



Royal United Services Institute  
for Defence and Security Studies

Workshop Report

# Security and Stability along the Silk Road

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**Royal United Services Institute**  
for Defence and Security Studies  
Whitehall  
London SW1A 2ET  
United Kingdom  
+44 (0)20 7747 2600  
[www.rusi.org](http://www.rusi.org)  
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**O**N 19 JANUARY 2016, the Royal United Services Institute (RUSI), in collaboration with the University of World Economy and Diplomacy (UWED), hosted a day-long workshop in Tashkent on the security context for the Silk Road Economic Belt (SREB) across Central Asia and the stabilising effects investment and infrastructure development could have on the region. The workshop included a specific discussion about Uzbekistan's role in regional security in light of the SREB initiative, as well as China's views and approaches to security questions throughout the broader region. The event brought together participants from Uzbekistan, China and the UK, including representatives from academia and think tanks. This workshop report summarises the discussions from the conference and offers insights into the current state of the Chinese-led project.

## Security Challenges

The first session discussed the broader regional security challenges facing Central and South Asia that could affect the implementation and impact of the Silk Road project. Key issues highlighted included radicalisation of Central Asian nationals; potential instability spilling over from Afghanistan; organised crime; economic challenges; and conflict over resources.

There are an estimated 1,400 Central Asians fighting in Syria.<sup>1</sup> Some are being radicalised in-country, while others, including migrant workers in Russia, are being recruited abroad. Policy-makers in the region fear that foreign fighters will return home to Central Asia to launch attacks, although so far there has been little evidence of concrete plans to conduct such attacks. There have been arrests across the region, which are often linked to radical networks or foreign-fighter groups, but their degree of links to the battlefield in Syria and Iraq is unclear. For example, in July 2015 the Kyrgyzstani authorities claimed they had foiled a terrorist attack on Kant airbase, planned by Daesh militants.<sup>2</sup> There is little further information or evidence to corroborate the connection with Daesh. Nevertheless, the drivers of radicalisation across the region are not well understood, with local grievances often confused or blended with internationalist ideologies.

An injection of Chinese investment into the region could help alleviate some grievances, such as economic inequality, that can in some specific cases lead to radicalisation. However, if this is not managed in a manner whereby local populations see direct benefit from the SREB projects,

### About the Workshop

This workshop was part of a two-year project conducted by RUSI and funded by the MacArthur Foundation, based in the US. The project seeks to understand in greater detail the plan behind China's Silk Road Economic Belt foreign policy vision and its impact and implications in Russia, Central and South Asia.

1. USAID, 'Central Asian Involvement in the Conflict in Syria and Iraq: Drivers and Consequences', 4 May 2015, <[https://www.usaid.gov/sites/default/files/documents/1866/CVE\\_CentralAsiansSyriaIraq.pdf](https://www.usaid.gov/sites/default/files/documents/1866/CVE_CentralAsiansSyriaIraq.pdf)>, accessed 22 February 2016.
2. Radio Free Europe, Radio Liberty, 'Kyrgyzstan Claims Neutralized IS Members Planned Attacks', 17 July 2015, <<http://www.rferl.org/content/kyrgyzstan-islamic-state-clashes/27134456.html>>, accessed 22 February 2016.

it may in fact exacerbate inequality. Ensuring local communities receive the benefits of Chinese investment should be a key aspect of people-to-people engagement, which is a central pillar of the SREB's action plan.

The workshop also touched on Uzbekistan's own strategy for tackling the question of domestic radicalisation. Uzbekistan's de-radicalisation programme focuses primarily on the religious aspect of the problem, including official regulation of religious education and training of imams. At a broader social level, state television airs short films featuring returning fighters, who send messages of warning to deter people from joining ISIS. The Mahalla, a social institution that acts like a local community council, is the body that works with returning fighters. This seems to be a focal point for de-radicalisation, providing a support network and pre-made community for those returning.

Speakers noted that there is still room for improvement in rehabilitating returning foreign fighters, particularly addressing the non-religious factors influencing radicalisation. There was discussion about the possibility of increased co-operation between China and Uzbekistan, given both countries face a similar problem of foreign terrorist fighters. Education was also raised as key to de-radicalisation. One participant suggested paying greater attention to schools in the trans-border areas that may be neglected as a crucial part of this. For example, there may be some schools in Uzbekistan's border regions with Turkmenistan where Turkmen is the dominant language. Ensuring engagement with such areas through education would be beneficial.

Information-sharing is also a key part of Uzbekistan's counter-terrorism strategy, particularly through the Regional Anti-Terrorist Structure (RATS), a Shanghai Cooperation Organization (SCO) body based in Tashkent. This is one security entity that Uzbekistan co-operates with on a multilateral basis, and RATS is responsible for maintaining collective lists of member states' proscribed terrorist groups and individuals. However, the way in which these lists are compiled is opaque, and the results of such information-sharing are not clear. Whilst participants all point to the organisation as a successful example of regional co-operation, few can point to specific instances where it has acted on the intelligence gathered.

Another de-stabilising factor for the region emanates from Afghanistan. Discussions highlighted the inefficiency of the Afghan state in improving its security apparatus and public administration, which makes the state vulnerable to attack. Most discussants agreed that the threat of Daesh from Afghanistan was exaggerated, yet the fragmentation of the Taliban is a significant concern. This has led to an increase in violence and could facilitate the penetration of Daesh into parts of the country, as well as presenting severe challenges to any meaningful engagement in peace talks. Moreover, this fragmentation is not limited to the Taliban, as the growing fragility of the National Unity Government shows.

This violence is not restricted to Afghanistan, and has recently affected the kind of infrastructure that the SREB seeks to develop. The Taliban recently cut the power lines from Uzbekistan, Tajikistan and Turkmenistan that provide crucial electricity to Afghanistan. This is a key security concern for SREB infrastructure construction. Two speakers were more optimistic regarding the

potential for Afghan instability to affect Central Asia, instead believing it more likely to spill southward into Pakistan. Again, the use of Afghanistan as a base to launch attacks in Central Asia is a concern, but militants have so far not expressed such intentions and seem primarily focused on the Pashtun belt adjacent to Pakistan. There is some concern about the fact that groups have started to use terms like 'Khorasan' and 'Turkistan' in their names – mythical nomenclatures that denote territory that encompass parts of Afghanistan, Pakistan, Iran and Central Asia. Whatever the case of the security risks, the potential for overspill does exist and presents a concern for Chinese investors seeking to pour money into the region.

When discussing Uzbekistan's role in tackling instability in Afghanistan, the conversation highlighted the greater potential role that the SCO could have in the peace process. Many participants were sceptical of the SCO's impact in assisting Afghanistan, with some highlighting an absence of mechanisms within the organisation to do anything directly beyond discussions amongst member states, dialogue partners and observer states.

Moreover, a challenge flagged was the variation in concern about the threat of instability from Afghanistan. For example, those countries bordering Afghanistan – such as Uzbekistan, Turkmenistan, Tajikistan and China – will see Afghanistan as a more urgent problem than, for example, Kazakhstan, which does not share a border with Afghanistan. Similarly, different regional players have different views on how to engage with Afghanistan – some believe that bilateral engagement is the best way to secure interests in such a complicated neighbourhood.

The other non-traditional security threat that has caused great difficulties regionally is organised crime. Largely linked through networks that supply narcotics from Afghanistan (that tend to be both criminal and insurgent/jihadi at the same time), these groups have created networks of affluent criminals across the region that can have a destabilising effect. Furthermore, they help to weaken already porous borders, creating even bigger smuggling and criminal problems. All of these issues will make the job of building the SREB through the region more difficult.

Security threats have also created significant economic challenges in the region. The most relevant of these is the tension between Russia and many Western countries over the conflict in Ukraine. The drop in oil price has been the key driver behind Russia's dramatic economic slowdown, but sanctions have also had an effect on Russia's markets and in turn on markets in Central Asia. Currency devaluations, currency controls and a severe reduction in the value of remittances sent back to Central Asia from migrant workers living in Russia have undermined economic stability. It has already resulted in some migrant workers returning home, particularly to Tajikistan, where they often face poor job prospects. Those with mortgages denominated in a foreign currency have protested in Kazakhstan, as the devaluation of the tenge makes repayment unaffordable. Geopolitical tension has also undermined the credibility of the Eurasian Economic Union (EEU), of which Kyrgyzstan and Kazakhstan are members. For example, neither country wished to endorse Russia's move to implement counter-sanctions on European and American agricultural goods. Although such tensions are not the only reason for the economic downturn in Central Asia, they do contribute to a weakening of the investment climate in the region. This could weaken the Central Asian states' terms with China for investment.

More generally, participants were concerned about Russia's current role in the world and the degree of unpredictability in its behaviour. Be it in Ukraine or Syria, it was not always clear what Moscow's strategy was and this has made it a difficult actor to engage with. Both China and Uzbekistan realise that Russia is an important player in Central Asia, but both currently find it a challenging actor to co-operate with.

Finally, disputes over water resources were also cited as a danger to regional stability. The most prominent example is the Rogun dam. Uzbekistan opposes such a large hydroelectric-power project in Tajikistan, fearing that it will reduce Uzbekistan's access to water. China has so far refrained from committing to such a project because of this dispute. However, Tajikistan is still in dire need of a better electricity supply given the frequent power shortages across the country. Furthermore, larger transnational electricity-transmission-line projects – like CASA-1000 – depend to some degree on large hydro projects like Rogun to produce an electricity surplus for export to Afghanistan. These security issues thus affect the practical feasibility of certain SREB infrastructure routes or specific projects, as well other non-SREB regional connectivity projects.

### **Infrastructure and Investment as a Stabilising Factor**

Having examined the security factors that could undermine the SREB project's success, the discussion then turned to address the stabilising role that SREB infrastructure and investment itself could play in helping resolve some of the region's security problems. This was discussed particularly in light of the economic challenges facing Russia and Central Asia, but also given the economic slowdown in China.

China's economic co-operation with Uzbekistan is not an entirely new initiative championed by the SREB policy. Approximately 580 Chinese–Uzbek joint ventures already operate in Uzbekistan and more than seventy-three Chinese companies have representative offices in Uzbekistan. Improved connectivity, a central pillar to the SREB action plan, has already featured as a key priority for Chinese investment in Uzbekistan. In 2013, the China Railway Tunnel Group agreed to build a tunnel for the Angren-Pap electrified railway. Eximbank allocated \$350m in loans for this.<sup>3</sup> Chinese telecommunications companies Huawei and ZTE are also active in Uzbekistan, with Huawei in particular using its base in the capital as a headquarters for its regional operations.

As with previous discussions on the SREB throughout Central Asia, the main criticism of the project was the lack of detailed substance behind the plan. One speaker noted the need to transform it from a 'blueprint to an on-the-ground project'. However, this criticism implies that only China will dictate the shape of the investment projects they make, when in fact there is room for countries along the SREB to take ownership themselves. Uzbekistan has demonstrated that it can channel Chinese foreign investment into its own national economic priorities, such as import substitution; domestic production, particularly of high value goods; and export-oriented

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3. BNE Intellinews, 'China to Fund \$350m Uzbek Rail Tunnel', 2 December 2013, <<http://www.intellinews.com/china-to-fund-350m-uzbek-rail-tunnel-500018223/?archive=bne>>, accessed 22 February 2016.

manufacturing. ZTE and Huawei not only provide network infrastructure, but ZTE also assembles smartphones and tablets in-country.<sup>4</sup>

There are other examples of China's willingness to participate in domestic manufacturing. In September 2015, the Chinese company Poly Technologies agreed to build a rubber plant, which helps the domestic tyre-manufacturing market. In 2014, Chinese companies agreed six textiles projects in the Jizzakh special economic zone. However, if domestic production is Uzbekistan's main aim, in the long term it will need to determine its own competitive advantage. Diversifying foreign-investment sources, and in turn addressing roadblocks to foreign investment such as strict currency-conversion controls, are both key to achieving this.

Although most SREB-related infrastructure development and investment is done at a bilateral level, China has also made efforts to support multilateral projects on connective infrastructure. On the one hand, this can be a stabilising factor between countries that often have frosty relations, particularly over complex areas such as the Fergana Valley. On the other hand, such political tensions can present obstacles for project implementation. For example, discussions are ongoing to build a railway from China, through Kyrgyzstan, to Uzbekistan. The Kyrgyz section has seen little progress so far, in part because of Kyrgyzstan's vacillation on whether it sees it as benefitting its own interests, but also in part from Russian pressure against alternative rail routes that risk Russia's own position in the transport corridor from China to Europe.<sup>5</sup> There are local tensions that the projects are not necessarily going to resolve, but rather exacerbate.

Moreover, Uzbekistan is generally much more cautious about the genuine benefits of multilateral co-operation, particularly when it involves economic, military or political integration. Although Uzbekistan co-operates on information-sharing within RATS, one speaker highlighted Uzbekistan's apprehension of the prospects for the SCO becoming a conduit for greater economic integration between the Eurasian Economic Union (EEU) and SREB. In this view, SREB should 'not impose bloc mentality and should not cause opposition between countries'. Although Uzbekistan is not against economic co-operation and integration per se, it must reflect equality and a country's national interests. The supranational bodies of organisations such as the EEU thus make such initiatives incompatible with Uzbekistan's own interests. As a result, Uzbekistan also opposes any kind of SCO-wide free-trade zone. It has encouraged special economic zones domestically, however. China is sensitive to this, but this means that projects with Uzbekistan will remain mainly bilateral in nature and need to focus on Uzbek national interests in particular.

This also applies to Uzbekistan's participation in military blocs. Although not averse to military alliances per se, the country's foreign-policy concept highlights Uzbekistan's right to leave any alliance. It exercised this right in 2012, when the country suspended its membership of the

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4. Uzbekistan Investment Guide, 'ZTE Starts Smartphones Assembly in Uzbekistan', 3 July 2013, <<http://www.investor.uz/?tag=zte>>, accessed 22 February 2016.

5. Fozil Mashrab, 'Bishkek Puts Brakes on China–Kyrgyzstan–Uzbekistan Railway', Eurasia Daily Monitor, Jamestown Foundation, 3 November 2015, <[http://www.jamestown.org/programs/edm/single/?tx\\_ttnews%5Btt\\_news%5D=44562#.VsSxNLSLIU](http://www.jamestown.org/programs/edm/single/?tx_ttnews%5Btt_news%5D=44562#.VsSxNLSLIU)>, accessed 22 February 2016.



Russian-led Collective Security Treaty Organization (CSTO). One speaker highlighted ways in which multilateralism can be fashioned on a more equal footing, using ASEAN as an example.

Most Central Asian countries have been enthusiastic about opportunities presented by the SREB project, and China has invested in the region for years prior to its announcement. President Xi Jinping's speech in Astana in September 2013 announcing the project was in many ways a stamp on something that was already well underway. However, there are still risks that could destabilise the investment climate and thus challenge the success of the SREB and its associated projects. China will need to work more closely, particularly at a bilateral level, to better assess and mitigate these risks. If done successfully, China's investment and co-operation on infrastructure development could, in turn, play a stabilising role.

*Sarah Lain is a Research Fellow at RUSI. Sarah Lain's research looks at Russia and the former Soviet states. In particular, she focuses on China and Russia's relations with the five Central Asian states.*

*Raffaello Pantucci is a Senior Research Fellow and Director of International Security Studies at RUSI. His research focuses on counter-terrorism as well as China's relations with its western neighbours.*

## Further Reading

For more commentary and analysis on China in Central Asia by the authors of this report, visit <[chinaincentralasia.com](http://chinaincentralasia.com)>.

For the report of the previous workshop in this series held in October 2015 on the economics of the SREB and its impact on Central Asia, visit <<https://rusi.org/publication/conference-reports/economics-silk-road-economic-belt>>