuanet.com/...htm. Accessed on 14th of April, 2011). Once the crude reaches Alataw, it is transported via a Chinese pipeline network 246 km to a refinery at Dushanzi in Karamay. The Kazakhstan-China oil pipeline (KCP) traverses 3000 km across Kazakhstan to the Caspian fields. The KCP was also designed to transport Russian crude, but Russia has been balking at the related transit fees (Petroleum Intelligence Weekly, 15 August 2006).

2.5.3 Cooperation between Kazakhstan and China

Chinese policy with regards to Xinjiang is a prime example of the way in which energy access influences China’s central Asia policy. Xinjiang's oil resources are vital to China's future energy security. Yet Beijing perceives serious internal and foreign threats to Xinjiang. Close ties with Central Asian states are, therefore, needed not only to secure energy, but also to isolate Xinjiang from separatism, terrorism and religious fundamentalism. Chinese analysts explicitly tie Xinjiang's economic future and security
to Central Asia. China seeks to benefit greatly from its stable and prosperous neighboring states. Only when central Asian states are politically stable and economically prosperous can Sino-Central Asian economic cooperation be conducted effectively and smoothly. Such economic cooperation can and will speed up economic development in the northwest of China.

Recent western research strongly suggests that Xinjiang's problems will worsen over time and develop beyond simple unrest if not confronted by Beijing. Beijing sees energy deals tying Xinjiang with Central Asia as essential leverage to prevent those states from encouraging factions that support the unrest in Xinjiang. It also sees them as necessary to provide the economic growth that China's leaders believe is the antidote to ethno-religious agitation. The logical consequence of increased dependence on oil originating in Kazakhstan is tightened security in Xinjiang. This, in turn, may encourage a buildup of PLA forces in Xinjiang, especially along the border, in areas with large ethnic-minority population.

At the beginning of the 1990s, Kazakhstan had allowed some pro-independent Uyghurs to settle in Almaty, but, under pressure from Beijing, Kazakh authorities expelled them shortly thereafter. Reciprocal mistrust persists between Central Asian countries and China. The latter still requires visas for traders from Central Asia. Reciprocally, Central Asians countries require visas for traders from China. Nevertheless, Kazakhstan and Kyrgyzstan opened consulates in Urumqi, which facilitates the granting of visas because Chinese traders from Xinjiang are not required anymore to travel to Beijing to obtain visa. According to Chinese traders, commerce with Central Asia remains “small, scattered and disorganized” mainly because of political instability and security concerns in the region. Local populations often distrust Chinese traders, and the Uyghur diasporas often targets Chinese entrepreneurs operating in Central Asia. Several Chinese businessmen have been assassinated in recent years. At the time of the “tulip revolution” in 2005, dozens of establishments owned by Chinese traders were plundered and estimated losses reached 35 million dollars (Skochilo 2005).
Despite obstacles pointed out previously, the Sino-Central Asian trade has boomed since 2002. Xinjiang Production and Construction Corps (XPCC) and Zhejiang investors installed in Xinjiang account for a major share of this increase. Kazakhstan is, by far, the Central Asian country with the highest trade value with China. More than 70% of Sino-Central Asian trade flows are in fact due to Kazakhstan – China trade. Regarding the first category border-posts between China and Central Asia, the most important is that of Ala-Tau (Alashankou). This border-post, opened in June 1992, allows a railway link between Urumqi and Almaty and an oil pipeline between Kazakhstan and China. In 2003, 50% of Xinjiang’s total trade went through Ala-Tau, and more than 90% of Xinjiang’s border and petty trade. More than 400 Chinese and foreign companies operate in this area.

MAP 2.2

Figure: Border-posts between Central Asia and China

In June 2004, Chinese authorities opened a tax-free zone of 200 hectares in Khorgos (Huoerguosi) on the Sino-Kazakh border as proposed by Chinese Prime Minister, Wen Jiabao, during the meeting of SCO in 2003. Some companies operating
from Khorgos include the largest manufacturer of sofas in China, Zhejiang Kasen Industrial, and Changhong, a major TV set manufacturer. With regard to second category border-posts and free zones, most of them are industrial parks or exhibition centers around Xinjiang’s main cities. For example, the Frontier Hotel of Urumqi is a large exhibition center of Chinese products where most businessmen from Central Asia and Chinese coastal provinces meet. The Special Zone of Yining has a 48,000 m² area located in Kuytun, which is connected by rail to Kazakhstan. Urumqi trade and commercial town is a bonded warehouse of 2,000 m². According to Kazakh traders, second category free trade zones located in Urumqi have the added advantage of being specialized: the special zone of the Frontier Hotel trades products for light industry manufacturing while Hualing Market, an exhibition center of 600,000 m² built by the Chinese businessman Mi Enhua, specializes in building materials.

The development of Sino-Central Asian trade has had a positive impact on Shihezi, considered as the fastest growing city. At a distance of 150 km from Urumqi, Shihezi has benefited from a special status as an Economic and Technological Development Area since 1992. XPCC has its headquarters in Shihezi located in Xinjiang, which is crossed by the railway line Urumqi-Almaty and the Highway 312 connecting Xinjiang to Central Asia. Shihezi’s economy is specialized in trade activities and agriculture, agro-processed products and textile industry. According to Ismayil Teliwardy, president of the Autonomous Region of Xinjiang, it is becoming a region based on industry. But Xinjiang’s growth is lower than the other provinces reaching 9.5% in 2004 compared to 12% for the other 13 provinces. Between 1995 and 2004, the highway network has almost tripled in China. Even if road and rail density remains lower than Chinese average, transport time from to Xinjiang has been considerably reduced.

Road condition between China and Central Asia is very good, especially from Xinjiang’s main cities -- Urumqi, Shihezi, Kuytun and Kashghar. In 1998, it was calculated that 70% of Xinjiang’s GDP was concentrated along Turfan-Urumqi road (Kellner 2004). The Central Government invested billions of dollars to connect Xinjiang’s main cities with the main border-posts and China’s East coast. Thus, highway
310 is 4,300-km-long connecting Lianyungang to Khorgos (Huoerguosi) via the Chinese province of Gansu. This highway is one of the two main links between China’s east coast and Kazakhstan. Highway 312 connects Shanghai to Urumqi while transiting through the Gobi Desert. Since September 1, 2005, five roads were opened between China and Kazakhstan.

The Chinese government is striving to develop the concept of a “New Continental Eurasian Bridge”. The Continental Bridge is a multi modal project, which combines road, rail and air transport. According Chinese Ministry of Trade, this project should allow Xinjiang’s faster economic development. Since the end of the 1990s, Beijing has built a railway line, which should join Lianyungang (China) to Rotterdam (Netherlands), transiting through six Chinese provinces (including Xinjiang), Kazakhstan, Russia, Ukraine, Poland, and Germany. The government supports this project because it would potentially enable companies from Xinjiang, Gansu or Inner Mongolia to export by rail to Europe as well as by rail to the East coast and then by sea.

Kazakhstan promotes a “Transasiatic” railway line connecting China to Hamburg transiting through Kazakhstan, Turkmenistan, Iran, Turkey, Bulgaria, Serbia, Hungary, Austria, the Czech Republic and Germany. However, the implementation of this route requires investments estimated from 5 to 7 billion USD. In both cases, although land routes are shorter and faster than maritime routes, Land routes would decrease transport distance by more than 10,000 km.) transport costs are much higher and transport reliability more problematic because of the multiplication of handlings, shunt operations and border crossings. Also, these routes will probably remain theoretical, found only on maps, unless transport is facilitated between coastal provinces and Xinjiang, China and Kazakhstan, Russia and Bielorussia, Kazakhstan and Turkmenistan or Turkmenistan and Iran.

Ultimately, the Chinese Government’s policy has enabled an investment boom in Xinjiang from coastal provinces, which in turn instigated Sino-Central Asian trade growth. China represents the most credible economic alternative to lessen Russian
economic influence. China succeeded where Central Asian States failed, namely to make successful economic transition while maintaining political control (Raballand & Andrésy2007). The Central Asian oil fields provide an attractive source of energy for China. Indeed, the newly established oil and natural gas pipelines between China and Central Asia have been referred to as a “Silk Road for Oil” (Blank 2006; Liao 2006).

Ziegler points out; these cooperative projects allow China to promote a new system of regional economic integration with its neighbors and to build a series of overland oil pipelines from Central Asia and Russia to China. China’s rapid expansion into Central Asia has had a significant impact on the local economy in Xinjiang Uygur Autonomous Province (Ziegler 2006). In Kashgar, a major city close to the Chinese border with Pakistan, many car-owners and bus drivers have already used natural gas rather than petroleum. There are dozens of natural gas stations inside the city and along the highways. The natural gas is also widely used in many Chinese cities along the border with Russia and Central Asia. Evidently, there is a strong determination on China’s part to diversify its energy supply system (Blank 2006, Liao 2006).

The economic, social and cultural linkages between China and Central Asia can also be seen in people’s everyday lives in Xinjiang province. Urumqi, the provincial capital, and Kashgar are always crowded with Russian, Central Asian, Persian, Afghani and Pakistani merchants, tourists, religious pilgrims, students and government officials. Beijing has succeeded in using its Muslim frontier region to reach out to Islamic communities in Eurasia. For instance, the Xinjiang Networking Transmission Limited, which runs the Urumqi People’s Broadcasting Station and the Xinjiang People’s Broadcasting Station and broadcasts in the Mandarin Chinese, Uyghur, Kazak and Mongolian languages, has begun broadcasting programs in English for Pakistan, Afghanistan and Central Asian states. China is keen to counter the spread of western ideologies from the Voice of America and the BBC and is presenting itself as a land of opportunity for many young people in the region.5

5. The information given above is based on Author Lee’s fieldwork observations in Urumqi and Kashgar in July 2006.
2.5.4 Importance of Xinjiang Province in Sino-Kazakh Relations

Given the increasing global importance of both oil and water, Sino-Kazakh relations present a particularly interesting case with geopolitical implications for the future of China and the Caspian region. Both states remain developing countries with lingering water disputes, arid climates and exponential asymmetries in terms of power. Central to this relationship is Xinjiang, which is China’s most strategically valuable but often restive province.

Historically, Xinjiang has been a cultural, economic, and political bridge between China and Kazakhstan. Xinxiang’s historical relationship with China is also the history of China’s numerous attempts at territorial expansion westwards. Historical background suggests that Xinjiang was under the control of powerful nomadic people Xiongnu before the beginning of Han Dynasty. After Xiongnu dynasty, Han dynasty established the protectorate of the western regions to oversee the west. At the beginning of the 4th century, Jin dynasty ruled over this region. Then Tang came and continued their dynasty till 8th century. It was then An Shi rebellion took place in this region during which Tibet invaded and took control over this region. At this time Uyghur Khaganate took control of northern Xinjiang. In the mid 9th century when Tibet and Uyghur Khaganate declined, the Kara-Khanid Khanate took control over this region. In 11th century Xinjiang was controlled by Ynan dynasty and later divided and ruled by different Persianized Mangol khans. In 17th century, the region was undertaken by Dzungars Empire. After a long struggle with the Dzungars Empire, the Qing dynasty gained control and it was the last dynasty which ruled from 1644 to 1912. Under the Qing dynasty, the border of the Qing Empire expanded to Xinjiang and the bordering region of Central Asia during the Qianlong period (1736-1795). In 1759, Xinjiang officially became part of China (ICE Case Studies Number 183 2006). The most abundant resourceful area holds over 20 percent of the country’s potential petroleum reserves with an estimated 20-40 billion tons.
of oil and 12.4-trillion m$^3$ natural gas. As exploration deepens, large oil fields with up to 100 million tons of reserves are being discovered in Xinjiang nearly every year.$^6$

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MAP 2.3
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“The populous societies that have formed the civilizational cores of world history lie around the rim of the continent. Xinjiang lies between them, astride the steppe and desert bands, and roughly equidistant from the population cores of China, India and the Mediterranean” (Millward 2007:4).

With close ethnic, historic and geographic trans-border connections between Kazakhs, Uighurs, Tajiks, and Uzbeks, Xinjiang is at the same time intricately interconnected with Kazakhstan and other Central Asian states, which means that

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6 This report was produced by the Center for Energy and Global Development and supported by Chen Shi China Research Group and with the assistance of the government of the Xinjiang Uyghur Autonomous Region. URL: www.wsichina.org (Accessed on 4$^{th}$ of May, 2011).
relations with such states are vital to Chinese national security (Clarke 2008, Swanstrom 2005).

Beijing’s development initiative in Xinjiang and other western provinces, known as the Great Development of the West (xibu da kaifa), has focused inordinately on the “twin pillars” of cotton and oil. Aside from being economically valuable, these two resources help to further Beijing’s political agenda in the region, by boosting rural incomes and strengthening the Xinjiang Production and Construction Army Corps, a massive militarized socioeconomic entity controlled by Beijing (Moeller 2002). As a consequence of this development program, Xinjiang’s water needs are rising precipitously, producing significant environmental degradation and leading to increasing diversions of the Irtysh and Ili Rivers, which flow from the Tianshan Mountains through Xinjiang into Kazakhstan (Allouche 2007, Millward 2007). The rivers are invaluable to the Kazakh economy and environment, directly supporting millions of people and much of the country’s economy.

Under normal circumstances, potential Sino-Kazakh water disputes would bode ill for Kazakhstan, as China is clearly the more powerful state with regard to economic, political and military influence. However, Kazakhstan’s proven petroleum reserves of nearly 40 billion barrels make it one of the world’s richest petro-states and have consequently catapulted the arid Central Asian state to the forefront of international politics, attracting considerable attention from Washington, Moscow and Beijing (Klare 2001, Kleveman 2003, LeVine 2007). China has also identified Kazakhstan as a key ally in its campaign against expatriate Uyghur separatists, an ally that Beijing risks alienating and destabilizing through the diversions of the Irtysh and Ili rivers.

In legal terms, both upstream and downstream littoral states are entitled to the equitable usage of such international waters, and transnational rivers must be exploited in a manner that does not harm downstream states, nor degrade their freedom of navigation (Sievers 2002). With more than 40 percent of its available river resources originating outside of its territory, Kazakhstan is already a hydrologically vulnerable country and
though the central government in Astana has already expressed concern at China’s river diversions, there has been little progress on trans-boundary water cooperation to date (ICG Water, Allouche 2007). Though China’s behavior is currently outside of customary international legal norms (Sievers 2002), as its diversions will negatively impact the interests and environment of Kazakhstan, the legal dynamics will eventually flip in China's favor, as international water law prioritizes “fundamental human need.” It is only a matter of time before the population and hydrological needs of Xinjiang eventually reach such a tipping point. The unique nexus of oil, water and great power politics in Sino-Kazakh relations means that this region should be an excellent case study for resource theory.

Xinjiang province holds tremendous importance in China-Kazakhstan strategic relations, being the main gateway to the energy rich Central Asian countries. The unique geo-strategic locations of the Xinjiang province provide it with a unique opportunity in history to re-script and re-energize Sino-Kazakh bilateral relations in a multifaceted and multidimensional ways. The presence of Uighur diasporas in Kazakhstan as well as in other Central Asian Republics provides China the golden opportunity to use this as an important connecting link to re-strengthen and re-invigorate the growing politico-economic as well as deepening military ties with Kazakhstan Republic, in particular and other Central Asian countries in general.

In the relations between China and Kazakhstan, the ethnic factor plays an important role. Both Central Asian states and China pay greater attention to minimize ethnic conflict in their respective states. Both are worried about the development of Islamic fundamentalism becoming more powerful in Afghanistan and Tajikistan which is perceived as a threat by Central Asian countries. The participation of Uyghur’s in various rival movements led China to take effective steps suppress them and cooperate with the Central Asian governments. Shanghai Five and since 2001, SCO has been a serious step in this regard. Both the parties concluded that they have common interest in combating Islamic fundamentalism, extremism and separatism. To eliminate this threat both Kazakhstan and China are establishing a better relationship which would help in
improving the standard of living of their ethnic minorities and thus discourage them to join the separatist movements.

China’s Xinjiang region has been a buffer zone between China and Central Asia. The instability of the region is geared up with the help of the Central Asian fundamentalist and extremist groups. Drug trafficking and arms smuggling also make China’s Xinjiang region vulnerable, as these activities are linked to international terrorist organizations. To counter these threats, China actively participates in the Shanghai Cooperation organization (SCO) in order to keep Kazakhstan engaged with China in a friendly and cooperative framework.