

Is China losing the New Great Game?



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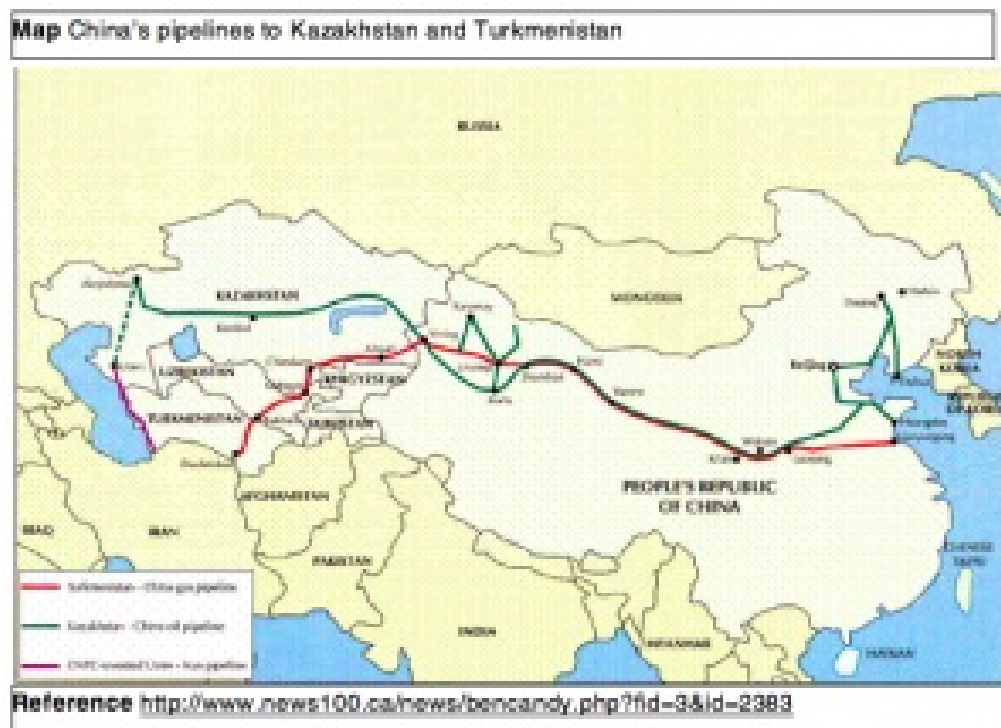
*“When everyone is dead, the Great Game is finished. Not before.”
Rudyard Kipling, Kim.*

From the era of Napoleon until the *belle époque* before World War One, the British and Russian empires competed over the barren deserts and snow-capped peaks between Russian Siberia and British India. Their century-long contest for security, influence, and dominance in Central Asia was immortalised as ‘the Great Game’ by British writer Rudyard Kipling in his novel *Kim*.

Today, Central Asia is once again the centre of a contest between the great powers of our time. The United States, Russia, China, and other regional powers are today contesting the ‘New Great Game’ in that same region: for security, for influence, but first and above all for energy — the crude oil and natural gas that power the modern world.

China is the latecomer to the competition for Central Asian energy sources, overshadowed by Russian leverage over its post-Soviet neighbourhood, and by more recent US investments for its war in Afghanistan. However, for over a decade, China has been making up for lost time with an aggressive and expensive campaign to acquire oil and gas supplies and pipelines. While China under Xi Jinping has pursued closer integration and development in other sectors in Central Asia, China’s energy goals in the region remains the centrepiece of its Central Asian strategy.

China's energy strategy in Central Asia has both an economic and a strategic goal. In the first place, the rapidly expanding Chinese economy generates prodigious demand for hydrocarbon imports. In 2014, China imported 60% of its oil and 30% of its natural gas. China relies on imports for nearly a quarter of its consumed energy. At the same time, Chinese policymakers fear dependency on Middle Eastern energy transported via tankers, which pose a strategic vulnerability due to US naval dominance from the Persian Gulf to the Straits of Malacca.



This is why China is playing the 'New Great Game' with all the vim and vigour it can summon. In Beijing's reasoning, if China must be dependent on foreign sources of oil and gas, these sources should be ruled over by friendly, stable (see: authoritarian) governments. In the late 1990s, China began approaching Central Asian states to buy oil and gas supplies, and building pipelines to transport those supplies. Today, China is beginning to reap the fruits of its labours: through the Kazakhstan-China pipeline (KCP), China imports over 86 million barrels of oil annually. The Central Asia-China gas pipeline (CAGP) when completed will run through all five countries in the region to bring up to 85 billion cubic metres of natural gas to China every year.

The plan thus seems simple: China gains a dependable overland energy source from friendly, stable and Sinophile governments in Central Asia. The problem with this reasoning arises in the assumptions made about the dependability of Central Asian governments. The five post-Soviet republics of Central Asia do appear stable; indeed, two of those republics have not had a different President since their founding. However, a closer look at the region reveals that this stability is largely superficial, masking governance failures that threaten China's energy strategy. According to the International Crisis Group (<http://www.crisisgroup.org/~media/files/asia/north-east-asia/244-chinas-central-asia-problem.pdf>), "many Chinese scholars argue that its (China's) biggest long-term security concern there (in Central Asia) is internal turmoil within the regimes and its effects."

Regime type. Von Hauff, 2013 (<https://dgap.org/en/article/getFullPDF/23597>) defines Central Asian regimes as 'patrimonial-authoritarian', meaning that Central Asian governments generally rule through a combination of authoritarian presidential institutions and informal networks of vested interests. The regime type prevalent in Central Asian states is arguably the root cause of poor governance in Central Asia, which then create or exacerbate the various second-order governance failures listed below.

Succession risk. The succession issue is both more important and more difficult to resolve in Central Asia due to regime type. Political stability is often dependent on what little legitimacy is conferred by national leaders, based on

Kazakhstan's relative prosperity and Uzbekistan's relative stability. However, neither Kazakhstan's Nazarbayev, who is 75, nor Uzbekistan's Karimov, 77, have clear plans for their succession, as such plans would weaken them politically. The succession question is an uncertainty inherent in Central Asian governance structures which reduces the strategic value of China's commitment to Central Asian oil and gas.

Corruption. Rent-seeking is an integral component of patrimonial-authoritarian regimes, and inevitably reaches the highest levels of government. All five of the Central Asian states rank below the 70th percentile of Transparency International's Corruption Perceptions Index in 2014 (<https://www.transparency.org/cpi2014/results>). Corruption destabilises the business environment, even for the Chinese government, because corruption weakens the state structures meant to guarantee China's energy investments.

Labour unrest and industrial action. Central Asian governments' inherent aversion to institutionalised political opposition (possibly excepting post-2005 Kyrgyzstan) means that there are no effective, independent unions. Industrial action is thus the only outlet for workers' complaints. This can seriously endanger both oil and gas production, and the subsequent transportation of these oil and gas supplies to China. One stark example is the seven-month 2011 strike in Zhanaozen, Kazakhstan by oil workers, which cost \$365 million in lost revenues and ended in 17 strikers killed.

Intraregional resource conflicts. Domestic governance problems are exacerbated by the interdependence in energy and water between the Central Asian states. One of the legacies of the region's Soviet past is Kyrgyzstan's and Tajikistan's reliance on Uzbekistan for natural gas, and Uzbekistan's converse dependence on Kyrgyz and Tajik water supplies. The three parties

In an attempt to rectify these governance failures, Beijing is making moves on other fronts in the 'New Great Game'. Xi Jinping's administration is seeking to bring peace and prosperity (although not necessarily in that order) through the \$40 billion 'New Silk Road' initiative and the \$50 billion Asian Infrastructure Investment Bank. China's leadership of the Shanghai Cooperation Organisation also aims to stabilise the Central Asian states. Finally, the legal ownership structures of the two major Chinese pipelines are also designed to ensure China's control over them.

So is China losing the 'New Great Game'? It is too early to tell: both China's energy strategy and the governance failures that threaten it are long-term issues which could unfold in any one of a thousand ways. China is also deploying unprecedented sums of money to Central Asia in support of its goals. However, what *is* blatantly clear from observing the situation today is that China's disregard for the systemic governance failures in Central Asia — failures which threaten its pursuit of energy security there — appears short-sighted and ill-considered.

The information and views set out in this blog article are those of the author and do not necessarily reflect the official opinion of the LSE Undergraduate Political Review, nor the London School of Economics.

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