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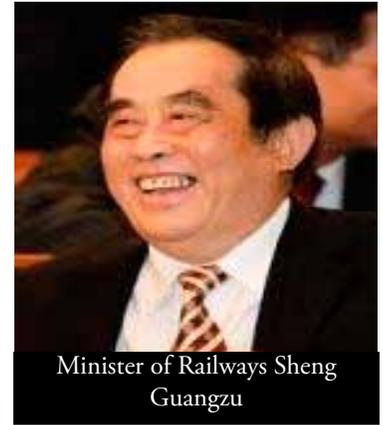
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*China Brief is a bi-weekly journal of information and analysis covering Greater China in Eurasia.*

*China Brief is a publication of The Jamestown Foundation, a private non-profit organization based in Washington D.C. and is edited by Peter Mattis.*

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**In a Fortnight**

CIVIL-MILITARY INTEGRATION THEME MARKS PLA DAY COVERAGE  
By Peter Mattis

The theme for this year's annual People's Liberation Army (PLA) Day press was civil-military integration (*junmin ronghe*) for national defense. If Defense Minister Liang Guanglie's article "Persevere in Civil-Military Integration with Chinese Characteristics" headlining the Central Party School's journal *Qiusi* did not provide enough emphasis, official press broadly addressed a number of themes relating to the need for support from the civilian sector for national defense construction and army building (August 1). Military press analysis of President Hu Jintao's speech on July 1 noted combat power in the Information Age increasingly depends on civil-military integration, because the distinction between "guns" and "butter" is no longer as sharp a choice as in industrialized or mechanized warfare (*PLA Daily*, July 7). In this light, the PLA views civil-military integration to be a key feature for how the military intends to resolve its shortcomings.

Every year in honor of the PLA's founding on August 1, 1927 during the Nanchang Uprising, Chinese military and party press provides authoritative coverage of the PLA's priorities. In the recent past, PLA Day editorials and press coverage included official promulgation of President Hu's "New Historic Missions" that established PLA roles beyond China's periphery (*PLA Daily*, August 1, 2005). Discussion of civil-military integration is not a new topic; rather, a long-standing subject

of People's War ("Chinese Strategic Thinking: People's War in the 21st Century," *China Brief*, March 18, 2010). However, it received only passing mention in last year's rather generic evaluation of modernization (*PLA Daily*, August 1, 2010).

While the official *PLA Daily* editorial covered the entire scope of military modernization, it pointed back to Hu's speech on July 1. Military affairs arose only once in the speech, but the integration message resounded as Hu exhorted the need to "develop civil-military integration with Chinese characteristics," "make the ideas of rich country and strong army one" and "reinforce and cultivate party-army and civil-military unity" (Xinhua, July 1). Hu's provided the guidance, but Minister Liang provided the roadmap where the PLA and Chinese society needed to make progress in four categories of civil-military integration: the defense industries and production; national defense education; a joint civil-military security system; and national defense mobilization (*Qinshi*, August 1).

The first area of integration probably is the most well-known in the West, because the rapid pace of PLA modernization in the last fifteen years spurred several major studies of the Chinese defense industries [1]. According to Liang, building up the industrial capacity to support defense needs under informatized warfare can assist Chinese industry in moving up the value chain, especially in dual-use areas, in support of the 12th Five Year Plan objectives (*Qinshi*, August 1). As Academy of Military Science analysts noted earlier this year, the mutual civil-military reliance for technological development in the defense industries can also encourage greater cooperation on education and should be used to do so (*Zhongguo Shehui Kexue Bao*, May 5).

In terms of national defense education, the PLA continues to emphasize the need to raise the level of education among its officers and non-commissioned officers by reducing its reliance on military academies and trying to pull from the China's increasingly higher quality civilian universities. In preparing for war under informatized conditions, populating the PLA with high quality personnel is the strategic foundation for national defense. To this end, the Central Military Commission issued a new "Opinion Concerning Improving National Defense Education Work under New Conditions" last

month (*PLA Daily*, July 18; *People's Daily*, July 30).

Integrating a civil-military system for the protection of PLA facilities and communications may be one of the largest challenges, because of China's balkanized governance structure that gives local governments a lot of autonomy ("Growth Imperative Challenges Even Chinese Security Regulations," *China Brief*, July 29). While military press celebrated a People's Armed Police unit and a Sichuanese county working with provincial research institutes to develop reconnaissance and communications equipment to serve this mission, the localized development of such equipment makes it more difficult for civil or military authorities to enforce standards (*PLA Daily*, August 1; *Renmin Zhengxie Bao*, August 5). This local autonomy allows companies to bid on security contracts without any clear process for screening technology used for sensitive purposes, creating supply chain vulnerabilities (*Global Times*, July 29). What was not clear was whether PLA leadership is aware of the problems in trying to integrate a slowly homogenizing PLA with wildly different civilian organizations.

National defense mobilization in the context of civil-military integration usually refers to PLA access to civilian resources in wartime; however, the tenor of August 1 press suggests Beijing wants to integrate local military units into society to provide social stability and provide a more organized support base from which the PLA can draw. In Jiaozuo Municipality, a model city for civil-military support, many PLA officers return to assume important posts in the government as the city has made an effort to incorporate demobilized soldiers in the city's administrative and business life (*Guangming Daily*, August 1). The *People's Daily* ran a feature, "Out of Uniform but Still a Soldier," about an old war hero who settled into civilian life with the discipline and self-sacrifice that earned him several medals. The hero, Li Wenxiang, according to the article, did not quibble over benefits and rationing, relinquishing his share in times of need, and, as an official, organized people to confront development challenges as though they were battles (August 1). Liang also drew the connection between the reincorporation of PLA soldiers into all walks of life and society's ability to educate and raise the talent required by the PLA (*Qinshi*, August 1).

If this year's PLA Day coverage seems to lack novelty, then it is because the PLA continues along an already determined path. The question is simply how to make the PLA better and the civil-military integration to leverage civilian capabilities for army building is the fastest way to raise the PLA's capability (*PLA Daily*, July 7). The PLA's purpose is set, including missions that address the role of the PLA beyond unification with Taiwan. How the PLA will fight also has been established with integrated joint operations. The problem now facing the PLA is how to address the so-called "two incompatibles," which describe the PLA's self-assessed inability to win a limited war under informatized conditions and to fulfill the demands of the "New Historic Missions" (*PLA Daily*, August 1; January 1, 2008; "The Pentagon-PLA Disconnect: China's Self Assessments of its Military Capabilities," *China Brief*, July 3, 2008). This year's PLA Day coverage suggests Chinese leaders, civilian and military, know where development is most needed and that PLA war-fighting capability will reflect developments within the society writ large. Unanswered however were two questions about civil-military integration posed by Jiang Luming: what is the appropriate level of integration for the civilian and military economies and what is the appropriate level of investment (*Study Times*, January 4).

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#### Notes:

1. For example, Roger Cliff, Chad Ohlandt, and David Yang, *Ready for Takeoff: China's Advancing Aerospace Industry*, Santa Monica, CA: RAND, 2011; Tai Ming Cheung, *Fortifying China: The Struggle to Build a Modern Defense Economy*, Ithaca, NY: Cornell University Press, 2009; and Evan Medeiros, Roger Cliff, Keith Crane, and James Mulvenon, *A New Direction for China's Defense Industry*, Santa Monica, CA: RAND, 2005.

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## Troubled Railway Ministry Casts Doubt on Beijing's Commitment to Reform

By Willy Lam

While the July 23 bullet train crash in the east China city of Wenzhou has damaged the credibility of the country's high-speed railway program, Beijing's apparent failure to prescribe effective remedial measures such as restructuring the Ministry of Railways (MOR) has cast doubt on the entire "China model" of development. Apart from raising the compensation for the 40 killed passengers from 500,000 yuan to 900,000 yuan, the Chinese Communist Party (CCP) administration has adopted a business as usual attitude to handling the disaster, which has made headlines around the world. No senior official has been asked to take political responsibility even as the CCP Propaganda Ministry has tried to stifle public discussion by imposing a virtual news blackout on the mishap. Equally significant is the fact that in its final year in office, the leadership under President Hu Jintao and Premier Wen Jiabao seems unwilling to abandon the formula of sustaining rapid economic growth through voluminous—and often inefficient—government investment in infrastructure projects.

A dinosaur-like holdover from the pre-reform era, the MOR is the only unit of the central government that has full authority to oversee a multi-billion yuan business empire. Apart from running 91,000 kilometers of railways, the MOR holds some 33 listed companies with market capitalization of 400 billion yuan. It also boasts its own system of police, prosecutor's offices and courts (*Southern Metropolitan News* [Guangzhou], July 25; *Ming Pao Daily* [Hong Kong], July 31). As he began his second five-year term of office in 2008, Premier Wen tried to break the back of the MOR's monopolistic powers by setting up a so-called Super Ministry of Transportation to control more tightly the country's railroads, highways and other modes of transport. Yet the plan failed owing to ferocious opposition from then-MOR minister Liu Zhijun and his colleagues. (See, "Stability Trumps Reform at China's Parliamentary Session," *China Brief*, March 14, 2008).

Part of Liu's bargaining power is his apparent success in building up the high-speed railway system almost from scratch. With speeds of over 350 kilometers an hour, China's 10,000-km bullet train network is the fastest and most extensive in the world. And MOR salesmen have since the past year been marketing China-made super-trains to even advanced countries such as the United States (*Sacramento Bee*, January 3; *New York Times*, April 7). The Wenzhou fiasco—especially the overwhelming condemnation of MOR mismanagement not only by China's increasingly activist netizens but also the official media—has in theory given relative reformers such as Premier Wen a God-sent excuse to tame the fiefdom. Moreover, newly released information has confirmed the ill effects of the Great Leap Forward-style expansion of the bullet train network. As of mid-2011, the MOR sustained debts totaling 2 trillion yuan; the debts are expected to go up to at least 4.6 trillion yuan by 2015. Beijing Jiaotong University economist Zhao Jian, an expert on railway management, indicated that “the entire financial model of the super trains is unsustainable.” In a separate interview, Professor Zhao said “MOR may have difficulty even servicing the debt, let alone repaying them,” (Cable News Hong Kong, August 2, *Financial Times*, July 24; *Yangcheng Evening Post* [Guangzhou], July 20).

An even bigger opportunity for anti-MOR forces is the fast-declining health of ex-president Jiang Zemin, 85, who has been a key patron of the ministry. The absence of Jiang, who heads the powerful Shanghai Faction in Chinese politics, from festivities marking the CCP's 90<sup>th</sup> birthday on July 1 this year has fed intense speculation that he is near death. Despite his retirement from the post of CCP General Secretary at the 16<sup>th</sup> Party Congress in 2002, Jiang continued to offer support to Liu and other senior MOR staff. This explained the fact that even though Liu had long been the subject of corruption-related innuendo—his brother Liu Zhixiang, a top MOR cadre, was given a suspended life sentence in 2006 for graft and related crimes—Liu avoided trouble until he was summarily removed from office in February this year (*New York Times*, February 15; *Taipei Times*, February 25). Liu's downfall coincided with a series of heart ailments that reportedly hit ex-president Jiang.

There are reports in the Western and Hong Kong media that immediately after the crash, Wen proposed to the

Politburo Standing Committee (PBSC), China's highest-ruling council, a major revamp of the MOR. Wen's suggestions included the corporatization of many of the MOR's businesses, so that they can be overseen by a relatively independent board of directors. This would be in line with the large number of corporatized state-held businesses in sectors including energy, banking and finance. However, Wen apparently failed to win the support of his PBSC colleagues, a least four of whom are considered to be either the ex-president's cronies or stalwarts of the Shanghai Faction (*Apple Daily* [Hong Kong], August 2; *The Economist*, August 6). Wen's setback perhaps explained the fact that departing from his usual routine of being on the scene of national calamities within 24 hours, he visited the crash site six days later. And the premier had to resort to what many analysts believed was feigned illness to explain his delayed tour. Wen told the media that he had been sick for 11 days; this was despite the fact that in that period, he put in at least three appearances for visiting foreign dignitaries and also chaired a couple of full-scale cabinet meetings (*Strait Times*, July 28; *Apple Daily*, July 29).

Wen was only able to put a partial—and most likely short-term—brake on the development of bullet trains. After a meeting held on August 10, the State Council announced a moratorium on new high-speed railway networks; moreover, more rigorous safety checks will be administered to approved projects whose construction has not yet begun. The speed of all bullet trains will be reduced by 50 kilometers an hour. However, there was no talk about restructuring the MOR (Xinhua News Agency, August 10; *People's Daily*, August 11). This poses the question of whether, short of performing major surgery on the MOR, the CCP leadership is at least capable cracking the whip on those responsible for the calamity. While talking to the media at the Wenzhou crash site on July 28, Wen openly questioned the MOR's credibility by saying “the public had many suspicions about the cause of the accident and the way it was handled.” He also vowed to investigate corruption and mismanagement problems in the ministry (Xinhua News Agency, July 28; China News Service, July 28). Developments since then, however, have indicated that MOR cadres may only get a slap on the wrist or summary dismissal rather than any meaningful accountability.

The investigation committee set up by the State Council is considered insufficiently high-level and lacking in objectivity. The probe team is headed by the Director of the State Administration of Work Safety (SAWS) Luo Lin, a ministerial-level cadre with the same rank as MOR Minister Sheng Guangzu. In this Chinese bureaucratic context, this would prevent Luo from issuing any directives to the MOR unless a more senior political figure intervenes. Team members include officials from SAWS, the Ministry of Supervision, and MOR. MOR's substantial representation on the probe committee could result in partiality particularly involving technical factors behind the accident. This is reinforced by the fact that an expert panel set up by the committee consists of several academics and engineers who are known supporters of the high-speed railway system (Sina.com [Beijing], July 31; South China Morning Post, August 3; Ming Pao, August 3). So far, MOR authorities have stonewalled questions raised by Chinese journalists and experts. For example, given that the signaling system blamed for causing the Wenzhou crash is being used in at least 58 railway stations on the mainland, why is this mechanism still being used? There are also reports in the official Chinese press that a number of bullet train drivers are fresh graduates with barely 10 days of professional training (*Beijing Times*, July 29, Xinhua News Agency, July 29; *South China Morning Post*, July 30).

The CCP leadership's handling of the crash has raised two questions about the efficacy of the China model. The first is that in the apparent interest of maintaining stability, even administrative reforms that do not challenge the CCP's monopoly on power have been put on the backburner. Take, for example, the well-established system of political responsibility for senior cadres. This refers to the fact that the head of a ministry or province has to resign to take the blame for a terrible mishap—even one that is committed by his underlings. For example, then acting mayor of Beijing Meng Xueneng left office in 2003 to shoulder responsibility for the outbreak of SARS in the capital. Five years later, Meng resigned from his post of Governor of Shanxi Province after a mining and landslide disaster killed some 260 people (UPI, September 19, 2008; China.org.cn, October 9, 2008). Immediately after the Wenzhou crash, three mid-ranking MOR officials including the Head of the Shanghai Railway Bureau Long Jing, were sacked. It seems unlikely however that MOR Minister Sheng will be dismissed (Los Angeles Times,

July 25; Caing.com [Beijing], July 25).

More significantly, the role of the National People's Congress (NPC) and the Chinese People's Political Consultative Conference in "supervising" the government seems to have gone out of the window. The authorities have turned down a proposal by respected Peking University Law Professor He Weifang that the NPC establish an independent taskforce to look at the operations of the entire railway system. "MOR officials should be barred from investigating themselves," said Professor He. The legal expert pointed out that the 1982 Chinese Constitution invested the NPC with authority to establish special committees to look into issues of severe administrative dysfunction. "Yet for 30 years the NPC has never applied this mechanism," wrote He in his blog. He's views received massive support from China's netizens. (Mediainan.com [Beijing], July 28; Ming Pao, July 28; AFP, August 1). However, the NPC's supervisory role has been circumscribed since parliamentary chief Wu Bangguo's statement early this year that the NPC's work "must be beneficial toward boosting party leadership, consolidating the party's ruling-party status, and ensuring the party's effective rule over the country" (China News Service, March 10; Sino.com [Beijing], March 11).

Beijing's apparent refusal to overhaul its bullet-train strategy also testifies to the CCP leadership's continued reliance on government-backed capital projects to facilitate GDP expansion. In the first half of this year, fixed-assets investments accounted for 53.2 percent of GDP; it also contributed 5.1 percentage points to economic growth (Stats.gov.cn, July 13; Xinhua News Agency, July 23). Apart from railways, central and local administrations have embarked on super-ambitious schemes to build highways and subways. Jiaotong University professor Wang Mengshu has queried the high costs of subway construction—on average, 500 million yuan per kilometer—and the Great Leap Forward mentality behind putting up subways nationwide. "Each city must undertake careful and elaborate planning before going ahead with subways," he cautioned. "Otherwise, this could result in regrets lasting 100 years" (*China Youth Daily*, July 19; Jznews.com.cn [Hubei Province], July 20). That Beijing's formula of boosting growth through ever-increasing government outlays is unsustainable was brought home by newly released figures showing that the country's public debt is at least 80 percent of GDP.

Regional administrations alone have run up debts of up to 14 trillion yuan. (See *China Brief*, “Local Debt Problems Highlight Weak Links in China’s Economic Model,” July 15).

Finally, will the Wenzhou mishap have a impact on next year’s 18<sup>th</sup> Party Congress, in particular, the composition of the PBSC to be confirmed at the crucial enclave? Coupled with the apparent incapacitation of ex-president Jiang, horrendous mistakes made by the MOR—considered a bastion of the Jiang-led Shanghai Faction—could dent the political careers of a host of politicians with close links to either Jiang or the Shanghai Clique. For example, the chances of Politburo member and Vice-Premier Zhang Dejiang making the PBSC in 2012 may be affected seriously. Given that his portfolio in the State Council is infrastructure and industry, Zhang, a Jiang Zemin protégé, has direct responsibility for the country’s railways. Yet except for a brief visit to the Wenzhou site the day after the accident, the 64-year-old technocrat has kept an extremely low profile (Xinhua News Agency, July 24; Sina.com, July 24). It is also possible that President Hu, who is deemed a political foe of Jiang’s, may take advantage of the MOR scandal to put pressure on other PBSC candidates backed by Jiang or his Shanghai Faction. Irrespective of the eventual political fallout of the Wenzhou disaster, however, the shabby way in which Beijing has handled the crisis has dealt a sizable blow to the prestige of both the CCP leadership and its vaunted “China development model.”

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## China’s Uranium Quest Part I: Domestic Shortages Fuel Global Ambition

By Richard Weitz

China’s plans to construct more nuclear power plants in coming years than any other country have to surmount a major obstacle: China lacks sufficient domestic uranium to power them. China’s cadre of scientists and engineers are busy seeking to develop alternative nuclear fuel cycles that use less or even no uranium, but these efforts are unlikely to yield major advances in the foreseeable future. China will need to reduce this growing gap between domestic uranium production and consumption by purchasing uranium abroad. By 2020, as much as 60 percent of the uranium needed in China’s nuclear power plants will need to be imported. China’s imports have indeed surged in recent years, with China building up a sizable stockpile due to recent downturns in the price of uranium.

This is the first part in a two part series examining the feasibility of China’s nuclear ambitions by evaluating its access to uranium. The second part will analyze China’s efforts internationally to acquire uranium to resolve the domestic bottlenecks explored below.

China first began using uranium for electricity generation in 1991, when it constructed its first nuclear power plant, the Qinshan I, which started operating in 1995. Since then, China has constructed 13 more nuclear reactors with another 50 planned and nearly 100 proposed (World Nuclear Association, June 2011). Though nuclear power accounts for only two percent of current energy production, China hopes to increase that percentage to five percent of its electricity supply by 2020. At that level, China’s nuclear power plants would require over 7,000 tons of uranium per year to sustain the desired total power output of more than 40,000 megawatts (MW) (*China Daily*, March 8).

The Chinese approach to securing the raw material for nuclear power can be described as a three-pronged policy base on broad domestic exploration, development of alternative nuclear power methods, and expansive foreign acquisition through securing of long-term contracts.

Domestic mines under the direction of state-owned China National Nuclear Corporation (CNNC) and China Guangdong Nuclear Power Group (CGNPG) have been developed across the country, but known domestic supplies of uranium are too scarce to support this project (WISE Uranium Project, May 14). Efforts to develop alternative techniques to use less uranium remain at an early stage. Meanwhile, several state-run corporations import the majority of uranium. Uranium imports tripled in 2010 to 17,136 tons (*Wall Street Journal*, January 21). Given the progress China has made in the domestication of the rest of the nuclear fuel cycle, uranium supply appears to be a principal limiting factor for China's expanding nuclear industry.

Although Chinese leaders initially emphasized self-reliance and domestic production as a principle of its nuclear energy program, they now espouse an energy security policy of "Three One-Third" to ensure stable long-term supply: one third from its domestic supply, one third from overseas acquisitions and the last third from direct international purchases (*China Wire*, April 2008). A similar idea is captured in the 11<sup>th</sup> National Five-Year Nuclear Industry Plan (2006-2011) with a policy called "Self-Development and Search-Out." China's business transactions support this ambitious trajectory of nuclear power provision as its government-controlled companies scramble to negotiate long-term contracts and acquire uranium assets in emerging uranium-export countries.

#### Domestic Supplies Already Insufficient

To supply the fuel required for its nuclear reactors, China has mined uranium from mines in China since the late 1950s. Throughout the decades, a number of mines were established and subsequently closed. China's uranium deposits are largely concentrated in three regions: Southeast China, Northeast China-Inner Mongolia and Northwest China, including Tibet [1]. Recently, China announced two new mines are to be built, which should begin operation in 2013 and could boost uranium production by 1,000 tons per year, which would more than double the production of the 26 mines currently operating (*Xinhua*, May 14; Nuclear Threat Initiative, 2007).

The government controls nuclear power and uranium businesses in China, through the use of state-owned

corporations that report to the State Council, China's main governing body. One such company, CNNC is the only domestic supplier of uranium and supplies half of China's uranium demand yearly of around 1,800. The resources (in order of greatest region of concentration) are in Jiangxi, Guangdong, Hunan, Guangxi, Xinjiang, Liaoning, Yunnan, Hebei, Inner Mongolia, Zhejiang and Gansu, though another 12 provinces have small uranium deposits as well. (China Mining Association, September 2006).

China has historically relied primarily on traditional mining techniques to extract uranium from hard rock formations, but it began experimenting with less expensive in situ leach mining (ISL) in the 1990s. In 1996, China was responsible for 2.1 percent of the world's ISL (in comparison to 35.2 percent in the United States and 25.5 percent in Kazakhstan), despite the fact that a quarter of China's deposits are sandstone [2]. This investment has allowed China to expand increasingly into the extraction of uranium ore from sandstone deposits, which are lower grade but an economically viable option with ISL (China Mining Association, September 2006). The CNNC-owned Yining ISL facility is on a sandstone deposit mine opened in 1993 that serves as an example of the added uranium materials ISL gives China, providing 300 tons per year (tU/yr). CNNC's ISL pilot projects may yield additional tonnage (World Nuclear Association, July 2010).

Together, CNNC's Bureau of Geology and the Beijing Research Institute of Uranium Geology are primarily responsible for the increase in exploration effort over the last decade and the ratcheting up of production in newer mines as older ones close. The duo has focused on sandstone deposits amenable to ISL in Xinjiang and Inner Mongolia where the Ordos Basin contains an estimated 30,000 tons of uranium. China Nuclear Uranium Corporation—one of CNNC's subsidiaries—plans to bring into production a new 200 tU/yr mine at Fuzhou while doubling production at the Yining ISL mine to 300 tU/yr (China Mining Association, September 2006). CGNPG is more involved in the foreign acquisition of uranium assets, but a subsidiary announced in May 2011 that it was developing two 500 tU/yr mines in Xinjiang, beginning in 2013.

Nevertheless, China has poor domestic uranium sources, accounting for at most 1 percent of the world's known recoverable uranium or about 68,000 tons of uranium (World Nuclear Association, April 2011). The small and medium size deposits are spread unevenly and the uranium itself is of low to medium grade (0.05-0.3% account for the majority of resources), with the highest grade deposits constituting less than one fifth of deposits (China Mining Association, September 2006). Many large deposits contain only low-grade uranium, which is difficult and costly to extract, making it unsuitable for fueling nuclear power plants. Some reports speculate that China has vast undiscovered reserves of uranium—speculatively up to 70,000 tons—but their exact location, quantity and grade quality are undetermined. The current known deposits add up to 100,000 tons and could be depleted by 2020 (World Nuclear Association, December 2010; *China Daily*, March 8). Even factoring in new discoveries in uranium exploration, demand would continue to outstrip supply due to the lag between exploration and production [3]. While Wang Zhongtang, a senior official with the State Environment Protection Administration, claims that domestic uranium deposits amount to about 100,000 tons based on a survey of 4.3 million square km of the country's territory and meet China's energy needs for the next decade, others are skeptical (*Xinhua*, July 9, 2007). In contrast to Chinese ambitions, the country's uranium output in 2008 was only 769 tons, or 1.8 percent of global production.

### Alternatives Still Unproven

In addition to developing domestic mines, the Chinese government has also pursued “unconventional” methods of extending its uranium resources or reducing its uranium needs. These alternatives to greater domestic development have a faster turnover rate on an investment and a lower per unit cost for fuel than developing new mines. As *World Finance* points out, “the historical average lead-time from discovery to production for a conventional uranium deposit is 10 to 14 years. However, after the identification of a uranium-bearing waste deposit and its evaluation and testing, production can be underway in less than three years (*World Finance*, June 18, 2010).

In the mid-1980s, China selected a closed fuel cycle strategy to reprocess spent fuel, and has recently accelerated its

nuclear development in pursuit of this strategy. The first fast breeder reactors' (FBR) contribution to China's energy grid occurred in July 2011. As a research reactor, it is only functioning at 40 percent of its limited, 20MW capacity. While originally China had plans for domestic designs to be deployed at a commercial scale of 600 MW by 2020 and a 1500 MW version in 2030, the import of Russian designs has changed these plans. Rosatom has agreed to supply two blocks of two FBR reactors (*World Nuclear News*, April 30, 2010; *Moscow Times*, August 30, 2010). This will be the first export of commercial FBR as Russia is the only country to have developed the technology enough to make commercial commitments. Construction on one block in Fujian should start in this month and come online before 2020. If China does expand its FBR program beyond the small percentage of power the reactors are expected currently to contribute, it could alleviate some pressure on China's conventional civil nuclear reactor fleet.

In another effort to expand the fuel resources available, China has sporadically pursued commercial uranium recovery from coal ash, mine waste and phosphate rock. It had four such production facilities operating from the 1960s to the early 1980s, but decommissioned them when the uranium market bottomed-out in the 1980s following Chernobyl.

In the last decade, these recovery operations have resurfaced as alternative methods to mining uranium as China has switched from a net exporter to an importer of uranium. A marketing manager at China's largest nuclear firm said in 2010 that the country wants to get uranium from “every possible channel” (*The Economist*, April 8, 2010). Currently, China is partnering with a Canadian firm to extract uranium from coal ash in Yunnan province, which contains over 0.03 percent uranium oxide. Preliminary testing shows 70 percent uranium recovery at estimated costs ranging from \$20 to \$35 per pound, profitable at even the lower spot prices of the global economic depression (*World Finance*, June 18, 2010). The Canadian firm claims, after three years, it could produce as much as [1,000 tons] of uranium in China annually” with the ash waste from three large coal plants in the Yunnan area (*Wall Street Journal*, February 22, 2010).

China is currently pursuing reprocessing capabilities in partnership with Canadian CANDU designer Atomic

Energy of Canada that, if successful on a commercial scale, would allow it to import less uranium and produce less nuclear waste. CCTV claims that, “the breakthrough could yield enough [fuel] to last 3,000 years” (*The Telegraph* [UK], January 4). Plans for a closed fuel cycle have been in effect since the mid-1980s, but only recently did China begin in earnest to pursue a civilian fuel recycling program. China currently has two CANDU reactors (and is considering building additional units contingent on reprocessing potential), which can take reprocessed fuel from its nine light water reactors (*World Nuclear News*, March 24, 2010). CANDU reactors can also run on thorium fuel, and China has been working on developing a thorium fuel cycle with its Canadian partners. Thorium is more abundant in China, cheaper to mine, produces less waste and, if successful, will enhance Chinese energy security.

In addition to spent-fuel reprocessing technology, China has invested considerable resources to develop an entirely new type of nuclear technology. In recent years, Chinese nuclear authorities have explored the feasibility of controlled reactions using fist-sized balls of fuel coated in a layer of protective graphite, as opposed to the traditional fuel rods used in conventional nuclear reactors around the world today. This technology—previously explored by Germany, South Africa and the United States—has never been successfully developed due to technical hurdles and a lack of funding. Consequently, China is potentially leading the way in this field with scientists actively working to construct two reactors on the coast of the Yellow Sea. Among the bevy of potential benefits this technology offers, the ability to govern the pace of nuclear reactions and ease of shutdown should an emergency occur are among the most appealing (*New York Times*, March 24). Assuming that this type of nuclear power plant proves cost-effective, it is safe to assume that several of China’s planned nuclear reactors will follow this unconventional design in the coming years.

Although Chinese scientists have recently announced their mastery of nuclear fuel reprocessing technology, the prospect of this approach becoming a substantial aspect of China’s uranium pursuit remains dim. Reprocessing uranium costs significantly greater than purchasing uranium and storing the spent fuel. Moreover, the process, which China would perform domestically but would encourage other countries to adopt the technique,

would likely provoke international criticism since it also produces extracted plutonium. Another impediment is the need to build a dangerous breeder reactor—one whose costs would likely outweigh any benefits. Instead, Harvard nuclear expert Matthew Bunn argues that China should prudently wait until cheaper and safer technologies are developed (*The Telegraph* [UK], January 4).

## Conclusion

China’s energy policy continues to emphasize autonomy and nuclear power but China lacks the domestic uranium to achieve its objectives. Chinese officials eagerly want to advance domestic uranium production and reduce the country’s reliance on imports. Although pride in self-sustainment is a factor, economics is an important incentive. With improved domestic supply, China would gain some immunity to the whims of the volatile commodity market (*Globe and Mail*, January 17).

With no scientific breakthrough on the horizon likely to resolve the dilemma, China has launched a global quest to acquire uranium. The Chinese face several barriers in this endeavor—ranging from increased international competition to underdeveloped infrastructure in potential uranium suppliers to political instability and security threats in these countries. Additionally, the price and availability of uranium will increasingly be affected by the staggering scale of the Chinese need for the substance. China’s international efforts will be addressed in part two.

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## Notes:

1. Chen Zhaobo, et al., “Uranium Provinces in China,” *Acta Geologica Sinica*, Vol. 74, No. 3, September 2000.
2. “Developments in Uranium Resources, Production, Demand and the Environment,” International Atomic Energy Agency, January 2005.
3. Yan Qiang, Wang Anjian, Wang Gaoshang, Yu Wenjia, and Chen Qishen, “Nuclear Power Development in China and Uranium Demand Forecast: Based on an Analysis of Global Current

Situation,” *Progress in Nuclear Energy*, Vol. 53, No. 6, August 2011, pp. 746-47.

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## A Swan Song in Sudan and Libya for China’s “Non-Interference” Principle

By Chris Zambelis

Observers of politics in the Arab world and the broader Middle East continue to scrutinize China’s place in the region. Dissecting the nuances of Chinese diplomacy and foreign policy towards such a large swath of energy-rich territory that is so deeply ensconced in a U.S.-led alliance and security architecture also provides insight into the course of Sino-U.S. relations and China’s trajectory overall. Driven by its quest for oil to fuel its economy—China is the world’s second largest importer of oil—and access to untapped consumer markets for its exports, China’s footprint in the region is poised to grow in the years ahead.

Given this background, it is worth looking beyond the energy and economic interests that underlie Beijing’s presence in the Arab world to examine its approach to handling some of the most contentious issues impacting the region, including the circumstances that culminated in the independence of Southern Sudan and the conflict in Libya. China portrays itself as an ally and friend of Arab countries; China’s public diplomacy towards Arab leaders and publics is replete with references to its commitment to friendship and the fostering of relationships based on “mutual respect,” “equality” and “sovereignty.” These themes underpin Beijing’s adherence to a policy of “non-interference” in other nations’ affairs. China also affirms its support for the issues and causes that resonate among Arabs (Xinhua News Agency [Beijing], November 10, 2010). In doing so, China attempts to distinguish itself from other powers in the region, most notably the United States. Although the United States has engendered feelings ranging from suspicion to resentment to hostility, China has assumed the role of a benign power that stands by its partners and provides an alternative to the United States.

Yet in the cases of Sudan and Libya, principle seems to be divorced from practice in the application of Chinese foreign policy. Despite vocal and material Chinese support for Sudan over the years as it fought numerous secessionist movements and garnered international pressure stemming from its links to international terrorism and war crimes indictments, Beijing ultimately sided with the global consensus and recognized the independence of the Republic of South Sudan (Xinhua News Agency, July 9). Likewise, while strongly opposing foreign intervention in Libya, China did not employ its veto power as a permanent member of the UN Security Council (UNSC) to thwart the passage of UNSC Resolution 1973. This resolution paved the way for the North Atlantic Treaty Organization (NATO)-led military campaign to support the rebellion against Libyan leader Muammar al-Qaddafi’s forces. China instead chose to abstain from the vote. China’s opposition to NATO’s military campaign also has not precluded it from meeting with members of the NATO-backed insurgents fighting al-Qaddafi’s forces (Al-Jazeera [Doha], June 21). China’s apparent contradictory approach to “non-interference” is especially salient seeing that in both Sudan and Libya, China also appeared to violate its firm position on combating what it calls the “Three Evils” or “Three Forces” (*san gu shili*): terrorism, separatism and religious extremism (Xinhua News Agency, September 22, 2006).

One goal of Chinese foreign policy over the years was to enlist international support for the “One China” principle that defines Taiwan, Tibet and the Xinjiang Uighur Autonomous Region as sovereign parts of the People’s Republic of China, despite the latter two’s restive independence-minded, ethno-sectarian and nationalist identity politics. Defeating the threat of the “Three Evils,” for instance, underlies regional counterterrorism efforts led by China in Central Asia under the auspices of its Shanghai Cooperation Organization (SCO). Among the SCO’s multilateral initiatives is to identify and address the threats posed by terrorism, separatism, and religious extremism, including through the execution of joint military exercises such as the “Peace Mission” series that feature the armed forces of China, Russia, and the former Soviet Republics (China Radio International [Beijing], July 6; See “China’s Growing Clout in the SCO: Peace Mission 2010,” *China Brief*, October 8, 2010).

In spite of having nurtured a multitude of strategic interests over the years in Sudan and Libya, China showed a willingness to recalibrate its position to adapt to the emerging realities on the ground. Observers of Sino-Arab relations should not be surprised by Beijing's actions. A close reading of China's behavior amid the evolving events in Sudan indicates that strategic expediency trumps principle and rhetoric. Most importantly, a reconsideration of China's concept of "non-interference" and, especially, its readiness to retreat from its traditionally strong position of combating the "Three Evils" it has defined, as evidenced by its recognition of the independence of Southern Sudan and its open liaisons with the Libyan rebels, will further highlight the gap between its convictions and their real-world application. This reality raises a separate series of questions related to China's thinking about the Arab world and its declared solidarity with countries facing the "Three Evils."

#### "Non-Interference" and the "Three Evils"

Two principles that underpin Chinese foreign policy towards the Arab world and its diplomacy in the broader sense rest on China's traditional posture of "non-interference" in the affairs of other nations, particularly developing countries, and, more recently, its advocacy for combating the "Three Evils" of terrorism, separatism, and religious extremism.

With its legacy as an influential force in the Non-Aligned Movement (NAM) and its role in supporting numerous anti-colonial and national liberation struggles globally, China has endeared itself to regional governments and masses alike in the Arab world. As China's economy has continued to boom, authoritarian leaders have elevated China's state-directed approach to modernization to a status of reverence. In this regard, as an authoritarian system in its own right, China has provided a more palatable development model to neo-liberal development models, including the so-called "Washington Consensus." China's application of soft power to build its brand resonates in a region where collective memories of toiling under Western colonial rule remain fresh and are often juxtaposed with the present conditions that gave rise to a post-colonial American hegemony from the Maghreb to the Gulf. With a discourse that emphasized "South-South" cooperation, independence,

and solidarity, countries with a history of being on the receiving end of Western-led campaigns found in China an advocate for their independence and right to charter their own paths without foreign interference or pressure. In return, China has been able to enlist support on issues related to its concerns about foreign meddling in internal affairs, including support for the "One China" principle and quashing dissent in Tibet and Xinjiang. China's steady rise on the global stage has come with a growing boldness in upholding its interests from what Beijing sees as a U.S.-led effort led to contain China's influence and impede its development. In a steady progression from its advocacy of the "One China" principle, China's growing assertiveness on the question of Taiwan and concerns that domestic flashpoints such as Tibet and Xinjiang are being manipulated by hostile foreign forces, namely the United States and its allies in East and South Asia, bent on ensuring that it remain hemmed in is reflected in its spearheading of a multi-front campaign to attack the threats of terrorism, separatism, and religious extremism. China's proactive strategy to defeat the "Three Evils" also resonates where terrorism, separatism, and religious extremism, broadly defined, threaten existing governments.

#### Sudan

China's adherence to the notions of "non-interference" and its advocacy against separatism ultimately did not amount to much for Khartoum when it came to the secession of South Sudan. China formally recognized the independence of South Sudan on July 9 in its eagerness to establish full diplomatic relations with the new state (Xinhua News Agency, July 9). China's longstanding relationship with Sudan—Sudan was the fourth country in Africa to establish diplomatic relations with China in 1959—serves as an ideal guide to testing China's commitment to its principles in the Arab world. Sudan achieved pariah status in the international community for its ties to global terrorism and its actions in its numerous civil conflicts with separatists on its own soil, but could count on China for diplomatic and economic support. Even the international outcry against Khartoum for atrocities committed during its recurring fight against the Sudan Peoples Liberation Army/Movement (SPLA/M) fighting for the independence of southern Sudan, failed to dislodge China's support.

Strategic imperatives revolving around oil interests always have shaped China's policy towards Sudan. Sudan is a major source of oil for China and is China's third largest trading partner in Africa. China is Sudan's largest trading partner and imports over half of Sudan's daily output of approximately 500,000 barrels per day (bpd), making it China's sixth largest source of foreign oil (OilPrice.com, July 11; Reuters, June 16; *Wall Street Journal*, June 29). China's state-owned oil firms have established a dominant presence throughout the country, having exploited its status as an international pariah and target of sanctions that discouraged many other states to do business with Khartoum. Sudan's embattled international position stemming from human rights abuses perpetrated during its campaign to crush domestic insurrection did not prevent Beijing from providing it with arms and diplomatic support through the years (See "Sudan: China's Outpost in Africa," *China Brief*, October 13, 2005). Likewise, in spite of being born out of a separatist rebellion opposed by China for so long, the nature of South Sudan's oil riches—most of the Sudan's oil reserves were located in the south of the country and were inherited by the new state—require that both Sudan and South Sudan work together to ensure that oil continues to flow freely. The current placement of oil pipeline infrastructure ensures that Khartoum and Juba remain tied economically. China maintains a keen interest in seeing oil from South Sudan continue to flow north unimpeded through Sudanese territory to the Red Sea (*Sudan Tribune* [Khartoum], August 1).

## Libya

Weighed against the multilayered ties nurtured between Beijing and Khartoum over the years, Sino-Libyan relations pale in depth and complexity. Attempting over the years to assume a leadership role in Africa and the Arab world, Libya criticized China's growing inroads on the continent. In a critique of China's approach to doing business in Africa, Libyan Foreign Minister Mousa Koussa declared in late 2009: "When we look at the reality on the ground we find that there is something akin to a Chinese invasion of the African continent. This is something that brings to mind the effects that colonialism had on the African continent" (*Financial Times* [London], February 24; See "Libya Cautions China: Economics Is No Substitute to Politics," *China Brief*, December 3, 2009). China and Libya nevertheless cultivated closer relations

in recent years. Chinese investments in Libya, revolving mostly around major construction and infrastructure projects, topped \$18 billion. China also emerged as Libya's third-largest oil customer (although Libyan oil constitutes only a small fraction of Chinese oil imports). Inspired by the wave of popular revolt around the Arab world, opposition-minded rebels took up arms against al-Qaddafi's regime in February, plunging the country into a full-fledged civil war between al-Qaddafi's regular and irregular security forces and a diverse set of rebels united in their opposition to the regime in Tripoli. At the start of the conflict, China was forced to evacuate around 36,000 workers from the country (Al-Jazeera, April 14).

While China continues to lambaste NATO for its actions against Libya and to express its wish for the peaceful resolution of the conflict, Beijing's strong language has not precluded it to meet regularly with the Transitional National Council (TNC), the official anti-Qaddafi-led rebel government. The United States and 25 other countries currently recognize the TNC as the official representative body of Libya (ShababLibya.org, July 14). While China has not officially recognized the TNC, its decision to host its Chairman of the Executive Board Mahmoud Jibril in China in late June marked an important turning point for the rebel movement as it continues to seek international legitimacy and recognition. China first engaged the TNC officially in a meeting with TNC Chairman Mustafa Abdel Jalil in Doha, Qatar in early June. China has since dispatched one of its Egypt-based diplomats to meet with TNC officials in the rebel-held city of Benghazi in eastern Libya to discuss the humanitarian situation, Chinese business interests and property in Libya and purchasing oil from the rebel government (Xinhua News Agency, June 9; *Global Times* [Beijing], June 21). Based on the steady growth of diplomatic contacts between Beijing and the TNC, official Chinese recognition of the TNC may be on the horizon.

## Conclusion

The evolving nature of China's interests and commitments in the Arab world and elsewhere are making it increasingly difficult for Beijing to adhere to policies formulated on purely ideological premises. Beijing's attempts to strike a balance between its declared principles and the geopolitics of the day probably will make strategic reassessments and contradictions more frequent in Chinese foreign policy.

Significantly, China's incremental recalibration and softening of the "non-interference" principle and hard-line stance on combating the "Three Evils" may come back to haunt Beijing. These ideas have defined Chinese foreign policy for decades, particularly in the Arab world, where Beijing's stance on foreign interference in domestic affairs earned plaudits. China's acquiescence to the secession and subsequent independence of Southern Sudan and its growing engagement with the Libyan TNC may cause many who look to China as a potentially dependable ally when it comes to internal matters to think twice. More importantly, China's apparent shift in dealing with and recognizing the legitimacy of ethno-nationalist separatist movements also may embolden Taiwanese, Tibetans, Uighurs, and other constituencies to exploit this new opening in Beijing's rhetorical armor.

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## China or the SCO: Who Will Supervise Afghanistan?

By Jagannath P. Panda

The Shanghai Cooperation Organization (SCO) summit at Astana on June 15, 2011 signalled Asia's regional security order is slowly shifting as Afghanistan appears to be angling to become a new observer member in this decade-old Central Asian body (*Ria Novosti*, May 16). The Sino-Afghan relationship looks to be establishing the contours for an institutional linkage between Afghanistan and the SCO. Three factors coincide in this emerging relationship: withdrawal of U.S. troops from Afghanistan; the SCO's tenth anniversary; and the debate about expanding the SCO's mandate and membership. Although China shares only a 46-mile long border with Afghanistan, Chinese investment in that country is increasing consistently to exploit Afghanistan's energy and mineral resources. Yet going beyond the conventional strategy of engaging Afghanistan bilaterally, Beijing is considering an alternative SCO-based approach that

could ease regional concerns while still serving Chinese interests. The prime medium in this context is the SCO. While Afghanistan's observer membership in the SCO will combine both the strategically important Central and South Asian region together to address regional security issues, the question arises as the United States draws down: is Beijing following a multilateral mode for engaging Afghanistan vice the normal bilateral one?

### China, Afghanistan and the SCO: The Reckoning

Both the SCO and China have shown great interest in Afghanistan recently: both strongly support the construction and political stabilization of Afghanistan. As expressed at the Astana summit, the SCO is looking for deeper engagement in Afghanistan. This year is a stepping stone for the SCO's role as there are plans to launch a five-year counter-narcotics strategy to tackle drug production in the region, which would probably require Kabul's involvement. While Afghanistan has been keen to join the SCO as an observer, China has been keen to receive Afghanistan. This is not surprising given the Afghanistan's geopolitical situation and at a time when the SCO is on the verge of expansion. One of the key questions is whether China is trying to use Afghanistan to facilitate its greater Central and South Asian interests. Eventually, Beijing may consider Afghanistan for a full-membership, especially if the SCO's scope is expanded to South Asia. This has to be understood in the broader Chinese policy planning context. Afghanistan is a member in the South Asian Association for Regional Cooperation (SAARC) along with India and Pakistan where Beijing is requesting membership. Whether through Central Asia or South Asia, Beijing intends to keep Afghanistan engaged and stay connected at every possible level in order to deny the strategic advantages Afghanistan offers to other powers.

In Afghanistan, most powers' strategic interests converge, whether China, the United States or India: create and maintain stability so Afghanistan's metal and mineral reserves can be extracted. Extracting Afghanistan's mineral resources also aids stability by providing Afghan youths job opportunities and creating tax revenues. The China Metallurgical Corporation's (MCC) investment of roughly \$4 billion in Afghanistan's Aynak copper mine is the largest foreign direct investment so far in that country. If fully implemented, it will be a larger commercial

investment than all other current foreign investments put together. The proposal includes the construction of a freight railway, a power plant, housing, a mosque and a hospital. (DefenseStudies.org, May 14, 2010; Xinhua, May 22).

Furthermore, Chinese economic assistance for Afghanistan's rehabilitation since 2002 has been more than \$130 million. In 2009 China announced a \$75 million aid package for Afghanistan's reconstruction in the next five years (Xinhua, March 24 2010). Chinese companies like ZTE and Huawei have partnered with the Afghan Ministry of Communications to install digital telephone switches, providing about 200,000 subscriber lines. Other projects like the Parawan irrigation project, restoring water supply in Parwar province, reconstruction of the public hospitals in Kabul and Kandahar show the wide-ranging and vibrant Chinese engagement in Afghanistan (Niklas Norling, "The Emerging Afghan-China Relations," Central Asia-Caucasus Institute Analyst, May 14, 2008). China's leadership has constantly asked for greater international aid for Afghanistan and has advocated coordinating this role through the UN (Xinhua, March 18).

The driving factor in the Sino-Afghan relationship has been the growing political maturity and trust between the two countries. President Hamid Karzai stated Afghanistan would follow "America's democracy and China's economic success" (Norling, "The Emerging Afghan-China Relations"). Implementing this formula, he finalized three specific deals during his previous trip to Beijing in March 2010: economic cooperation, technical training and granting of preferential tariffs to select Afghan exports to China (Xinhua, March 25, 2010). Afghanistan and other countries involved in its reconstruction all see China as a major player in stabilizing Afghanistan.

Beijing is concerned with three Afghanistan-related security issues: terrorism, drug trafficking and cross-border crimes (China Daily, June 11, 2010). China has provided some training to the Afghan police and military officers since 2006 and some reports indicated China planned to give \$4 million this year in logistical and material support (Stina Torjesen, "Fixing Afghanistan: What Role for China?" Norwegian Peace Building Centre, No. 7, June 2010). An array of factors like the potential for Taliban resurgence, NATO's failed counter-

narcotic policy with poppy cultivation rising and, most importantly, the not-so-stable regime contribute hugely to China's fear that Afghanistan's instability spill into Central Asia. For example, Kyrgyzstan is powerless to police its border with Afghanistan, making the country vulnerable to drug traffickers. Such factors make the SCO a viable means to address security concerns more directly.

Discussions with various Chinese experts give the impression that Beijing currently is considering using the SCO and other multilateral mechanisms as an option for approaching Afghanistan in the context of U.S. troop reduction in the region. The quandary however is, while direct and strong security measures by China analogous to the Western presence would probably help stabilize Afghanistan, an extended Chinese security presence in region could strongly antagonise potential competitors and upset regional relations. Consequently, Chinese officials do not discuss the parameters of SCO engagement in Afghanistan in isolation from its regional context.

#### The SCO as a Potential Medium

Notably, most of Afghanistan's neighbours are either SCO members or observers. Beijing—at least, according to Sun Weidong, the Deputy Director-General of the Ministry of Foreign Affairs' (MFA) Asian Department—envisioned that the SCO should play a bigger and productive role in Afghanistan's reconstruction process, (Khaleej Times, June 8, 2010). In Beijing's formulation, Afghanistan is a vitally strategic location that connects South Asia and Central Asia and that both China and the SCO must take seriously. Some argue China should even discuss a more direct security role in Afghanistan and consider using cities like Kashgar and Urumqi as logistical hubs for NATO's operations in Afghanistan or even deploying troops to the country (D.S. Rajan, "China: Xinjiang's Wakhan corridor as US base," South Asia Analysis Group, No. 3579, December 2009; Torjesen, "Fixing Afghanistan"). This, however, is unlikely to happen even if the Russians accepted such Chinese activity, but what is important here is Beijing's willingness to consider different approaches.

Establishing closer linkages with the region through the SCO-Afghanistan Contact Group is one such method. China understands this group is an interesting SCO initiative, which could be used to discuss various security

issues beyond the Sino-Afghan bilateral framework. Seeing this initiative as an opportunity to strengthen institutional linkages within the region, Zhang Deguang, the first SCO Secretary General, hoped the SCO would work with this group to address the Afghanistan issue (*China Daily*, February 4, 2010). At the same time, the future US presence in Afghanistan remains a vital factor behind China's seriousness on Afghanistan. Chinese experts contend "the United States overall strategy on Afghanistan and South Asia deserves even greater attention than the withdrawal plan." They mostly hint at the US strategy of preparing a "comprehensive plan" for Afghanistan that includes political, military and diplomatic elements (*Beijing Review*, July 21, 2011). Hence, Beijing's intention is to develop a similarly comprehensive strategy. Yet, the recent Chinese reach in Central Asia is seen more as a "revival tactic" of its old Silk Road policy than anything new (Xinhua, June 15). Beijing's current focus is to integrate the region economically with China's West by prevailing over Central Asian reservations to removing trade barriers (*New York Times*, January 2).

Regional stability will push China's progress both in economic and strategic terms to Afghanistan and the adjacent region of Central Asia [1]. China has been facing security problems in Xinjiang and Tibet Autonomous Region. To resolve these, China may opt for multilateral engagement with Afghanistan through the SCO rather than only banking upon bilateral contacts. Interacting with Chinese experts gives the impression that if the SCO's mandate and membership expands, Beijing would like to use the SCO to influence Afghanistan.

In the view of Chinese analysts, the SCO has become a mature organization with global reach and influence (*Beijing Review*, June 24, 2010). At the Astana summit, Hu Jintao urged fellow SCO-member heads of state to "make all-out efforts to build the SCO into a regional cooperation organization that features sound institutions, smooth coordination, comprehensive cooperation, openness and harmony" (*People's Daily*, June 16).

Beijing is debating deepening both security and economic cooperation in the SCO. On the former, apart from the regular joint counter-terrorism exercises, China has suggested developing "joint warning" and "joint law enforcement" mechanisms to tackle possible security threats. According to Ji Zhiye, a senior Ministry of State

Security-affiliated scholar, these threats may come from the resurgence of radical Islamists after the United States withdraws troops from Afghanistan. On the latter, China is planning to propose a new mechanism to develop economic cooperation after it takes over SCO's rotating presidency in June 2011 (*China Daily*, June 9). Besides granting financial assistance to SCO members, China wants to push the infrastructural linkages among SCO countries. For example, Director of the SCO Studies Department at the MFA-linked China Institute of International Studies, Chen Yurong, believes that "one of the SCO's priority economic cooperation programmes is restoring the China-Kyrgyzstan-Uzbekistan railway links. China has rebuilt a Kirghiz section of the railway ... it has a direct bearing on fostering economic and personnel exchanges in Central Asian countries." China plans to make the year 2012 "the year of neighbourliness and friendship" among SCO member states (Xinhua, June 8).

#### South Asia as a Factor

Chinese foreign policymakers are well aware of the strategic opportunities and challenges Afghanistan offers after the U.S. troop withdrawal. To seize those opportunities, "multiple considerations" are being considered in China currently. One of those considerations is how to employ Afghanistan as a common factor for broader Central Asia and South Asia policy. The reference point here again remains the USA. Chinese experts are concerned about the USA's proposal of tying the Central Asia and South Asia together through the trade and energy corridors (*Beijing Review*, July 21). When China would prefer to develop the similar strategy like the United States, the most appropriate option for the Chinese at the moment seems to be establishing a strong connection between Central Asia and South Asia by granting SCO membership to Afghanistan. Hence, SCO expansion is a matter of utmost importance in China today.

From the beginning, China has played safe by stating that the membership expansion debate in the SCO is a "complicated process" and any plan to expand SCO membership should be carried on the basis of "consensus." Even previously, when the Russians unilaterally proposed SCO expansion, Beijing rejected the idea as "excessive expansion" (*Times of India*, June 9, 2010). Jiang Yu, spokesman of the Chinese Foreign

Ministry, once stated that “on the SCO enlargement, the organization is now mainly involved in pragmatic cooperation with its observers and partners.... However, enlargement is a complicated issue which bears on the further development of the SCO” (in.china-embassy.org 2010).

Though China has never taken an exclusive position over SCO expansion, Pakistan remains a natural choice for Beijing if SCO membership is expanded in future. Apart from having an “all-weather relationship,” Pakistan facilitates Chinese strategic objectives in various ways. For example, China and Pakistan have a great intelligence-sharing relationship to monitor and prevent any possible linkages between Uyghur separatists in China and radical extremists and terrorist groups in Pakistan and Afghanistan. In addition, China wants to use Pakistan to ensure safety of its energy supply routes; hence, Beijing is investing heavily in Gwadar and other areas in Pakistan-occupied Kashmir (POK) (Torjesen, “Fixing Afghanistan”; *Japan Times*, June 9). With respect to India, given the complex bilateral relationship, Beijing wants to consider various strategic factors before even minimally supporting India for SCO membership. The Chinese are well-aware of the strategic advantage India carries in the Central Asian region and the Russian support which goes in favour of India for the prospective SCO membership. Broadly, while the Chinese are aware of India’s rising interests in Central Asian affairs, geographic density and dynamism of the adjacent region of South Asia induces China to consider the benefits of SCO expansion—whether it would help China to exercise greater influence in the Central Asia–South Asia region.

Given the SCO probably will be expanded to South Asia, China realises the importance of India, Pakistan and particularly of Afghanistan in the SCO which will not only radically change the regional power politics but also the political dynamics within the SCO itself. In order not to lose its pre-eminence either at the regional level or within the SCO itself, Beijing would like to institute closer relationship with Afghanistan apart from Pakistan in the region. To facilitate this design, Beijing will try to reach and sway Afghanistan in its favour at multilateral level rather than limiting the option only at bilateral level before the SCO expansion takes place. Beijing’s future agenda and strategy corresponds with the SCO at a wider

level, and the broader plan sets the stage for this Central Asian body to play a constructive role in Afghanistan.

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Notes:

1. Pan Guang. “A Chinese Perspective on the Shanghai Cooperation Organization,” in Alyson Bailes, J. K., Pal Dunay, Pan Guang and Mikhail Troitskiy, “The Shanghai Cooperation Organization”, *SIPRI Policy Paper No. 17* (May 2007), p. 46.