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Silent Game: China's Engagement in Afghanistan

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Abstract

China's engagement with Afghanistan has become very crucial as the US gradually pulls out its troops from the country. China has increased its investment in infrastructure projects in Afghanistan to US\$1 billion from negligible amounts within a period of one year. In a departure from its economic policies with other countries, it has agreed to allow Afghan locals to work on its projects instead of sending Chinese nationals. Despite its growing economic presence, China has maintained a low profile politically but is engaging with Afghanistan at a bilateral level. It is also using multilateral forums like the Shanghai Cooperation Organisation (SCO) to address issues like terrorism, drug trafficking and money laundering that emerge from Afghanistan. Though it is still to be seen whether China would assert itself after the withdrawal of coalition forces, one thing is certain: China is very well poised in the Afghan endgame.

Keywords : Afghanistan, China, Pakistan, US, Terrorism, Radicalization, Trade and Economy, Good-neighbourhood policy, SCO, NATO, Drug trafficking

“Observe calmly, secure our position, cope with affairs calmly, hide our capacities and bide our time, be good at maintaining a low profile, and never claim leadership.”

Deng Xiaoping
(on China's approach to international affairs)

With the United States gradually pulling out its troops from Afghanistan and the Karzai government working hard towards reconciliation with the Taliban, the role of regional players in the future of the region has assumed greater significance. The role of immediate

neighbours like Iran, Pakistan and India may be ascertained with some degree of certainty. Other stakeholders in the region's future—Turkey, Saudi Arabia, Russia and Central Asian Republics—too could be identified without much difficulty. But it is the “elephant in the room”, China, whose role in

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Afghanistan remains opaque. Will China assert itself after the US drawdown or will it remain content with a peripheral role? Like the US, China's actions in Afghanistan in the next three years will be a litmus test, and an indicator, of its growing power and ambition.

Road to Kabul

China's relations with Afghanistan in the past ten years have largely been cordial and highly functional, particularly in the economic domain. The two countries share a small 200 km border called the Wakhan Corridor. Having established diplomatic ties in 1955 during the premiership of Zhou Enlai of China and rule of Mohammad Zahir Shah of Afghanistan, these two neighbours witnessed a diplomatic low between 1978-2002. This was primarily because Afghanistan had a Communist regime between 1978-1992 that was under the tutelage of the Soviet Union until its collapse.

China strongly condemned the Soviet invasion of Afghanistan in 1979 and went ahead with providing “moral and military assistance to the Afghan mujahideen and Pakistan to counter the Soviet encirclement”¹. Post 1992, though China did not recognise the Taliban government in Afghanistan, relations between the countries normalised for a while. However, the ongoing civil war coupled with strong support by the Taliban to Uighur rebels in Xinjiang province of China and the East Turkestan Islamic Movement (ETIM), angered China and forced it to freeze diplomatic relations with Afghanistan. In fact, it went ahead and supported the Northern Alliance that played a crucial role in the overthrow of the Taliban. However, with the US-led Northern Atlantic Treaty Organisation (NATO) invasion of Afghanistan and the institution of a new government under President Hamid Karzai relations between the two countries have improved tremendously.

A critical appraisal of China's engagement with Afghanistan, however, is difficult due to high degree of information asymmetry and because most primary sources of information stem from state-based news agencies. Also, there is little information available in the public domain on China's role on the ground. Thus, based on accessible details, the first section of this paper will elucidate China's engagement with Afghanistan economically. This section will help in clarifying the first point of the argument that China is looking at long-term investments in the country and tapping important natural resources such as copper and iron-ore that are highly crucial for the development of any country.

Interestingly, unlike in Africa, China will not be sending its own labour force to Afghanistan—this might be due to security concerns, but the policy will have positive social fallout for China in terms of creating goodwill among Afghan people. This section will be followed by an analysis of China's engagement with Afghanistan in the political sphere and the geostrategic conditions that steer and shape China's current involvement with the war-ravaged country. Explicating regional and global power equations and aspirations of various countries in and around South Asia, this section will help in proving the second point—China will have more economic and political leeway in Afghanistan in the years to come, in comparison to the US. It will show that China's Afghan policy is not simply driven by its economic interests such as transit routes and energy security, but also by its strategic goals as an emerging power.

I. Economic Engagement

Afghanistan is one of the most under developed countries in the world with acute poverty, very high levels of unemployment, and poor infrastructure. It ranks 127, the lowest, in the United Nations

Development Index in terms of Human Development Index (HDI)² while more than 90 per cent of its budget is constituted of foreign aid³. Given this scenario, China has come up as an important economic player in Afghanistan over the last ten years. It provided US\$75 million as economic aid to Afghanistan in late 2009, increasing the figure to a total of US\$1 billion since 2008⁴. Moreover, its bilateral trade increased from a total of US\$19.58 million in 1999 to US\$155 million in 2008⁵. To boost bilateral trade, the two countries had established the Sino-Afghan economic committee in 2006 that lifted custom duties on 278 commodities. Interestingly, although China's exports to Afghanistan have more than tripled from US\$51.21 million in 2005 to US\$152 million in 2008, its imports from Afghanistan increased from a meagre value of US\$1.56 million in 2005 to US\$3 million (See Figure 1).

Figure 1: China-Afghanistan Bilateral Trade (In million US\$)⁶

Year	Total	Chinese Exports	Chinese Imports
1999	19.58	16.68	2.90
2000	25.29	19.89	5.40
2002	19.99	19.92	0.08
2003	27.06	26.45	0.61
2004	57.92	56.97	0.95
2005	52.77	51.21	1.56
2006	100.66	100.47	0.19
2007	171	169	2
2008	154	152	3

These statistics are further set to increase with the establishment of the China-Afghanistan Comprehensive Cooperative Partnership that included signing of three agreements between the two countries during Hamid Karzai's visit to China in March 2010. The three agreements span extensive economic and technological cooperation that will provide favourable tariffs for certain export commodities of Afghanistan and technical programmes. Chinese President Hu Jintao, during Karzai's visit, also called for greater cooperation in mining, hydroelectric, agriculture, infrastructure and irrigation projects.

In addition to economic aid and bilateral trade, the Sino-Afghan economic committee identified sectors such as natural resources, road construction, electricity, and agriculture as holding good prospects of cooperation⁷. Afghanistan is a highly mineral rich country with vast reserves of iron ore, copper, coal, gas, cobalt, gold, mercury, lithium, and thorium—most of which are untapped and are estimated to be worth US\$1 trillion⁸. For instance, the Haji Gak mine, one of Afghanistan's largest iron oxide deposits has recently been opened to global investors.

This mine is estimated to have two billion tonnes of iron with the percentage of iron content in these reserves estimated between 63 to 65 per cent, which is highest in the world. Though the bidding process for Haji Gak is still on, the tender for the only big mining project worth US\$88 billion in a village called Mes Aynak in the volatile Logar province has already been won by the China Metallurgical Corporation (MCC). Having launched an US\$3.5 billion bid in 2007, the MCC outbid its western rivals such as Russia's Basic Element Group, London-based Kazakhmys Consortium, Canada's Hunter Dickinson, and US copper mining firm Phelps Dodge, by a huge margin.

The Aynak copper field is the largest undeveloped field in the world that remains untouched since the Soviet invasion in 1979. MCC's investment is the biggest foreign investment in the history of Afghanistan and not only involves mining, but also the construction of a US\$500 million electrical plant and railway from Tajikistan to Pakistan in order to support exploration. The Aynak copper mine is expected to generate about 1,80,000 tonnes of copper initially, which is estimated to grow up to 3,20,000 tonnes. While China will be entitled to half of the output, Afghanistan will have the rest. Apart from investing in the Aynak copper mine, China's biggest telecom equipment manufacturers, Huawei

and ZTC, have built Internet expansion equipment and cell phone technologies all across Afghanistan. China has also been involved in the Parwan irrigation project as well as rebuilding hospitals in Kandahar and Kabul (Kabul Republic Hospital). Moreover, talks are underway for Chinese investment in 11 natural gas sites in northwest Afghanistan and in the development of the Haji Gak iron ore deposits mentioned before.

Though the above statistics show that China is getting substantially involved in Afghanistan, they might not reflect its strategic calculations in the country. In fact, when compared with economic commitments of the US and India in Afghanistan, Chinese investments look very miniscule. Apart from its bilateral trade, India has already invested close to US\$2 billion in Afghanistan, while US investment is as high as US\$56 billion because of the ongoing war⁹. A comparative analysis of Chinese investments in other South Asian and Central Asian republics vis-à-vis Afghanistan, however, reflects that regardless of its relatively small economic presence in the country (in comparison to the US and India), China is seriously consolidating its economic base in Afghanistan for a long-term presence. Figure 2 will illustrate this point.

Figure 2: China: Investments in Central and South Asia (in million US\$)¹⁰

Country	2007	2008
Afghanistan	0.10	113.91
India	22.02	101.88
Iran	11.42	-34.53
Pakistan	91.063	265.37
Tajikistan	67.93	26.58
Uzbekistan	13.15	29.37

China's investments in Afghanistan have witnessed the largest hike compared to any other Central Asian or South Asian country, except Pakistan. It rose from US\$0.10 million in 2007 to US\$113.91 million in 2008, making it more than the Chinese investment in India as well, which stand at US\$101.88 million. This spectacular rate of investment in Afghanistan

coupled with the fact that it will not be sending many of its citizens—who might constitute a maximum of 15 per cent of the total labour force employed on Chinese projects in Afghanistan—proves the first point of this paper's argument that China is there to stay in Afghanistan for the long term.

Having established China's economic engagement with Afghanistan, the following subsection will delineate China's involvement with Afghanistan in the political sphere and security sector.

II. Political Engagement

Keeping in view its rising profile on the regional and global stage and the concerns that have arisen among Western countries and its neighbours, China has adopted the “good neighbourhood” policy over the last ten years¹¹. There are three main reasons for this. Firstly, China doesn't want to be encircled by a combination of regional and global powers and has been developing a favourable climate for regional cooperation and partnership to avoid such encirclement. Secondly, it wants to maintain dialogue and cooperation with its neighbours so as to “cushion any backlash that the spread of its political and economic power might provoke¹².” And thirdly, China needs to maintain domestic stability as well as enable development in its poorer northern and western regions. For this to happen it is imperative to have friendly relations with its neighbours.

This “good-neighbourhood” policy more or less defines China's political engagement in Afghanistan and its proclamation of non-interference in the internal political matters of the latter. However, apart from the outward policy imperatives there are various layers to China-Afghanistan relations that are defined by geopolitical conditions of the region, China's domestic conditions, and its ambitions as a rising power.

To start with, China's relations with Pakistan have had a major impact on Sino-Afghanistan relations. Well-known as “all-weather” friends, relations between China and Pakistan have bolstered due to their common strategic rivalry with India, intelligence cooperation to prevent Uighur separatists from establishing links with militant non-state actors in Pakistan and Afghanistan, China's concern for its energy security, and to ensure safe supply routes. China will never want to rock the boat with Pakistan by taking direct action against Afghan insurgents that enjoy relations with Islamabad or by compelling Islamabad to take actions against terrorist groups within Pakistan. This is coupled with the fact that China would like to see Pakistan playing a more important role in Afghanistan and countering the growing Indian presence, regardless of Pakistan's own ambition to develop “strategic depth” against India in Afghanistan. This is primarily because given Pakistan's tense relations with Afghanistan the idea of the former honing “strategic depth” against India remains highly contested. On the other hand, China's constant support to Pakistan bilaterally as well as in Afghanistan will allow Pakistan to develop as a regional player with tremendous “strategic depth” for China vis-à-vis India.

Secondly, moving beyond Pakistan, China's relations with Afghanistan are also defined by its geostrategic requirement to hone ties with the resource-rich but politically turbulent Central Asian republics. This is not only because of the potential investment opportunities that these countries provide, but also to balance the presence of the US and Russia in this region. China wants to maintain a steady flow of trade, contain the influx of Tibetan and Uighur separatists, and control drug smuggling from Afghanistan. This has been done both by developing bilateral relationships and economic agreements with the Central Asian republics and in some cases through the Shanghai Cooperation Organization (SCO).

The SCO has started playing a crucial role in Afghanistan over the past few years by extending logistical cooperation to the US-led NATO forces in Afghanistan. Comprising of regional heavyweights such as China and Russia (apart from Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan), the SCO called for “joint operations in combating terrorism, drug-trafficking, and organised crime emanating from Afghanistan” at the Moscow Conference in 2009¹³. It has also become proactive in involving Afghan government bodies, in a phased manner, to get involved in joint law-enforcement exercises, and has stepped up training of personnel of anti-narcotics, anti-laundering and anti-terrorism organisations, as well as those involved in strengthening border controls.

This is primarily because flow of drugs with origins in Afghanistan is a major problem for the Central Asian republics and Russia, where more than 30,000 people die of drug abuse every year. Moreover, opium production has increased by about 44 times over the last decade, despite the presence of 1,50,000 NATO troops and 2,00,000 Afghan soldiers on the ground¹⁴. According to some analysts, the SCO has been trying hard to get Afghanistan in its fold. Given these factors, China's engagement in Afghanistan through the SCO is an important factor that shapes its bilateral relations with the latter.

The importance of SCO in Afghanistan and for NATO has also increased with the continuously deteriorating US-Pakistan relations. NATO has reduced its dependence on Pakistan as a supplies transit point into Afghanistan by about 30 per cent over the last two years. As a result, currently, the coalition forces have secured transit routes to Afghanistan through Russia and other Central Asian countries for military and non-military supplies. Given the increasing clout of the SCO in Afghanistan and increasing dependency among its member states in the security realm makes this

platform a very highly valued strategic asset for China. Thus, China will not want its policies with Afghanistan to complicate or jeopardize these relationships, and has thus kept a politically low profile in Afghanistan.

Thirdly, and importantly, China wants a stable Afghanistan in order to prevent radical Islamist terrorists, domestic insurgents, and transnational criminals to spillover into its politically volatile Xinjiang region. China has been witnessing a violent Uighur separatism movement in Xinjiang that got extensive support from the Taliban during its rule in Afghanistan. This was one of the reasons why China out-rightly supported the Northern Alliance by providing it arms and ammunition against the Taliban.

In fact, China has been blamed for “free-riding” on US' security apparatus in Afghanistan to make economic gains while not providing any security assistance. If the Taliban regains power in Afghanistan or carves out safe-zones to train regional terrorist groups, these groups can very well attack Chinese targets. For instance, the Taliban held a couple of Chinese engineers captive in 2009, but had to leave them due to pressure from Pakistan¹⁵. Moreover, China has blamed terrorist organisations functioning from Pakistan for fomenting violence in Kashgar, a city in the Xinjiang province and killing nineteen people in two separate terrorist attacks on 30-31 July 2011¹⁶.

In addition to curbing the separatist backlash in Xinjiang, China is also concerned about smuggling of drugs from Afghanistan which is the largest opium producer in the Golden Crescent—heroin-producing countries that comprises certain regions of Afghanistan, Iran and Pakistan. In 2007, more than 92 per cent of world opium had origins in Afghanistan¹⁷. According to the “Afghanistan Opium Survey: 2011” by the United Nations Office on

Drugs and Crime (UNODC), the primary driver of opium production in Afghanistan is high sales prices. The southern province of Helmand is the main opium cultivating province that provides 65,045 ha of land for cultivating the crop. Following Helmand are the provinces of Kandahar and Farah that have 25,835 ha and 14,552 ha of land under poppy cultivation¹⁸.

Though the area under opium cultivation is expected to decrease in 2011 due to the ban on opium cultivation imposed by the Afghan government, Afghanistan is expected to remain the largest producer of opium for many years to come. Coupled with this is the huge nexus of drug trafficking and *hawala* in Afghanistan that leads to excessive smuggling of opium into neighbouring countries as well as the developed Western nations¹⁹. These networks have played a very crucial role in maintaining the drug economy of Afghanistan.

The volume of narcotics entering China from the Golden Crescent has increased over the last decade regardless of tight security measures implemented by the Afghan government as well as the NATO forces. More than 20 per cent of opium in China comes from Afghanistan today. The growing volume of opium entering China is complemented by the increasing demand for illicit drugs. In 2008, use of drugs increased by 9.2 per cent²⁰. Moreover, use of drugs in the Xinjiang region is the highest in the country and it has often been reported that drug trafficking is financed by various terrorist organisations active in that region. An increase in strength of these terrorist organisations will empower the Uighur militants and threaten China's economic interests in Afghanistan.

Fourthly, Beijing's engagement with Kabul is also affected by its larger global ambitions as a rising power and its relationship with the US. On one hand the Chinese leadership does not want the security

situation in Afghanistan to be a rationale for long-term presence of US in the region, and on the other it doesn't want to completely align itself with the US by supporting its short-term presence too much. This is because a long-term presence of the US in Afghanistan will lead to “strategic encirclement” of China and weaken its influence in South Asia as well as Central Asia—two critical regions in its strategic framework. Moreover, siding with the US policies—as even China believes that US' presence in Afghanistan is important for security reasons in the short run—could incite greater terrorist activity against China by portraying it as being anti-Muslim.

It has already become a target of groups other than the East Turkestan Islamic Movement (ETIM) and Baluchi nationalists after its support to the Red Mosque siege in Pakistan in 2007. China had strongly supported former President General Pervez Musharraf in the siege of the Red Mosque because the terrorist outfits functioning from the mosque had kidnapped ten Chinese nationals²¹. China's greatest concern in the event of US failure in Afghanistan is the radicalisation of the region to a level that extremism becomes contagious in the ethnic minorities in China.

Finally, in the security sphere, though China offers training and material support, it has categorically refused to send in its troops regardless of mounting pressure from the West. It has trained more than 200 Afghan police and military officers since 2006, and provided about US\$4 million worth material and logistical support to the Afghan National Army²².

In the fall of 2009 China launched a mine-clearing training course for officers from the Afghan National Security Forces (ANSF) at the People's Liberation Army's (PLA) University of Science and Technology in Nanjing. There have been high-level talks between the Karzai government and China on the possibility of China providing training and equipping the

Afghan National Security Forces (ANSF) after the coalition forces pull out.

III. Conclusion

China's cautious involvement in the political and security sphere of Afghanistan coupled with highly aggressive economic engagement will help it to build very strong ties with the latter in the long term. The nature of the China-Afghanistan relationship is very different from US-Afghanistan relationship. While the US is widely viewed as an antagonistic force in the region, China enjoys functional legitimacy even in politically sensitive areas of the region. Its geographical proximity makes it ever more easy for China to consolidate its presence in the region as compared to the US. Although the US has invested more than China in Afghanistan and is planning to make full use of its control over the country to make economic gains in whichever possible way it can, China's presence in Afghanistan is seen more benignly than that of the US.

As the above sections show, China is investing heavily in Afghanistan in order to secure its position in the future. Alongside this, it is being politically ambivalent and has made gestures suggesting that while military action in Afghanistan is futile and harms people, the US should transfer power to Afghan forces only when the country enjoys firm security and stability.

There have also been statements on increased involvement of the SCO in the reconciliation and reintegration process in future along with other regional actors. China has come out categorically on pushing the US to broker peace between India and Pakistan in order to have a meaningful solution for Afghanistan—and has simultaneously thrown all its weight behind Pakistan. Furthermore, it has also been pushing for speedy rapprochement between Moscow and Washington given the fact that Russia

will play an important role in Afghanistan and is a regional power that needs to be accounted for.

Though there are positive signs of a big country playing an important and responsible role in its war ravaged neighbourhood, these statements also reflect that China is walking a diplomatic tightrope in Afghanistan. It is trying hard to maintain a silent but highly strategic presence in the country while at the same time managing its relations with other actors

present in Afghanistan. Without doubt, its silent game has been highly successful in helping China achieve its objectives in Afghanistan. However, as the date of complete security transition approaches in 2014, and the politics between various domestic, regional, and international actors gets surcharged, China's intentions in Afghanistan and capabilities as a global power will come out in the open. One thing however is certain: China is poised to emerge as an important player in the Afghan endgame.

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