



## The Factors behind China's Growing Economic Engagement in Kazakhstan and Uzbekistan in the 21<sup>st</sup> Century

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### Abstract:

It is crucial for the states to secure and strengthen energy resources to rise and survive in international arena. The resource dependent states also require same approach. China is vigilant about politics and security nonetheless relatively more cautious in the economic sphere. The acquisition of new export markets, development of intercontinental transportation and infrastructure and safeguarding supply of natural resources are the primary motives of China. Kazakhstan and Uzbekistan are providing alternative routes to international transport corridors and a promising market for goods. China has the potential for investment, to help them build their infrastructure and new gas and oil pipelines for its own energy requirements. This study aims to analyze China's expansion in Kazakhstan and Uzbekistan under the framework of liberalism which emphasized that liberty, equality and cooperation can be possible among states. The objective of the study is to investigate factors that motivate China's continuous growth in these post-soviet states. This study uses qualitative method and analyzes to what extent Chinese developments are valuable for the people of Kazakhstan and Uzbekistan.

### INTRODUCTION

Kazakhstan has a unique strategic importance for China as it has the potential to become a transportation hub for Eurasia. The Eurasian region serves the interest of China both as safeguarding its national security and developing as a world power. The long term strategy of China in the region is connected to ensure its economic growth and development. In this aspect, Uzbekistan is also highly valuable in China's Belt and Road project. The increased economic requirements of China demonstrate its rising economic power for a larger role in international politics. China's government provided aid and investment for different projects in Kazakhstan and Uzbekistan even before the BRI was announced. China's motivation is to enhance three main objectives by using its energy and transit infrastructural projects. First is China's profound concern related to security, second is regional political stability and third is its economic growth and development (Baijie, 2019).

China's behaviour of economic rise in Kazakhstan and Uzbekistan relevant to the core elements of liberalism that argue about states' cooperation, international institutions, free trade and

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international law. The liberals argue that human nature is basically good and they can cooperate with each other. Thus, peace and harmony can be achieved among states (Ari, et. al, 2018).

In this background, China's bilateral relations with Kazakhstan has been enhanced since the 21st century. The heads of both states emphasized to cooperate with each other in several areas for instance they signed numerous agreements on trade, agriculture, civil aviation and Belt and Road. They also showed interest to develop permanent comprehensive strategic partnership. China has been engaged with Uzbekistan and Kazakhstan in the field of education and science and technology. The Chinese government is continuously using its soft power by introducing different cultural and educational exchange programs (Baijie, 2019).

China's regional economic integration is primarily to preserve its economic interest and to maintain its political position internationally. The subject Central Asian countries are both a market for Chinese products and transit routes to access other part of different countries in the world. China's relation with Kazakhstan and Uzbekistan are encompassing several economic diplomacy features for instance trade and investment, transport and communications, energy and infrastructural projects (Altynsarina, 2019).

China has long term goals in Central Asian region and it has the potential to meet future challenges to implement its grand strategy. The infrastructural projects are beneficial both for China and post-soviet states. From the liberal's perspective, cooperation in the long term brings peace and mutual benefits. Liberalism argues that cooperation is possible along with the characteristics of ideas and free trade. Liberalism focus more on interdependence between states instead of rivalry, self-interest and competition (Harrison & Boyd, 2018).

#### **THE SIGNIFICANCE OF ENERGY SECURITY: REVIEW OF LITERATURE**

In 1993, China's oil sufficiency ended, nonetheless in late 1990s, China comprehended the urgency and significance of energy security. In the 21<sup>st</sup> century, a rapid rise of emerging markets and states dependency on energy resources also increased. Hence, the energy security has gained renewed concern due to dramatically fluctuating energy resource prices. In 2008, China ranked as the second largest oil consumer and it positioned as the third largest net importer of oil. Moreover, the energy resource for domestic consumption in China was coal for several decades. However, in recent years, China has paid great attention to urbanizing and modernizing their population. The government focused on economic development, consequently the energy consumption reached a record high over the past few years (Zhang, 2021).

During the 1990s and 2000s, China's national interest naturally expanded as a result of its economic growth. China's sense of vulnerability increased and it enhanced energy cooperation with other countries and more integrated into the global economy. The Beijing government also showed deep concerns related to safeguard trade routes, increased demand of raw materials and access to energy resources (Altynsarina, 2019).

The domestic prosperity in China needs to secure new resources and promote trade and investment with neighboring countries. Kazakhstan observes China a friendly neighbor and a strategic partner. The growth and economic rise of China brings opportunity for Kazakhstan and many of its neighbouring countries. Nonetheless, violent activities such as terrorism, separatism

and extremism issues in the entire region are troubling factors for economic growth and it is alarming for both countries. In this regard, Beijing government endorse Shanghai Cooperation Organization and support its role as an effective regional organization. The central aim of SCO is to contribute a constructive role in the regional and global affairs (Altynsarina, 2019).

### **FACTORS DRIVING CHINA TOWARDS KAZAKHSTAN AND UZBEKISTAN**

China's policy towards Kazakhstan and Uzbekistan are directed mainly by few components. The first priority of China is to ensure stability and a secure environment in the entire region. Secondly, China aims to enhance its influence in Kazakhstan and Uzbekistan and its third aim is to expand and strengthen its economic relations to limit the influence of other powers in the region (Scobell, et. al. 2014). There are numerous factors that pull China towards these post-soviet states that are discussed in the following section.

#### **Chinese Dream: Revitalizing the Chinese Nation**

Chinese President Xi Jinping's slogan "Chinese Dream by revitalizing the Chinese nation", has become a hallmark of his leadership style (Mohanty, 2013). The Belt and Road is a huge project as it links Asia, Africa and European countries. The trade would be boosted and prosperity would be enhanced. New economic corridors would be opened and world will observe an innovative economic evolution. According to Beijing government, Chinese Dream is the guiding principle for China to play its role as a Eurasian center of gravity and modifying it again into the "Middle Country" (Hein, 2018).

China is modifying its economic policies to better communicate at regional and global level. There was also a need to stabilize the domestic environment hence China initiated few programs to address and reduce the societal problems. Especially, in 2013 Chinese leadership implemented a program to reduce social discrimination (Heberer, 2014).

A foreign policy proposal has been given by Chinese President Hu Jintao to promote multilateralism for common security, win-win co-operation for common prosperity, comprehensiveness for the coexistence of all civilizations and modifications in United Nations reform. All such steps were taken to enhance the efficacy and maintain law and order. Later on, an article titled "China's Peaceful Development Road" was published which provided details of President Hu's foreign policy proposal. In November 2007, President Hu emphasized on his above mentioned four points of foreign policy presented in his speech at the 17<sup>th</sup> National congress of the CCP (Poole, 2014).

The Beijing government also focused on the concept of Harmony. It is a key element of Chinese culture and a symbol that people are united and they are living in a harmonious society. Its literal meaning is integration, co-ordination and peace in a society besides it is a sign that Chinese culture represents and follow values and ethics. Today, in China's modern diplomacy, harmony is a fundamental component. It guides China to attain peace and stability to play a constructive role in establishing an economic order (Bijian, 2003).

Additionally, the new normal concept of China is related to peace and prosperity globally as they believe it's the only medium that China can be developed (Chan, 2010). Therefore, since Kazakhstan has declared independence, China established its diplomatic relations and signed numerous

agreements to settle border issues to further strengthen political and economic ties (Kukeyeva, et. al. 2018).

The Kazakhstan-China Cooperation Program (2003-2008) was also based on major orientations of future mutual cooperation. Currently, both countries are having healthy and cooperative relations. Their representatives signed several agreements based on mutual cooperation. The friendly bilateral relationship can be observed in different summits and high level meetings. China is eager to have a long-term relation to safeguard energy relations particularly. Conversely, Kazakhstan and Uzbekistan both are interested to enjoy the massive investment and infrastructural developments (Kukeyeva, et. al. 2018).

China's policy of "Five Principles of Peaceful Coexistence" is imperative with regards to its foreign policy. For instance, the driving factors of China's relations with Kazakhstan and Uzbekistan are established with few guidelines that are; equality, respect of each other's territory, sovereignty, noninterference policy in domestic affairs of any country and mutual benefits (Wani, 2019).

Kazakhstan has a unique significance in China's policies towards Central Asia. Both countries are having supportive behavior therefore their relations are profound and diverse. There is no doubt that energy cooperation is the major factor to develop relations. It is also logical that energy is associated with state's economy as well as geopolitics. Kazakhstan's location makes it more valuable for China to invest and grasp the opportunities it holds; hence the geographical factor is significant between Kazakhstan and China's relations (Kaukenov, 2015).

In 2005, President of Kazakhstan Nursultan Nazarbayev presented an economic policy NurlyZhol which means Bright path. He presented his vision soon after China announced its dedication of trade and infrastructure development. The objective of President Nazarbayev economic plan is a long-term economic development in Kazakhstan by an effective infrastructural growth and expansion. It can be achievable by introducing a single economic market and incorporating macro-regions of the country (Kassenova, 2017). Some other main motives behind this economic strategy are through forming a well-organized transportation system, improved infrastructure in different sectors like progress in industrial and tourism areas, boosting businesses, promoting exports and the provision of infrastructural projects (Noort, 2019).

The geostrategic global investment project BRI is also an economic cooperation policy which enables China to construct and expand network of roads, railways, oil and gas pipelines, maritime ports and numerous other infrastructure developments (Taylor, 2018). The economic ties between Kazakhstan and China have also enhanced significantly with the implementation of BRI. The purpose of announcing BRI project in Kazakhstan's Nazarbayev University by President Xi Jinping in 2013, was to demonstrate significance of Kazakhstan's geographical location and its important role in the project. Kazakhstan's location enables China to transport its goods to European markets and it holds vast natural resources which is going to fulfill China's needs of energy demands (Konarzewska, 2019).

### **The Significance of Xinjiang Region**

The Xinjiang Province is considered to be an autonomous region located in the northwest of China (Castets, 2003). It has a long border with Kazakhstan and it also connects Mongolia, Russia,

Kyrgyzstan, Tajikistan, and Pakistan. It is known to be a doorway to Central Asian region. Most of the population in Xinjiang region are Uyghurs, they have their own language. The region is rich in natural oil and gas hence China is hungry for both resources to fulfill its energy requirements. In 2009, the Beijing government took strict action against the Uyghur culture due to some violent activities that have been reported by Uyghur radicals. The government of China is cautious against any violent activity or separatist movement inside China as it would affect directly and indirectly China's vision of economic growth and development. Thus, it is crucial for China to stabilize its internal and external environment to grow further (Debnath & Chatterjee, 2021).

China is wary about the countries bordering Xinjiang province or near to Uyghur Autonomous Region (Taylor, 2018). In the past few decades, China has considerably developed strong economic relations with Kazakhstan. Its deep interest in Kazakhstan is rooted in both geostrategic and economic needs. Kazakhstan shares border with China's region Xinjiang (Kozhanova, 2019).

The entire Xinjiang region is strategically valuable for China due to its historical and cultural ties. It is also the largest administrative unit and frontier territory with a multifaceted ethnic composition. The subjects of national sovereignty and territorial integrity are very important for Chinese administration therefore the issues of Tibet and Taiwan and its maritime territorial claim in South China Sea are stated as the principal interest of Beijing's government (Bitabarova, 2018).

### **Belt and Road Initiative**

The Belt and Road program is China's mammoth project that is shaping its foreign policy aims and objectives. It has been recognized that this mega project is connected to China's national development agenda. The Chinese government is playing a vibrant role in activating BRI project and organizing all of its resources for instance, financial resources, labour and intellectuals for its implementation. This developmental strategy of China has two basic major parts. One is the Silk Road Economic Belt and the second is 21st-Century Maritime Silk Road. The first one deals with the land based corridors and linkage and the second one is sea based connectivity (Bitabarova, 2018).

China's ambitious economic developmental project BRI emphasizes mainly on two things; connectivity and cooperation among numerous countries spread across the continents of Asia, Africa, and Europe. BRI expanded its scope over the years by including many new land and areas for future developmental initiatives. The Silk Road Economic Belt has five main areas for the member countries to cooperate. First, it deals with integration in policy making, capable of being connective via infrastructure, acceleration trade, cooperation in financing and people-to-people contacts (Bitabarova, 2018).

In this background, the liberal school of thought in international relations emphasize that peace can prevail among nations along with the characteristics of free trade and cooperation. Such elements focus on interdependence between states instead of rivalry and competition. Similarly, there is role of equality, international political status, non-interference, multinational enterprises and non-governmental organizations in world politics (Harrison & Boyd, 2018). Further, the liberals state that any intense situation can be avoided if there is an economic connection and economic cooperation between states as this way countries come close and they work as a one unit (Meiser, 2018).

China's ambitions are supported by multilateral institutions like Shanghai Cooperation Organization and the Eurasian Economic Community. Both organizations have played a great role in spreading China's influence in many countries besides they have provided a platform for its member states to cooperate and grow (Noort, 2019). Under BRI project China and Kazakhstan has built Kazakhstan-China oil pipeline and it has been successfully operating since 2006. The Kazakhstan-China oil pipeline becomes a major contributor in fulfilling China's domestic needs of energy. Kazakhstan is uniquely situated between China and the European markets, it also has a major contribution in China driven Eurasian Railroad. China and Kazakhstan is connected by the border town of Khorgos. This city is considered to be the gateway between China and Kazakhstan hence the trade has been improved likewise (Fazilov & Chen, 2018).

Furthermore, special economic zone has been established in Khorgos. Kazakhstan developed the Khorgos Eastern Gate Special Economic Zone, the Khorgos Dry Port and the Khorgos International Centre of Boundary Cooperation. All of these initiatives by Kazakhstan has affluenced the Chinese trade links and connected Western China with Central Asia for accessing the markets of Middle East, Europe, and Africa (Dave, et. al. 2018).

Another Central Asia-China gas pipeline is a great initiative which connects China and Uzbekistan a major country in China's Belt and Road Initiative. China and Uzbekistan are engaged with each other in a series of essential deals related to energy. The relation between two countries have strengthened since President Xi has announced BRI project. In this background, China Railway Tunnel Group Co. has built Kamchiq railway before its time limit and considered to be the longest tunnel in Uzbekistan. One of its part Angren-Pap railway line connects Tashkent the capital of Uzbekistan with the eastern Andijan region of the country. In past, people used to travel through mountains and it took them four to five hours to reach from one place to another and now the distance has been reduced to two hours only (Hedlund, 2019). Uzbekistan has a huge population of around 30 million, hence it becomes a major and biggest market in Central Asia. It is said to be the geographic pivot and lynchpin of Central Asia, which shares borders with all countries of the region and with Afghanistan also. Thus, it enjoys transit linkage in all directions nonetheless due to landlocked nature it depends upon these cross-border linkages (Kuchins, et. al. 2015).

### **LARGE SCALE INVESTMENT AND INFRASTRUCTURE DEVELOPMENT COOPERATION**

With respect to the Chinese investments in Kazakhstan, China becomes the leading trade partner of the country in last five years. It has invested huge amount in different project in Kazakhstan hence the infrastructure could be better for trade purposes. In only 55 projects related to oil and gas, Chinese investment in Kazakhstan is up to US 27.6 dollars. The trade areas between China and Kazakhstan are infrastructure, agriculture, mining and petrochemicals. China is also a major contributor in facilitating Kazakhstan funds and loans for its few domestic developments (Konarzewska, 2019).

Moreover, the new technologies and communication have a major impact on economic processes and it also outspread the interaction processes. A better transportation system is important in accelerating trade with other countries. The railways, roads, pipelines and air infrastructure are integral parts for upgrading economy (Audonin, et. al. 2020). In this regard, the Lianyungang Port is providing a way to Kazakhstan to access sea. China and Kazakhstan are improving their bilateral

trade links through different ways (Weitz, 2014). Kazakhstan Temir Zholy is also playing an integral part in managing the railway, sea port and airport infrastructure, transport and logistics centers. It also has a major contribution in the development of Khorgos port. Two other major ports Dostyk and Altykol are vital transit station to carry goods from China (Yergaliyeva, 2020).

The railway system plays a key role in connecting many parts of the world. China and Kazakhstan has a unique relationship in this regard. As shown in Figure 1, that Kazakhstan transit sites have become more valuable due to an organized railway network with the new connection Altynkol, Khorgos and Almaty and between Zhezqazgan and Beineu. The former connection connects China directly via Kazakhstan to many other countries in the world. The second project Zhezqazgan and Beineu connects Kazakhstan with the Persian Gulf countries and it had been completed in 2016 and worth 1203 million dollars (Bitabarova, 2019).

**Figure 1.** Railway System Transit Routes via Kazakhstan.



Source: Kazakhstan's Ministry for Investments and Development.

### Energy Resources: Oil and Gas Pipelines

Kazakhstan holds a vast territory along with abundant resources and it has approximately 18 million population. In the 21<sup>st</sup> century, Kazakhstan and China are deeply connected due to BRI initiative. The increased Chinese investments and infrastructural projects provide mutual opportunities for its neighbouring countries. On the other side, historically, Russia has close ties with all of the Central Asian countries. The space program of Russia operates from Kazakhstan land. Many ethnic Russian are also living in Kazakhstan (Reilly, 2015). The China National Petroleum Corporation is playing an important part to import gas from Uzbekistan and Kazakhstan. China is anxious to fulfill the demands of its domestic needs. In winters the gas shortage is a problem and to address this problem China deals with Kazakhstan to boost its gas supplies to China from 5 to 10bcm per year. Hence, the Central Asian gas supplies keeps long-term strategic importance for China (Bitabarova, 2018).

According to a study by the US Energy Information Administration, Uzbekistan keeps 1.84 trillion energy reserves. Such a massive quantity makes Uzbekistan the fourth largest reserves in the

region. The officials in Uzbekistan stated that China is the largest recipient of Uzbek gas and China took delivery of 6 billion cm of Uzbek gas in 2013. Along with that Uzbekistan has massive reserves of cotton, uranium, natural gas and gold. Its economy is heavily dependent on its valuable natural reserves. The Uzbek population is approximately 66 million which is almost half of total region's population (Reilly, 2015).

China and Uzbekistan strengthen their relations by signing comprehensive strategic partnership. As shown in Figure 2, the two countries successfully inaugurated Qamchiq Tunnel, the longest tunnel in Central Asia. The Qamchiq Tunnel is a part of Silk Road infrastructure project. Few projects related to oil and gas between China and Uzbekistan are operating under Uzbekneftegaz which is further working with Lukoil, Gazprom and China National Petroleum Corporation. The Uzbekistan's region of BukharaKhiva is rich in oil and gas reserves (Global Risks Insights, 2016).

**Figure 2:** Silk Road: China's Trade Connections



Source: U.S. Energy Information Administration

Despite abundant gas reserves, the Uzbek government has failed to become a major exporter as the consumption of Uzbek gas is high and very few is left for export purposes. Further, the stability in Uzbekistan is very crucial. Russia has a prominent influence over the oil and gas sector of Uzbekistan. Russia's two largest energy companies Lukoil and Gazprom are operating for the development and exploration of numerous oil and gas fields. The Lukoil alone is handling 30 percent of Uzbekistan's gas production. The Moscow government is also importing small volume of gas via Gazprom (Raimondi, 2019).

On the other hand, CNPC is playing a major role in contributing China's influence in the region. China has established bilateral agreements for the construction of three lines of Central Asia-China pipeline system. These pipelines will pass the Uzbek territory to supply oil and gas in the region. Hence this way, China will secure its investments in Uzbekistan's energy industry (Raimondi, 2019).

Given the political isolation caused by President Karimov's policies and the deterioration on human rights and democratic violations, Western and other countries have not been able to establish deep and solid economic and energy relations. However, a change took place with the death of Karimov in 2016 and the election of President Mirziyoyev the same year. The new president decided to



implement an ambitious reforming agenda, with a focus on the improvement of relations with regional and relevant countries, namely the US and the European countries. The Presidential commitment to resume positive relations with Western countries might lead to a relative increase of Western energy companies in Uzbekistan (Raimondi, 2019).

### **Uzbekistan: Balancing China and Russia**

The region of Central Asia is considered to be a geopolitical ground. The political supremacy of Russia is absolute. Russia is also a larger investor nonetheless it cannot challenge the economic role of China which is prominent and dominant. China has dangled the entire region via oil and gas purchases, infrastructure and particularly initiating Belt and Road projects. The Chinese government has no intentions to challenge Russia by importing gas from Kazakhstan. Neither, it has any ambitions to disturb the relations of Moscow with Nur-Sultan. Rather, it could become a reason for other Central Asian states like Uzbekistan to understand that there are only two options to cooperate like Uzbek government agreed to participate as an observer country in Eurasian Economic Union influenced by Russia. Prior to that, it has always refused to become a member of EAEU (Hess, 2020).

Likewise, Liberals view that in international system or in world politics, sovereign states are not the only actors. Non-state actors, interest groups, individuals and intergovernmental and non-governmental organizations hold an influence on decision making of any state. The liberal theorist argues that the cost of war to many states is huge economic loss therefore states now tend to cooperate rather conflict. The countries can have mutual gains only by cooperating with each other (Hudda, 2015).

It is true that Russia's supremacy has declined nonetheless there is a great significance of Russia in the region as a security provider. The Tashkent government has developed into a key element in this ambition. Uzbekistan's population is approximately 3 million which is almost twice than Kazakhstan. Hence, as a most populated country, it keeps largest military in the region (Hedlund, 2019).

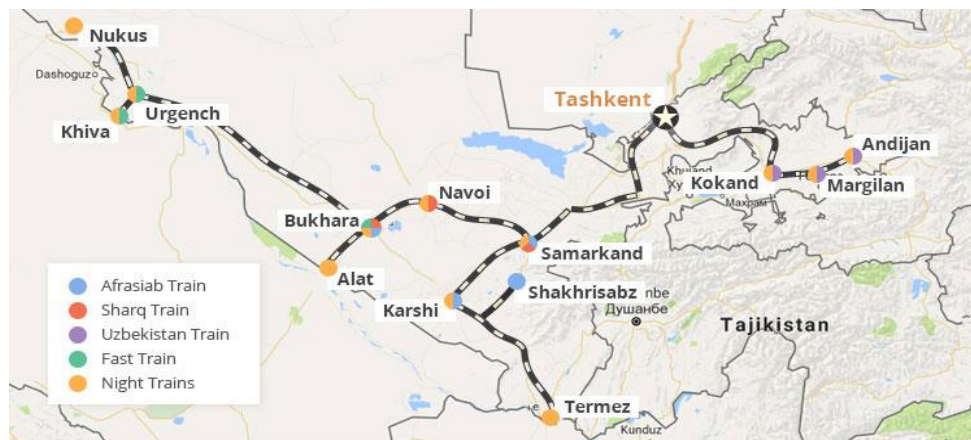
Uzbekistan holds an estimated 65 tcf of proven natural gas reserves until 2012 according to Oil and Gas Journal. Such calculations rank it the fourth highest in the Eurasia region and nineteenth in the world. China has made great effort to access such rich gas reserves in Uzbekistan. China invested massively into Uzbekistan's energy sector with spillovers to other sectors of its economy. The investment in Uzbekistan exceeds \$4 billion at that time. China is Uzbekistan's largest investor along with third largest trading partner. Additionally, it is the largest buyer of cotton, and also a largest provider of telecommunications equipment (Fazilov & Chen, 2013). China was provided the opportunity to develop nuclear energy by constructing about 30 new nuclear power plants. In this regard, China's critical need would be fulfilled by Kazakhstan and Uzbekistan's uranium deposits, which account for around one quarter of the world's uranium reserves (Fazilov & Chen, 2013).

The land of Uzbekistan serves only as a transit country due to its double landlocked nature. The largest world markets are far from Uzbekistan nonetheless the Tashkent government is interested to play a more vibrant role in global value chain (Kuchins, et. al 2015). Uzbekistan has such a unique location that many roads and rail corridors run through the country. As shown in figure 3 that the only rail link which goes from the Central Asian region to Afghanistan and South Asia is from the

land of Uzbekistan. Many newly constructed pipelines and infrastructure as well as regional power grids run through Uzbekistan. One of the main city and capital of Uzbekistan is Tashkent. It has the potential to become an educational, trade and cultural hub in the region (Kuchins, et. al. 2015).

The land of Uzbekistan is rich in gas and oil reserves although their size is modest in comparison with the resources in Azerbaijan, Kazakhstan or Turkmenistan. Most of the gas consumption approximately 80 percent is for domestic purposes due to its large population and industrial areas. Hence, a little amount is left over for export purposes (Stark & Ahrens, 2012). Under the program of Central Asia Regional Economic Cooperation, the Tashkent government is working on its transportation infrastructure. The CAREC program has few mega projects which aim to develop regional transit corridors connecting the Central Asian region further with the global markets (Bankasi, 2014).

**Figure 3:** Uzbekistan: The Bars-Tblisi-Kars Rail Link to Caucasus, Turkey and Europe



Source: Silk Road Breifing.com

The member countries of CAREC Program are dedicated to work together to develop economy and expansion by cooperating on regional level. This partnership of 11 countries are supporting each other in developmental path. The collaboration is based on mutual respect, benefits and equality. The member countries of CAREC are Afghanistan, Azerbaijan, China, Georgia, Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan (Hashimova, 2020).

### **The Chinese Concerns in Fergana Valley of Uzbekistan**

Uzbekistan holds an area of Fergana Valley with approximately 15 million population. The valley is located at the heart of Central Asian region. It accounts for approximately one fifth of the region's total population. The Valley is complex ethnically as well as culturally and divided among Tajikistan, Kyrgyzstan and Uzbekistan. Therefore, Frederick Starr an expert on Eurasian affairs, highlighted the importance of Fergana Valley by stating that any economic, political or religious transformation will affect Tajikistan, Kyrgyzstan and Uzbekistan directly (Chen & Fazilov, 2018).

Historically, the valley played a role of a trading hub in the region and it keeps a fertile land for agricultural purposes. The valley is a home to many Russians, Kashgarian, Kipchak, Bukharan Jew and Romani minorities (Kassenova, 2017). Since the end of Soviet rule, valley is unstable. The reasons are manifold; first the valley has diverse and scattered populations, besides, it has disputed

borders. Secondly, the natural resources are declining and the valley is poor in economic development. Lastly religious extremism is the main cause of instability in the valley (Mohanty, 2013). The international aid agencies showed concern towards the instable situation in the Fergana Valley since the late 1990s. In this regard they initiated multiple activities comprising conflict prevention under the framework of promoting liberal peace (Taylor, 2018).

China has a deep economic interest connected to the Fergana Valley. In this aspect, China is ready to facilitate the region with a high degree of connectivity by constructing a new railway link. This connection would further strengthen China's position and its economic ambitions. The Chinese government is providing mutual benefits to all three participants of Central Asian countries in this connection. China would be capable to connect its western Xinjiang region to the territory of Kyrgyzstan and then run through Uzbekistan's eastern town of Pap, which is basically Uzbekistan's section of the Ferghana Valley (Pannier, 2017).

Figure 4: The China Railway system in Fergana Valley



Source: Silk Road Briefing.com

China's effort to launch a new link considered as a new mile stone under the tenets of ensuring connectivity and development in the region. Nonetheless, Kyrgyz indicated its concerns related to route linkage and finances. Additionally, Kyrgyzstan public opinion is also continuously a barrier as it is against Chinese effort of constructing and completing the railway connection (Hashimova, 2020).

The Chinese government is now working to export its goods to European markets by using land-based route which would run through Central Asia region. China hopes that this new connection would link the existing Uzbek and Turkmen rail network running to the Caspian Sea. This way, China would have an essay access to the gold, coal and other mineral deposits within Kyrgyzstan itself. The dependency of Uzbekistan on Russia will no longer be for its exports as China is offering a new rail route for trade with Asia-pacific. Such an initiative would be attractive specifically for the GM-Uz Daewoo car assembly plant. The plant is situated in the Andijan region of Uzbekistan and it relies primarily on regular imports of parts and components. Currently, the imports are routed from Korea through Russia (Hashimova, 2020).

Finally, the relationship and presence of China with Uzbekistan and Kazakhstan can be examined mainly in two dimensions. First is security and the second is economy. China's relations with both

countries are deep and multi-layered. The security aspect is imperative in bilateral relations and it is the fundamental part of China, Kazakhstan and Uzbekistan regional policies (Taylor, 2018).

China's engagement has been highly valuable for subject post-soviet states as they developed the infrastructure and provided opportunities which were not previously available. These post-soviet states have diversified the sources of external major-power interest, which allows for balancing; and elevated their diplomatic profile and bargaining power. While there may be dangers of future economic overreliance on China, Chinese markets and investment have provided needed development and integration, without which Central Asian states would be economically worse off. Their high-risk investment profiles make it difficult to attract financing from developed countries or international financial institutions for infrastructure projects, and Chinese firms have comparative advantages in this dominion (Thornton, 2020).

According to the Chinese embassy, the country has invested US\$19.2 billion in Kazakhstan from 2005 to 2020. Total 56 projects worth nearly US\$24.5 billion are due to finish by 2023. Since launching the belt and road plan, 11 international transport routes have been established through Kazakhstan to Europe, Iran, Southeast Asia and China. Regional development also faces risks from internal politics. Riots erupted in Kazakhstan in January 2023, with dozens killed in street clashes as protesters called for economic and political reform. The unrest stirred concerns about the impact on Chinese companies operating in the country. In July, 2023 rare protests flared in Uzbekistan, killing at least 18 people and wounding hundreds. The protests in Uzbekistan were prompted by planned constitutional changes that would have stripped Karakalpakstan of its autonomous (Ziwen, 2023).

China's adopted policies and its expansion in to Kazakhstan and Uzbekistan are much close to the norms and values of Liberalism. The Chinese have worked to enhance their relations with other countries through diplomatic means. They have created diplomatic linkages and accepted the significance of institutions. China established and managed economic interdependence. China increased trade activities with various developed and underdeveloped states. They chose not to interfere in any states internal issues. The Beijing government relies on political and diplomatic methods. Hence, they achieved economic expansion with overseas counter parts. It also focused to facilitate the government's economic leverage to invite the target countries to enhance closer economic ties (Daojiong, 2015).

## **CONCLUSION**

The emergence of China as a crucial regional player instigated debates related to energy demand and energy security in the 21<sup>st</sup> century. China has raised its position at world level by its high economic growth and energy demand and its security are the central discussion in economic globalization debates. China kept on upgrading its position mainly by escalating economically and militarily. The One Belt One Road project has activated a unique role of China to expand externally outreach. The entire Central Asian region paves the way for China's substantial trade routes to Europe and West Asia. Especially, Kazakhstan and Uzbekistan are playing vital role in China's foreign policy ambitions.

Chinese government also seeks a close relationship with Kazakhstan as well as Uzbekistan due to common security threats. China and both Central Asian countries have concerns related to issues of

terrorism, violent activities and extremism as China imports substantial amount of oil and gas from the region via pipelines. Since the last decade, China wisely tried to pull Uzbekistan in its orbit by cooperating and supporting Uzbekistan in its developmental path. The Uzbek government has preferred to conduct an independent foreign policy and maintained equidistance from major powers. However, in recent times, China and Uzbekistan's bilateral and economic relations have improved. Especially, the role of Uzbekistan in China's belt and road project shows its commitment to Chinese regional supremacy.

China has increased its trade and upgraded its investment policies. Moreover, China gives emphasis to its soft power image. All of these cultural enhancements steps are alarming for other powers in the region. The Chinese government hopes that cooperation is the key to attain its foreign policy goals and guarantee of a long term relationship with its neighbouring countries. Particularly, economic relations with Kazakhstan can maintain stability in China's problematic region Xinjiang. Kazakhstan has the potential to become a transportation hub and fulfilled the Chinese interest of transferring goods to European countries and accessing natural resources.

China's relations with Kazakhstan experienced an unusual transformation over the last decade. China started to expand its relations with Kazakhstan since its independence. Consequently, China economically displaced Russia as a traditional partner of Kazakhstan. Nonetheless, China considers Russia as an important state in stabilizing the entire region. It is also fair to analyze that Beijing's relations with Moscow are more cooperative than competitive. The cooperation of both powers under the BRI project carried substantial benefits to economies of Kazakhstan and Uzbekistan particularly in expediting trade and financing infrastructures. Lastly, China is more connected with different regional and international organizations and shows interest in major world affairs.

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