

# China's Central Asia Problem

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## Table of Contents

Executive Summary.....	i
I. Introduction .....	1
II. Entry Into Central Asia.....	3
A. China and the Newly Independent States .....	3
B. China’s Political Interests: Stability and Friendly Regimes .....	6
C. Russia: Privileged Interests, Frustrated Ambitions .....	8
III. China’s Economic Footprint.....	11
A. Strategy .....	11
B. Business Practices .....	12
C. Risks Associated With Doing Business in Central Asia.....	13
IV. Security Situation .....	17
A. Regional Challenges.....	17
B. Military and Security Cooperation .....	20
C. Limitations of China’s Security Policies .....	23
V. Outlook and Challenges of Post-2014 Central Asia .....	27
VI. Conclusion .....	29
APPENDICES	
A. Map of Central Asia .....	30
B. About the International Crisis Group .....	31
C. Crisis Group Reports and Briefings on Asia since 2010 .....	32
D. Crisis Group Board of Trustees .....	35

## *Executive Summary*

Since the collapse of the Soviet Union, China and its Central Asian neighbours have developed a close relationship, initially economic but increasingly also political and security. Energy, precious metals, and other natural resources flow into China from the region. Investment flows the other way, as China builds pipelines, power lines and transport networks linking Central Asia to its north-western province, the Xinjiang Uighur Autonomous Region. Cheap consumer goods from the province have flooded Central Asian markets. Regional elites and governments receive generous funding from Beijing, discreet diplomatic support if Russia becomes too demanding and warm expressions of solidarity at a time when much of the international community questions the region's long-term stability. China's influence and visibility is growing rapidly. It is already the dominant economic force in the region and within the next few years could well become the pre-eminent external power there, overshadowing the U.S. and Russia.

Beijing's primary concern is the security and development of its Xinjiang Autonomous Region, which shares 2,800km of borders with Kazakhstan, Kyrgyzstan and Tajikistan. The core of its strategy seems to be creation of close ties between Xinjiang and Central Asia, with the aim of reinforcing both economic development and political stability. This in turn will, it is hoped, insulate Xinjiang and its neighbours from any negative consequences of NATO's 2014 withdrawal from Afghanistan. The problem is that large parts of Central Asia look more insecure and unstable by the year. Corruption is endemic, criminalisation of the political establishment widespread, social services in dramatic decline and security forces weak. The governments with which China cooperates are increasingly viewed as part of the problem, not a solution, as Chinese analysts privately agree. There is a risk that Central Asian jihadis currently fighting beside the Taliban may take their struggle back home after 2014. This would pose major difficulties for both Central Asia and China. Economic intervention alone might not suffice.

There are other downsides to the relationship. Its business practices are contributing to a negative image in a region where suspicions of China – and nationalist sentiments – are already high. Allegations are growing of environmental depredation by Chinese mines, bad working conditions in Chinese plants, and Chinese businessmen squeezing out competitors with liberal bribes to officials. Merited or not, the stereotype of China as the new economic imperialist is taking root.

Beijing is starting to take tentative political and security initiatives in the region, mostly through the Shanghai Cooperation Organisation (SCO), which, however, has shown itself ineffective in times of unrest. The other major external players in Central Asia are limited by their own interests or financial capacity. The speed of the U.S. military pull-out from Afghanistan is causing concern in Chinese policy circles, and though Russia claims privileged interests in Central Asia, it lacks China's financial resources. It is highly likely in the near- to mid-term that China will find itself required to play a larger political role.

China's well-trained and well-informed Central Asia specialists are among those who fear that a disorderly or too rapid withdrawal of NATO troops from Afghanistan could lead to serious regional unrest – civil strife possibly, the dramatic weakening

of central governments, or the escalation of proxy battles among Afghanistan's neighbours leading to their destabilisation and, most worryingly, Pakistan's. They are critical of Central Asian leaders' corruption and lack of competence, as well of the criminalisation of political establishments in the region, and privately express great concern about the long-term prospects for the two weakest states, Kyrgyzstan and Tajikistan. They are as anxious as the West, probably more so, about the region's vulnerability to a potential well-organised insurgent challenge, from within or without.

This concern has led Chinese policymakers to consider engagement with elements of the Taliban, in an effort to induce them to scale back their perceived support for Uighur separatist groups, such as the East Turkestan Islamic Movement (ETIM). The depth of Beijing's worry over possible threats emanating from Afghanistan was demonstrated when it sent its then security chief, Zhou Yongkang, to Kabul in September 2012, just before China's once-in-a-decade leadership transition. Zhou, the most senior Chinese official to visit in 50 years, pledged reconstruction assistance and limited security help in the form of police training. Though publicly they support Central Asian leaders and express confidence in their political viability, Chinese policy makers have yet to come up with a clear plan to work toward stability in both Afghanistan and Central Asia.

China has unambiguously ruled out any sort of military intervention in its uneasy Central Asia neighbourhood, even in a case of extreme unrest. In the coming years, however, events may force its leadership to make difficult decisions. It will almost surely need to use at least more active diplomatic and economic engagement to grapple with challenges that pose threats to its economic interests and regional stability.

**Bishkek/Beijing/Brussels, 27 February 2013**

# China's Central Asia Problem

## I. Introduction

This report examines the growth of China's influence in Central Asia since the collapse of the Soviet Union in 1991 and discusses the wider implications of the region's security trajectory for policymakers in Beijing.

China's economic advance into Central Asia is the most visible aspect of cooperation. The regional security backdrop – weak governance, endemic corruption, generally miserable living conditions and the widespread influence of organised crime on the political process – is, however, far from ideal and unlikely to improve in the foreseeable future.<sup>1</sup> With the approach of the 2014 NATO military drawdown in Afghanistan, Chinese officials and specialists are devoting more thought to regional security.<sup>2</sup> Unpredictable scenarios are on occasion compelling Beijing to play a more active political role to protect its investments.<sup>3</sup> Since its inception in 2001, China has inserted references to the “three evils” of terrorism, separatism and extremism into the

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<sup>1</sup> See Crisis Group Asia Reports N°222, *Kyrgyzstan: Widening Ethnic Divisions in the South*, 29 March 2012; N°205, *Tajikistan: The Changing Insurgent Threats*, 24 May 2011; N°201, *Central Asia: Decay and Decline*, 3 February 2011; N°183, *Central Asia: Migrants and the Economic Crisis*, 5 January 2010; N°176, *Women and Radicalisation in Kyrgyzstan*, 3 September 2009; N°162, *Tajikistan: On the Road to Failure*, 12 February 2009; and Briefing N°102, *Kyrgyzstan: A Hollow Regime Collapses*, 27 April 2010.

<sup>2</sup> Foreign policy decision-making is highly complicated because the foreign ministry lacks sufficient authority, and different actors operate on the same level of authority. The person regarded as the highest-ranking foreign policy official currently, State Councillor Dai Bingguo, is not even a member of the Chinese Communist Party's 25-strong Politburo, the highest decision-making organ after the Politburo Standing Committee. For more information on the foreign ministry's structural weakness, see Crisis Groups Asia Report N°223, *Stirring up the South China Sea (I)*, 23 April 2012. Beijing has trouble formulating foreign policies that balance the requirements of government and corporate actors. “[T]ension between foreign policy objectives and the interests of corporate actors has been an important feature of the international policy landscape ever since the ‘go out’ strategy in 1999”. Diplomatic actors complain about the influence exerted by commercial actors over the policymaking process. According to one official, “there is a need to change how companies think, and then the policies will change, too. But corporate actors are also slowly coming to see that countries racked by internal conflict, while providing certain strategic and commercial advantages, also carry serious risks. Conflict affects the export of goods, access to raw materials and the ability to repay loans and investments”. Crisis Group Asia Report N°166, *China's Growing Role in UN Peacekeeping*, 17 April 2009.

<sup>3</sup> After locals threatened to burn down the offices of a Chinese-owned mining venture, the head of the Chinese Chamber of Commerce in Kyrgyzstan, Li Deming, chided the Kyrgyz authorities in an op-ed published in the *Global Times* (28 October 2012) warning that corruption and local communities whipped up by opposition parties made Kyrgyzstan an “unstable and risky” place to do business. The public criticism was followed by a one-on-one meeting between Premier Wen Jiabao and Kyrgyz Prime Minister Jantoro Satybaldiev during an SCO meeting in Bishkek in December 2012. Raffaello Pantucci and Alexandros Petersen, “China and Central Asia in 2013”, *Jamestown China Brief*, vol. 13, issue: 2, 18 January 2013.

rhetoric of the Shanghai Cooperation Organisation (SCO), the organisation that remains Beijing's main vehicle for security cooperation with member states.<sup>4</sup>

China's high-value investments are prey to changing political agendas in Central Asia, localised outbursts of violence and the potential for a regional downturn in stability due to the rotting from within of some of its states and spillover from Afghanistan. Neither the U.S. nor Russia, the region's two other pre-eminent external powers, is likely to be willing or able to intervene or mediate in future crises there. Russia, although culturally dominant, is financially dwarfed by China and increasingly lacks the military muscle to match its rhetoric.<sup>5</sup> U.S. interest will likely wane as it withdraws militarily from Afghanistan.<sup>6</sup> Chinese analysts insist that any security solution to the Afghanistan dilemma should involve Pakistan.<sup>7</sup> They also worry that any breakdown in Central Asia could undermine the security of western China in general, its Xinjiang Uighur Autonomous Region in particular.<sup>8</sup>

Crisis Group carried out field work for this report in Kazakhstan, Kyrgyzstan, Tajikistan and China (Beijing and Shanghai) between October 2011 and late 2012. It was not able to conduct research in Uzbekistan and Turkmenistan.

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<sup>4</sup> According to the Chinese foreign ministry, the Shanghai Convention Against Terrorism, signed the day the SCO was formed, 15 June 2001, "clearly [defined] terrorism, separatism and extremism for the first time on the international arena", [www.fmprc.gov.cn/eng/topics/sco/t57970.htm](http://www.fmprc.gov.cn/eng/topics/sco/t57970.htm). Since 2002, when an agreement on the SCO's Counter-Terrorism Regional Structure was signed at the St. Petersburg summit, eight anti-terrorism drills have been staged under the SCO framework. See [http://eng.chinamil.com.cn/special-reports/2012-06/12/content\\_4893193.htm](http://eng.chinamil.com.cn/special-reports/2012-06/12/content_4893193.htm). The SCO comprises China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan. Five nations hold observer status: Afghanistan, India, Iran, Mongolia and Pakistan.

<sup>5</sup> Russia's recent \$1.1 billion and \$200 million arms deals with Kyrgyzstan and Tajikistan respectively had security and geopolitical objectives. Joshua Kucera, "Report: Russia spending \$1.3 billion to arm Kyrgyzstan, Tajikistan", [Eurasianet.org](http://Eurasianet.org), 7 November 2012. "The exercises demonstrated that Russia has limited capability for joint operations with air forces, continues to rely on aging and obsolete equipment, lacks all-weather capability and strategic transportation means, is not able to conduct network centric warfare, has an officer corps lacking flexibility, and has a manpower shortage. NATO IMS concluded that Russian armed forces were: able to respond to a small to mid-sized local and regional conflict in its western region; not able to respond to two small conflicts in different geographical areas simultaneously; not able to conduct large scale conventional operations; and still relying on the use of tactical nuclear weapons, even in local or regional conflicts". U.S. Mission to NATO cable, "NATO-Russia: NAC Discusses Russian Military Exercises", 23 November 2009, as made public by WikiLeaks and cited in "23.11.2009: NATO-Russia: NAC Discusses Russian Military Exercises", *Aftenposten*, 13 February 2011.

<sup>6</sup> Crisis Group interview, Western diplomat, Bishkek, April 2012.

<sup>7</sup> Crisis Group interviews, Beijing, April, June 2012.

<sup>8</sup> 潘志平 [Pan Zhiping], 《新疆的地缘政治与国家安全》 ["Xinjiang geopolitics and national security"], Chinese Academy of Social Sciences (CASS), <http://euroasia.cass.cn/news/2011/03/161596.html>.

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## II. Entry Into Central Asia

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### A. *China and the Newly Independent States*

During the Soviet Union's lifetime, direct interaction between its Central Asian republics and Beijing was extremely limited, as official relations were channelled almost exclusively through Moscow.<sup>9</sup> In 1991, there was a critical lack of regional expertise in Chinese foreign policy circles. Many there feared that the Soviet collapse would create a security vacuum, and instability in Central Asia would adversely affect China's neighbouring Xinjiang province.<sup>10</sup> The Afghanistan war, political Islam's rise, and outbreak of civil war in Tajikistan in 1992 exacerbated these fears, as did sporadic unrest in Xinjiang between 1989 and 1993.<sup>11</sup>

Beijing quickly established relations with the newly independent countries,<sup>12</sup> but for several years the region was neither a diplomatic nor an economic priority. Initially its main concerns were border demarcation and securing support for its policies in Xinjiang.<sup>13</sup> The Shanghai Five Forum – China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan – was created in April 1996 to facilitate these issues, as well as border demilitarisation.<sup>14</sup> The approach worked at a governmental level, but border deals

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<sup>9</sup> Niklas Swanström, "China and Greater Central Asia, New Frontiers?", December 2011, p. 19, [www.silkroadstudies.org/new/docs/silkroadpapers/1112Swanstrom.pdf](http://www.silkroadstudies.org/new/docs/silkroadpapers/1112Swanstrom.pdf).

<sup>10</sup> 徐亚清, 王转运 [Xu Yaqing, Wang Zhuanyun], 《中亚地缘政治态势发展与中国新疆安全》 ["Central Asia Geopolitical development and Chinese Xinjiang Security"], CASS, <http://euroasia.cass.cn/news/2008/12/405568.html>. 邢广程 [Xing Guangcheng], 《中国与中亚国家的关系》 ["Relationship Between China and Central Asian Countries"], <http://src-h.slav.hokudai.ac.jp/publicn/85/9CA-Chinese.pdf>.

<sup>11</sup> 厉声 [Li Sheng], 《中国新疆新中国时期分裂与反分裂斗争》 [*China-Xinjiang: The struggle between separatism and anti-separatism in the New China era* (Xinjiang, 2009)]. See, for example, James Millward, "Violent Separatism in Xinjiang: A Critical Assessment", *East-West Centre, policy studies* 6, 1994.

<sup>12</sup> Beijing encouraged friendly relations with each from the beginning. For example, China invited Central Asian leaders to Beijing following the Soviet collapse; in 1994, then-Prime Minister Li Peng visited all Central Asian states except Tajikistan, where civil war raged. He enunciated the main principles to govern relations: "to maintain good neighbourly relations and peaceful co-existence; to promote equality and mutually beneficial cooperation in pursuit of common prosperity; to respect the sovereignty and independence of the peoples of Central Asia through a policy of non-interference in internal affairs; and to seek and preserve regional stability". In July 1996, then-President Jiang Zemin visited Uzbekistan, Kyrgyzstan and Kazakhstan. See Joseph Y. S. Cheng, "The Shanghai Co-operation Organisation: China's Initiative in Regional Institutional Building", *Journal of Contemporary Asia*, 26 September 2011,

<sup>13</sup> 张雅君 [Zhang Yajun], 《上海合作组织反恐合作的困境与前景》 ["SCO Counter-terrorism difficulties and insight"], <http://iir.nccu.edu.tw/chinapolitics/張雅君/（專書）上海合作組織反恐合作的困境與前景.pdf>.

<sup>14</sup> The Shanghai Five Forum heads of state agreed to build confidence in the military sphere along their borders in 1996, including to notify important military activities within 100km of the Chinese border. A year later they agreed to mutually reduce total troop deployments to a maximum of 134,000 within that distance. In return, China offered limited economic assistance. Joseph Y. S. Cheng, "The Shanghai Co-operation Organisation: China's Initiative in Regional Institutional Building", *Journal of Contemporary Asia*, 26 September 2011. Around this time, discreet cooperation between some Central Asia and Chinese security services seems to have begun. It reportedly was directed mainly against Uighur dissidents. Crisis Group interviews, regional security officials, 2008-2010.

were viewed with suspicion by many ordinary Central Asians.<sup>15</sup> In the mid-1990s, China began to take note of economic opportunities. In September 1997, it signed with Kazakhstan the first of many agreements to develop oil and gas fields and construct pipelines.<sup>16</sup> The “go-global” strategy, introduced in late 2000, removed restrictive controls on outward investment and opened the way for Chinese companies to look for opportunities abroad. By 2005, there were almost 1,000 Chinese enterprises in Central Asia;<sup>17</sup> trade with the five countries of the region increased 30-fold between 2000 and 2010.<sup>18</sup>

Beijing came to see tight economic ties between Central Asia and Xinjiang as a way of ensuring stability in both, and consequently as another way to ensure its quest for a “peaceful rise” to great power status.<sup>19</sup> Since the early 2000s, it has been actively involved in a number of significant infrastructure projects, from roads to pipelines, linking Central Asia with Xinjiang.<sup>20</sup>

However, after the 11 September 2001 terror attacks in the U.S., Central Asian countries pledged support for Washington’s “war on terrorism” without consulting China. Each offered cooperation in the form of over-flight rights, refuelling facilities or basing agreements and received significant economic packages or trade opportunities in return.<sup>21</sup> By 2008, Pentagon planners had developed a prototype of the

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<sup>15</sup> A border demarcation agreement with China in 2008 helped stoke tensions in Tajikistan’s restive Gorno-Badakhshan Autonomous Oblast (GBO). Tajikistan ceded 1 per cent of its territory and failed to secure the consent of the regional parliament in Khorog as it should have done under Article 81 of the Tajik constitution; “Tajikistan – Khorog’s Quiet Discontents”, U.S. Dushanbe embassy cable, 8 May 2008, as published by WikiLeaks. Popular discontent led to large protests in Khorog in June 2008. Erica Marat, “Khorog Residents Protest Against Central Government”, The Jamestown Foundation, Eurasia Daily Monitor, vol. 5, issue 118, 20 June 2008.

<sup>16</sup> The main pipeline was not completed until 2009. Since its opening, Turkmenistan gas has flowed east, away from the old Soviet-era network controlled by Russia. In August 2012, Uzbekistan also started pumping gas to China. A third pipeline to China is being constructed, and an additional spur originating in Kazakhstan is also planned. Alexander Cooley, “In Central Asia, Public Cooperation and Private Rivalry”, *The New York Times*, 8 June 2012.

<sup>17</sup> Until the early 2000s, China had sought to restrict outward investment through tight regulatory controls. Its priority was to attract foreign investment. Outflows were actively discouraged, except where considered absolutely necessary. See Duncan Freeman, “China’s outward investments – Challenges and opportunities for the EU”, Brussels Institute for Contemporary China Studies, policy paper, 2008. A 2005 survey revealed there were 744 Chinese enterprises in Kazakhstan, 100 in Uzbekistan, and a dozen in Kyrgyzstan and Tajikistan. Sebastien Peyrouse, “Economic Aspects of Chinese-Central Asia Rapprochement”, Central Asia-Caucasus Institute, Silk Road Studies Program, September 2007.

<sup>18</sup> It went from some \$1 billion in 2000 to just under \$30 billion in 2010. “The New Great Game in Central Asia”, Eurasian Council on Foreign Relations, Asia Centre, China Analysis, September 2011

<sup>19</sup> 秦放鸣、孙庆刚 [Qin Fangming, Sun Qinggang], 《中国的中亚战略研究》 [“China’s Central Asia Strategy Research”], CASS, Asia-Pacific Economic Forum, February 2010. Until 1991, by contrast, Beijing’s goal of Xinjiang integration was understood to mean isolation from external forces, in particular Central Asia.

<sup>20</sup> Crisis Group interview, Beijing, June 2012. Examples of major projects linking Central Asia with Xinjiang include the Turkmenistan-China gas pipeline from Saman-Depe on the right bank of the Amu-Darya River to Khorog; the Kazakhstan-China oil pipeline from Atyrau to Alashankou; and the China-Kyrgyzstan-Uzbekistan highway that makes it possible to drive from Bukhara in Uzbekistan to Beijing via Kashgar.

<sup>21</sup> An agreement allowing the U.S. military to use Karshi-Khanabad air base was signed with Uzbekistan on 5 October 2001. Uzbekistan received an initial \$150 million aid package, as well as a “Strategic Partnership”. Agreements were signed with Tajikistan on use of airspace and refuelling facilities on 3 November 2001 and with Kyrgyzstan on base access on 5 December 2001. Elizabeth



Northern Distribution Network (NDN), a Europe-to-Afghanistan, via Central Asia, transit route for non-military goods needed by NATO forces in Afghanistan.<sup>22</sup> Other areas of military cooperation also flourished, including building and training special forces in Kyrgyzstan, training for Tajik special forces and U.S.-funded border crossings in Turkmenistan and Uzbekistan.<sup>23</sup>

Even the closure of the Karshi-Khanabad air base in Uzbekistan after Western calls for an independent inquiry into the government's violent suppression of protests in Andijan in May 2005 did not end U.S.-Uzbek military relations. The U.S. continued to give the Uzbek army hi-tech training capabilities, and in 2009 President Islam Karimov agreed to let Washington use Navoi airport as a hub for non-military goods.<sup>24</sup> In 2011 the U.S. suggested Uzbekistan could have excess defence articles (EDA) no longer in use in Afghanistan, a reward, the State Department made clear, for cooperation on the NDN.<sup>25</sup> Other Central Asian states have EDA wish lists under consideration by the U.S. and other NATO members. U.S. diplomats concede that the Afghan war is the driving force behind this military and political cooperation and that it will be less intensive in the future.<sup>26</sup>

During the course of the 2000s, the SCO remained a forum to discuss trade and security issues, the latter including counter-terrorism and counter-narcotics.<sup>27</sup> Its agenda was ambitious on paper but often produced little more than declarations of intent.<sup>28</sup> Rivalry between the two lead members, Russia and China, limited its clout. A former Kazakh diplomat described their relationship within the SCO as a "dance of a mongoose and cobra".<sup>29</sup> But as the decade progressed it became increasingly clear that China's growing economic predominance was translating into significant, on occasion decisive political influence.

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Wishnick, "Growing U.S. Security Interests in Central Asia", Strategic Studies Institute, October 2002. A memorandum of understanding on use of airspace was signed with Kazakhstan on 15 December 2001. "Bilateral Treaties in Force", U.S. Department of State.

<sup>22</sup> The NDN was operational by February 2009, "Afghanistan: Northern Distribution Network, delivers", EurasiaNet.org, 17 March 2009.

<sup>23</sup> Deirdre Tynan, "Kyrgyzstan: US intends to construct military training centre in Batken", EurasiaNet.org, 3 March 2010; Joshua Kucera, "Central Asia: US special forces help train praetorian guards", EurasiaNet.org, 19 December 2011.

<sup>24</sup> "Узбекистан и США обсудили вопросы перераспределения военной техники из Афганистана" ["Uzbekistan and U.S. discussed the redistribution of military equipment from Afghanistan"], Ca-News.org, 28 November 2011; Deirdre Tynan, "Karimov gives Washington the air base it needs for Afghan operations", EurasiaNet.org, 11 May 2009.

<sup>25</sup> Deirdre Tynan, "Uzbekistan: Pentagon Mulls Giving Military Equipment to Tashkent", EurasiaNet.org, 15 December 2011; Robert O. Blake, Assistant Secretary of State, South and Central Asian Affairs, briefing, Almaty, Kazakhstan, 15 August 2012, [www.state.gov](http://www.state.gov).

<sup>26</sup> Crisis Group interviews, U.S. diplomats, Bishkek, March and April 2012.

<sup>27</sup> "The Shanghai Cooperation Organization (backgrounder report), Council on Foreign Relations, 24 March 2009.

<sup>28</sup> Its lack of reaction to the April 2010 unrest in Kyrgyzstan, for example, underscored the institutional weaknesses that limit its effectiveness as a security body. Tajikistan's president, Emomali Rakhmon, openly questioned its value given its inability to prevent the toppling of a neighbouring government. Alexander Cooley, "The Kyrgyz Crisis and the Political Logic of Central Asia's Weak Regional Security Organizations", Program on New Approaches to Research and Security (PONARS), Eurasia policy memo no. 140, May 2011. The July 2012 violence in Tajikistan's Gorno-Badakhshan region on the Afghan border might have been an opportunity for SCO involvement.

<sup>29</sup> Crisis Group interview, Almaty, July 2010.

## B. *China's Political Interests: Stability and Friendly Regimes*

China's primary interest in Central Asia is stability, in order to ensure security in Xinjiang and protect its economic interests.<sup>30</sup> Officials are particularly worried by the risk of spillover from Afghanistan or a repetition in Central Asia of the "Arab Spring".<sup>31</sup> The planned 2014 withdrawal of U.S. and NATO troops from Afghanistan is of special concern: Chinese separatist organisations have trained in Afghanistan as well as Pakistan, and stability – or lack thereof – will have, Beijing feels, direct bearing on Islamist insurgency in China's border areas.<sup>32</sup>

Beijing regularly states its determination not to deploy its military in Central Asia, regardless of the threat to Chinese citizens or investment.<sup>33</sup> However, analysts and officials in the capital debate how it can address the security issues in the region.<sup>34</sup> At present, the conclusion is that the only direction it can take is to provide Central Asia's troubled autocracies with the funds and infrastructure they need to continue on a development path similar to China's.<sup>35</sup> A minority of Chinese scholars and specialists foresee, however, the need for a reassessment of security policy. A senior academic wondered what in Central Asia might constitute an interest vital enough to trigger such a rethink. He suggested that the 1,833km gas pipeline from Turkmenistan to Xinjiang could be one. Another noted that the question of deploying Chinese troops overseas was in any case premature, as they had neither the training nor experience to function effectively beyond their borders.<sup>36</sup>

Chinese scholars know Beijing could potentially do more in Central Asia, but point out that engagement there would need to be in line with broader geo-strategic

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<sup>30</sup> According to a Chinese analyst, "China needs to maximise regional security to protect its national interests". Shi Lan, "Political Crisis of Central Asia: The Beginning of Regional Change?", paper at "China-Central Asia Forum", CASS, Beijing, 4-5 November 2010. Chinese scholars are also concerned about conflicts between individual Central Asian nations, such as could arise over water issues, and their effects on regional stability. Pan Guang, "Development of Shanghai Cooperation Organisation", paper from "Transition in Asian Security Environments and Relations among Major Powers", Shanghai Academy of Social Sciences/Shanghai Institute of American Studies (SASS/SIAS) conference, Shanghai, 14-15 November 2012. 徐亚清,王转运 [Xu Yaqing, Wang Zhuanyun], op. cit. 秦放鸣,孙庆刚, [Qin Fangming, Sun Qinggang], op. cit. Crisis Group interview, Beijing, October 2010.

<sup>31</sup> Pan Guang, paper, SASS/SIIS conference, Shanghai, 14-15 November 2012, op. cit. 罗锡政, 雷琳 [Luo Xizheng, Lei Lin], 《泛阿拉伯革命》及其对中亚和中国新疆的影响》["The effect of the Arab Spring on Central Asia and Chinese Xinjiang"], CASS, 《国外理论动态》["Foreign Theory Development Trends"], June 2011, <http://euroasia.cass.cn/news/388302.htm>.

<sup>32</sup> Zhao Gancheng, "The Afghan War: Strategic Decisions and Geopolitical Development", paper, SASS/SIAS conference, Shanghai, 14-15 November 2012. Crisis Group interview, Beijing, June 2012. Shi Lan, paper, CASS conference, Beijing, 4-5 November 2010, op. cit.

<sup>33</sup> This is widely heard in official think-tanks and among scholars in China. Crisis Group interviews, Beijing and Shanghai, June, November 2012.

<sup>34</sup> Crisis Group interviews, Beijing, Shanghai, September 2010; June 2011; June 2012; CASS conference, Beijing, 4-5 November 2010; SASS/SIAS conference, Shanghai, 14-15 November 2012.

<sup>35</sup> "China follows the following principles in its relations with Central Asia: Completely respect the development path the Central Asian countries have chosen for themselves. Support the political systems and the efforts these countries are making for their political systems. Use dialogue to resolve conflicts with Central Asian countries. From cooperation that aims at long-term gains, through both bilateral cooperation, and the SCO framework". Pan Zhiping, "Central Asia's Choices of Political Systems: Secular, Democratic, Authoritarian and Anarchic", paper, CASS conference, Beijing, 4-5 November 2010.

<sup>36</sup> Crisis Group interviews, Shanghai, Beijing, June 2012.

interests.<sup>37</sup> The majority view is that it would only deploy troops for issues that directly concerned national security, such as defending the homeland.<sup>38</sup>

China sees a certain affinity between Central Asia's authoritarian regimes and its own, and in public, at least, defends them with similar rhetoric.<sup>39</sup> Chinese scholars also warn that Western values may be destabilising in areas of the world to which they are not suited.<sup>40</sup> Beijing views Central Asia as part of a competition between the other big powers in the region – the U.S. and Russia.<sup>41</sup> Some Chinese scholars assert that the colour revolutions in Eastern Europe and Central Asia, and the Arab Spring are part of an American-engineered plan to democratise the world and destabilise China.<sup>42</sup> Although these scholars and analysts recognise the incapacity of Central Asian regimes to handle the problems facing the region, they maintain that democratisation and liberalisation are the last things needed.<sup>43</sup> Instead, they say, the regimes need to develop more legitimate, non-Western methods of staying in power.<sup>44</sup>

Publicly China and Russia are at pains to be seen as partners in Central Asia, working together to counter Western influence.<sup>45</sup> In fact, their relationship is marked by mistrust and rivalry.<sup>46</sup> According to Chinese scholars and analysts, China's main political objective in the region is to maintain friendly regimes, while deferring, officially at least, to Russia's historically dominant position.<sup>47</sup> They believe Beijing can better protect its interests through negotiating with authoritarian regimes, bilater-

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<sup>37</sup> Crisis Group interview, Shanghai, September 2010.

<sup>38</sup> Crisis Group interviews, Beijing, Shanghai, June, November 2012.

<sup>39</sup> 罗锡政、雷琳 [Luo Xizheng, Lei Lin], op. cit. 赵龙庚 [Zhao Longgeng], 《“颜色革命”后中亚形势的变化》 [“Central Asia Political development after the Colour Revolution”], *International Social Science Journal*, March 2006.

<sup>40</sup> “Kyrgyzstan was the country with the most democracy and the freest media in the region, but the biggest legacy of the ‘colour revolution’ is that it brought anarchy to the country and the region. The chaos in Kyrgyzstan in 2010 is the after-shock of the 2005 revolution. The transitional government used its referendum to please the West and legitimise itself. This is completely wrong because the referendum is about the political system, not the legitimacy of the transitional government”. Pan Zhiping, CASS conference, Beijing, 4-5 November 2010, op. cit.

<sup>41</sup> Shi Lan, op. cit.

<sup>42</sup> A Chinese analyst elaborated on the Chinese perception of U.S. engagement in the region: “China always said the U.S. should leave Afghanistan and the region because it instigated colour revolutions to contain China”. Crisis Group interview, Beijing, June 2012. 罗锡政、雷琳 [Luo Xizheng, Lei Lin], op. cit.

<sup>43</sup> “This is ‘democracy sickness’. The parliamentary system is a further poison for the country. Democracy doesn’t have the best reputation in the region. Other countries in the region believe it will lead to disasters and anarchy”. Pan Zhiping, CASS conference, Beijing, 4-5 November 2010, op. cit.

<sup>44</sup> “Problematically, Central Asian countries have so far tried to copy Western models, rather than finding paths appropriate to their national conditions and characteristics”. Sun Zhuangzhi, “The Socio-Political Transition of Central Asian Countries” paper, CASS conference, Beijing, 4-5 November 2010.

<sup>45</sup> Crisis Group interviews, Beijing, Shanghai, June 2012. However, there is growing understanding among some Chinese analysts that as China's economic power grows in the region, it will need to address the suspicion between it and Russia. Shen Dengli, “China's International Strategy Development: concept, trends and Implications” paper, SASS Conference, Shanghai, 15 June 2012. Sheng Zhiliang, “Comprehensive Understanding of Security Issues of Central Asia” paper, CASS conference, Beijing, 4-5 November 2010.

<sup>46</sup> Crisis Group interviews, Almaty, July 2010, Shanghai, September 2010, September 2012; Shi Lan, paper, CASS conference, Beijing, 4-5 November 2010.

<sup>47</sup> Chinese analysts say China “does not have the knowledge and skills to deal with complex regional issues; it's about political capability”. Crisis Group interview, Beijing, June 2012.

ally or through the SCO and often on economic measures, rather than by cooperation with the West.<sup>48</sup>

### C. *Russia: Privileged Interests, Frustrated Ambitions*

Under Vladimir Putin, Russia's attitude towards former Soviet states in general and Central Asia in particular has been a mixture of nostalgia, rancour and frustration. Nostalgia is for Soviet times; though Putin admits the USSR cannot be recreated, there is deep irritation at perceived U.S. inroads in the region. Yet, Moscow's attempts to draw the Central Asia states more tightly into its embrace have been thwarted by the interests their leaders have developed since 1991 – in particular unwillingness to share access to natural resources with outside investors – and by Russia's lack of money to compete with China. Russia's approach to the region has also been seriously hampered by another more prosaic problem: the lack, during much of the Putin era, of a coherent, long-term strategy.

A few weeks in summer 2008, ironically at a high point of Russian confidence vis-à-vis the outside world, illustrated the steady shift of power away from Moscow and toward Beijing. It was the result of a quiet revolt by Moscow's most docile allies, abetted by China. Russia portrayed its victorious five-day war with Georgia as definitive emergence from a long period of weakness and humiliation at the hands of the West.<sup>49</sup> The most tangible outcome had been the Russian-engineered secession from Georgia of Abkhazia and South Ossetia. Several weeks later, President Dmitry Medvedev flew to Dushanbe for the annual SCO summit. His "minimum task", a well-connected daily averred, was to persuade the participants to recognise the two as independent states.<sup>50</sup> Kremlin officials "had not the slightest doubt that the Central Asian states and Belarus would follow Moscow's lead. They always did", one said.<sup>51</sup>

They refused. Central Asia officials said they were emboldened to reject Russian pressure by China's position. The Chinese essentially ran interference, with then President Hu Jintao reportedly explaining the reasoning to Medvedev.<sup>52</sup> *Kommersant*, citing a member of the Russian delegation, summarised Hu's argument: "All SCO members have their own problem regions .... And if one country recognises the independence of the Caucasus, claims will be made against their own territory".<sup>53</sup> Moscow had in fact overlooked that most Central Asian states have their own secession fears. China itself, deeply concerned with its Tibetan and Uighur secessionist movements, was also unlikely to recognise the South Caucasus breakaway states.<sup>54</sup>

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<sup>48</sup> This is a familiar theme that has appeared in recent years also with regard to North Korea, Libya, Syria and Africa.

<sup>49</sup> For a succinct summary of the mood, see Сергей Караганов, "Россия – США: перенастройка" ["Sergei Karaganov, 'Russia-U.S.: reset'"], *Rossiyskaya Gazeta*, 2 June 2009.

<sup>50</sup> "Встреча на вынужденном уровне" ["A forced-level meeting"], *Kommersant*, 28 August 2008.

<sup>51</sup> Crisis Group interview, Brussels, 2009.

<sup>52</sup> Crisis Group interviews, senior government officials, Dushanbe, Bishkek, 2011-2012.

<sup>53</sup> "Смежники подвели. Дмитрий Медведев не получил поддержки даже в ШОС" ["The suppliers let us down. Dmitry Medvedev did not even receive support in the SCO"], *Kommersant*, 29 August 2008.

<sup>54</sup> A Western analyst noted: "This shows how little the Russians understand Chinese priorities and principles – the idea that China would ever recognise a separatist entity anywhere, let alone in Eurasia, is sort of crazy". Crisis Group telephone interview, Beijing, July 2010. Though Chinese state media and official statements were careful not to openly oppose Russia, more explicit discussion could be found on Internet message boards, for example: "... China must maintain a cautious atti-

Moscow beat a quick retreat. “Our partners”, Medvedev said, will naturally make up their own minds on the question, basing their decision on their national interests. “We consider this absolutely correct”, he added.<sup>55</sup>

Despite this setback, Russia continued to exude confidence. Soon after the war, Medvedev stressed that his country had “privileged interests” in former Soviet states, including in Central Asia. The warning was directed in particular at the West, but officials made it clear that China should also take note. Prominent Russian policy specialists, meanwhile, saw the U.S. role in Central Asia as actively trying to impede such special interests. Listing U.S. aims in the region in an authoritative annual survey of international relations, the deputy director of the prominent think-tank, IMEMO, put at the top of the list efforts “to counter any attempts at the political reintegration of the post-Soviet space and the rebirth of a single state on that space (or any of its parts)”.<sup>56</sup>

In practice, results were less promising for Moscow. Central Asian leaders made it clear, indirectly or directly, that they would no longer be unquestioningly obedient. In private conversations, Maxim Bakiyev, the son and principal adviser of Kyrgyzstan’s then president, was frank about his scorn for Putin and his distaste for what he described as Russian “greed ... all they say is ‘give, give’”.<sup>57</sup> When in 2009 Russia offered Kyrgyzstan a \$450 million grant and loan package, part of generous encouragement to close the U.S. base, the government pocketed the money and negotiated a new base deal with Washington. The problem, Russian observers said, was that the Kremlin did not have a coherent policy for Central Asia. The Uzbekistan-born billionaire Alisher Usmanov, one of the world’s richest men and a close Putin associate, expressed surprise when asked to define the policy on Central Asia. “There isn’t one”, he said. “They will only have one when the whole place goes out of control”.<sup>58</sup>

Behind closed doors meanwhile, contacts between senior Russian and Chinese specialists were not always as smooth as their bland public statements. A Chatham House rules seminar, partly on Central Asia, caught the mood.<sup>59</sup> Noting Russia’s emphasis on its special interests in Central Asia and referring to its characterisation of Central Asia as its “backyard”, a former Chinese official responsible for regional policy said, “we understand. But you’re supposed after all to look after your own yard, water the flowers”.<sup>60</sup> Discussing Afghanistan, a Russian participant, Alexei

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tude towards Russia’s continued support of South Ossetia and Abkhazia independence to avoid unforeseen negative repercussions [that could affect China]”. 《对于俄罗斯支持南奥塞梯和阿布哈兹独立，中方必须持审慎的态度，避免引火上身，产生一些负面的事情对我们不利》环球风云，《对于南奥问题中国应该有所为，有所不为》[“Should China act on the South Ossetia Issue?”], 29 August 2008, [http://bbs.tiexue.net/post2\\_3012822\\_1.html](http://bbs.tiexue.net/post2_3012822_1.html).

<sup>55</sup> Пресс-конференция по итогам заседания совета коллективной безопасности ОДКБ [Press-conference on Conclusions of the Meeting of the Council of Collective Security of the CSTO], presidential website, 5 September 2008, <http://kremlin.ru/transcripts/1309>.

<sup>56</sup> Gennady Chufirin, “The State and Prospects of Coordination between Russia and the countries of Central Asia and the Caucasus”, IMEMO, 2009.

<sup>57</sup> Crisis Group interview, Bishkek, early 2010.

<sup>58</sup> Crisis Group interview, Moscow, March 2010.

<sup>59</sup> The seminar proceedings were subsequently published: “Российско-китайский семинар ‘Россия и Китай в новой между народной среде’” [“Russian-Chinese seminar: ‘Russia and China in the new international environment’”], Council for Foreign and Defence Policy, Moscow, Chinese Institute of International Strategic Studies, RIA Novosti, 20-22 March 2009, [www.svip.ru/meeting/meeting117.htm](http://www.svip.ru/meeting/meeting117.htm).

<sup>60</sup> Ibid. “Please excuse my frankness”, the speaker added.

Arbatov, remarked that some of his compatriots hoped for a serious U.S. setback. If the West was so weakened that it pulled back from the region, “some people here consider that finding ourselves one on one with China would not be a sweet prospect”.<sup>61</sup> Most analysts agreed that the Russian-Chinese relationship has not changed much since.<sup>62</sup>

Despite the global financial crisis since 2008, Beijing has continued to invest heavily in Central Asia and has emerged as a more reliable and generous source of funds and trade than Russia. Some in Beijing called the financial crisis an opportunity for China to enhance its presence.<sup>63</sup> In June 2012, then-President Hu Jintao announced a \$10 billion economic development fund to be dispersed as loans to SCO member states.<sup>64</sup> The fund was mooted a year earlier but met stiff resistance from Russian officials who feared it would cement China's position as the premier economic power in the region.<sup>65</sup>

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<sup>61</sup> Ibid.

<sup>62</sup> Participants agreed on at least one point: Afghanistan. “What's going on there is a total mess”, said a senior Chinese participant. President Karzai barely controls anything other than the capital, he added. The speaker used the Russian word бардак (brothel). Russian diplomatic and academic sources have reiterated that the 2009 meeting still reflects the points of convergence and divergence in Russian and Chinese positions. Some Chinese interlocutors said the same. Crisis Group interviews, Shanghai, Beijing, June 2012.

<sup>63</sup> A government analyst said, “international financial crisis is a perfect opportunity for China to enhance its energy endeavour in Central Asia”. Crisis Group interview, Beijing, April 2010.

<sup>64</sup> “China to offer \$10 billion in loans to SCO member states”, Reuters, 6 June 2012.

<sup>65</sup> Alexander Cooley, “In Central Asia”, op. cit. “China's pledge to provide a \$10 billion loan under S.C.O. auspices for the development of regional infrastructure is actually a replay of a similar offer it made in 2009 to establish an S.C.O.-backed anti-crisis fund. Back then, Moscow refused to co-fund the loan and worked behind the scenes to block China's disbursement of the funds, fearing that such lending would undermine its position in the region”. Crisis Group telephone interview, Beijing, July 2010. At an SCO meeting in Bishkek in December 2012, Premier Wen Jiabao said, “we intend to invest this money in infrastructure, energy and production projects, in order to facilitate development of the real economy”. But it appears that the money had not been allocated or used as of January 2013.

### III. China's Economic Footprint

#### A. Strategy

China's economic strategy in Central Asia has several elements. It is rapidly acquiring natural resources, including coal, oil, gas and precious metals, and developing its broader commercial interests and the infrastructure needed to relay goods to-and-from China. A key part of the overall strategy is to use Central Asia to ensure the economic livelihood of Xinjiang.<sup>66</sup> Cross-border trade is prioritised,<sup>67</sup> while officials encourage Central Asian countries to take advantage of Beijing's "Go West" campaign aimed at developing the western provinces.<sup>68</sup> Beijing firmly believes that economic growth in Central Asia strengthens stability in both China and the region.<sup>69</sup> As a Chinese analyst put it, "right now we just want to safeguard energy and the safety of the backyard".<sup>70</sup> Having close economic links with Central Asian states allows Beijing to worry less about potential political instability and spillover into its western territory; some specialists assert that economic growth breeds political stability.<sup>71</sup>

Chinese analysts are well aware of the risk that social unrest in Central Asia poses to economic development in Xinjiang; the 2010 unrest in Kyrgyzstan directly affected Xinjiang's exports there, as well as to Uzbekistan and Kazakhstan.<sup>72</sup> Riots in Xinjiang in 2009 also reduced exports to Kazakhstan.<sup>73</sup>

Chinese analysts believe the solution is to boost China-Central Asia-Russia economic and financial cooperation, as well as to strengthen SCO mechanisms.<sup>74</sup> Beijing has used the SCO primarily for promoting its economic interests by couching them

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<sup>66</sup> 段秀芳, 柴利 [Duan Xiufang, Chai Li], 《政府在开拓中亚市场中的作用及其局限性》 ["Government's Effort to Explore Central Asian Market and its Limitations"], CASS, May 2007.

<sup>67</sup> In 2003, border trade with Central Asian countries was 50 per cent of Xinjiang's trade income. Over 28 border crossing points were opened. Xinhua, 17 June 2003, cited in Valerie Niquet, "China and Central Asia", China perspectives (online), 67, September-October 2006. "Xinjiang becomes bridgehead for trade ties with Central Asia", Xinhua, 23 September 2005. In 2009, trade turnover with Xinjiang was 70 per cent of bilateral Kazakhstan-China trade.

<sup>68</sup> Tajikistan is developing closer economic ties with Chinese provinces, particularly Xinjiang, after President Rahmon signed an agreement to increase trade, transportation, energy and agriculture cooperation. "China, Tajikistan sign communiqué to promote ties", *China Daily*, 26 November 2010. The Tajik ambassador to China, Rashid Alimov, noted that Tajikistan has also been developing business ties with other provinces, such as Guangdong, Heilongjiang, Sichuan and Shanxi. CASS conference, Beijing, 4-5 November 2010. Zhang Wei, foreign ministry, *ibid.* China's "Go West" strategy (西部大开发) was launched in 2001 with the aim "to boost the poorer western parts of the country that had so far not enjoyed the economic benefits of China's opening up to the outside world". "Go West' policy is an economic milestone for China", *China Daily*, 9 December 2011.

<sup>69</sup> Crisis Group interviews, Almaty, July 2010, Shanghai, September 2010. According to a Chinese analyst, "China's priority is to help [the Central Asian states] develop and modernise their economy. [This is important] not only for resources – like oil – but to develop more stability".

<sup>70</sup> Crisis Group interview, Beijing, June 2012.

<sup>71</sup> 秦放鸣、孙庆刚 [Qin Fangming, Sun Qinggang], 《中国的中亚战略研究》 ["China's Central Asia Strategy Research"]; 徐亚清、王转运 [XuYaqing, Wang Zhuanyun], 《中亚地缘政治态势发展与中国新疆安全》 ["Central Asia Geopolitical development and Chinese Xinjiang Security"], both CASS Asia-Pacific Economic Forum, February 2010, *op. cit.* <http://euroasia.cass.cn/news/405802.htm>.

<sup>72</sup> Shi Lan, CASS conference, Beijing, 4-5 November 2010, *op. cit.*

<sup>73</sup> Crisis Group interview, Almaty, July 2011. "Kazakh expert says Xinjiang riots may adversely affect trade", Interfax-Kazakhstan news agency, BBC Central Asia Monitoring, 8 July 2009.

<sup>74</sup> Shi Lan, *op. cit.*, CASS conference, Beijing, 2010. Pan Guang, SASS/SAIS conference, Shanghai, 14-15 November 2012, *op. cit.*

in a multilateral framework.<sup>75</sup> Kazakhstan and Tajikistan have especially benefited from generous investments and development aid. In 2004 Tajikistan received \$600 million of a \$900 million development loans package China offered to SCO members (Kyrgyzstan received the other \$300 million).<sup>76</sup> China also uses the SCO to secure its dominance in the energy sector of resource-rich Central Asian states. A source close to Chinese economic investment in the region says Beijing is willing to participate in any economic program local governments propose, because investment is its primary vehicle for influence.<sup>77</sup>

China is investing significantly to build highways, pipelines, railways and electricity grids to further the region's socio-economic development and ensure that friendly regimes stay in power.<sup>78</sup> At the same time, it seeks support for its one China policy.<sup>79</sup> However, Chinese analysts are increasingly aware of the backlash this economic investment is causing in the region; one asserted that China needs to work on changing the perception it is using Central Asia as a "resource pit".<sup>80</sup>

## B. *Business Practices*

Central Asia is prime ground for China's investments and a growing source of gas and oil for its fast-developing domestic economy. For Central Asia, China is a major source of money and a benefactor that has shown little desire to interfere in internal politics. It differs markedly from Russia, which often seeks political concessions in return for financial support, or the West, particularly the U.S. and the European Union (EU), which often place conditions on funding. Chinese trade, loans and investments have grown dramatically since the 1990s. In 1992, trade was \$527 million; by 2010 it was some \$30 billion.<sup>81</sup> Beijing focuses on energy ventures in Kazakhstan, Turkmenistan and, to a lesser degree, Uzbekistan, but even Kyrgyzstan and Tajikistan have received sizeable loans and investments. The recently announced \$10 billion economic fund, to operate under SCO auspices, will expand China's scope for economic influence even further.<sup>82</sup>

In terms of commercial and political reliability Central Asian states see China as the premier partner choice. Officials in Tajikistan noted with approval that its idea of what constitutes a "legal base" for investment is less demanding than European and

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<sup>75</sup> A Chinese analyst said, "other than the SCO goals of peace and security is the economic development [goal] – this means making investment more convenient". Crisis Group interview, Shanghai, September 2010. But a Central Asian analyst noted lack of development on non-security SCO cooperation. Crisis Group phone interview, Beijing, July 2010.

<sup>76</sup> Nargis Kassenova, "China in Central Asia", Institut français des relations internationales (IFRI) Russia/NIS Centre, Paris, January 2009, p. 15.

<sup>77</sup> Crisis Group interview, Kyrgyzstan, July 2011. Economic tools, whether bilateral, within the SCO or another multilateral organisation such as the Asian Development Bank are accordingly just about China's only options in the region.

<sup>78</sup> Crisis Group interview, Beijing, July 2010. Wu Hongwei, "China-Central Asia relations", CASS conference, Beijing, 4-5 November 2010.

<sup>79</sup> 邢广程 [Xing Guangcheng], *中国与中亚国家的关系 [Relationship Between China and Central Asian Countries]*, (黑龙江教育出版社) (Heilongjiang Education Publishing House, 1996), p. 16.

<sup>80</sup> Li Lifan, "China's International Strategy Development: Concept, Trends and Implications", SASS Conference, Shanghai, 15 June 2012.

<sup>81</sup> "China Quietly Extends Footprints Into Central Asia", *The New York Times*, 2 January 2011; "The New Great Game in Central Asia", European Council on Foreign Relations, September 2011.

<sup>82</sup> As of January 2013, the money appears to be unused.



American definitions. Nor does China make human rights improvements a prerequisite for financial engagement or loans.<sup>83</sup>

In Kyrgyzstan and Tajikistan, China is instrumental in building infrastructure projects for which those states would be hard-pressed to find other investors. They are extensions of networks emanating from Xinjiang province, and both serve the local community and form key arteries for Chinese exports and Central Asian goods. China principally uses government-to-government mechanisms, including the SCO, to advance its economic penetration.

Analysts in Kazakhstan allege that Chinese officials forge links with the top of the political elite, so they can influence decisions at the highest levels.<sup>84</sup> Relationships with other levels of the bureaucracy, however, often yield more ambiguous results. Arrangements between officials and Chinese companies are often viewed with great suspicion.<sup>85</sup>

Chinese activities in the Kyrgyz mining sector provide a useful example of business practices that create long-term operational and political difficulties. They also illustrate that the legal environment that discourages many Western investors is also a liability for the Chinese. These include chronic lack of transparency in licensing and regulation, exceptionally poor communication between locals and mining companies and a series of incidents in recent years that have produced deep antipathy toward both Western and Chinese companies. Conflict with nearby communities has interrupted or stopped work at many mines.<sup>86</sup>

It is in the mutual interest to commit to reform of the sector and ensure mining revenue is used to develop surrounding areas. Only when there are tangible, continued benefits and improvements might locals accept the risks and inconvenience of mining and China be able to cast itself as a responsible investor.

### C. *Risks Associated With Doing Business in Central Asia*

China, for both economic and security purposes, is interested in maintaining the status quo in Central Asia. The longevity of the region's presidents provides a veneer of reliability, but each Central Asian regime is brittle, corrupt and beset by socio-economic problems.<sup>87</sup> The Chinese complain that the level of corruption is far beyond

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<sup>83</sup> Crisis Group interviews, Dushanbe, August 2012. In January 2009 China became the main investor in Tajikistan's economy; Nargis Kassenova, "China in Central Asia", op. cit.

<sup>84</sup> Crisis Group interviews, Almaty, May 2012.

<sup>85</sup> Crisis Group interviews, Kyrgyz politician, Bishkek, July 2012; Western mining company executive, Bishkek, March 2012; local contractor, political analysts, academics, Aktobe, Almaty, April-May 2012.

<sup>86</sup> "Operations halted at Kyrgyz gold mine after mass scuffles", RFE/RL, 24 October 2012; "Kyrgyz villagers attack Russian-owned mining camp", Reuters, 29 November, 2012; "Men on horseback attack Kyrgyz mining camp", Reuters, 10 October 2011.

<sup>87</sup> In recent years, several Central Asian regimes, afflicted with endemic corruption and inept governance, have experienced serious violence. In May 2005, Uzbek security forces suppressed protests in Andijan, killing several hundred. Two Kyrgyz presidents have been overthrown since 2005; bloody ethnic clashes in its second largest city, Osh, left hundreds dead in June 2010. Tajikistan has seen large clashes in the east between its poorly trained security forces and local armed groups. The most recent, in July 2012 in Khorog, the main town of the Gorno-Badakhshan Autonomous Region, left several dozen dead. There have been small Islamist guerrilla attacks in Kazakhstan, and at least sixteen people died in the western Kazakh oil town of Janaozen when government forces fired on striking workers. Crisis Group Asia Briefings N°38, *Uzbekistan: The Andijon Uprising*, 25 May 2005; *Kyrgyzstan: A Hollow Regime Collapses*, op. cit.; and Reports N°97, *Kyrgyzstan: After the Revo-*

what they have seen in many other places where they operate.<sup>88</sup> An analyst said, “corruption is an extremely serious problem; China has a hard time dealing with Central Asian governments”.<sup>89</sup> Domestic grievances against ruling elites who simultaneously profit financially and are politically bolstered by ties with Beijing’s bureaucrats and executives make China’s investments vulnerable.

Chinese companies often fail to connect with their host communities, preferring to concentrate on developing relationships with power brokers in the capitals or, as need be, at the local level.<sup>90</sup> There is little evidence to suggest that Chinese companies on the ground use corporate social responsibility as an engagement tactic. Rising nationalism, ingrained suspicions about Chinese expansionism, few tangible grassroots benefits and a sense that the companies respect only those who can assist their commercial ventures at the highest level have left many disinclined to view China as a beneficial force.<sup>91</sup>

The desire to return assets farmed off to private investors to state ownership or to re-distribute them among newly empowered elites poses a significant risk to China’s energy and mining investments. Similarly, Chinese assets such as mines run the risk – and not just during periods of pronounced political turmoil – of becoming targets for local residents voicing a variety of complaints.<sup>92</sup>

Although violence against Chinese workers regionally is quite low,<sup>93</sup> it is increasing in Kyrgyzstan, and antipathy to China and its nationals is prevalent across Central Asia. Official figures on Chinese migrants are outdated and unreliable, as they do not account for illegal migrants. A lack of accurate information about Chinese migrant

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*lution*, 4 May 2005; N°193, *The Pogroms in Kyrgyzstan*, 23 August 2010; *Kyrgyzstan: Widening Ethnic Divisions in the South*, op. cit.; and *Tajikistan: The Changing Insurgent Threats*, op. cit.

<sup>88</sup> In particular, Chinese complain about the brash, unpredictable manner in which graft is handled. Crisis Group interview, Almaty, October 2011.

<sup>89</sup> A senior official in the Kyrgyz foreign ministry said Chinese mining companies had to “play by [the regime’s] rules” but were more willing than Western counterparts. This is often the only way to make a business in Kyrgyzstan viable. Companies that ignore those rules struggle and often flounder. The licensing and regulatory State Agency for Geology and Mineral Resources (SAGMR) is crucial. A long-serving agency official said that though he had not seen it himself, he believed bribes were routinely given for licences: “All problems [in the sector] stem from this agency and how it is run”. That mining companies could make deals with Bishkek elites meant there was little to no incentive to deal meaningfully with local people or authorities. Crisis Group interviews, Bishkek, April 2012. For a discussion of corruption in Kyrgyzstan, see Crisis Group Briefing, *Kyrgyzstan: A Hollow Regime Collapses*, op. cit.

<sup>90</sup> Crisis Group interview, economy ministry official, Bishkek, April 2012.

<sup>91</sup> Crisis Group interviews, Naryn, Kyrgyzstan, March 2012. For example, for many years, some villagers in Naryn mined gold illegally. The arrival of a Chinese company in 2007 complicated this. “[Illegal mining] allowed us independence”, a villager said. “Now we are increasingly reliant on, and demanding of, the local authorities”. There is a perception, whether valid or not, that foreign investors “bring only harm .... They do not bring any benefit. They have given nothing to the village, not one kopeck.”

<sup>92</sup> Chinese companies have become targets of regular attacks in Kyrgyzstan in recent years, the two most recent in September and October 2012. “Kyrgyzstan: Chinese respond to latest mine attack”, EurasiaNet.org, 30 October 2012. The Chinese are not the sole victims of disenfranchised local residents: Western and Russian mining companies have also faced violence. “Нападения на иностранные предприятия в Кыргызстане и доверие инвесторов” [“Attacks on foreign companies in Kyrgyzstan and the trust of investors”], Radio Azattyq, 3 December 2012.

<sup>93</sup> This assessment is based on a survey of Central Asian media reports, 2000-2010, gathered from the BBC Monitoring service.

workers and historical misgivings contribute to anxiety towards China.<sup>94</sup> Wage disparities between foreign and local workers and the sheer scale of China's investments in energy and raw materials underscore these fears.<sup>95</sup> Chinese workers interviewed there speak of Kazakhstan as a highly unpleasant place to work, due largely to discrimination. A senior Chinese oil executive, who had also worked in Africa, said he would rather deal with the potential violence there than the daily discrimination he and his family suffered.<sup>96</sup>

The perceptions of corruption that hover over many of the ventures add to China's unpopularity, particularly in energy-rich western Kazakhstan, where local officials are already viewed as deeply venal.<sup>97</sup> China's significant economic presence in Aktobe, an oil-rich town in the north west about 1,400km from the capital, Astana, coupled with the area's natural resources, has not translated into affluence for residents. Those interviewed there did not see improvements. Instead they offered a long list of negatives, including fewer job opportunities and poor and hazardous working conditions for locals, reported health issues resulting from environmental damage, alleged abuse of local workers, unfair pay and insignificant economic trickle down for the region.<sup>98</sup>

Kyrgyzstan has similar concerns. "Chinese migrants are seen as competitors: hardworking, entrepreneurial and able to live and work in poor conditions. There are fears that they could take up a share of the already scarce labour market and even gain control over some sectors of the national economy".<sup>99</sup> The presence of Chinese workers has generated fewer concerns in Tajikistan, where the report cited above puts the number of Chinese workers at between 7,000 and 10,000.<sup>100</sup> Although the local population expressed some unease, the issue does not engender the same phobias as in Kazakhstan and Kyrgyzstan.<sup>101</sup> A violent 2007 incident between locals and

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<sup>94</sup> Relations between China and the Central Asian region stretch back millennia. A brief overview and links to further reading may be found at Niklas Swanström, "China and Greater Central Asia: New Frontiers?", Silk Road Paper, December 2011, pp. 15-23, [www.silkroadstudies.org/new/docs/silkroadpapers/1112Swanstrom.pdf](http://www.silkroadstudies.org/new/docs/silkroadpapers/1112Swanstrom.pdf).

<sup>95</sup> Crisis Group interviews, Almaty, May 2012.

<sup>96</sup> Crisis Group interviews, Almaty, July 2010, October 2011. When a new Chinese family moves into Almaty, the police reportedly often visit the house to try to extort money.

<sup>97</sup> Crisis Group interviews, Aktobe and Almaty, April-May 2012.

<sup>98</sup> Crisis Group interviews, Aktobe, April 2012.

<sup>99</sup> Nargis Kassenova, "China in Central Asia", op. cit., p. 20. In Kazakhstan and Kyrgyzstan, local politicians use Chinese labour migration for political ends. Nationalist political groups allege it is uncontrolled and accuse their governments of "giving" or "selling" land and natural resources to China. The Kazakh government denied the accusations and ordered the general prosecutor's office to act against any who continued to spread such claims. Several men were later prosecuted and sentenced to short prison terms. Crisis Group interviews, Almaty, May 2012; "Прокуратурой Алматы пресечена деятельность экстремистской группировки "Арман", разжигавшей антикитайские настроения" ["The Prosecutor's office of Almaty puts stop to activities of an extremist group, 'Arman', which incited anti-Chinese sentiments"], [Centrasia.ru](http://Centrasia.ru), 17 May 2010.

<sup>100</sup> Nargis Kassenova, "China in Central Asia", op. cit., p. 16. An earlier report stated that some 30,000 Chinese workers were involved in Chinese initiatives in Tajikistan. "Tajikistan: A Chinese Road to the Future?", [EurasiaNet.org](http://EurasiaNet.org), 31 July 2007. Justice Minister Almambet Shykmamatov stated that there were around 90,000 Chinese migrants in Kyrgyzstan. "Kyrgyzstan and China strengthen ties", RFE/RL, 28 May 2012. According to a recent report by Pew, a U.S.-based research centre, Kazakhstan had around 100,000 of Chinese migrants as of 2010. "Faith on the Move. The Religious Affiliation of International Migrants", Global Religious Futures Project, March 2012.

<sup>101</sup> Crisis Group interviews, Dushanbe, August 2012.

Chinese workers in the southern city of Kulyob did indicate that trouble can sometimes flare, but it does not seem widespread.<sup>102</sup>

Chinese embassies have intervened diplomatically in situations where they feared that the safety of nationals was at risk and the host country was not doing enough. For example, after the assault on three Chinese workers at a Chinese-owned gold mine in the Naryn region of Kyrgyzstan in August 2011 the embassy publicly raised concerns about poor protection of investors' rights.<sup>103</sup>

China has also put pressure on Kyrgyzstan over joining the Russian-led Customs Union. Officially, Ambassador Wang Kaiwan said Kyrgyzstan's entry would not affect trade relations, though, as many Chinese analysts also say privately, he has acknowledged it might hurt the re-export of Chinese goods.<sup>104</sup> China remains very cautious in public statements, but as its economic clout grows, it applies significant diplomatic pressure behind the scenes when asserting its rights.

However, Beijing does not appear able to safeguard its physical holdings in the region. It has made clear that it will not unilaterally safeguard key infrastructure beyond its borders. Flagship energy projects, such as the Turkmenistan-China pipeline, are thus potential targets for attack, as are refineries, bridges, tunnels, and electricity substations built with Chinese money.<sup>105</sup>

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<sup>102</sup> Asliddin Dostiev, "Tensions over foreign workers in Tajikistan", Institute for War & Peace Reporting (IWPR), 28 November 2007.

<sup>103</sup> On 26 August 2011 approximately 300 workers gathered outside the Chinese-owned Solton Sory gold mine, accusing it of ignoring environmental standards and treating Kyrgyz workers poorly. They assaulted three Chinese workers and three policemen who were trying to protect them. "Kyrgyzstan: Bishkek missing out on gold bonanza", EurasiaNet.org, 12 September 2011.

<sup>104</sup> Li Lifan and Raffaello Pantucci, "Decision time for Central Asia: Russia or China?", openDemocracy.net, 24 January 2013. He spoke at an international scientific conference, "The State of Kyrgyz and Chinese Relations and Prospects for Developing Them", on 12 January 2012. "Chinese envoy concerned over Kyrgyz plans join Russia-led Customs Union", Kyrgyz Telegraph Agency, 12 January 2012. Crisis Group interviews, Shanghai, August-September 2010.

<sup>105</sup> "Pipeline sabotage is terrorist's weapon of choice", Institute of Analysis of Global Security, 28 March 2005.

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## IV. Security Situation

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### A. Regional Challenges

Chinese officials assert that Central Asia has a central position in their country's national security and economic development.<sup>106</sup> Many Chinese scholars argue that its biggest long-term security concern there is internal turmoil within the regimes and its effects.<sup>107</sup> They add, however, that further major worries are the U.S./NATO military withdrawal from Afghanistan in 2014 (because of Afghanistan's proximity) and an increase in terrorist activity in the region.<sup>108</sup>

Chinese analysts assert that China will put more security resources into the SCO and enhance cooperation with Russia. They also point to exercises and training as evidence of improved military cooperation with Central Asian states.<sup>109</sup> A declaration at the June 2012 SCO summit in Beijing was heralded by one as part of Beijing's desire to strengthen the organisation's regional security role in response to the complexities and uncertainties facing Central Asia.<sup>110</sup> Then President Hu Jintao's opening speech at the summit also called for building the SCO into a "strong guarantee of regional security". Many Chinese analysts say, however, that it is "not easy" to improve security by working through the SCO.<sup>111</sup> Some feel China still does not have a clear strategy in Afghanistan, though recent security and political initiatives indicate it is willing to increase its role.<sup>112</sup>

SCO inaction during the unrest in Kyrgyzstan in 2010 highlighted its limitations when faced with a threat to regional stability.<sup>113</sup> Commitment to non-interference prevented it from playing any military role.<sup>114</sup> Chinese analysts are aware that the lack of action exposed the organisation's limitations as an upholder of stability but point out that it remains the only organisation Beijing considers an outlet for security cooperation, "even if it falls short".<sup>115</sup>

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<sup>106</sup> Crisis Group interviews, Beijing, November 2010, June 2012. A foreign ministry official described relations with a term once used to describe those between China and, respectively, Vietnam and North Korea: "as close as lips and teeth".

<sup>107</sup> According to a Chinese analyst affiliated with the government, "Central Asia might develop into a conflict like [the] Middle East. Currently, it has not because all the countries are still in the early stage of transition, but once the transition is finished and everyone is in place, conflicts over territorial disputes and resources will break out. This will have a huge impact over China's security: border security, security of energy route and trade route, security of its periphery". Crisis Group interview, Beijing, April 2010.

<sup>108</sup> Crisis Group interviews, Beijing, Shanghai, June 2012.

<sup>109</sup> Crisis Group interviews, Beijing, Shanghai, June, November 2012.

<sup>110</sup> The declaration was on strengthening "SCO Regulations on Political and Diplomatic Measures and [the] Mechanism of Response to Events Jeopardising Regional Peace, Security and Stability". Crisis Group interview, Shanghai, June 2012. "SCO Beijing summit Concludes", Xinhua, 17 June 2012.

<sup>111</sup> "SCO Summit opens in Beijing", press release, Chinese foreign ministry, 7 June 2012. Crisis Group interview, Shanghai, June 2012. The Uzbeks have always been difficult on military issues, and the Turkmen will not cooperate at all.

<sup>112</sup> Crisis Group interview, Beijing, June 2012. Andrew Small, "China's Afghan Moment", *Foreign Policy* (online), 3 October 2012.

<sup>113</sup> Sheng Zhiliang, "Comprehensive Understanding", op. cit.

<sup>114</sup> Crisis Group telephone interview, Beijing, July 2010.

<sup>115</sup> Crisis Group interview, Shanghai, November 2012. Chen Yurong, "SCO Model and Public Trust", CASS conference, Beijing, 4-5 November 2010.

Chinese analysts are worried about Afghanistan becoming a base for separatists in Xinjiang.<sup>116</sup> This has led Beijing to consider engagement with elements of the Taliban, which one analyst described as “a political force, and not just a terrorist group”.<sup>117</sup> Many are also worried about Islamic extremist groups spilling out into Central Asia;<sup>118</sup> one said that since the U.S. and NATO will pull out without a victory, “this is a big problem for Afghanistan, and even Xinjiang”. Many likewise highlight the central role Pakistan plays in its Afghanistan strategy, with one saying “Pakistan’s interests in Afghanistan will be China’s interests there”.<sup>119</sup>

Beijing has adopted a dual approach to security threats in Afghanistan: a bilateral strategic partnership with Kabul and multilateral cooperation via the SCO.<sup>120</sup> It initiated a trilateral framework with Pakistan and Afghanistan in 2011 that may possibly lead to mediation between the two.<sup>121</sup> It also launched bilateral consultations with Pakistan focusing on Afghanistan in January 2013 and is apparently considering another trilateral framework (Afghanistan-India or Afghanistan-Russia).<sup>122</sup> It brought Afghanistan in as an observer during the June 2012 Beijing SCO summit. By upgrading Afghanistan ties that month to a strategic partnership, it also hedged its own multilateral strategy. The September Kabul visit by then Politburo Standing Committee member and security chief Zhou Yongkang is the most visible sign officials feel they can no longer take a backseat role there. After discussing terrorism and border security, Zhou announced a deal to train, fund, and equip 300 Afghan police.<sup>123</sup> Though noteworthy, this does not yet indicate that Beijing has substantially redefined its security role in Afghanistan.

A number of China’s pressing security concerns – including border demarcation, rendition of Uighurs and closure of civil society groups<sup>124</sup> – have been addressed, but

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<sup>116</sup> Crisis Group interviews Beijing, Shanghai June 2012.

<sup>117</sup> According to an influential scholar, “China dislikes the Taliban because of its close relations with the ‘East Turkestan’ organisation – a Uighur separatist group – but China deals with the Taliban cautiously, trying to avoid direct conflict”. Zhao Huasheng, “China and Afghanistan: China’s interests, stances and perspectives”, Centre for Strategic and International Studies, March 2012, p. 1. See also: 朱跃 [Zhu Yue], 《阿富汗战争对我国安全环境的影响》 [“Afghanistan Strategic Influence on China’s Security Environment”], CASS, World Economic and Politics Forum, May 2002. The analyst quoted above added that the Taliban will be a long-term regional problem. Crisis Group interview, Shanghai, June 2012.

<sup>118</sup> In particular, one analyst said the biggest terrorist threat in Central Asia is the Fergana Valley, where Uzbekistan, Tajikistan and Kyrgyzstan meet, and which has a complex ethnic composition and high poverty. He added: “If Uzbekistan can hold on, the general situation in Central Asia would be stable”. Crisis Group interview, Beijing, June 2012.

<sup>119</sup> Crisis Group interviews, Beijing, June 2012.

<sup>120</sup> Crisis Group interviews, Shanghai, June 2012. Afghanistan was granted observer status at SCO in June 2012.

<sup>121</sup> 《中国阿富汗巴基斯坦在伊斯兰堡举行第二轮三方对话》 [“China, Afghanistan, Pakistan hold second round of trilateral dialogue in Islamabad”], *People’s Daily*, 30 November 2012. Zhao Gancheng, “Afghan War”, op. cit. Andrew Small, “China’s Afghan Moment”, op. cit.

<sup>122</sup> “Pak-China Afghan consultations begin”, *The Nation*, 24 January 2013. Zhao Gancheng, “Afghan War”, op. cit.

<sup>123</sup> “China, Russia welcome Afghanistan as SCO observer”, Xinhua, 6 June 2012. “China, Afghanistan decide to establish strategic partnership”, Xinhua, 8 June 2012. “Top Chinese security official makes surprise visit to Afghanistan”, Xinhua, 23 September 2012.

<sup>124</sup> After the successful demarcation of the shared borders in 1990s, Kazakhstan, in particular, has been accommodating to China. A Kazakh political expert said China was certain of Kazakhstan’s loyalty on the Uighur question. He said that while most Uighurs in Kazakhstan have been integrated, especially economically, there is extensive cooperation between the security services regarding

growing instability in the region is a threat to its domestic security.<sup>125</sup> Beijing does not want to be seen as abandoning the appearance of non-interference,<sup>126</sup> but Chinese scholars increasingly argue that it needs to pay closer attention to Afghanistan and security issues in Central Asia.<sup>127</sup>

Drug trafficking is the backbone of the region's criminal economy. The transit of Afghan drugs northwards remains robust and lucrative. The trade, from which prominent members of regional elites benefit financially, is aided by corrupt officials working with law enforcement agencies.<sup>128</sup> The SCO has signed a number of accords but has been no more successful in reducing or halting the trade than any other international organisation.

China has been forced to grapple with drugs originating in Central Asia, and the problem is growing more acute, in terms of both strengthened criminal groups and drug addiction, especially in western areas such as Xinjiang.<sup>129</sup> The SCO is China's preferred mechanism for addressing regional drug trafficking; it describes the organisation as "a crucial supporting platform in the handling of regional anti-drug issues".<sup>130</sup> Russia has also proposed that the SCO's Regional Anti-Terrorist Structure (RATS) be expanded to include drug crimes.<sup>131</sup> But China makes only minimal efforts to help Central Asian states increase their ability to seize drugs.<sup>132</sup> It is likely to continue to seek cooperation on the issue through the SCO but not to make a significant contribution to regional activity unless it becomes flooded with cheap opiates or Afghan-

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Uighur rights activists and refugees. "It is not a secret that some Uighurs in Kazakhstan are routinely harassed, and some Uighur rights activists were even killed in the past", he said referring to the assassination of a prominent activist, Dilbirim Samasakova, whose body was found outside Almaty in June 2001. Uighur media in Kazakhstan were ordered to close as bilateral economic ties strengthened, and a Uighur cultural institute in Almaty was forced to merge with another organisation, losing most of its staff. Crisis Group interview, Almaty, May 2012. "China's Uighur Problem: One Man's Ordeal Echoes the Plight of a People", *Time*, 28 July 2011. "Killing of human rights defender", Amnesty International, Kazakhstan: Country Report, January-December 2001, Crisis Group telephone interview, Beijing, July 2010.

<sup>125</sup> Crisis Group interview, Beijing, April 2010.

<sup>126</sup> An emphasis on sovereignty and non-intervention have long been key themes of China's foreign policy because of the implications for its own core interests, recently laid out by the State Council as "state sovereignty, national security, territorial integrity and national reunification, China's political system established by the Constitution, overall social stability, and the basic safeguards for ensuring sustainable economic and social development". "China's Peaceful Development", information office, State Council, September 2011, [http://english.gov.cn/official/2011-09/06/content\\_1941354.htm](http://english.gov.cn/official/2011-09/06/content_1941354.htm).

<sup>127</sup> An analyst said, "we have to remind the government that Afghanistan is not in Africa but right beside us". Crisis Group interview, Beijing, June 2012.

<sup>128</sup> "Opiate Flows Through Northern Afghanistan and Central Asia: A Threat Assessment", UN Office on Drugs and Crimes, May 2012, pp. 85-90.

<sup>129</sup> In 2008, Liu Guangping, director of the general office of the General Administration of Customs, warned that drugs from the Golden Crescent (Afghanistan, Iran, Pakistan) had overtaken the Golden Triangle (Burma, Laos, Thailand) "as the biggest inbound source of drugs to China". "China to intensify scrutiny over drugs during olympics", *China Daily*, 24 June, 2008. 《中亚毒品问题的国际化及其对我国稳定的影响》["The Internationalisation of Central Asia Drug Problems and its Effect on China's Stability"], CASS, February 2010, <http://euroasia.cass.cn/news/405832.htm>.

<sup>130</sup> "SCO member states to strengthen drug control", Xinhua, 3 April 2012.

<sup>131</sup> President Putin, SCO Council address, Beijing, June 2012, <http://eng.special.kremlin.ru/transcripts/3979>.

<sup>132</sup> The latest SCO drug control strategy (2011-2016) states China will train 141 guards in drug control. "SCO member states to strengthen drug control", Xinhua, 3 April 2012.

Central Asian criminal networks and associated extremist groups forge links with separatist elements in north-western China.<sup>133</sup>

### B. *Military and Security Cooperation*

The list of SCO cooperative goals includes regional security and the fight against terrorism.<sup>134</sup> The organisation stages annual “peace missions” – military exercises designed to “contribute to eliminating the ‘three evil forces’ of extremism, separatism and terrorism, promoting regional security and deepening SCO-wide cooperation”.<sup>135</sup> Chinese military cooperation with Central Asia focuses principally on bilateral or multilateral joint-training exercises. The first bilateral exercises were held in 2002 with Kyrgyzstan, and between 2002 and 2010, China participated in more than twenty bilateral and multilateral exercises with other SCO members. The first multilateral exercises were in August 2003, in eastern Kazakhstan, and involved personnel from all except Uzbekistan.<sup>136</sup> Since then, exercises have been held almost every year but have not expanded significantly.<sup>137</sup> They typically simulate a terrorist attack and involve taking back villages and fighting large-scale insurrection, or, more rarely, state collapse.<sup>138</sup>

Western analysts argue that the exercises allow China to highlight ties with SCO members and its respect for their security concerns while testing and demonstrating its capabilities and observing other militaries’ tactics and use of equipment. Because of its relative lack of operational experience, China gains more from this than Russia.<sup>139</sup> Beijing’s military assistance to Central Asia through the SCO is limited, however, and primarily directed at its main regional trade partner, Kazakhstan, which hopes to take advantage of free transfers of decommissioned military assets as the

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<sup>133</sup> Beijing is aware and worried about the Taliban giving capital or training to like-minded organisations or separatists in Xinjiang. Crisis Group interview, Beijing, June 2012.

<sup>134</sup> The official website states: “The main goals of the SCO are strengthening mutual confidence and good-neighbourly relations among the member countries; promoting effective cooperation in politics, trade and economy, science and technology, culture as well as education, energy, transportation, tourism, environmental protection and other fields; making joint efforts to maintain and ensure peace, security and stability in the region, moving towards the establishment of a new, democratic, just and rational political and economic international order”, [www.sectsc.org](http://www.sectsc.org).

<sup>135</sup> “Peace Mission 2010 staged to fight terror”, Xinhua, 11 September 2010. Various anti-terrorism training programs and exercises, military-to-military contacts and intelligence links have been developed to help Central Asian states protect themselves from threats such as terrorism and extremism. “The Shanghai Cooperation Organization: A Central Asian Perspective”, Stockholm International Peace Research Institute (SIPRI) Project Paper, August 2006.

<sup>136</sup> Sebastien Peyrouse, “Military Cooperation between China and Central Asia: Breakthrough, Limits, and Prospects”, The Jamestown Foundation, China Brief, vol. 10, issue 5, 5 March 2010.

<sup>137</sup> For example, the joint exercises held on 8-14 June 2012 in Tajikistan were the smallest SCO Peace Mission drills since 2003. See: Alexander Sodiqov, “SCO Peace Mission 2012: Lessons for Tajikistan”, Central Asia-Caucasus Institute (CACI) Analyst, 27 June 2012.

<sup>138</sup> Marcel de Haas, “The ‘Peace Mission 2007’ Exercises: The Shanghai Cooperation Organisation Advances”, Defence Academy of the United Kingdom, Advanced Research and Assessment Group, Central Asian Series, 07/28, September 2007. Alexander Cooley, “The Kyrgyz Crisis and the Political Logic of Central Asia’s Weak Regional Security Organizations”, PONARS Eurasia Policy Memo no. 140, May 2011, [www.gwu.edu/~ieresgwu/assets/docs/ponars/pepm\\_140.pdf](http://www.gwu.edu/~ieresgwu/assets/docs/ponars/pepm_140.pdf).

<sup>139</sup> Linda Jakobsen et al., “China’s Energy and Security Relations with Russia”, SIPRI Policy Paper no. 29, October 2011.



Chinese army modernises. The 2007 Kazakh military doctrine attaches special importance to this bilateral tie.<sup>140</sup>

Beijing's aid to other Central Asian states is generally more modest. In 2007, it gave the Turkmen army precision equipment and uniforms and offered a \$3 million loan for military needs.<sup>141</sup> Under a 2002 agreement with Bishkek, China gave vehicles, communications equipment and uniforms to Kyrgyzstan worth \$1.2 million, and in August 2008, it delivered military equipment to the Kyrgyz border services worth about \$700,000. Between 1993 and 2008, it provided \$15 million in military aid to Tajikistan. Uzbekistan was the first in the region to get Chinese arms – sniper rifles in 2000, and in 2009 the two reached a \$3.7 million agreement to equip Uzbek border crossings with mobile scanning systems financed by a Chinese grant.<sup>142</sup>

Russia continues to seek military influence in Central Asia but has become increasingly distrustful of the SCO and China's intentions.<sup>143</sup> Beijing is aware of this; a Chinese analyst noted: "Russia attempts to squeeze the SCO while supporting competing organisations".<sup>144</sup> The Collective Security Treaty Organisation (CSTO)<sup>145</sup> is Russia's preferred regional military organisation, and the Kremlin sells arms to Central Asian governments through it at preferential tariffs. Moscow holds a near monopoly on arms sales to the region since the collapse of the Soviet Union and is likely to retain it for many years. The striking military imbalance in the region, however, dictates different arrangements with each country. Kyrgyzstan and Tajikistan are too poor to pay and receive arms from Russia for free, or, more frequently, in exchange for the use of former Soviet production facilities or basing arrangements.<sup>146</sup>

In the middle of the past decade, Russia was also an important arms supplier to China.<sup>147</sup> Beijing bought hardware, such as aircraft engines and aircraft carrier parts. It is making a significant attempt to invest in its military.<sup>148</sup> Since at least 1991, doc-

<sup>140</sup> Sebastien Peyrouse, "Military Cooperation", op. cit.

<sup>141</sup> This was less than a year after Turkmenistan began providing gas to China.

<sup>142</sup> Sebastien Peyrouse, "Military Cooperation", op. cit. By comparison, according to the U.S. budget for fiscal year 2013, made public in February 2012, the present value of U.S. military aid to the region is Kyrgyzstan, Tajikistan and Uzbekistan, \$1.5 million each in foreign military financing funds; Kazakhstan, \$1.8 million; and Turkmenistan \$685,000. In 2012, Uzbekistan received only \$100,000. Joshua Kucera, "Uzbekistan achieves U.S. military aid parity with neighbours", EurasiaNet.org, 13 February 2012.

<sup>143</sup> Crisis Group telephone interview, Beijing, July 2010.

<sup>144</sup> Crisis Group interview, Shanghai, September 2012.

<sup>145</sup> The CSTO was formed in 1992, the year after the Soviet Union's collapse. Current members are Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan.

<sup>146</sup> Crisis Group telephone interview, SIPRI analyst, August 2012.

<sup>147</sup> Between 2004-2008, 71 per cent of Russian arms exports went to Asia, (42 per cent to China). Paul Holtom, "Arms Transfers to Europe and Central Asia", SIPRI Background Paper, February 2010. However, the volume of arms sales to China has dropped dramatically in recent years. According to SIPRI, the big decrease since 2007 can be explained by a combination of factors. Russia is increasingly concerned by numerous reports of copying by China of its arms technology, so is hesitant to continue selling it strategically important military equipment. China reportedly has tried to copy some artillery and aircraft items. Crisis Group telephone interview, SIPRI analyst, August 2012. China also buys less from Russia because it produces more of its own. It remains to be seen whether and when China may be able to challenge Russia's dominance on the arms transfer market. Crisis Group telephone interview, SIPRI analyst, August 2012.

<sup>148</sup> China's leaders view the first two decades of the 21st century as a "window of strategic opportunity". They believe a generally favourable external environment provides a unique opportunity to focus on national development, of which army modernisation is an essential component. "Military and Security Developments Involving the People's Republic of China 2012", Annual Report to Con-

trine and strategy have undergone systematic transformation, more recently spurred partly by U.S. military operations in Iraq and Afghanistan.<sup>149</sup> Annual defence spending rose from some \$33 billion in 2000 to an estimated \$129 billion in 2011.<sup>150</sup> If this rate of increase continues, it could overtake U.S. defence spending by 2035.<sup>151</sup> Russian military spending is also growing, to some \$64 billion in 2011, a \$5 billion increase on 2010.<sup>152</sup> China defers for now to Russia on Central Asian security and military issues and does not show immediate interest in increasing its role outside a multilateral framework.<sup>153</sup>

The Regional Anti-Terrorist Structure (RATS), created in 2002 and based in Tashkent, is “intended to assist in the coordination ... of ... combating terrorism, separatism, and extremism”.<sup>154</sup> It serves as an information-sharing centre and contributes to SCO’s joint anti-terrorist drills and drafting of anti-terrorist legal documents.<sup>155</sup> Its main achievement is development of a database of suspected terrorists, separatists and extremists and their networks and funding sources. All SCO states are invited to share intelligence with it on suspected individuals and organisations. In April 2010, the database included 42 organisations and 1,100 individuals with alleged links to extremism.<sup>156</sup> RATS also compiles blacklists of individuals of concern in SCO countries. Public information is limited, making it difficult to assess and monitor its activities.<sup>157</sup> The SCO Convention on Counter-Terrorism (June 2009), a key legal

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gress, U.S. Department of Defense, May 2012. See also “China’s Military Power: Shadow over Central Asia”, Lexington Institute, August 2006.

<sup>149</sup> Stephen Blank, “The Central Asian Dimension of Chinese Military Strategy”, The Jamestown Foundation, China Brief, vol. 4, issue 10.

<sup>150</sup> “The SIPRI Military Expenditure Database (China)”, SIPRI.

<sup>151</sup> “The dragon’s new teeth”, *The Economist*, 7 April 2012. However, U.S. defence spending accounted for 41 per cent of the world total in 2011, compared with China’s 8.2 per cent and Russia’s 4.1 per cent. U.S. defence spending in 2011 was \$711 billion, a 1.2 per cent decrease in real terms from \$698 billion in 2010, the first such decrease since 1998. The UK and Germany plan cuts of 7.5 per cent and 10 per cent respectively by 2015. See: “Recent trends in military expenditure”, SIPRI, [www.sipri.org/research/armaments/milex/resultoutput/trends](http://www.sipri.org/research/armaments/milex/resultoutput/trends).

<sup>152</sup> For comparison, in 2000 Russia spent some \$29 billion on defence. “The SIPRI Military Expenditure Database (Russia)”, SIPRI, <http://milexdata.sipri.org/result.php4>. See also, “Military spending: how much does the military cost each country, listed”, *The Guardian*, 17 April 2012. On the eve of Russia’s March 2012 presidential elections, Vladimir Putin promised to spend about \$775 billion in total on defence between until 2022. “Putin promises Russian military build-up”, *The Washington Post*, 20 February 2012.

<sup>153</sup> A Chinese analyst acknowledged the competition with Russia but still stated that Beijing prefers to defer. Crisis Group interview, Shanghai, September 2010.

<sup>154</sup> Article 3 of the Agreement between the Member States of the Shanghai Cooperation Organisation on the Regional Anti-Terrorist Structure, 7 June 2002, non-official translation by International Federation for Human Rights (FIDH) from Russian, at: [www.ecrats.com/ru/normative\\_documents/1557](http://www.ecrats.com/ru/normative_documents/1557).

<sup>155</sup> Alyson J.K. Bailes, Pal Dunay, Pan Guang and Mikhail Troitskiy, “The Shanghai Cooperation Organization”, SIPRI Policy Paper no. 17, May 2007, p. 24.

<sup>156</sup> “Counter-Terrorism and Human Rights: The Impact of the Shanghai Cooperation Organization”, A Human Rights in China white paper, March 2011, p. 86.

<sup>157</sup> “The information that is contained in the data bank is divided into classified and non-classified. Access to classified information shall be provided only to parties that are members of the Agreement on Protection of Classified Information of [RATS] 17 June 2004. The structure of the database, the procedure for handling non-classified information, and access to that information shall be determined by [the RATS Council]. Issues regarding the technical protection of information contained within the data base shall be regulated by a separate agreement”. From Соглашение между государствами – членами ШОС о Региональной антитеррористической структуре [Agreement

document outlining its powers, made its work even more opaque but established a supranational legal framework intended to supersede domestic legal systems and safeguards.<sup>158</sup>

RATS lack of transparency invites a host of concerns. Its database and blacklists, though similar to the UN system of counter-terrorism blacklisting, are compiled using the SCO doctrine of the three evils as a measure of alleged criminality. To prevent abuse of intelligence, the UN has put certain human rights safeguards in place.<sup>159</sup> The SCO has not done this.<sup>160</sup> Given the abysmal human rights records of all SCO countries, the risk of arbitrary security service action is high.

On the surface, the SCO appears to be a multilateral partnership of neighbouring states to build up each other's economies and ensure internal stability and border security. Informally, Kazakhstan ranks third within its hierarchy after China and Russia as the most economically developed and politically stable. The Kazakh political elite appreciates that China uses soft power more often and effectively, and does not flex its muscles at the first sign of disagreement, unlike Moscow, which frequently has a heavier-handed approach to Central Asian regimes it deems wayward.<sup>161</sup> Kyrgyzstan, Tajikistan and Uzbekistan are lured by generous investment packages and preferential loans with which Russia cannot compete. Considerable political support due to China's economic standing and UN Security Council seat are other perks of friendship with Beijing and from SCO membership. In practical terms, however, the SCO suffers from many ailments.

### C. *Limitations of China's Security Policies*

The SCO's twelfth (Beijing) summit in June 2012 agreed on non-military measures and mechanisms for "responding to situations that put peace, security and stability in the region at risk". These included plans for more intensive exchanges of information and experiences between security and military agencies.<sup>162</sup> In concrete terms,

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on the Database of the Regional Anti-Terrorist Structure of the Shanghai Cooperation Organisation], 7 June 2002, Article 2, Appendix A, "Key Normative Documents of the Shanghai Cooperation Organisation", FIDH translation, op. cit.

<sup>158</sup> Alexander Cooley, *Great Games, Local Rules: The New Great Power Contest in Central Asia* (Oxford, 2012). Notably, the 2009 SCO Counter-Terrorism Convention allows for a quick "transfer of sentenced persons" between the members, circumventing their domestic legislation and commitments under international law. It also obliges member states to "take necessary measures to prevent the granting of refugee status and corresponding documents to persons complicit in offences covered by this Convention" (Article 23). As a result, individuals from SCO member states are blocked from obtaining protection from persecution on political, religious or ethnic grounds in another SCO member state. See also: "Shanghai Cooperation Organisation: A Vehicle for Human Rights Violations", FIDH, September 2012.

<sup>159</sup> "Compilation of good practices on legal and institutional frameworks and measures that ensure respect for human rights by intelligence agencies while countering terrorism", A/HRC/14/46, 17 May 2010.

<sup>160</sup> Rights of an accused are normally protected by domestic laws, although the degree of protection varies among SCO members. But in the absence of internationally-accepted norms to monitor the use of the blacklists and databases, the precedence of SCO anti-terrorist legal documents and agreements over domestic legal frameworks is worrying.

<sup>161</sup> Kazakhstan views China as using the SCO as a "more civilised way to carry out its economic and political expansion to the West". Crisis Group interviews, Almaty, May 2012.

<sup>162</sup> "Шанхайская организация соперничества" ["The Shanghai rivalry organisation"], *Kommersant*, 6 June 2012; "Шанхайская организация разрывается между организаторами" ["Shanghai Organisation is torn between organisers"], *Kommersant*, 7 June 2012.

however, the SCO has done relatively little.<sup>163</sup> According to a Chinese analyst, it has made “symbolic progress”, but it appears easier for it to add new observer nations or dialogue partners than to deepen cooperation and reach consensus on more issues.<sup>164</sup>

A Kazakh foreign policy specialist argued that the security cooperation potential is largely overestimated, because expectations are built on comparisons to NATO. The SCO, he said, was more effective pre-2001, when it was the Shanghai Five Forum, whose members worked successfully on specific problems: delimitation and demarcation of common borders.<sup>165</sup> A recent report argues that “the gap between the SCO’s narrative about the fight against non-traditional threats and actual mechanisms enabling collective, or at least concerted, action is immense”. There is no defined military structure, and any multilateral security component is “embryonic”.<sup>166</sup> The rule of consensus coupled with chronic regional disunity seriously inhibits collective action. Most Chinese analysts are privately aware of the limitations but take an optimistic line because of the non-interventionist policy’s constraints.<sup>167</sup> Though a number of Chinese scholars identified the 2010 overthrow of President Kurmanbek Bakiyev in Kyrgyzstan as a threat to regional stability, they conceded “we couldn’t do anything; it would have been seen as interference”.<sup>168</sup>

Russian-Chinese rivalry is also a key factor. Moscow uses the SCO as a forum to “bolster criticism of the West and NATO on issues like Syria and missile defence”.<sup>169</sup> But it also takes any opportunity to thwart proposals that would extend Beijing’s regional reach.<sup>170</sup> China uses it primarily as a multilateral forum for its bilateral, principally economic initiatives.<sup>171</sup> At the time of the 2012 summit, the influential Russian newspaper *Kommersant* argued that despite claims of fruitful cooperation, the SCO had in effect split into rival Moscow- and Beijing-led “interest groups”.<sup>172</sup> Regional disputes, such as between Tajikistan and Uzbekistan over water, have not

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<sup>163</sup> Publicly at least, there has been even less focus on the inherent weaknesses of the states themselves. The U.S. State Department has also expressed uncertainty about the SCO’s goals and activities. See, for example, “The Shanghai Cooperation Organisation and the Future of Central Asia”, speech, Evan A. Feigenbaum, Deputy Assistant Secretary, South and Central Asian Affairs, The Nixon Centre, 6 September 2007; also, Julie Boland, “Ten Years of the Shanghai Cooperation Organization: A Lost Decade? A Partner for the U.S.?” 21st Century Defence Initiative, policy paper, Brookings Institution, 20 June 2011.

<sup>164</sup> Crisis Group interview, Beijing, June 2012.

<sup>165</sup> Crisis Group interview, think-tank researcher, Almaty, May 2012.

<sup>166</sup> It cites a lack of positive, long-term goals or well-defined priorities and a refusal to discuss divergences in members’ priorities as key weaknesses. Sebastien Peyrouse et al., “Security and Development approaches to Central Asia – the EU compared to China and Russia”, Europe-Central Asia Monitoring (EUCAM) working paper, 11 May 2012.

<sup>167</sup> At a recent conference, a Chinese scholar stated: “The domestic crisis in some member states, the negative effects of conflict in Afghanistan and the recent Middle East turmoil facilitated SCO member states to reach consensus and created conditions for further strengthening of the security and anti-terrorism cooperation”. Pan Guang, SASS/SIAS conference, Shanghai, 14-15 November 2012.

<sup>168</sup> Crisis Group interview, Shanghai, September 2010.

<sup>169</sup> Alexander Cooley, “In Central Asia”, op. cit.

<sup>170</sup> At the 2012 summit, these included a regional development bank along the lines of the IMF and a free trade zone between members. “Шанхайская организация соперничества” [“The Shanghai rivalry organisation”], *Kommersant*, 6 June 2012.

<sup>171</sup> Alexander Cooley, “In Central Asia”, op. cit.

<sup>172</sup> “Шанхайская организация разрывается между организаторами” [“Shanghai Organisation is torn between organisers”], *Kommersant*, 7 June 2012.

been addressed due to aversion to potential conflict within its ranks.<sup>173</sup> Tidy joint statements gloss over serious differences.

Joint military exercises, the SCO's most visible multilateral security initiative, are another case in point. The latest, in June 2012 in Tajikistan and the smallest since 2003,<sup>174</sup> focused on testing and strengthening joint capacity to respond to terrorist threats in mountainous areas.<sup>175</sup> Publicly, it was hailed as a success, but the internal divisions were striking. Uzbekistan, which has not taken part since 2007, refused to allow the Kazakh military to transit its territory. The SCO was unable to resolve this, and the Kazakh units had to go through Kyrgyzstan.<sup>176</sup> Tajikistan's own experiences in Rasht in 2010 and Gorno-Badakhshan in 2012 showed that security crises often develop too quickly for "a conflict-ridden multilateral organisation" such as the SCO to respond effectively.<sup>177</sup>

Despite the advances outlined in the previous section, China's military also continues to suffer from a number of weaknesses. Its defence industry remains "scattered, inefficient, and over-dependent on high-tech imports from Russia".<sup>178</sup> The army lacks combat experience.<sup>179</sup> While there is little doubt that China has been preparing for contingencies in Central Asia and possible spillover to Xinjiang,<sup>180</sup> it is clear it does not intend to become involved militarily beyond its borders. Russia has also displayed reticence in Central Asia. The CSTO and the SCO were conspicuously inactive during the 2010 coup and pogroms in Kyrgyzstan.<sup>181</sup>

Serious instability in Central Asia would present Beijing with a dilemma, particularly given the shortcomings of the SCO and CSTO. Chinese analysts make it clear

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<sup>173</sup> See for example: Alexander Sodiqov, "SCO Peace Mission 2012", op. cit.

<sup>174</sup> Some 2,000 troops from all SCO member states bar Uzbekistan took part, compared to almost 10,000 in 2005, *ibid.* See also Roger McDermott, "Uzbekistan Snubs SCO Peace Mission 2012", The Jamestown Foundation, *Eurasia Daily Monitor*, vol. 9, issue 116.

<sup>175</sup> China sent a motorised infantry company and artillery unit, Russia, some 350 troops and armoured personnel carriers and tanks from its base in Tajikistan and ground attack aircraft from the CSTO base in Kyrgyzstan. Kazakhstan sent an air assault battalion, along with fighter jets, combat helicopters and armoured personnel carriers; Kyrgyzstan sent a special forces unit and mountain warfare company and Tajikistan an air assault unit and a motorised rifle battalion, reinforced with tanks, military transport helicopters and emergencies ministry personnel. Alexander Sodiqov, "SCO Peace Mission 2012", op. cit.

<sup>176</sup> Joshua Kucera, "Uzbekistan blocks Kazakhstan's military from SCO exercises", EurasiaNet.org, 14 June 2012. This is thought to be part of its dispute over Tajikistan's construction of the Rogun hydropower plant. Roger McDermott, "Uzbekistan Snubs SCO Peace Mission 2012", The Jamestown Foundation, *Eurasia Daily Monitor*, vol. 9, Issue 116.

<sup>177</sup> See Alexander Sodiqov, "SCO Peace Mission 2012", op. cit.

<sup>178</sup> "The dragon's new teeth", *The Economist*, 7 April 2012.

<sup>179</sup> The last time it really fought, in 1979 in Vietnam, it got a "bloody nose", *ibid.* Discussing the possibility of power projection beyond its borders, a Chinese security specialist pointedly noted that in 1979 logistics and supply lines had "let down" the Chinese force. Crisis Group interview, July 2012.

<sup>180</sup> 段秀芳, 柴利 [Duan Xiufang, Chai Li], op. cit.

<sup>181</sup> The Kyrgyz coup and pogroms of 2010 highlighted that any deployment under CSTO auspices would be principally Russian "peacekeepers" – an unwelcome precedent for most members of the bloc. Jeffrey Mankoff, "The Return of Great Power Politics", *Russian Foreign Policy*, 2011. p. 163. The SCO faces many of the same problems. During the July 2012 fighting in Gorno-Badakhshan, the Chinese foreign ministry released this statement: "China is ready to strengthen cooperation with Tajikistan under the framework of bilateral relations and the SCO to decisively fight against the "three evils", to support regional security and stability". "Китай поддержал действия властей Таджикистана в Хороре" ["China supported the Tajik authorities' actions in Khorog"], *Asia Plus*, 27 July 2012. It is unclear if any concrete assistance was given.

that the country's leadership is adamantly opposed to military intervention: it would mean abandoning its core diplomatic principle of non-interference, and China lacks the requisite military capacity.<sup>182</sup> Some analysts see the fallout from China's abstention vote on the UN Security Council Libya intervention authorisation as further hardening the resolve in Beijing against breaking its principle, in particular if there is the potential for military intervention to lead to regime change.<sup>183</sup> If a major crisis befalls Central Asia, China's response would likely be limited to expressions of support and humanitarian aid.

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<sup>182</sup> Crisis Group interviews, Beijing, Shanghai, June, November 2012.

<sup>183</sup> "China Cool on Intervention", *Africa-Asia Confidential*, vol. 6, no. 4, February 2013.

## V. Outlook and Challenges of Post-2014 Central Asia

NATO forces are to complete withdrawal from Afghanistan by the end of 2014, leaving its security in ill-equipped Afghan hands. Control of considerable parts of the country by Taliban and other influential insurgent groups is only part of the problem. Internal issues such as corruption, factionalism, institutional rivalries among the political and military elite and clashes over the role of Islam in governance are all key obstacles on the way to a more or less stable and secure Afghanistan. Presidential elections in 2014 could prove decisive: if widely accepted as legitimate, they would strengthen the government's position at a delicate juncture; if viewed by much of the country as flawed or fraudulent, they would deepen the country's problems.<sup>184</sup>

Further deterioration of the security situation would not be good news for Central Asia. Many insurgents affiliated with the Islamic Movement of Uzbekistan (IMU) fighting in Afghanistan come from Central Asia and could eventually turn their attention to their home countries.<sup>185</sup> The IMU and the East Turkestan Islamic Movement (ETIM) are reported to have close links.<sup>186</sup> Considering that each Central Asian country shares extensive borders with several equally crisis-prone neighbours, security disintegration in one could have swift and disastrous consequences for the rest. Likewise trouble in Xinjiang would be destabilising for its Central Asian neighbours.<sup>187</sup>

Tajikistan and Kyrgyzstan in particular, with their porous borders, poorly equipped and trained forces and shaky regimes would be vulnerable if Central Asian Islamists went home to continue the jihad. Kazakhstan has a terrorist problem of its own: the number of suspects convicted on terrorism-related charges grew in 2011-2012.<sup>188</sup> Uzbekistan has the strongest military but fears IMU expansion into Central Asia.<sup>189</sup> With an aging, unpopular president and weakening state capacity, it may be only a matter of time until its security begins to show cracks. Turkmenistan appears less vulnerable but not at all immune to potential destabilisation if faced by a dedicated militant force.

The Chinese leadership understands that NATO's departure from Afghanistan may change the regional security climate, with implications for key Beijing interests in Central Asia. Chinese specialists are alarmed by the speed with which NATO is leaving and the prospect of having an unpredictable neighbour across the border from Xinjiang.<sup>190</sup> Chinese specialists hold publicly to a relatively optimistic line: that Kabul will weather the pull-out, and China will facilitate a smooth transition with generous financial support. Privately many express dismay at the "irresponsibly" swift U.S. withdrawal.<sup>191</sup> A Chinese analyst said, "the U.S. decided to withdraw when [they]

<sup>184</sup> Crisis Group Asia Report N°236, *Afghanistan: The Long, Hard Road to the 2014 Transition*, 8 October 2012.

<sup>185</sup> Crisis Group Report, *Tajikistan: The Changing Insurgent Threats*, op. cit.

<sup>186</sup> B. Raman, "Under the Shadow of Terror", *Outlook India*, 3 August 2008.

<sup>187</sup> "Xinjiang Riots hits Regional Nerve", *Xinhua*, 18 July 2007.

<sup>188</sup> To compare, in 2007, fourteen people were convicted on terrorism-related charges by Kazakh courts; in 2011, 33 were convicted, and in the first nine months of 2012, 31. Marat Shibutov, Vyacheslav Abramov, "Терроризм в Казахстане – 2011-2012 годы" ["Terrorism in Kazakhstan – 2011-2012"], Almaty, 2012, pp. 6, 22, <http://tinyurl.com/apfajsx>.

<sup>189</sup> Jacob Zenn, "The Indigenization of the Islamic Movement of Uzbekistan", *Jamestown Terrorism Monitor*, vol. 10, Issue 2, 26 January 2012.

<sup>190</sup> Crisis Group interviews, Beijing, Shanghai, June 2012.

<sup>191</sup> Crisis Group interviews, Shanghai, Beijing, June 2012.

didn't win the war, [and] this will bring serious consequences to the entire region and our Xinjiang". An unstable Central Asia could potentially turn quickly into a safe haven for armed extremist groups seeking to continue their fight in Xinjiang.<sup>192</sup>

On 9 October 2012, Russian Foreign Minister Sergei Lavrov categorically dismissed the possibility of deploying CSTO peacekeepers in Afghanistan after 2014.<sup>193</sup> He also said the SCO would not become involved. As a key player with vast economic interests in the region, China has begun to take bilateral and multilateral steps to engage with Afghanistan. The non-interference policy sets limits on what engagement means in practice, but there is at least increasing awareness that the policy will do little to protect Chinese interests in Central Asia.

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<sup>192</sup> Crisis Group interview, Beijing, June 2012.

<sup>193</sup> "Отправка миротворцев ОДКБ в Афганистан после 2014 года исключена" ["Deployment of CSTO peacekeeping forces to Afghanistan after 2014 is out of the question"], RIA Novosti, 9 October 2012.



## **VI. Conclusion**

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China's economic investments in Central Asia and the future stability of its Xinjiang Autonomous Region are interwoven with the region's security landscape. Its investments in the region are exposed not only to potential security crises but also to political whims and grassroots violence. The Central Asian states have much to gain from their neighbour. Its funds and technical expertise could re-invigorate stalled sectors of the Kyrgyz and Tajik economies and build infrastructure that connects the landlocked region to world markets. But, equally, Chinese economic expansionism – if it fails to deliver benefits to the working population and enriches only certain political families – could become a liability. Charges of corruption, elitism and colonialism would cause China's international reputation to suffer as well.

Central Asia's socio-economic and political problems make it prone to turmoil and vulnerable to extremist organisations, both foreign and domestically generated. Beijing's cautious engagement on security matters will likely have to become more robust. China is reluctant to act unilaterally, but the SCO provides it with a multilateral option for both Central Asia and Afghanistan. However, the organisation has been limp on these matters to date. Central Asia's international partners, including Russia and China, must be wary of attempts by the region's leaders to push their populations to the brink, be it through political repression, divisive nationalism or economic deprivation. To address these threats through the SCO, it will be necessary for Beijing and Moscow to view each other with less suspicion.

**Bishkek/Beijing/Brussels, 27 February 2013**

Appendix A: Map of Central Asia



Map No. 3763 Rev.6 UNITED NATIONS  
June 2005

Department of Peacekeeping Operations  
Cartographic Section

## Appendix B: About the International Crisis Group

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The International Crisis Group (Crisis Group) is an independent, non-profit, non-governmental organisation, with some 150 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international decision-takers. Crisis Group also publishes *CrisisWatch*, a twelve-page monthly bulletin, providing a succinct regular update on the state of play in all the most significant situations of conflict or potential conflict around the world.

Crisis Group's reports and briefing papers are distributed widely by email and made available simultaneously on the website, [www.crisisgroup.org](http://www.crisisgroup.org). Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The Crisis Group Board – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring the reports and recommendations to the attention of senior policy-makers around the world. Crisis Group is chaired by former U.S. Undersecretary of State and Ambassador Thomas Pickering. Its President and Chief Executive since July 2009 has been Louise Arbour, former UN High Commissioner for Human Rights and Chief Prosecutor for the International Criminal Tribunals for the former Yugoslavia and for Rwanda.

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**February 2013**

## Appendix C: Reports and Briefings on Asia since 2010

### Central Asia

*Central Asia: Migrants and the Economic Crisis*, Asia Report N°183, 5 January 2010.

*Kyrgyzstan: A Hollow Regime Collapses*, Asia Briefing N°102, 27 April 2010.

*The Pogroms in Kyrgyzstan*, Asia Report N°193, 23 August 2010.

*Central Asia: Decay and Decline*, Asia Report N°201, 3 February 2011.

*Tajikistan: The Changing Insurgent Threats*, Asia Report N°205, 24 May 2011.

*Kyrgyzstan: Widening Ethnic Divisions in the South*, Asia Report N°222, 29 March 2012.

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*The Iran Nuclear Issue: The View from Beijing*, Asia Briefing N°100, 17 February 2010 (also available in Chinese).

*North Korea under Tightening Sanctions*, Asia Briefing N°101, 15 March 2010.

*China's Myanmar Strategy: Elections, Ethnic Politics and Economics*, Asia Briefing N°112, 21 September 2010 (also available in Chinese).

*North Korea: The Risks of War in the Yellow Sea*, Asia Report N°198, 23 December 2010.

*China and Inter-Korean Clashes in the Yellow Sea*, Asia Report N°200, 27 January 2011 (also available in Chinese).

*Strangers at Home: North Koreans in the South*, Asia Report N°208, 14 July 2011 (also available in Korean).

*South Korea: The Shifting Sands of Security Policy*, Asia Briefing N°130, 1 December 2011.

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*Stirring up the South China Sea (II): Regional Responses*, Asia Report N°229, 24 July 2012.

*North Korean Succession and the Risks of Instability*, Asia Report N°230, 25 July 2012 (also available in Chinese and Korean).

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*Sri Lanka: A Bitter Peace*, Asia Briefing N°99, 11 January 2010.

*Nepal: Peace and Justice*, Asia Report N°184, 14 January 2010.

*Reforming Pakistan's Civil Service*, Asia Report N°185, 16 February 2010.

*The Sri Lankan Tamil Diaspora after the LTTE*, Asia Report N°186, 23 February 2010.

*The Threat from Jamaat-ul Mujahideen Bangladesh*, Asia Report N°187, 1 March 2010.

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*War Crimes in Sri Lanka*, Asia Report N°191, 17 May 2010.

*Steps Towards Peace: Putting Kashmiris First*, Asia Briefing N°106, 3 June 2010.

*Pakistan: The Worsening IDP Crisis*, Asia Briefing N°111, 16 September 2010.

*Nepal's Political Rites of Passage*, Asia Report N°194, 29 September 2010 (also available in Nepali).

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*Afghanistan: Exit vs Engagement*, Asia Briefing N°115, 28 November 2010.

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*Nepal: Identity Politics and Federalism*, Asia Report N°199, 13 January 2011 (also available in Nepali).

*Afghanistan's Elections Stalemate*, Asia Briefing N°117, 23 February 2011.

*Reforming Pakistan's Electoral System*, Asia Report N°203, 30 March 2011.

*Nepal's Fitful Peace Process*, Asia Briefing N°120, 7 April 2011 (also available in Nepali).

*India and Sri Lanka after the LTTE*, Asia Report N°206, 23 June 2011.

*The Insurgency in Afghanistan's Heartland*, Asia Report N°207, 27 June 2011.

*Reconciliation in Sri Lanka: Harder Than Ever*, Asia Report N°209, 18 July 2011.

*Aid and Conflict in Afghanistan*, Asia Report N°210, 4 August 2011.

*Nepal: From Two Armies to One*, Asia Report N°211, 18 August 2011 (also available in Nepali).

*Reforming Pakistan's Prison System*, Asia Report N°212, 12 October 2011.

*Islamic Parties in Pakistan*, Asia Report N°216, 12 December 2011.

*Nepal's Peace Process: The Endgame Nears*, Asia Briefing N°131, 13 December 2011 (also available in Nepali).

*Sri Lanka: Women's Insecurity in the North and East*, Asia Report N°217, 20 December 2011.

*Sri Lanka's North (I): The Denial of Minority Rights*, Asia Report N°219, 16 March 2012.

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*Sri Lanka: Tamil Politics and the Quest for a Political Solution*, Asia Report N°239, 20 November 2012.

*Pakistan: Countering Militancy in PATA*, Asia Report N°242, 15 January 2013.

*Sri Lanka's Authoritarian Turn: The Need for International Action*, Asia Report N°243, 20 February 2013.

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*Radicalisation and Dialogue in Papua*, Asia Report N°188, 11 March 2010 (also available in Indonesian).

*Indonesia: Jihadi Surprise in Aceh*, Asia Report N°189, 20 April 2010.

*Philippines: Pre-election Tensions in Central Mindanao*, Asia Briefing N°103, 4 May 2010.

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*The Myanmar Elections*, Asia Briefing N°105, 27 May 2010 (also available in Chinese).

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*Indonesia: The Dark Side of Jama'ah Ansharut Tauhid (JAT)*, Asia Briefing N°107, 6 July 2010.

*Indonesia: The Deepening Impasse in Papua*, Asia Briefing N°108, 3 August 2010.

*Illicit Arms in Indonesia*, Asia Briefing N°109, 6 September 2010.

*Managing Land Conflict in Timor-Leste*, Asia Briefing N°110, 9 September 2010.

*Stalemate in Southern Thailand*, Asia Briefing N°113, 3 November 2010 (also available in Thai).

*Indonesia: "Christianisation" and Intolerance*, Asia Briefing N°114, 24 November 2010.

*Indonesia: Preventing Violence in Local Elections*, Asia Report N°197, 8 December 2010 (also available in Indonesian).

*Timor-Leste: Time for the UN to Step Back*, Asia Briefing N°116, 15 December 2010.

*The Communist Insurgency in the Philippines: Tactics and Talks*, Asia Report N°202, 14 February 2011.

*Myanmar's Post-Election Landscape*, Asia Briefing N°118, 7 March 2011 (also available in Chinese and Burmese).

*The Philippines: Back to the Table, Warily, in Mindanao*, Asia Briefing N°119, 24 March 2011.

*Thailand: The Calm Before Another Storm?*, Asia Briefing N°121, 11 April 2011 (also available in Chinese and Thai).

*Timor-Leste: Reconciliation and Return from Indonesia*, Asia Briefing N°122, 18 April 2011 (also available in Indonesian).

*Indonesian Jihadism: Small Groups, Big Plans*, Asia Report N°204, 19 April 2011 (also available in Chinese).

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*Indonesia: Debate over a New Intelligence Bill*, Asia Briefing N°124, 12 July 2011.

*The Philippines: A New Strategy for Peace in Mindanao?*, Asia Briefing N°125, 3 August 2011.

*Indonesia: Hope and Hard Reality in Papua*, Asia Briefing N°126, 22 August 2011.

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*Indonesia: The Deadly Cost of Poor Policing*, Asia Report N°218, 16 February 2012 (also available in Indonesian).

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*Indonesia: Averting Election Violence in Aceh*, Asia Briefing N°135, 29 February 2012.

*Reform in Myanmar: One Year On*, Asia Briefing N°136, 11 April 2012 (also available in Burmese and Chinese).

*The Philippines: Local Politics in the Sulu Archipelago and the Peace Process*, Asia Report N°225, 15 May 2012.

*How Indonesian Extremists Regroup*, Asia Report N°228, 16 July 2012 (also available in Indonesian).

*Myanmar: The Politics of Economic Reform*, Asia Report N°231, 27 July 2012 (also available in Burmese and Chinese).

*Indonesia: Dynamics of Violence in Papua*, Asia Report N°232, 9 August 2012.

*Indonesia: Defying the State*, Asia Briefing N°138, 30 August 2012.

*Malaysia's Coming Election: Beyond Communalism?*, Asia Report N°235, 1 October 2012.

*Myanmar: Storm Clouds on the Horizon*, Asia Report N°238, 12 November 2012.

*The Philippines: Breakthrough in Mindanao*, Asia Report N°240, 5 December 2012.

*Thailand: The Evolving Conflict in the South*, Asia Report N°241, 11 December 2012.

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