

Noref Policy Brief

Fixing Afghanistan: what role for China?

Stina Torjesen

Executive Summary

This policy brief presents an overview of Sino-Afghan relations and assesses China's role in the wider south Asian region. It discusses how China's foreign policy principles both provide opportunities and exert constraints on China's presence in Afghanistan and beyond; it explores China's policy options in Afghanistan and evaluates Afghanistan's own preferences vis-à-vis China; it highlights China's close relations with Pakistan and how these are part of an evolving strategic landscape; and considers the indirect contribution of the Shanghai Cooperation Organisation to alleviating Afghanistan's security predicament.

China's most substantive current involvement in Afghanistan is in the area of trade and economic investment. But China also has a modest security role in the training of Afghan officers and in material support. China's economic role will grow, and in the longer term it is set to become a central economic and political force in Afghanistan. By contrast its contribution to the country's security is likely to remain modest. This reflects a variety of factors: China's emphasis on maintaining stability and cordial interstate relations across the region; its awareness of the positions of Russia and Iran towards the foreign military presence in Afghanistan; and the way its policy priorities (such as energy security) influence its strategic calculations in a complex environment. On its own account, Afghanistan's emphasis on seeking to improve bilateral and economic links with China fits well with China's preferences. These components of the Sino-Afghan relationship suggest how western policymakers should respond to the realities of China's involvement in Afghanistan.

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Introduction

This policy brief presents an overview of Sino-Afghan relations and then assesses China's role in the wider south Asian region. It highlights China's close relations with Pakistan and how China's principles of "good neighbourhood" policies and "peripheral diplomacy" both constrain and facilitate China's presence in Afghanistan and beyond. The brief ends with a discussion of Chinese policy options in Afghanistan alongside an assessment of Afghanistan's preferences vis-à-vis China.

China has the potential to be a key player in Afghanistan's stabilisation process. However, current expectations (or for that matter current fears) over China's role often miss the mark. When visiting Beijing in November 2009, President Barack Obama reportedly brought with him a wish list for Chinese contributions to the Afghan stabilisation efforts.¹ This reflects the belief among western policymakers that China holds considerable assets that may be usefully unlocked. Conversely, western media have highlighted concerns that China may unfairly reap economic benefits in Afghanistan, even as it avoids taking on security commitments.²

China is indeed set to become both a central and a long-term political and economic force in Afghanistan. In the short term, however, its contributions will be limited. This is due primarily to strategic calculations – calculations that are shared by both China and Afghanistan. China places more importance on maintaining stability and cordial interstate relations in South Asia, than on short-term security concerns in Afghanistan. Afghanistan, for its part, is keen to continue emphasising economic rather than security aspects in its cooperation with China.



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Afghanistan-China relations: key features

While China's thinking on Afghanistan is dominated by security concerns, the bulk of China's cooperation with Afghanistan at present is composed of economic activity and exchange. The *Treaty of Friendship, Cooperation and Good Neighbourly Relations* and other associated agreements signed in 2006 form the basis of current Sino-Afghan cooperation. At the 2006 high-level meeting, China reiterated its support for the political path set out for Afghanistan in the Bonn process begun in December 2001; and China and Afghanistan emphasised their wish to initiate a comprehensive partnership. Cooperation was further deepened during President Karzai's visit to Beijing in March 2010.³

One of the mechanisms established by the bilateral agreement of 2006 was the Sino-Afghan economic trade committee, which furthers economic cooperation. As a result, the two countries have lifted customs duties on 278 commodities. China and Afghanistan have identified a number of sectors – natural resources, electricity, road construction and agriculture – as holding particularly good prospects for cooperation. China has also provided over \$180 million in grants to Afghanistan since 2001 and the value of Chinese exports to Afghanistan has more than tripled since 2005. A closer look at the trade statistics, however, reveals the unbalanced nature of China-Afghanistan trade.

The value of China's exports to Afghanistan was \$152 million in 2008, for example, far exceeding the \$3 million Afghanistan earned.⁴

1 Interview with Chinese foreign-policy expert, Shanghai, 15 January 2010; interview with senior representative of Afghanistan's Ministry of Foreign Affairs, Beijing, 18 January 2010.

2 Michael Wines, "China willing to spend big on Afghan commerce", *New York Times*, 30 December 2009, <http://www.nytimes.com/2009/12/30/world/asia/30mine.html>, accessed 23 April 2010.

3 "Afghan president signs economic agreements on China visit", Radio Free Europe/Radio Liberty, 24 March 2010, http://www.rferl.org/content/Afghan_President_Meets_China_Leadership/1992126.html, accessed 4 May 2010.

4 Interview with senior representative of Afghanistan's Ministry of Foreign Affairs, Beijing, 18 January 2010; figures on export levels collected from the website of the Ministry of Commerce of the People's Republic of China, <http://english.mofcom.gov.cn/>.

China-Afghanistan bilateral trade

(in million US dollars)

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	171.00	169.00	2.00
2008	154	152	3

Statistics from the Ministry of Foreign Affairs and the Ministry of Commerce of the People's Republic of China, <http://english.mofcom.gov.cn/> and <http://yzs.mofcom.gov.cn/aarticle/gdate/i/200902/20090206029293.html>, accessed 23 April 2010.

The most visible imprint of China's economic engagement in Afghanistan is the investment of \$3.4 billion by the China Metallurgical (Group) Corporation (MCC) in the Aynak copper mine. Indeed, this is by far the largest pledge of foreign direct investment in Afghanistan, and if fully realised, will be larger than all other commercial investment in Afghanistan combined. The MCC was able to outflank a range of other international bidders by offering a comprehensive package deal that included proposals to combine its copper mining activities with the construction of roads, a power plant and a smelter. The deal also placed heavy emphasis on providing Afghans with training and employment.

In the security sphere, China has focused on offering training and material support. It has hosted the training of over 200 Afghan police and military officers since 2006, and there are expectations that this number could increase.⁵ In 2010 China will provide nearly \$4 million in logistical and material support to the Afghan national army. There have been debates in the Chinese media about possible extensions to China's security role in Afghanistan – by allowing the cities of Kashgar and Urumqi (in China's north-western region of

5 Interview with senior representative of Afghanistan's Ministry of Foreign Affairs, Beijing, 18 January 2010.

Xinjiang) to serve as logistical hubs for Nato's operations in Afghanistan, or even by deploying troops to the country.⁶ Neither is likely: the former seems far removed from official Chinese policy, and Chinese foreign policy experts stress that the latter (which would require Chinese forces to serve under a United Nations – rather than a Nato – mandate) remains in any case a very remote prospect.⁷

China and the broader region

How should China's economic expansion in Afghanistan and its cautious but increasing security support be interpreted? It may be tempting to conclude that these are a sign of China's wish to enhance its influence and presence in Afghanistan. But an assessment of China's broader role in the region highlights the constraints as well as the opportunities it faces.

A useful starting point for this assessment is to look at the historically strong bonds between China and Pakistan, which reflect what each side fondly refers to as the "all-weather relationship". The cooperation between the two countries dates back to 1950 – a year after the revolution which brought Mao Zedong to power – when Pakistan became the first Muslim country (and the third non-communist one) to recognise the then weak and largely isolated China.⁸

Over subsequent decades, three structural factors have bolstered the relationship:

- China and Pakistan have shared a strategic rival (and on occasion an outright military enemy): India. This has spurred considerable defence cooperation between Beijing and Islamabad.
- China's intelligence cooperation with Pakistani intelligence structures in order to prevent Uyghur separatists from establishing links with radical anti-government forces in Pakistan and Afghanistan.

6 D.S. Rajan, "China: Xinjiang's Wakhan corridor as US base", South Asia Analysis Group, paper no. 3579, December 2009, <http://www.southasiaanalysis.org/%5Cpapers36%5Cpaper3579.html>, accessed 23 April 2010.

7 Interviews with Chinese foreign policy experts, Shanghai, 15-19 January 2010.

8 Swaran Singh, "Introduction", Swaran Singh, ed, *China-Pakistan strategic cooperation Indian perspectives*, New Delhi, Manohar, 2007, p 19.

- China's concern with energy security, which has climbed the Chinese policy agenda as its economy has expanded. China especially wants to ensure safe supply routes to the resources it needs – not least to the oil-rich Persian Gulf region. This has led China to single out Pakistan for a key role, and invest in Pakistani ports (Gwadar) and highways (Karakoram).

In recent years, each of these structural factors has been affected by considerable change:

- China's relationship with India remains complex and occasionally tense, but what Evan S. Medeiros has called the "historic rapprochement" between the two countries – and China's support (along with the United States) for progress in the deadlocked India-Pakistan relationship – has diminished the common attitude towards India.
- China's security concerns about the radicalisation of Uyghur separatists and their relationship to Pakistani *jihadi* groups have deepened.
- China's re-evaluation of its India strategy reflects the evolving policy doctrine that underpins its entire regional engagement. Since the early 1990s, China has made deliberate and systematic efforts – often referred to under the category of *zhoubian* ("peripheral") and "good neighbour" policies – to improve its ties with states on its borders.

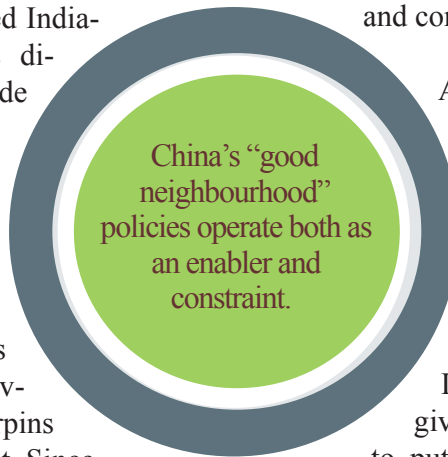
First, China wishes to avoid encirclement by a combination of regional and external powers (including the US) through its creation of a favourable climate for regional cooperation and partnership.

Second, it seeks to maintain dialogue and cooperative relations with its neighbours in order to cushion any backlash that the spread of its political and economic power might provoke.

Third, China's political leadership feels the domestic need to ensure stability and enable development in its significantly poorer and more politically volatile northern and western regions. In this perspective, the stable and prosperous development of countries bordering China is vital for China's own ability to establish equality among its regions and preserve national unity.⁹

Foreign policy constraints

It is important to note that China's very wariness of the possibility that its regional and global rise might spark retaliatory policies and alliances reinforces its sensitivity to how its neighbours perceive its foreign policy actions (not least in the security sphere). Thus, in the context of Chinese dealings with Afghanistan and challenges related to South Asia, China's "good neighbourhood" policies operate both as an enabler and constraint for Chinese policymakers.



A further, enduring theme in China's foreign policy thinking acts as a constraint on its actions: the principle of non-interference. China enjoys good relations with the full spectrum of political groupings in Pakistan, and has a track record of constructive involvement and support in the country. In principle, China's assets in Pakistan give it the space to encourage Islamabad to put more pressure on the radical *jihadi* groups operating on its territory, including the leadership of the Afghan Taliban.

Indeed, there are examples of China appearing to do just that: immediately after the attacks of 11 September 2001, when Beijing is believed to have sent a senior military adviser to Pakistan who cooperated closely with both the Pakistani and the US political leadership in identifying pro-al-Qaeda elements within Pakistan's intelligence and defence organs¹⁰;

9 Interview with Chinese foreign policy expert, Shanghai, 14 January 2010.

10 Interview with Chinese foreign policy expert, Shanghai, 15 January 2010.

and in July 2007, during the siege and attack by Pakistani security forces against the militant-held Red Mosque in Islamabad, when the Chinese leadership is reported to have encouraged the Pakistani government to deal with the radical groups associated with the mosque on the grounds that they had come to pose a threat to Chinese personnel in Pakistan.

Yet such interventions have their limits, and several Chinese foreign policy experts express caution about whether more interference in Pakistan's domestic politics will be constructive. A common theme among analysts in Beijing is the fragility of the Pakistani state and the need to allow the Pakistani leadership the space to manage its own affairs at a critical juncture.¹¹

It is notable here that some progress has been made recently by the US in bringing Pakistani political, military and defence structures on board in cracking down on Taliban-affiliated groups. The arrests of the Afghan Taliban's operational chief, Mullah Abdul Ghani Baradar, and the Taliban "shadow governors" Mullah Abdul Salam (of Konduz province) and Mullah Mir Mohammad (of Baghlan province), may be marking a new level of cooperation between US and Pakistani intelligence institutions.

It is unlikely that China has been instrumental in forging a new level of cooperation. Rather, it is US pressure and persuasion combined with the Pakistani leadership's strategic recalculations that have produced the new drive in intelligence efforts within Pakistan. But China may indirectly have played a constructive role. China shares the US's concern in relation to the *jihadist* groups in Pakistan, and its clearly articulated stance might have helped in the Pakistani rethink of its anti-terror strategies.

China in Afghanistan

Afghanistan constitutes a key dilemma for the architects of Chinese foreign policy. On one side of the calculus, direct and forceful security measures by China to stabilise Afghanistan could help prevent Afghan instability from spilling over into China and becoming a serious internal security threat. On the other side, an expanded Chinese security presence in South Asia could spark resentment among the other regional players in Central and South Asia (India and Russia in particular); in turn this could set interstate relations in the region on a more negative trajectory.

There are two further considerations. First, Chinese strategists worry that a Chinese security presence in Afghanistan could actually help inspire (rather than prevent) interlinkages between radical anti-government groups in Pakistan and Afghanistan and Uyghur separatists. Second, they are conscious that the foreign military presence in Afghanistan is controversial, especially among countries that China cooperates with (such as Iran and Russia); they conclude that greater Chinese engagement in Afghanistan carries the possibility of negative diplomatic fallout.

China's engagement in Afghanistan would likely incur considerable challenges to China's regional legitimacy. A security engagement could potentially weaken Chinese status in the wider world – a key asset for China as it seeks to harness its "soft power" and avert backlashes against its global rise. These calculations, alongside China's longstanding and general foreign policy principles of risk aversion and gradualism, make it probable that China's approach to Afghanistan will be marked by continuity. However, one sphere – the economic – is likely to see considerable change.



¹¹ Interview with Chinese foreign policy experts, Beijing, 18-19 January 2010.

Global expansion

When assessing China’s global economic expansion, and accounting for the sheer extent of Chinese activities in certain areas, two factors stand out as particularly relevant: proximity to China and abundance in natural resources. For example, Chinese companies have recently expanded their presence in India; but in doing so, they have been unable to draw on Chinese state support mechanisms to the same degree as enterprises operating in (say) oil-rich Angola and China’s strategic ally, Pakistan.¹²

In the latter cases, the Chinese state’s available mechanisms of support include state insurance schemes and favourable loans from the China Export-Import Bank; these are often disbursed in cases where broader infrastructure projects utilise Chinese materials and products, and where close bilateral relations and specific interstate agreements are involved. Afghanistan’s neighbours to the north and west – Kazakhstan, Tajikistan and Turkmenistan – are recipients of considerable Chinese investments of this kind. For example, the value of poverty-stricken Tajikistan’s imports from China increased, partly thanks to aid by the Chinese government, from \$53 million in 2004 to \$1,480 million in 2008.¹³

The United States’s official geological survey concluded after a comprehensive study in 2007 that Afghanistan has an abundance of copper and iron, as well as holding large deposits of industrially important minerals like mercury, cobalt, gold and lithium.¹⁴ Further assessments have upgraded the prospects and presented estimates that Afghanistan’s mineral wealth could be worth up to \$1 trillion.¹⁵ This promising endowment of mineral resources, alongside its proximity to China, makes Afghanistan a likely key recipient of Chinese investment. The major MCC

investment in the Aynak copper mine may just be the beginning of a larger investment flow that could be released when Afghanistan stabilises. At present there are talks on potential Chinese investment in 11 natural gas sites in north-west Afghanistan and in development of iron-ore deposits at Hajigak in central Afghanistan.

China: investments in Central and South Asia

(in million US dollars)

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

Ministry of Commerce of the People’s Republic of China, http://www.fdi.gov.cn/pub/FDI_EN/default.htm, accessed 4 May 2010.

Afghanistan’s policies towards China

Afghanistan’s own calculations about Sino-Afghan relations mesh well with Chinese strategies towards the country. Those who shape Kabul’s foreign policy stress that their primary goal is to develop economic cooperation in bilateral settings with China, and that extensive economic cooperation and development could offer important security gains by creating employment alternatives to terrorism.¹⁶

Afghan diplomats emphasise that any foreign troops stationed in their country should share its commitment to important liberal values such as democracy; and Afghanistan seems to be actively discouraging any ideas of a Chinese security presence (beyond the aforementioned training). It is also aware that the existence of Indian and Chinese interests in Afghanistan requires a careful balancing act – not least because India, with its longstanding support for the Northern Alliance and later for President Hamid Karzai, is heavily involved in current Afghan politics and development.

12 Interview with representative of a Chinese financial institution, Beijing, 20 January 2010.

13 Statistics from the Ministry of Foreign Affairs of the People’s Republic of China and the Ministry of Commerce of the People’s Republic of China, <http://english.mofcom.gov.cn/> and, <http://yzs.mofcom.gov.cn/aarticle/g/date/i/200902/20090206029293.html> accessed 23 April 2010.

14 US Geological Survey, “Significant Potential for Undiscovered Resources in Afghanistan”, Department of the Interior, press release 2007, 13 November 2007, <http://www.usgs.gov/newsroom/article.asp?ID=1819>, accessed 23 April 2010.

15 James Risen, “US identifies vast mineral riches in Afghanistan”, *the New York Times*, 13 June 2010, <http://www.nytimes.com/2010/06/14/world/asia/14minerals.html>, accessed 21 June 2010.

16 Interview with senior representative of Afghanistan’s Ministry of Foreign Affairs, Beijing, 18 January 2010.

The suggestion of a renewed focus on Afghanistan by the intergovernmental Shanghai Cooperation Organisation (SCO) – whose permanent members are Russia, China, Uzbekistan, Kazakhstan, Kyrgyzstan and Tajikistan – has had rhetorical support from Kabul; but in reality Afghanistan feels profound uneasiness at the prospect of facilitating a major role for an organisation in which its former occupier (Russia, albeit in its previous Soviet manifestation) is a major player. The SCO may seek to highlight its relevance to Afghan as well as regional security; but Afghanistan's preference for engaging China bilaterally rather than multilaterally works to constrain its possible role in the country.

The SCO and Afghanistan

Afghanistan's subtle discouragement notwithstanding, the Shanghai Cooperation Organisation is far from an irrelevant player in regional security and interstate cooperation. The body includes India, Iran, Pakistan and Mongolia as observers and Afghanistan itself as a regular "guest attendant" – reflecting its great expansion since its formation in 2001 (when the existing "Shanghai Five", created in 1996, was renamed following the incorporation of Uzbekistan).

The SCO functions mainly as a forum enabling cooperation between China and Russia in the region, and at times also in global politics; it facilitates China's peaceful expansion in Central Asia and provides an overarching political framework for China's bilateral economic support to the Central Asian states; more broadly, it offers an arena for regional dialogue, coordination and confidence-building.¹⁷

¹⁷ Stina Torjesen, "Russia as a military great power: the uses of the CSTO and the SCO in Central Asia", in Stina Torjesen and Elana Wilson Rowe, eds, *The Multilateral Dimension in Russian Foreign Policy*, London, Routledge, 2008.

The SCO has launched few tangible initiatives, but a notable exception is the Tashkent-based Regional Anti-Terrorism Structure (RATS). This body, to which all member states assign personnel, is charged with information sharing and coordinating efforts on tackling terrorist and separatist threats across the region.

Afghanistan's experience is relevant here, since al-Qaeda-affiliated groups twice (in 1999 and 2000) used the country as a base for military incursions into Kyrgyzstan and Uzbekistan; as a result, the country figures prominently on the SCO's anti-terrorism agenda. The organisation held its first international conference on Afghanistan in March 2009, and pledged there to step up its support for Afghanistan's stabilisation process, in particular by working to curb the trafficking of drugs from Afghanistan. Afghanistan may receive few substantive benefits from the SCO, but the organisation has nonetheless contributed to a cooperative and benign interstate environment among Kabul's northern and eastern neighbours. This provides important indirect support to Afghanistan's recovery process.



Conclusion and policy recommendations

China will in the long term be a central political and economic factor in Afghan affairs, and can likely have a positive impact on Afghanistan's recovery process. In the short term, however, China will be no game-changer in helping to assist with the anti-Taliban war effort. Moreover, it is in China's clear interest to "wait out" the turmoil in the country, and then – when stability is established, and conditions are propitious – unleash a greater investment drive. China does not plan immediately to unlock any major assets with which it could assist the Nato-led campaign and significantly alter the course of events in Afghanistan. However, at a future moment of its own choosing, China seems bound to step up its engagement, and this will eventually transform Afghan politics and economic affairs.

This overview of China-Afghanistan relations suggests three policy recommendations:

1. American and European policymakers need to be realistic about the possible Chinese contribution to Afghanistan's stabilisation process. China has larger security concerns in the region than Afghanistan, and these justify a continued modest role in the Afghan security sphere. However, China's potential as an economic contributor can and must be enhanced. It is particularly important that Chinese business pledges of investment, such as that of the MCC in the Aynak copper mine, are fully realised as soon as possible. In addition, there should be efforts to allay security concerns that cause delays in the disbursement of Chinese funds.
2. The capacity of the Afghan state to handle the inflow of investment and expertise must be strengthened as a matter of urgency. This will ensure that Afghanistan can maximise the benefits that derive from the inflow and that China's involvement serves Afghanistan's national interests.
3. The adoption of a regional approach to Afghanistan's stabilisation process is a positive step, and dialogue with all key states in the region – including China – is paramount. However, policymakers must not lose sight of the fact that the fundamental interstate problem in regional affairs is the India-Pakistan deadlock and its related spillover effects.



Further reading

Afghanistan-China

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