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In a Fortnight

TWELFTH-FIVE YEAR PLAN ACCELERATES CIVIL-MILITARY INTEGRATION IN CHINA'S DEFENSE INDUSTRY

By L.C. Russell Hsiao

China's defense-industrial complex is emerging from the shadows of its troubled past. While weaknesses and limitations in the Chinese defense industry remain, in recent years it has produced a wide range of advanced weapon systems that has markedly enhanced the country's military capabilities and demonstrated the prowess of the Chinese military-industrial complex. These developments reflect, in part, the considerable progress made by reforms that had been enacted in the late 1990s. As the Chinese authorities gear up to launch the 12th Five Year Plan (2011-2015), which serves as the country's blueprint for the next five years, recent statements made by a high-ranking Chinese official suggest that Beijing plans to accelerate defense industry reforms in the next Five Year Plan (FYP). These initiatives will likely boost indigenous capabilities, technology in national defense, and integration of defense industry and civil enterprises, which could substantially contribute to the long-term modernization of the country's military capabilities.

On December 30, 2010 at the 2011 Science, Technology and Industry for National Defense Working Committee meeting held in Beijing, Ministry of Industry and Information Technology (MIIT) vice minister, State Administration for Science, Technology and Industry for National Defense (SASTIND) Director Chen Qiufa

outlined seven major missions of the 12th Five Year Plan (2011-2015): 1) complete the mission of scientific research & development (R&D) of military arms; 2) strive to build core advanced military industrial capabilities; 3) accelerate the promotion of innovation in science & technology (S&T); 6) actively promote scientific R&D in informationization, 7) perfect the robust integration of a civil and military joint development system; 8) continue the expansion of global cooperation; and 9) vigorously strengthen the human resources corps of the military industry (Xinhua News Agency, December 30, 2010).

Moreover, Chen stated that as the inaugural year of the 12th FYP, the major objectives of 2011 will be to: maintain at least 15 percent year-to-year (yoy) growth of the military industrial economy; upgrade core military industry capabilities; promote S&T innovation; advance civil-military integration; successfully execute major projects like lunar exploration; and locating military potential in civilian capabilities, among others (Xinhua News Agency, December 30, 2010; *Ta Kung Pao* [Hong Kong], December 31, 2010).

Maintaining at least 15 percent growth (yoy) in China's military-industrial economy could strengthen the military industry's R&D efficiency and lead to the development of new technologies through investments by companies interested in dual-use industries throughout the military and civil sectors. Furthermore, Chinese military industry's expanding presence in international markets, particularly those in the West, would allow it to gain more access to dual-use technologies and generate additional revenue streams that can be directed to its military R&D.

A recent article from the *Global Times*—an offshoot of the *People's Daily*—revealed that China plans to complete shareholding reforms of its military industries within three to five years—before the end of the 12th FYP—in order to accelerate the process of integrating with civilian businesses and to raise more funds from capital markets (*Global Times*, January 7). As one of seven major tasks for defense-related science, technology and industry under the 12th FYP, the apparent “marketization” of China's military-industrial complex would attract capital and encourage greater competition in China's military-industrial complex, which could stimulate innovation and meet the demands of the People's Liberation Army's (PLA) systems requirement.

According to the *Global Times*, the completion of the reforms is also one of five targets set by the State Council and the Central Military Commission under a guideline for the improvement of a research and production system for weapons and equipment. The ‘Development Program of S&T for National Defense 2006 to 2020’ and its civilian counterpart, the ‘Guidelines for the Medium- and Long-Term National S&T Development Program 2006 to 2020’, which were both promulgated in 2006, represent a comprehensive blueprint for the ambitious plans outlined by Chinese military industries to technologically leap frog their way to predominance by 2020. According to Chinese military expert Liu Jiangping: “The guideline has upgraded military and civilian integration to a national strategy. This is a way to revitalize those companies through actively participating in market competition” (*Global Times*, January 7).

Indeed, China's military-industrial complex appears to be making significant strides in casting off its inefficient and suboptimal standards. Market forces are factoring more prominently in China's drive to modernize its military-industrial complex. According to the U.S. Department of Defense's “Military and Security Developments Involving the People's Republic of China 2010”: “Augmented by direct acquisition of foreign weapons and technology, [defense industry] reforms have enabled China to develop and produce advanced weapon systems that incorporate mid-1990s technology in many areas, and some systems—particularly ballistic missiles—that rival any in the world today.” To be sure, however, China's military-industrial complex still faces a number of shortcomings. Nevertheless, as Chinese reform of the military industry proceeds on pace, technological breakthroughs in weapons R&D and production will likely follow, thus enabling the PLA to increasingly close technology and capability gaps with the world's advanced military industrial powers.

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Chinese SOEs a Target of Hu-Wen's "Inclusive Growth"?

By Willy Lam

Promoting social equality and justice has been the single most oft-stated commitment that the Chinese leadership has made to its people the past year. In an interview with China National Radio late last month, Premier Wen Jiabao vowed to “render society more fair and just.” This echoed his now-famous statement at the National People’s Congress last March, that “equality and justice should shine more brightly than the sun.” A leitmotif of the 12th Five-Year Plan (2011 to 2015) is “inclusive growth,” meaning all citizens should be able to equitably share in China’s spectacular economic development (Xinhua News Agency, March 14, 2010; *People’s Daily*, December 26, 2010; China News Service, December 5, 2010). Yet nothing militates against the ideals of equality and justice more than the special privileges—and humongous profits—enjoyed by the nation’s 129 centrally controlled state-owned enterprises (SOEs). There are signs that in their last 20 months in office, the Hu Jintao-Wen Jiabao administration is determined to, in Chinese parlance, return the nation’s wealth—including that of the giant SOEs—to the people. Yet the chances are high that given the SOEs’ extraordinary economic and political clout and sterling ties to the Chinese Communist Party (CCP) leadership, these symbols of state capitalism will pull out all the stops to safeguard their interests.

Thirty-three years after the beginning of the reform and open-door era, the party-and-state apparatus still has a stranglehold over the economy. The 129 central-level SOEs, which are also called *yangqi*, enjoy monopolistic status in areas including oil and gas; minerals and power generation; banking and insurance; telecommunications and transportation; as well as aerospace and defense. While many of the 129 so-called “aircraft carrier” conglomerates are listed on the Chinese—and in some cases also the Hong Kong and New York—stock markets, the central government holds at least half of their shares (Xinhua News Agency, August 1, 2010; *Global Times*, October 19, 2010).

Theoretically the *yangqi* are under the strict control of the ministerial-level State Assets Supervision and Administration Commission (SASAC). Members of the

board of directors as well as senior managers of these SOEs are appointed by SASAC in consultation with the CCP’s Department of Organization. In practice, many of these behemoths seem a law unto themselves. The “state-within-a-state” status of *yangqi* is due to several factors. In 2009, their combined assets of 21 trillion yuan (\$3.17 trillion) account for 61.7 percent of the country’s GDP. In 2009, they contributed 1.15 trillion yuan (\$173.45 billion) of taxes, or more than 17 percent of total intake of central coffers (Reuters, September 6, 2010; China News Service, August 13, 2010). Equally significant is the fact that the majority of CEOs and top managers of the *yangqi* are senior party cadres some of whom sit on the CCP Central Committee as ordinary or alternate members. Moreover, a disproportionately large number of “princelings”—a reference to the offspring of party elders—are honchos of these gigantic state firms. For example, Vice-Governor of Shanxi Province Li Xiaopeng, who is the son of former premier Li Peng, used to head the China Huaneng Group, an energy conglomerate. Li’s sister Li Xiaolin, dubbed China’s “power queen,” is Chairwoman of China Power International (Sydney Morning Herald, October 2, 2010; *Financial Times*, March 29, 2010).

The *yangqi*’s predominance is cutting against the grain of the public’s perception of socio-economic equality and justice. First of all, their earnings are seen as obscenely large. The 129 central SOEs made an estimated 1 trillion yuan (\$150.83 billion) of net profits in 2010, or 50 percent more than that of 2009. In the first half of last year, the four state-held commercial banks alone raked in an average of 1.4 billion yuan (\$211.16 million) a day (China News Service, August 30, 2010; *People’s Daily*, December 29, 2010). While these behemoths do pay voluminous taxes, they are not seen as having made substantial contributions to the well-being of ordinary Chinese. Even the official media has called upon the *yangqi* to share their wealth with the masses. In an unusual commentary, the *People’s Daily* pointed out that “people are paying more attention to how are the profits [of SOEs] are being distributed and used.” “When can the entire people enjoy the profits reaped by the state-held enterprises?” asked the CCP’s mouthpiece. Added the *China Youth Daily*: “With profits of over 1 trillion yuan, *yangqi* should return their earnings to the people on a larger scale” Moreover, while SASAC has in recent years laid down ceilings for the remuneration of top

yangqi executives, the average salary of SOE employees is at least five times that of staff in the non-state sector (Stockstar.com, August 8, 2010; Sina.com, December 17, 2010; Ifeng.com, December 20, 2010; China Youth Daily, January 4).

Partly in response to public outcry, the State Council on December 28 asked most central-level SOEs to pay larger amounts of dividends to the government. From 2011, the most profitable SOEs, including those in the oil and gas, tobacco, telecommunications and energy sectors, will have to surrender 15 percent of their post-tax profits to central coffers, up from the existing 10 percent. Furthermore, *yangqi* in fields such as trade, construction, transport, mining and steel will be obliged to dole out 10 percent of post-tax profits to the government, up from the current 5 percent. Much of the added revenues will supposedly be used to pay for expanded public services including social welfare (*People's Daily*, December 31, 2010; *Financial Times*, December 30, 2010; *Wall Street Journal*, December 29, 2010). The small margins of these upward adjustments, however, are unlikely to make a dent in the SOEs' lopsided share of the economic pie.

The official excuse for granting *yangqi* special dispensations is that these so-called national champions will one day develop into multinationals that will spearhead the advancement of the entire economy. It is true that 54 central-level SOEs, such as the three oil-and-gas monopolies and the four state-held commercial banks, made the Fortune 500 list in 2010, up from 43 a year ago (Xinhua News Agency, July 9, 2010; *People's Daily*, July 10, 2010). Yet while these Chinese giants have overtaken globally known multinationals in size, they have demonstrated neither efficiency nor innovativeness. As SASAC Vice-Chairman Huang Shuhe admitted in December, "the question of a number of *yangqi* being big but not strong has not been resolved." "Their ability to create value still lags behind world-class enterprises by a large margin," he pointed out (China News Service, December 29, 2010; Sina.com, December 30, 2010).

Instead of setting new standards in innovation and productivity, many state-held conglomerates have taken advantage of their huge war chests to make a killing in the red-hot real-estate market. A key reason behind China's feverish property sector is that companies including *yangqi* are hoarding land and engaging in blatant speculation. To

combat irrational exuberance in real estate, Beijing last March ordered 78 central-level SOEs to quit the property sector. So far, only nine have done so. Just last month, the CITIC Group doled out 6.3 billion yuan (\$950.23 million) for a prime Beijing site. It was the largest single land transition in the capital for 2010. That increasing members of the middle and professional classes, not to mention white-collar and migrant workers, can no longer afford sky-high apartment prices has exacerbated the masses' sense of social inequality (Huanqiu.com, July 28, 2010; *Nanfang Daily*, July 27, 2010; *Ming Pao* [Hong Kong] December 23, 2010).

Equally significant is the fact that Beijing has no plans to open up numerous lucrative sectors that are monopolized by *yangqi* to the private sector, which is the country's largest provider of employment. According to Nanjing University social scientist Shen Kunrong, a major reason behind the inequitable distribution of national income is "the existence of monopoly and unequal competition" as manifested by the SOEs' privileged status. For famed economist Li Yining, "equal competition should be the basis for considering the question of whether SOEs or private firms should advance or retreat." The Peking University professor pointed out that non-state companies still suffer from discrimination in securing bank loans or in applying for public offerings in China's two stock markets (Xinhua News Agency, July 21, 2010; *People's Daily*, September 6, 2010). The sorry state of the non-state sector is illustrated by a simple statistic. In 2009, the combined earnings of just two *yangqi*, China Mobile and China National Petroleum Corp—218.55 billion yuan (\$32.96 billion)—exceeded by 600 million yuan (\$90.5 million) the total profits of China's 500 most viable private companies (Huanqiu.com, August 30, 2010; *Guangzhou Daily*, August 22, 2010).

For reasons including rendering itself less susceptible to anti-dumping lawsuits, Beijing has the past few years, been lobbying both the United States and the European Union to grant the country "full market economy status." This issue will likely figure in discussions that President Hu will hold with American officials during his much-anticipated state visit to Washington later this month. The fact of the matter remains, however, that the role of key SOEs is set to grow for the rest of the 2010s. Since the global financial crisis, the Chinese economy has been dominated by the trend of *guojin mintui*, or SOEs making

headway while private firms are beating a retreat. From 2005 to 2009, the assets of SOEs nationwide shot up from 25.4 trillion yuan (\$3.83 trillion) to 53.5 trillion yuan (\$8.07 trillion), while their aggregate sales rose from 14.2 trillion yuan (\$2.14 trillion) to 24.2 trillion yuan (\$3.65 trillion). SASAC minister Wang Yong noted that the 12th FYP period would be “a seminal stage for the reform and development of state firms.” “SOEs will continue to play a major guiding role in the national economy,” he indicated (Caing.com, January 7; Finance.qq.com, January 7). SASAC and other party-and-state departments have grandiose plans for nurturing at least 50 *yangqi* into globally competitive multinationals by the early 2020s. There are also worries among party leaders that eroding the basis of Chinese-style state capitalism could jeopardize the CCP’s hold on political power. As Minister Wang pointed out, SOEs were not only “an important pillar of the national economy” but also “an important foundation of the CCP’s ruling party [status]” (*New York Times*, August 29, 2010; Xinhua News Agency, September 4, 2010; *Ming Pao*, December 25, 2010; SASAC.gov.cn, August 27, 2010). In spite of the populist language of the 12th FYP, for the party leadership, there seems little question that the perpetuation of the CCP’s perennial ruling-party status is much more important than abstract concepts such as equality and justice.

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Assessing the Foreign Policy Influence of the Ministry of State Security

By Peter Mattis

At the Chuzhou City national security leading group meeting last December, local officials appeared to

overshadow municipal Ministry of State Security (MSS) officers despite the subject of the meeting—an Anhui State Security Department directive (Chuzhou City Web Portal, December 31, 2010). This event casts doubt on the conventional wisdom that MSS’s political clout may be growing and raises interesting questions about how the role of the MSS in Chinese policymaking is changing.

A widely-cited, interview-based report released last September found that the MSS plays an increasingly important role in Chinese foreign policymaking [1]. While this may be true, the interviews did not explain how MSS influence would be rising. The foreign policy influence of intelligence services depends on the quality of their inputs and their leadership’s influence with key policymakers. If an intelligence chief is not influential, then the service’s influence depends on performance. The MSS’s role in policymaking could be rising as China’s overseas interests expand, giving the MSS an opportunity to get out from under the shadow of its bureaucratic competitors in internal security matters.

This article approaches the question of the role of the MSS in Chinese policymaking by evaluating the Ministers of State Security since the MSS was founded in 1983. They are the most visible aspect of the MSS, because all have held public positions. By examining MSS leadership, analysts can see whether intelligence positions are stepping stones for advancement; the political gravitas associated with intelligence; and protocol rank.

PRESENT AT THE CREATION: LING YUN (1983-1985)

Ling Yun was a career Ministry of Public Security (MPS) officer who rose to vice minister both before and after the Cultural Revolution (*Globe and Mail*, June 22, 1983) [2]. We can find very little about this career. Ling’s position with the political factions of the early Reform Era is opaque, except that he was generally aligned with the non-ideological pragmatists driving reform.

A co-authored obituary of Vice Minister of Public Security Xu Zirong and a Xinhua interview indicate Ling supported Deng Xiaoping’s reforms and the effort to depoliticize the intelligence services. Ling wrote “[Xu] often told workers to stress seeking truth from facts and guard against suspecting comrades on unfounded grounds.” Ling and his co-authors also eulogized Xu’s focus on

the people and his willingness to bring their concerns to the Central Committee in a “very detailed report based on fact” (Renmin Ribao, April 5, 1979). Ling’s views of MPS responsibilities and the treatment of counter-revolutionary crimes demonstrate his general alignment with the reformers. In his Xinhua interview, Ling said he was “firmly against the resolving ideological questions” using the MPS, elaborating that only the “Gang of Four” had broken this rule. The security apparatus should not be used to enforce CCP discipline unless a person acted toward “overthrowing the dictatorship of the proletariat” (Xinhua News Agency, June 30, 1979).

A spy scandal reportedly ended Ling’s tenure after less than two years. In 1985, CIA allegedly helped a high-level agent defect and escape China. The defector, Yu Zhengsan, was a mid-level MSS officer from a well-connected political family. Yu also provided investigative leads for U.S. counterespionage officials to track down Larry Wu-Tai Chin, a retired CIA language analyst who had spied since the 1940s. Alternatively, Ling may have lost a dispute with Deng Xiaoping’s daughter, Deng Rong, who exploited the spy scandal [3]. After his ouster, Ling retired into lingering obscurity and emerged only for such minor roles as Honorary Chairman of the China Police Society (Xinhua News Agency, May 28, 1992).

Ling’s early dismissal raises the original question—how powerful and influential is the MSS—and suggests an answer. The ease of Ling’s ouster probably indicates he lacked meaningful political connections. As a career MPS official, Ling most likely was a professional police officer but an amateur politician. He may not have known how to compete for resources, nor how to shield himself from rivals. More importantly, if the report of the Deng dispute is true, it suggests Ling lacked any factional membership despite his general reformist inclinations. This alone would make Ling politically vulnerable.

THE LONGEST TERM: JIA CHUNWANG (1985-1998)

Ling’s unexpected departure ushered in a new era for the MSS. Jia Chunwang’s 13-year tenure would oversee the MSS’s expansion. Jia is unique among the ministers of state security for having a career beyond the MSS and being a rising star at the time of his selection.

Jia shares his pedigree with luminaries like Hu Jintao.

Like other members of his generation’s elite, Jia belonged to the Tsinghua clique cultivated by the university President Jiang Nanxiang. After graduating in the mid-1960s, Jia stayed on as a “double-load cadre” serving as Tsinghua CCP official [4]. In 1983, Jia was one of the young officials chosen for senior positions—for Jia, Beijing Deputy Party Secretary—when Deng sidelined older cadre. Jia’s career prospects probably rose when he joined with Vice Premier Qiao Shi. In 1987, Qiao became a Politburo member, overseeing the Central Party School and the CCP Secretariat. These connections probably gave Jia the protection and the political power to involve the MSS in the takedown of Beijing Party Secretary Chen Xitong in 1995 (*Ming Pao*, April 28, 1995).

The MSS began as a central-level ministry and only a handful of provincial departments. By the end of Jia’s tenure, the MSS covered every province, provincial-level city, and a countless number of municipalities. The expansion took place in three distinct waves [5]. The first wave in 1983-84 included the Ministry and a handful of departments in key locations, such as Beijing, Shanghai, Fujian, and Shandong. The second wave started after 1986 and included Tianjin, Chongqing, Jiangsu, Zhejiang, and Hainan. The final wave filled in the gaps in the state security network in places like Anhui and Jiangxi in the mid-1990s. Building up the MSS made Jia a candidate for the Politburo ahead of the 1997 Party Congress (South China Morning Post, May 29, 1997).

Jia’s political ascension however was not to be. Qiao’s control over the security establishment and political-legal apparatus—which he built up since the mid-1980s—incited the concern of the political led by Jiang Zemin and Li Peng (South China Morning Post, March 2, 1998). Instead of advancing, Jia was transferred—maybe forcibly—to the MPS in a seemingly lateral move. Arguably, Jia’s move began the MPS’ political rise that culminated when Politburo member Zhou Yongkang became Minister of Public Security in 2003. Some rumors indicated Jia was removed for intelligence failures on Taiwan and Tibet (South China Morning Post, March 19, 1998).

THE SAFE PICK: XU YONGYUE (1998-2007)

Factional issues surrounded the selection of a new MSS chief around the 15th Party Congress in 1997

and subsequent National People's Congress to finalize State Council positions. Qiao's protégés either retired or transferred. Those staying, like Jia, probably were co-opted by Jiang Zemin (South China Morning Post, March 17, 1998). Jiang initially tried to put his stamp on the MSS, proposing Deputy Chief of the General Staff (Intelligence) Xiong Guangkai. It is unclear what prevented his move—whether Xiong personally withdrew, the military held him back, or factional rivalry denied him (South China Morning Post, March 18, 1998; March 2, 1998).

Xu Yongyue's promotion plucked him out of languishing obscurity since 1994 as the Hebei Deputy Party Secretary covering the political-legal affairs portfolio. Xu previously served as Chen Yun's *mishu* during the last decade of the elder statesman's life and as a *mishu* at the Ministries of Culture and Education. He was also a princeling and a "double-load cadre" at the Public Security University following his graduation in 1961 [6]. Xu had all the proper political credentials for selection to higher ranks. Xu's patron however, was dead and he lacked an independent power base. He was a safe pick, probably incapable of threatening more established political figures.

With no political power behind Xu, the MSS probably lost influence to the MPS and military intelligence. Xu was only an alternate member of the Central Committee, outranked by Jia at MPS. Even when Xu became a full member at the 16th Party Congress in 2002, Jia's successor Zhou Yongkang rose to the Politburo and was State Councilor for political-legal affairs. More than protocol suggests MSS power waned under Xu's tenure. First, Xiong joined the Taiwan Affairs Leading Group in his military intelligence role—a seeming indictment of the MSS's performance relative to military intelligence on Taiwan or a lack of trust in Xu (*Sing Tao Jih Pao*, May 7, 1998; Straits Times, November 23, 2000). Second, China's entry into the World Trade Organization (WTO) in 1999 promised to bring an influx of foreign business, which had been a growing concern. Greater exposure to foreigners was an important justification for the creation of the MSS in 1983. However, Politburo Standing Committee member Wei Jianxing at political-legal conference stated China's WTO entry reinforced the need for *public* security work (Xinhua News Agency, December 2, 2000).

A further blow to MSS credibility was Xu's sudden

replacement in August 2007. As elsewhere, no conclusive information is available, but some reports suggest Xu was caught up in the scandal rumors surrounding the ousted Minister of Finance (South China Morning Post, August 31, 2007; Straits Times, August 31, 2007). The official justification for Xu's departure was he was over the age limit and had to retire instead of waiting until the NPC meeting in spring 2008 (Xinhua News Agency, August 30, 2007).

FROM DOMESTIC TO FOREIGN: GENG HUICHANG (2007-PRESENT)

Even less information is available on the current Minister Geng Huichang, who became chief following the ministerial shakeup in August 2007. Commentators at the time suggested Geng was Hu Jintao's man and Hu made the shifts knowing the results 17th Party Congress would be unsatisfactory.

Geng returned the MSS to professional hands. During the 1980s, Geng served in the MSS-run Beijing International Relations Institute and the China Institutes of Contemporary International Relations (CICIR). Geng became CICIR president in the early 1990s before rising to vice minister. Before his promotion, Geng was the Executive Vice Minister (*Ming Pao*, September 10, 2007). The most notable feature about Geng is his analytic and foreign-focused background, contrasting the public security and political-legal work of his predecessors.

Comparing Geng with his bureaucratic competitors, he still ranks behind Minister for Public Security and State Councilor Meng Jianzhu. Geng received full Central Committee membership at the 17th Party Congress, but his standing vis-à-vis military intelligence is tougher to identify.

CONCLUSION: EXPLAINING INFLUENCE WITHOUT POWER

Interviewees for the SIPRI report on Chinese foreign policy actors stated that the MSS was "an increasingly powerful domestic actor whose sway spills over into the realm of foreign policy." They suggested the Beijing Olympics, the Tibet and Xinjiang riots in 2008 and 2009, respectively, boosted MSS influence. The authors of the report cited Geng's membership on the Foreign Affairs and Taiwan Leading Small Groups as additional evidence

[7]. As the Chuzhou meeting and the analysis above show, MSS domestic power is not a satisfying explanation for foreign-policy influence.

If the Tibet and Xinjiang riots were connected to foreign-based groups, then this suggests an MSS failure rather than a success. If the MPS was held responsible, then the MSS probably would benefit. Second, according to Hong Kong press, the MSS has always had a seat in the foreign policy-related leading groups. Accepting MSS influence in Chinese foreign policy is rising, the question is what has changed.

Changes in both competency and necessity appear to favor rising MSS influence in foreign policymaking. When political power is absent as suggested by this analysis, influence usually relates to merit and necessity. Senior policymakers like Hu have to want to the MSS in the room and contributing to the discussion. On merit, Geng's background suggests the leadership wants an MSS looking further abroad than minority groups on China's periphery. This may mean Zhongnanhai wants a foreign intelligence service like the American CIA.

The second major change is the expansion of Chinese interests abroad, which would require better intelligence to monitor effectively. This is already well documented, but some recent Chinese writings highlight the dramatic shifts taking place in Chinese thinking. A year ago, Fudan University Director of American Studies Shen Dingli wrote an op-ed advocating Chinese military bases abroad, because the real threats to China did not come from traditional internal security concerns but from countries capable of stopping China's access to trade (China.org.cn, January 28, 2010). Most observers highlighted Shen's advocacy of a blue water navy and bases abroad. However, Shen's most important point is that China faces an intentions problem from states with existing capabilities. *Foreign intentions can only be monitored and resolved with intelligence.* If the MSS is successfully building up its foreign intelligence capabilities to meet this challenge, then its influence is undoubtedly increasing.

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NOTES:

1. Linda Jakobson and Dean Knox, "New Foreign Policy Actors in China," (SIPRI Policy Paper, No. 26, September 2010).
2. The MSS was founded in 1983, combining the functions of the CCP Investigation Department with the intelligence, counterintelligence, and counterespionage components of the Ministry of Public Security (MPS).
3. Howard O. DeVore, *China's Intelligence and Internal Security Forces*, (Coulson, UK: Jane's Information Group, 1999): Chapter 3.
4. Li Cheng, *China's Leaders: The New Generation* (Lanham, MD: Rowman & Littlefield Publishers, 2001): 89-90, 104-106.
5. This paragraph is based on a reading of provincial-level personnel appointments in the 1980s and 1990s.
6. Li, *China's Leaders*, 22-223; China Vitae Profile for Xu Yongyue.
7. Jakobson and Knox, "New Foreign Policy Actors in China," 12.

Sino-Turkish Strategic Partnership: Implications of Anatolian Eagle 2010

By Chris Zambelis

Since being inaugurated in 2001, Turkey's annual hosting of its "Anatolian Eagle" aerial military exercises at Konya air base in the central Anatolian region of Konya have been central to its efforts to preserve military preparedness and to enhance relations with the air forces of the United States and fellow NATO allies. "Anatolian Eagle" has also encouraged closer relations between Turkey and a range of regional partners—especially Israel—as well as Jordan, Pakistan, and the United Arab Emirates (UAE). Turkey's guest of honor in the exercises staged from September 20 to October 4, 2010, however, was China. While China cooperates with NATO countries and other members of the international community in anti-piracy operations in the waters off the Horn of Africa, its participation in "Anatolian Eagle" marked the first time it engaged in joint air exercises with a NATO member (*Hurriyet* [Istanbul], October 29, 2010;

Xinhua News Agency, January 19, 2009).

The exercises featured U.S.-origin Turkish fighters, namely U.S.-built F-4E Phantoms alongside Russian-built Sukhoi SU-27 Flankers operated by the People's Liberation Army Air Force (PLAAF) (*Asia Sentinel* [Hong Kong], October 7, 2010). Rumors circulated that Turkey deployed its advanced U.S.-made F-16 Fighting Falcons during the maneuvers, raising fears in Washington and Brussels that sensitive U.S. and NATO technology would slip into the hands of the Chinese. Turkish officials denied the allegations, however, stating that they took great care to protect sensitive technology, a point confirmed by officials in Washington (*Today's Zaman* [Istanbul], October 11, 2010; Reuters, October 9, 2010). The exercises included mock dogfights and other air-based maneuvers. Yet key questions remain regarding the details of important aspects of the exercises. The precise number of Chinese fighters involved in the exercises, for example, is unclear (*Aviation Week*, September 30, 2010; *Asia Sentinel*, October 7, 2010).

For all of the attention the presence of the PLAAF in Turkey has received, the greatest implications of China's participation in "Anatolian Eagle 2010" in the long-run may indeed be understood through the notable absence of two mainstays at "Anatolian Eagle" events: the United States and Israel. The progressive disintegration of Turkish-Israeli relations stemming from Israel's December 2008 invasion of Gaza and ongoing occupation and siege against the territory—a relationship cultivated over decades and once touted as a strategic axis joining two of the region's most powerful militaries—prompted Ankara to cancel the international component of "Anatolian Eagle 2009" due to the scheduled participation of Israeli, alongside Turkish, US, and NATO forces (*Asia Times* [Hong Kong], July 20, 2010; *Today's Zaman*, June 8, 2009). Tensions between Turkey and Israel reached a fever pitch following Israel's May 2010 attack against the *MV Mari Marmara*, a Turkish aid ship traveling as part of the Gaza Freedom Flotilla, which left eight Turks and one Turkish-American dead (*Asia Times*, July 20, 2010). Not surprisingly, Turkey did not extend an invitation to Israel to participate in "Anatolian Eagle 2010" or other maneuvers. The United States, according to some Turkish sources, opted out of "Anatolian Eagle 2010" drills to protest Turkey's exclusion of Israel (*Hurriyet*, September

1, 2010).

China's involvement in "Anatolian Eagle 2010" occurred on the heels of its participation in "Peace Mission 2010." A 16-day drill aimed at combating what Beijing refers to as the "three evil forces" of terrorism, separatism, and extremism in the region, "Peace Mission 2010" included forces from Russia, Kazakhstan, Kyrgyzstan, and Tajikistan held under the auspices of the Shanghai Cooperation Organization (SCO)—Uzbekistan opted out of the exercise. One of the highlights of the exercise for China was showcasing the PLA's rapidly improving expeditionary combat capabilities (See "China's Growing Clout in the SCO: Peace Mission 2010," *China Brief*, October 8, 2010). China's participation in "Anatolian Eagle 2010" demonstrates the PLA's increasing capability in launching and sustaining long-range combat missions outside of its immediate geographic periphery in East Asia. On their voyage to Turkey, for example, PLAAF planes reportedly made refueling stops in Pakistan and Iran (*Hurriyet*, October 29, 2010; Press TV [Tehran], October 3, 2010).

There are already signs that "Anatolian Eagle 2010" set a precedent for future joint military exercises, training, and other forms of cooperation between China and Turkey. Beginning on November 8, 2010, the PLA and Turkish special forces participated in a weeklong series of military drills focusing on assault tactics in hilly and mountainous terrain in Turkey (Xinhua News Agency, November 9, 2010). As the PLAAF's participation in the high-profile "Anatolian Eagle 2010" event represented the first instance of joint air maneuvers between China and a NATO member country, the comparatively low-key ground-based military exercises marked the first time Chinese ground forces operated on NATO soil. According to a statement issued by the Chinese Ministry of National Defense, a special operations unit conducted exercises with Turkish forces at an undisclosed location in Turkey. Although the exact nature and location of the maneuvers have not been disclosed, sources in China claim that the drills focused on joint counterterrorism missions. The same sources also report that the drill was staged in mountainous territory, essentially the type of terrain conducive to harboring insurgent and terrorist movements (*South China Morning Post* [Hong Kong], November 9, 2010).

The recent developments in Sino-Turkish relations are all the more significant given that it was not too long ago that both countries were embroiled in a spat over the crisis spawned by the violence in Urumqi, the capital of China's northwestern Xinjiang Autonomous Region (XAR), in July 2009 between ethnic Uighurs—a Turkic and Muslim minority that faces discrimination and repression by the state—and Han Chinese, China's majority ethnic group. Sharing ethnic, religious, and linguistic ties with the Uighurs, Turkey assumed an advocacy role on behalf of Uighur causes after the fall of the Soviet Union. At one point during the crisis, Turkish Prime Minister Recep Tayyip Erdogan accused China of committing a “near genocide” in Xinjiang (See “Xinjiang Crackdown and Changing Perceptions of China in the Islamic World?” *China Brief*, August 5, 2009). Ironically, China's participation in ground maneuvers with Turkish forces in mountainous terrain in Turkey suggests that the PLA is keen to tap the Turkish army's experience waging counterinsurgency and counterterrorism operations against Kurdish Workers Party (PKK) guerillas to shore up its defense against the “three evil forces” it has identified as threats; Expressions of Uighur identity, activism, and grievances, as defined by China, embody the threats of terrorism, separatism, and extremism.

TRADE AND BUSINESS

If recent trends signal a watershed in relations between China and Turkey, the results of Chinese Premier Wen Jiabao's three-day official visit to Turkey on October 7-10, 2010, the final stop of Wen's European tour that included stops in Greece, Belgium, and Italy, demonstrate that the most serious tensions over Xinjiang in the aftermath of the Urumqi riots are a thing of the past (Xinhua News Agency, October 7, 2010).

The Chinese premier's visit with his Turkish counterpart in Ankara proved to be a fruitful one for advancing bilateral commercial ties. Lauding the start of what he described as a new “strategic partnership,” China and Turkey declared their goal to increase bilateral trade to \$50 billion by 2015 and \$100 billion by 2020; the existing volume of bilateral trade is around \$17 billion. The current trade balance favors China heavily, however, Turkey is eager to level the playing field by attracting more Chinese investment and promoting itself as a gateway

to markets in Europe and the Middle East. Both sides also inked eight agreements regarding investment in the infrastructure, transportation, and telecommunication sectors, and discussed future ventures in the energy, air transport, and tourism industries. The China Railway Construction Corporation (CRSS), for instance, is constructing a high-speed rail link between Ankara and Istanbul. Erdogan said Turkey also intended to build a railway connecting Turkey's largest city, Istanbul, and the Chinese capital, Beijing (Xinhua News Agency, October 8, 2010)

Chinese tourists are also flocking to Turkey in record numbers. While remaining competitors in the textile and electronics sectors, both sides also expressed their commitment to encourage Chinese and Turkish businesses to pursue joint ventures in emerging markets in the Middle East, Africa, and Asia (*Financial Times* [London], October 8, 2010; *People's Daily*, October 9, 2010 Xinhua News Agency, January 19, 2009).

DIPLOMACY

The talks between Beijing and Ankara also highlighted their shared historical legacies as the modern heirs of the ancient civilizations that intermingled on the Silk Road trade routes and proposed to jointly develop modern transportation links to facilitate contacts between Turkey and China, and the countries in between, in order to revive a new Silk Road (*Hurriyet*, November 2, 2010). 2011 marks the 40th anniversary of the establishment of bilateral relations between China and Turkey. To honor this milestone, Turkey has declared 2011 the “Year of China”; China was quick to show its gratitude to Turkey by designating 2012 the “Year of Turkey” (*Hurriyet*, September 2, 2010). The harsh diplomacy that typified Sino-Turkish relations amidst the Xinjiang crisis has given way to compliments, expressions of mutual friendship, and promises of closer and frequent contacts in the future. Wen's visit to Ankara in October 2010 was the first visit by a Chinese premier to Turkey in eight years; Turkish President Abdullah Gul's visit to China in 2009 was the first by a Turkish president in 14 years. Chinese President Hu Jintao has already made plans to visit Turkey in 2011; Turkish Prime Minister Erdogan also plans to make his way to China in 2011. The increased frequency of high-level visits committed to by both sides was cemented

by the signing of a joint-working committee between the respective foreign ministries, which includes a goal of holding at least one high-level visit in either China or Turkey annually (*Hurriyet*, November 2, 2010).

The shift in Sino-Turkish diplomacy since the Xinjiang crisis was also on display during a six-day visit by Turkish Foreign Minister Ahmet Davutoglu to China from October 28 to November 4, 2010. In a gesture of China's importance to Turkey and its interest in forging closer links, Davutoglu announced that Turkey plans to expand its diplomatic presence across China by adding more consulates: "China is almost a continent for us. We want to increase the number of Turkish consulates," stated Davutoglu in Beijing (*Hurriyet*, November 2 2010). In addition to meeting with his Chinese counterpart Yang Jiechi in Beijing, Davutoglu also toured Kashgar, an ancient center of Uighur culture—the first Turkish foreign minister to do so. Asked about the possibility that Turkey would build a consulate in Urumqi, the provincial capital of Xinjiang, Davutoglu declared, "We are determined to take every step that will bring the Turkish and Chinese peoples closer and open consulates all over China ... Uighur Turks, with whom we have close historic and cultural bonds, live in Kashgar and Urumqi. It was important that an atmosphere of calm and peace was achieved in the region after the unrest last year" (*Hurriyet*, November 2, 2010).

Chinese Vice President Xi Jinping conveyed Beijing's satisfaction with Ankara's support to combat "East Turkistan [sic] terrorist forces" in Xinjiang during talks with Davutoglu in Beijing and called for greater Sino-Turkish cooperation in counterterrorism. Davutoglu also reaffirmed Ankara's support of the "one-China" principle that defines Taiwan as a sovereign part of China. In a veiled remark that likely alluded to the activities of ethnic Uighur activists in Turkey—Turkey is home to a sizeable Uighur diaspora—Davutoglu also reaffirmed Turkey's commitment to target any activities occurring in Turkey that threaten China's sovereignty and territorial integrity (New China News Agency, November 1, 2010).

MAPPING THE GEOPOLITICS

Understanding the backdrop underlying the latest trends

in Sino-Turkish relations provides insight into the strategic implications of what appears to be the makings of a burgeoning partnership. China's participation in "Anatolian Eagle" as a guest of a key NATO member comes amid increasingly vocal criticism of China's economic policies out of Washington, specifically the manner in which China manages its currency, and heightened tensions between China and its neighbors, including U.S. allies in the region, stemming from territorial disputes in the South China Sea. U.S. arms sales to Taiwan, for instance, remain a major point of contention in Sino-U.S. ties.

The U.S. position on the Iranian nuclear program represents another major dispute clouding relations between the United States and China that may be driving Beijing closer to Ankara. China has demonstrated little serious interest in abandoning one of its most important sources of oil and gas in the face of growing U.S.-led international pressure for additional sanctions and potentially a military response against Iran. On the question of Iran, Davutoglu declared in Beijing "We discussed Iran's nuclear program in detail... Our views are very close" (*Hurriyet*, November 2, 2010). In this regard, Beijing's efforts to court Ankara are part of a larger strategy to counter Washington's moves in East Asia and other theaters it sees its interests threatened (See "Shifting Sands in the Gulf: The Iran Calculus in China-Saudi Arabia Relations," *China Brief*, May 13, 2010).

Finally, the emergence of a new Turkish foreign policy is also shaping the tenor of Sino-Turkish relations today. Although a close ally of the United States and West, Turkey's ties with the United States, NATO, and Europe have come under increasing strain in recent years over disagreements ranging from the conduct of U.S. foreign policy in the Middle East to the European Union's (EU) refusal to allow Turkey to join its club. As a result, Turkey appears to have opted for a broader foreign policy that departs from its traditionally Western-oriented focus for a more expansive approach that includes courting former rivals and new partners such as China (*Asia Times*, July 20, 2010).

Considering the troubled state of relations following the violence in Xinjiang in 2009, a number of factors bode

well for Sino-Turkish relations in 2011 and beyond.

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Uzbekistan's Growing Role in Beijing's Central Asian Strategy

By Richard Weitz

The People's Republic of China (PRC) is pursuing a variety of objectives in Central Asia. These objectives include securing regional states' support in suppressing anti-Beijing Uighur nationalists and potential terrorist threats, giving Chinese firms access to energy resources as well as trade and investment opportunities, and securing diplomatic support regarding the status of Taiwan, Tibet, the Beijing Olympics, and other issues of foreign policy concern to Chinese leaders. Chinese strategists like to work with Central Asian states to balance the presence of the other great powers active in Eurasia, including Russia and the United States. The PRC leadership is especially interested in developing Central Asia's transportation and other infrastructure that enhances these countries' ability to serve as a transit corridor for Chinese economic activities in the region and beyond.

Uzbekistan is a natural partner in helping Beijing pursue these goals. The Uzbek regime is staunchly anti-terrorist and has eagerly worked with the Chinese authorities to disrupt anti-Beijing groups. Uzbek leaders considered their ties with the PRC as helping dilute Moscow's preeminence in Central Asia. Uzbek officials are looking to the PRC to provide loans, investment, and customers for Uzbek exports. The Chinese-Uzbek energy partnership made considerable progress last year. Uzbekistan's central location would result in serving as a pivotal component in most east-west networks. Last month saw the opening of yet another segment of the massive Turkmenistan-to-China natural gas pipeline that passes through central Uzbekistan (CentralASIA Newswire, January 6). Future years should see additional pipelines as well as east-west

railroads being built on Uzbek territory. China's growing economic and security presence in Uzbekistan and other Central Asian states may elevate their already good partnership to an even higher level in coming years.

ENERGY TIES

China's growing energy needs represent a major force driving Beijing's increased interest and involvement in Uzbekistan. Through its Energy Eastward Transportation Program, the PRC has been promoting the development of oil and gas pipelines that would direct Central Asian energy resources eastwards through secure land transport toward China. Energy imports from and through Uzbekistan can travel overland to the PRC and obviate the need for Beijing to rely on vulnerable sea lanes susceptible to disruption by pirates or foreign navies. Since these pipelines also pass through Xinjiang, they help generate growth in that ethnically troubled region of the PRC. The PRC State Council is reviewing a proposal to make Urumqi a regional energy center (*New York Times*, January 2).

One impediment to this plan has been that Central Asia's Soviet-era energy pipelines either flow either westwards towards Europe or north to Russia. For this reason, PRC officials have been encouraging Chinese energy companies to purchase Central Asian energy assets and invest in the transportation and other regional infrastructure required to move these resources to China. Last year saw the inauguration of the PRC's first energy pipelines with foreign countries, with one supplying liquefied natural gas (LNG) from Turkmenistan and the other delivering oil from Kazakhstan. They were joined this January by the formal opening of the first oil pipeline between Russia and China. The natural gas pipeline from Turkmenistan, which has the fourth largest volume of proven natural gas reserves in the world, is particularly important since it passes through Uzbekistan and Kazakhstan. Its 1,833-km route originates on the Turkmen-Uzbek border, passes through central Uzbekistan and southern Kazakhstan, and then ends at the border town of Khorgos, which is part of the Xinjiang Autonomous Region in northwest China. PRC internal pipelines then move the gas to the industries and consumers located in eastern Chinese cities such as Shanghai. Uzbekistan and Kazakhstan plan to construct connecting branch pipelines that will allow them to send their own natural gas to China (*The Times of*

Central Asia, December 27, 2010).

Uzbekistan is one of the largest natural gas producers in the world. According to the Uzbek State Statistics Committee, Uzbekistan's yearly output is approximately 60 billion cubic meters (bcm) (*Central Asia General Newswire*, December 27, 2010). Thus far, a lack of investment and export pipelines has resulted in most of Uzbekistan's gas being used for domestic consumption [1]. Uzbek planners, wary of allowing Russian companies to obtain even greater control of their energy resources, have seen Chinese investment as one way to break out of this situation. Whereas Western energy companies have shunned Uzbekistan due to its stifling political atmosphere and arbitrary commercial practices, the Chinese have been more willing to assume political and economic risks, especially in the short-term, to secure a more enduring energy supply in the long term.

The Chinese-Uzbek energy partnership made considerable progress last year. In June 2010, the CNPC signed an agreement with Uzbekistan's national oil company to purchase 10 bcm of natural gas each year. A spur to the Turkmenistan-to-China pipeline, which sent 4 bcm of natural gas to China in 2010, is under consideration to pump Uzbekistan's own natural gas to the PRC (*The Times of Central Asia*, January 7). In December 2010, the Asia Trans Gas Uzbek-Chinese joint venture created by Uzbekneftegaz and the CNPC opened the second strand of Uzbek section of the Turkmenistan-to-China gas pipeline. It should allow the flow of LNG to the PRC through the pipeline to reach its expected annual level of 15 billion bcm in 2011 (*UzReport.com*, December 29, 2010). These volumes should meet half of the PRC's annual demand for imported LNG (*The Times of Central Asia*, December 27, 2010). The CNPC is helping to explore and develop other Uzbek oil and gas fields, including those in the Aral Sea, Ustyurt, Bukhara-Khiva and Fergana Valley [2]. A subsidiary of the China Guangdong Nuclear Power Corporation is prospecting for black-shale uranium in Uzbekistan's Navoi Province (*Radio Free Europe*, April 4, 2010).

TRADE AND INVESTMENT

Besides securing access to Uzbekistan's energy resources, the Chinese and Uzbeks also desire to expand PRC-Uzbek commerce and Chinese investment in Uzbekistan.

With approximately 30 million citizens, Uzbekistan offers Chinese traders and investors the largest number of potential consumers among the individual Central Asian countries. In recent years, Uzbekistan, though lagging behind regional leader Kazakhstan, has achieved rapid economic growth rates that have helped raise the country's still low per capita gross national income.

For its part, the Uzbek government in 2009 approved a program of modernization, technical and technological upgrading of key industries for the 2009-2014 period that anticipates some \$20 billion of foreign direct investment (*Asia Pulse*, December 1, 2010). China is the logical source of such investment since Western investors are generally deterred by the Uzbek government's arbitrary policies and repression of civil liberties while the Uzbek authorities want to limit the role of Russian entities in their economy. Uzbekistan lacks many national entrepreneurs or small businesses, so Chinese investors could fill a niche here and, ideally, impart some of their skills to Uzbek's small but growing middle class (*The Times of Central Asia*, December 9, 2010).

During the 2005-2010 period, Chinese investments in Uzbekistan exceeded \$2 billion dollars (Regnum News Agency, January 4). Last year, the PRC offered the Shanghai Cooperation Organization's (SCO) Central Asian members billions of dollars in easy short-term credits to help them manage the regional implications of the global financial crisis. According to the Uzbek government, their country has used these long-term soft loans from the Export-Import Bank of China to support some 20 infrastructure projects worth more than \$600 million [3]. Beijing has also proposed establishing a new multi-billion dollar SCO Development Bank, with China initially lending the proposed institution most of its money.

Uzbekistan, the largest producer of cotton in Central Asia, recently surpassed the United States as the main source of the PRC's cotton imports. In addition to cotton fiber and energy products from the Caspian Basin, other Uzbek exports to China include metals, minerals, and food products. PRC officials have supported Uzbekistan's joining the World Trade Organization (*China Daily*, May 26, 2005). PRC products fill a convenient niche in Uzbekistan's market for low-end consumer goods. They are of higher quality than those from local producers or

Russia and less expensive than Western imports. Chinese companies have also found many Uzbek customers for their machinery and equipment [4]. In contrast, Uzbekistan joined the Moscow-led Eurasian Economic Community in 2006, but left the organization two years later. It also has declined to join the new customs union taking shape between Russia, Kazakhstan, and Belarus.

Nevertheless, major increases in Chinese economic exchanges with Uzbekistan will require substantial improvements in the capacity and security of the country's economic institutions and reductions in barriers to trade and investment. At the time of independence, Uzbekistan's major roads, railways, and energy pipelines all flowed northward towards Russia rather than eastward toward the PRC.

In April 2007, the Chinese and Uzbek governments announced they would construct a 500-kilometer natural gas pipeline between their countries, with an annual capacity of 30 billion cubic meters (bcm) per year, which amounts to half of Uzbekistan's annual gas production. Its entry into service will enhance Uzbekistan's leverage vis-à-vis Russia's Gazprom and likely force that giant energy company to pay higher prices for Uzbekistan's natural gas [5]. Since China and Uzbekistan do not border each other, the pipeline would need to traverse another Central Asian country [6]. The two countries also intend to construct a 268-kilometer China-Kyrgyzstan-Uzbekistan rail line that would terminate in the Uzbek city of Andijan, near where the CNPC is developing Uzbek oil and gas fields (*Radio Free Europe*, April 4, 2010). At the moment, the parties continue to disagree regarding how to finance the project as well as the size of the rails. Kyrgyzstan's high external debt has led its government to offer gold, iron, and other minerals in lieu of cash as its contribution. They also resist meeting China's insistence on using a narrow rack gauge across the entire rail line (AKIpress News Agency [Kyrgyzstan], January 11).

SECURITY AND DEFENSE

Chinese and Uzbek leaders have taken care to express their support for the other country's security, internal stability, and territorial integrity. While PRC leaders fear secessionist movements and religious extremism among its national minorities, Uzbek leaders worry about domestic political instability as well as the remnants of the

Islamic Movement of Uzbekistan (IMU). Media reports indicate that the IMU has revived some of its terrorist activities in recent years (See "Is there a Revival of the Islamic Movement of Uzbekistan?" *Terrorism Monitor*, October 28, 2010). Uzbek officials have turned to foreign partners, including China, for support in dealing with this threat. For example, since the April 2008 NATO summit in Bucharest, President Karimov has proposed a new "6+3" framework for addressing the conflict in Afghanistan. The new structure would operate under the aegis of the United Nations and attempt to promote Afghan reconciliation and reconstruction in the context of a regional security settlement. Karimov proposes to include all the countries bordering Afghanistan--Iran, Pakistan, Tajikistan, Turkmenistan and Uzbekistan as well as China—with Russia, NATO, and the United States participating as the major external actors involved in the conflict. Uzbekistan already is a major participant in the Northern Distribution Network through which NATO countries send cargo to Afghanistan.

Uzbekistan has traditionally been uneasy about Russia's military presence in Central Asia, and has indicated concern regarding its bases in Kyrgyzstan and Moscow's de facto annexation of Georgia's separatist regions of Abkhazia and South Ossetia in 2008. Uzbek officials have assumed a prominent role in limiting the security mandate and military capabilities of both the SCO and the Moscow-dominated Collective Security Treaty Organization (CSTO). One of the strategies that Uzbekistan has pursued to weaken Russia's military predominance in Central Asia has been to deepen security ties with other great powers on a bilateral basis, including with China, as well as develop its own military, which is probably the strongest of the five Central Asian states. Senior PRC and Uzbek defense leaders meet frequently at multilateral and bilateral events. Most recently, on November 30, 2010, PRC Defense Minister Liang Guanglie met Uzbek Deputy Defense Minister Rustam Niyazov in Beijing (*The Times of Central Asia*, December 3, 2010).

CONCLUSION

Both China and Uzbekistan benefit from their cooperation in trade, transport, energy, and regional security issues. Chinese trade and investment regarding Uzbekistan continues to grow, with Uzbek authorities especially interested in working with the Chinese to develop their

transportation infrastructure and energy resources. Uzbeks support Chinese proposals to enhance the SCO's economic role and have developed good security ties with Beijing within the SCO framework and bilaterally. Both regimes are staunchly opposed to regional extremism and collude to control potential opponents of either regime. Uzbek officials believe that their ties help dilute Moscow's preeminence in Central Asia—a goal shared by their Chinese colleagues if not so openly proclaimed by them.

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NOTES:

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