

US AND CHINESE COOPERATION IN COUNTERTERRORISM IN THE MIDDLE EAST AND CENTRAL ASIA

Finding Ways to Move Forward

By

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Introduction

Rhetoric calling for cooperation in counterterrorism is easy; making such cooperation real is far more difficult. It may be a cliché to say that one man's terrorist is another man's freedom fighter, but the fact is that many nations have major differences over what level of protest and action is legitimate and what level is terrorism. Nations differ sharply over who is a terrorist, their priorities in counterterrorism, ideology, and priorities. Every nation sees its internal security issues as a critical area of national sensitivity, where even sharing information is difficult. The relative priorities that nations give to counterterrorism over the advantages of cooperation with state sponsors of terrorism, or with extremist movements, varies sharply by country and some states can use extremism and terrorism as forms of asymmetric warfare.

The United States and China do have many reasons to cooperate in counterterrorism, but they also have different political systems and different values. The United States sees some Uighur and Tibetan movements as legitimate political and protest efforts that China sees as threats to its security. The United States sees Iran as an extremist nation and the leading sponsor of state terrorism while China sees it as a regime that it may be possible to deal with in pragmatic terms. The United States and China are also divided over more strategic issues like how to deal with Taiwan, and sovereign rights in areas like the South China Sea. There are natural tensions between an existing superpower and an emerging world power, differences over the search for influence in Asia, and both compete on a global basis at the economic level.

At the same time, the United States and China have an overriding strategic incentive to cooperate where they can and to avoid any form of confrontation that could repeat the mistakes of the past and lead to the kind of race for power that led to two World Wars. While the US and China may be competitors in some ways, both benefit from the economic strength and security of the other, and from the overall stability and health of the global economy. The US may emphasize democracy and human rights while China emphasizes security and stability, but these differences are relative and both nations are threatened by Islamist extremism. Both nations have a powerful stake in the stability of the Middle East, Central Asia, South Asia, and the stable flow of critical commodities and materials.

The US Official View of the Terrorist Threat to China

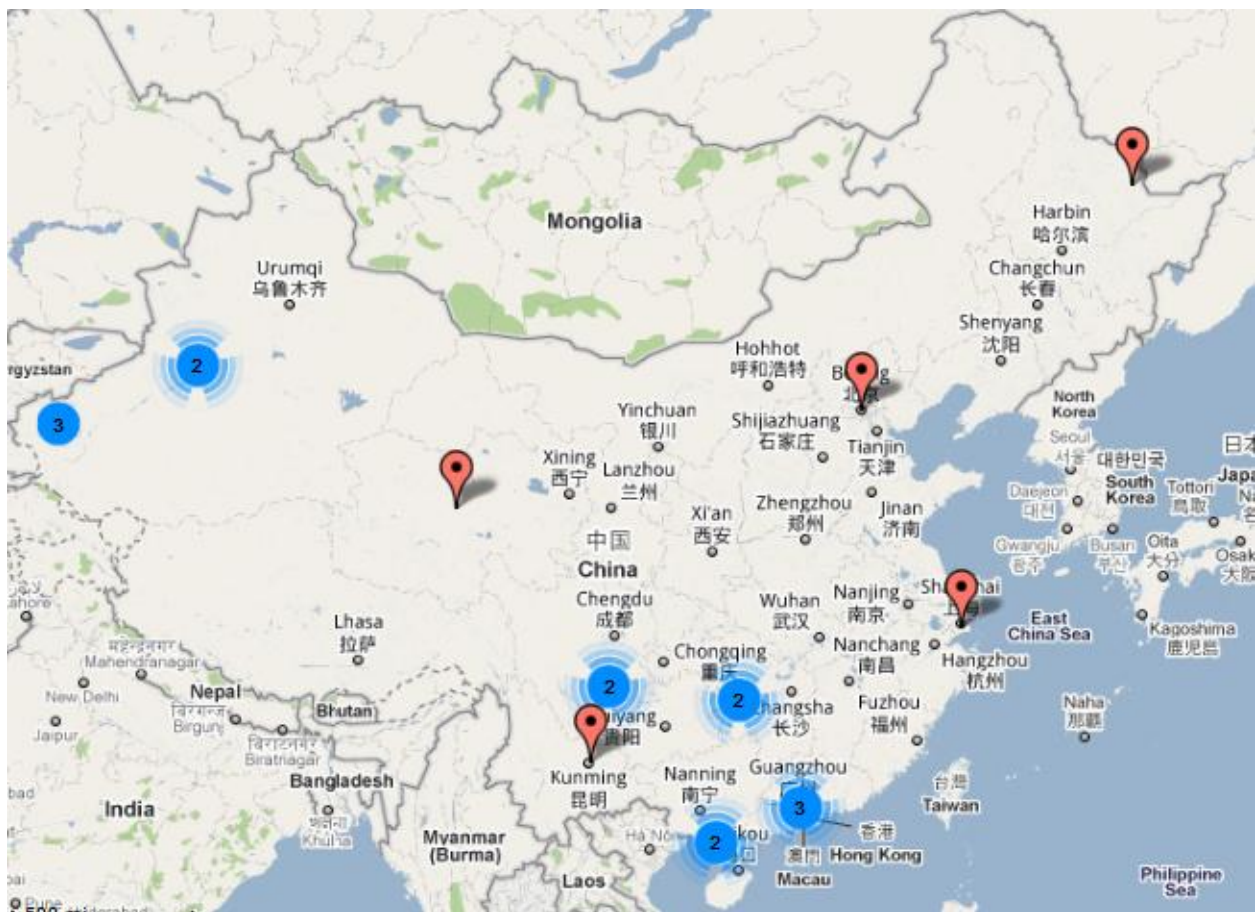
The US and China also agree on many aspects of what constitutes a terrorist threat. The US recognizes the fact that China faces both internal and external threats of terrorism. The US country reports on terrorist activities trace terrorist threats in Central Asia, every other country on China's borders, threats in the form of piracy along China's key trade routes, and the same terrorist threats to the flow of Middle East energy exports that the United States faces.¹

The US Counterterrorism Center can only declassify part of the internal terrorism threat to China, but its unclassified data base does list the range of serious terrorist attacks in China that is shown in Figure One. It is important to note that while the US and China do differ over some of the issues relating to the Uighurs, Figure One has shown that US does recognize both the overall scale of the terrorist threat to China and that some Uighur activities are acts of terrorism.

¹ Detailed unclassified data on such threat can be found in the annual versions of the US country reports on terrorism. The latest are available in the report issued by the Office of the Coordinator for Counterterrorism of the United States State Department: *Country Reports on Terrorism*, "August 5, 2010

Figure One: US Official Estimate of Major Terrorist Incidents in China 2007-2010

| Country | Total | Dead | Wounded | Hostages |
|---------------------|-----------|-----------|------------|----------|
| China | 19 | 38 | 127 | 0 |
| ETIM | 5 | 24 | 43 | 0 |
| Uighur Extremists | 2 | 8 | 22 | 0 |
| Tibetan Separatists | 2 | 1 | 1 | 0 |
| Unknown/Unclaimed | 10 | 5 | 61 | 0 |



Note: Analysis by Andrew Gagel, CSIS, Attributed attacks are either confirmed or suspected. Data current as of Q4 2010.

Source: National Counter Terrorism Center, "Worldwide Incidents Tracking System," <http://www.nctc.go>

The US Official View of China's Role in Counterterrorism

The United States government also recognizes both China's role in the global struggle against terrorism, and China's role in international cooperation in the fight against terrorism. The latest US State Department annual country reports on terrorism, issued on August 5, 2010, describe China's role in fighting terrorism, and in cooperating with other states, as follows:²

China continued its counterterrorism cooperation with the United States and other nations throughout the year. In September, the United States and China held bilateral counterterrorism talks in Washington, DC. In June, China and Singapore conducted joint counterterrorism exercises in Guilin. Then in July, China held a joint Sino-Russian counterterrorism exercise in Jilin Province. Finally, in November, representatives from the Shanghai Cooperation Organization attended an international counterterrorism conference in Kyrgyzstan. Additionally, the implementation of the Yangshan Deep Water Megaports project was resumed on July 2.

China's anti-money laundering and counter-financing of terrorism (AML/CTF) system was significantly strengthened during 2009, although several key deficiencies have yet to be addressed. In July, at the US-China Strategic and Economic Dialogue held in Washington, DC, the United States and China agreed to strengthen their cooperation on AML/CTF, including counterfeiting. In August, the Securities Association of China provided AML/CTF guidelines to securities firms in China, in an effort to cut off possible sources of funding to terrorists. In November, the Supreme People's Court released a judicial interpretation that further expands application of the law to specific non-banking/financial institutions and more widely covers terrorist financing activities.

Terrorist financing is a criminal offense in China. However, the government has yet to develop an asset freezing and confiscation regime that meets international standards or that adequately implements UN Security Council Resolutions 1267 and 1373, according to the Financial Action Task Force (FATF). In addition, China's cross-border declaration and disclosure system needs strengthening to better prevent terrorist financing activity. China's Financial Intelligence Unit (FIU), housed within the People's Bank of China, worked closely with the Financial Crimes Enforcement Network in the United States to develop its capabilities. In addition to its domestic collection and analysis activities, the FIU exchanged information with foreign FIUs.

China expanded its role in international efforts to combat terrorist finance and money laundering by becoming a full member of the FATF in June 2007. Since 2004, China has also been a member of the Eurasian Group (EAG), a FATF-style regional body that includes China, Russia, and most Central Asian countries. In December, China hosted the EAG's bi-annual plenary, providing China an opportunity to enhance its leadership role in AML/CFT issues. Coordination in countering terrorist finance could be further enhanced through China's membership in the Egmont Group, an umbrella body that coordinates the activities of over 100 FIUs worldwide. Though China has applied for membership in the Egmont Group, political concerns about Taiwan's participation in the organization have hampered membership discussions.

The East Turkistan Islamic Party (ETIP), also known as the East Turkistan Islamic Movement (ETIM), was added to the UN Security Council al-Qa'ida and Taliban Sanctions Committee's Consolidated List of individuals and entities associated with al-Qa'ida or the Taliban in 2002. In April 2009, the Sanctions Committee added ETIP leader Abdul Haq to the Consolidated List.

Human rights organizations have accused China of using counterterrorism as a pretext to suppress Uighurs, a predominantly Muslim ethnic group that makes up a large percentage of the population within the Xinjiang Uighur Autonomous Region of western China. After widespread rioting in urban areas of Xinjiang in July and September, police moved in and arrested more than 200 people according to official estimates, at least 26 of whom have been sentenced to death. The Chinese government claimed that the riots were orchestrated from abroad and therefore terrorist attacks on China.

² United States State Department, Office of the Coordinator for Counterterrorism, *Country Reports on Terrorism, "China,"* August 5, 2010, <http://www.state.gov/s/ct/rls/crt/2009/140884.htm>

Formally established in 2002, the FBI Legal Attaché's Office in Beijing bolsters US-China cooperation on counterterrorism investigations. In 2009, FBI Counterterrorism Division personnel participated in a round table discussion on terrorism issues with the China Institute of Contemporary International Relations. FBI personnel also provided a general overview to Ministry of Public Security Terrorism Department personnel on counterterrorism investigations.

Hong Kong

Hong Kong's position as a major transit point for cargo, international finance, and people, coupled with its open trade and financial regime, make it a potential site for money laundering and terrorist financing activities. Hong Kong is a close partner with the United States in the fight against terrorism. The Hong Kong government successfully participated in the Secure Freight Initiative pilot project through its conclusion on April 30. The Container Security Initiative in Hong Kong remained effective, and cooperation with Hong Kong customs officials received continued praise from visiting US government delegations.

Hong Kong law enforcement agencies provided full support and cooperation to their overseas counterparts in tracing financial transactions suspected of links to terrorist activities, and participated in US government-sponsored training on financial crimes and strategic commodity identification, among other topics. In October, Hong Kong's police, fire, health, and other government services held emergency response drills simulating chemical, biological, radiological, and nuclear attacks. During the Hong Kong-hosted East Asia Games in December, Hong Kong deployed its newly established police Counter Terrorist Readiness Unit (CTRU). In addition to providing a counterterrorist deterrent presence, the CTRU assisted police districts with counterterrorism strategy implementation and provided tactical and professional support to existing specialist units, such as the Special Duties Unit and its VIP Protection Unit. Hong Kong actively participated in various anti-money laundering and counterterrorist financing initiatives, including the Financial Action Task Force (FATF) and the Asia/Pacific Group (APG) on Money Laundering. Hong Kong is a member of the Egmont Group of Financial Intelligence Units, reporting through its Joint Financial Intelligence Unit operated by the Hong Kong Police and the Customs and Excise Department.

In response to recommendations stemming from the 2007 FATF and APG mutual evaluation of Hong Kong, authorities are drafting legislation to increase supervision of money changers and remittance agents; create statutory requirements for customer due diligence and record-keeping in the banking, securities, and insurance sectors; and establish civil penalties for these infractions. Legislation to establish government oversight for non-financial professions and to create a cross-border currency reporting mechanism is needed to address additional FATF recommendations.

Macau

Macau's position as a major international gambling center makes it a potential site for money laundering and terrorist financing activities. Macau's financial regulatory authorities directed banks and other financial institutions to search continuously for terrorist financing networks and accounts using lists of individuals and entities designated by the United States under relevant authorities, as well as the UN 1267 Sanctions Committee's consolidated list of individuals and entities associated with al-Qa'ida, the Taliban, and Usama bin Ladin.

Macau is a member of the Asia/Pacific Group (APG) on Money Laundering. In response to recommendations of the APG evaluation, Macau authorities have taken steps to improve compliance with suspicious transactions reporting requirements in banks, casinos, and professional associations, but the threshold reporting limits remain well above international norms. Macau does not have reporting requirements for cross-border currency movements.

In May, Macau joined the Egmont Group of Financial Intelligence Units through its Financial Intelligence Office (FIO), an independent government unit under Macau's Secretary for Economy and Finance. The FIO played an essential role in Macau's Anti-Money Laundering (AML) regime by collecting and analyzing suspicious transactions, providing AML assistance to local authorities, raising the public's AML awareness, and sharing information with overseas counterparts.

In September, the Macau Monetary Authority (AMCM) strengthened its AML guidelines for financial institutions, money changers, and remittance agents by mandating enhanced customer due diligence measures and the compulsory employment of AMCM-approved AML compliance officers. Macau cooperated internationally in counterterrorism efforts through INTERPOL and other security-focused organizations within the Asia Pacific Region. Macau's law enforcement and customs agencies participated in US government-sponsored training in bulk cash smuggling detection, weapons of mass destruction proliferation awareness workshops, and complex financial investigation techniques.

The Reasons for Cooperation in Counterterrorism in the Middle East and Central Asia:

There are many reasons for US and Chinese cooperation in counterterrorism. Cooperation is critical to the protection of their populations and critical infrastructure. It is also a natural obligation to their friends and allies, humanitarian obligations, their search for peace, and their need to support the international rule of law. It is an important way to develop cooperation in areas where they do not compete, and to build mutual trust.

The need for cooperation is also shaped by the common, critical strategic interests of both countries. While the US and China may be economic competitors, they are synergistic competitors that are mutually dependent on the secure flow of trade, the health of the global economy, and the secure flow of energy exports at market prices to each other and to other trading partners throughout the world.

The days of colonialism and the geopolitical battles for resources of the 19th century have little to do with 21st century economics. China and the US need energy imports for their economies to function as well as massive volumes of trade, and both nations depend heavily on the economies and flow of trade to Europe, Northeast Asia and the developing areas of the world.

A Common Need for a Secure Global Economy

While sources differ over trade and economic statistics, the US and China are critically dependent on the overall health and stability of the global economy, and the secure flow of every aspect of global economic development and trade. The CIA World Factbook estimates that the production of China's industries grew at an annual rate of 11% in 2010.³ It also estimates that China exported some \$1.5 trillion worth of goods, over 20% of which went to the United States. This volume of exports equaled 26% of China's GDP at the official exchange rate -- perhaps the best estimate of the total size of its modern market economy -- and the volume of exports to the US alone was equal to 5.2%.⁴

The CIA World Factbook estimates that the production of US industries grew at an annual rate of 3.3% in 2010.⁵ The US is more dependent on imports than China and imported some \$1.9 trillion

³ CIA, World Factbook, <https://www.cia.gov/library/publications/the-world-factbook/geos/ch.html>, June 25, 2011.

⁴ CIA, World Factbook, <https://www.cia.gov/library/publications/the-world-factbook/geos/ch.html>, June 25, 2011.

⁵ CIA, World Factbook, <https://www.cia.gov/library/publications/the-world-factbook/geos/us.html>, June 25, 2011. The more conventional comparison is based on GDP in purchasing power parity (PPP) terms. This includes China's agricultural sector and a large increment based on population size rather than economic output. The CIA estimated that China's GDP was \$ 10.1 trillion in PPP terms but only \$ 5.9 trillion in market or official exchange rate terms. The US economy was estimated to be \$ 14.7 trillion in both PPP and official exchange rate terms

worth of goods in 2010, of which \$366 billion (19.3%) came from China. It should be noted that the US imported well over 25% of all its imports from major Asian industrial states.

These numbers will change steadily over time as China's economy increases in size, sophistication, and internal demand, but it seems unlikely that the US and China will cease to be major trading partners at any point in the foreseeable future. It is certain that both will remain dependent in large part on the overall health of the global economy. Terrorism, piracy, insurgency all pose a common threat to trade and economic growth, particularly if terrorism escalates to insurgency, attacks critical economic targets, or involves the use of weapons of mass destruction.

The Critical Importance of the Secure Flow of Energy

The Middle East, North Africa, and Central Asia have special vulnerabilities to such attacks. While the US and China have diverse trading partners, both are critically dependent on the flow of energy from the Middle East, North Africa, and Central Asia. The CIA World Factbook estimates that China consumed 8.2 million barrels of oil per day (MMBD) in 2010, and that China imported some 4.3 MMBD or 52% of this total.⁶ It also estimates that the US consumed 18.7 million barrels of oil per day (MMBD), and imported some 11.3 MMBD or 60% of this total.⁷

Moreover, the International Energy Agency (IEA), and the Energy Information Agency (EIA) of the US Department of Energy, both estimate that the US, China, and the global economy will remain critically dependent on the secure flow of oil and gas exports through 2035 – as far as either Agency makes estimates into the future. China and the rest of the developing world are estimated to steadily increase this dependence on energy imports. The US, Europe, and Japan are not estimated to make any significant reductions.

The IEA annual energy analysis for 2010 estimated the following trends through 2035:⁸

- Global demand for each fuel source increases, with fossil fuels – coal, oil and gas – accounting for over 50% of the increase in total primary energy demand.
- Oil remains the dominant fuel in the primary energy mix to 2035. Nonetheless, its share of the primary fuel mix diminishes as higher oil prices and government measures to promote fuel efficiency lead to further switching away from oil in all sectors...
- Natural gas is set to play a central role in meeting the world's energy needs for at least the next two-and-a-half decades...Demand increases by 44% between 2008 and 2035 – an average rate of increase of 1.4% per year. Growth in demand for gas far surpasses that for the other fossil fuels...China's gas demand grows fastest, accounting for more than one-fifth of the increase in global demand to 2035...The Middle East leads the expansion of gas production, its output doubling by 2035.

US government estimates of the broad trends in US and Chinese oil imports are shown in **Figure Two**. The EIA *International Energy Outlook for 2011* provides more detailed estimates based on roughly the same model and data as the IEA and projects both US and Chinese energy imports to 2035.

⁶ CIA, World Factbook, <https://www.cia.gov/library/publications/the-world-factbook/geos/ch.html>, June 25, 2011.

⁷ CIA, World Factbook, <https://www.cia.gov/library/publications/the-world-factbook/geos/us.html>, June 25, 2011.

⁸ International Energy Agency, *World Energy Outlook 2010 Factsheet*, "What Does the Global Energy Outlook to 2035 Look Like?" OECD/IEA 2010.

These estimates highlight the critical importance of growing and secure flows of oil and gas exports to the world economy through 2035. The EIA estimates that global consumption of conventional oil will rise from 83.7 MMBD in 2009 to 110.8 MMBD in 2035, in spite of massive increases in energy efficiency and the supply and use of other energy supplies, including non-conventional liquids.

The US is projected to only increase its consumption of oil from 18.6 MMBD to 21.9 MMBD by 2035, but China is estimated to increase its consumption from 8.32 MMBD in 2009 to 19.1 MMBD in 2035. The US will produce 12.8 MMBD of conventional and unconventional liquids in 2035, leaving 9.1 MMBD in imports (42%). China is estimated to produce 4.2 MMBD of conventional and unconventional liquids in 2035, leaving 14.2 MMBD in imports (74%).

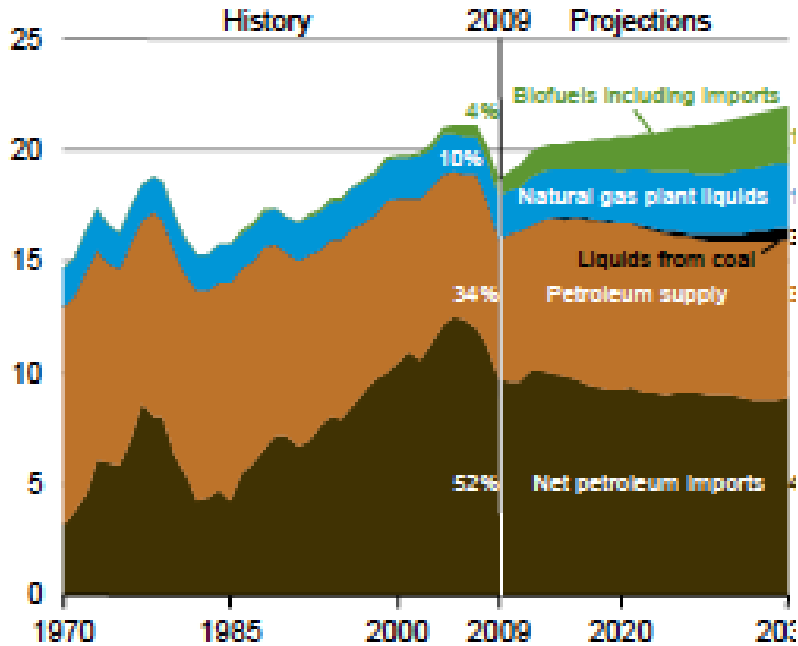
These figures understate the true level of US import dependence, however, because the US imports massive amounts of oil and gas indirectly through its imports of manufactured goods – a large percentage of which come from China, Europe, and other Asian states that are heavily dependent on imports from the Middle East and North Africa.⁹

US gas imports may drop because of new technology and much of US gas imports will come from Canada. Like the IEA, the EIA estimates China will massively increase its energy imports of gas – massively in the case of gas, particularly if Japan's Fukushima disaster slows China's expansion of nuclear power.

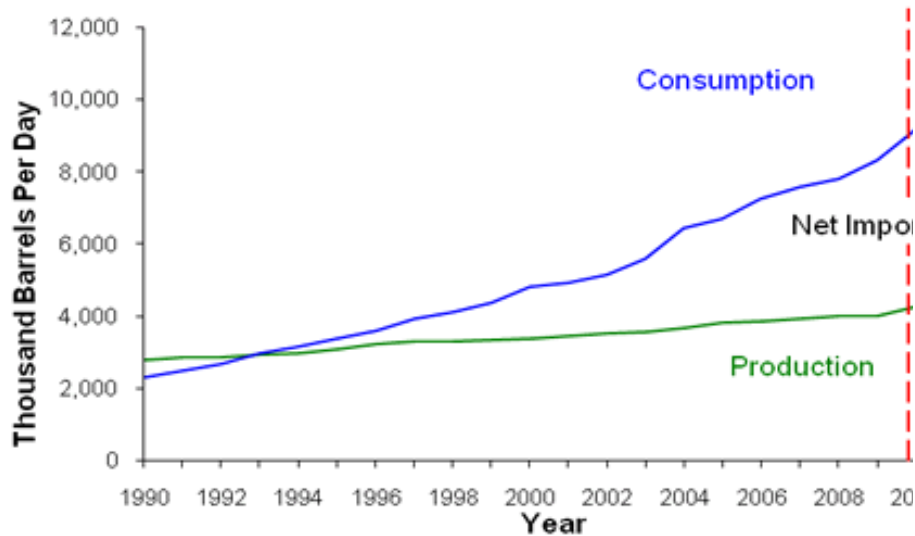
⁹ Energy Information Agency, *Annual Energy Outlook, 2011*, April 2011, <http://205.254.135.24/forecasts/aeo/>, pp. 154-155.

Figure Two: EIA Estimates of US and Chinese Oil Import Trends

Figure 1. U.S. liquids fuel consumption, 1970-2035 (million barrels per day)



China's Oil Production and Consumption, 1990-2012



Source: EIA Short-Term Energy Outlook (April 2011)

Securing the Middle East and a Critical Source of Energy Exports

The EIA report highlights growing global dependence on the Middle East and North Africa (MENA) to provide both a large amount of this flow of exports and the bulk of growth in both oil and gas through 2035, as well as the growing flow of oil and gas exports from Russia, Central Asia, and the Caspian.

The EIA estimates that the MENA area will increase oil production from 24.2 MMBD in 2009 to 35.0 MMBD in 2035. This will raise MENA output from 29% of world conventional oil production in 2009 to 32% in 2035 in spite of massive exploration and development efforts in other areas.¹⁰ The rest of Asia, including Central Asia, will see total oil production drop from 3.7 MMBD in 2009 to 2.85 MMNBD in 2035. Oil and gas production will, however, increase in Central Asia.

These data highlight the vital importance of US and Chinese cooperation in fighting terrorism that can affect the flow of MENA and Central Asian oil and gas. China is now far more directly dependent on energy imports from the Middle East and is likely to remain so. The EIA reports that,¹¹

The Middle East remains the largest source of China's crude oil imports, although African countries also contribute a significant amount. China imported nearly 4.8 million bbl/d of crude oil in 2010, of which over 2.2 million bbl/d (47 percent) came from the Middle East; 1.5 million bbl/d (30 percent) from Africa, 176,000 bbl/d (4 percent) from the Asia-Pacific region, and 938,000 bbl/d (20 percent) came from other countries. In 2010, Saudi Arabia and Angola were China's two largest sources of oil imports, together accounting for over one-third of China's total crude oil imports. Crude oil imports rose over 17 percent from 4.1 million bbl/d in 2009. Angola has become as significant an exporter of crude to China as Saudi Arabia and in some months has been the largest supplier. The EIA expects China to import about 72 percent of its crude oil by 2035, a significant rise from the current 50 percent.

While the US will normally be far less dependent on MENA and Central Asian oil and gas imports than China, this is irrelevant for two reasons. First, both the US and China must pay world prices in a crisis that affects any key part of global exports. Second, both are becoming steadily more dependent on the overall health of the global economy – both in economic and security terms.

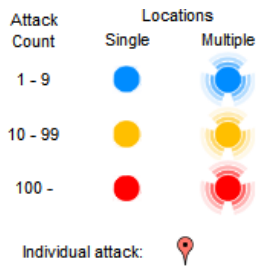
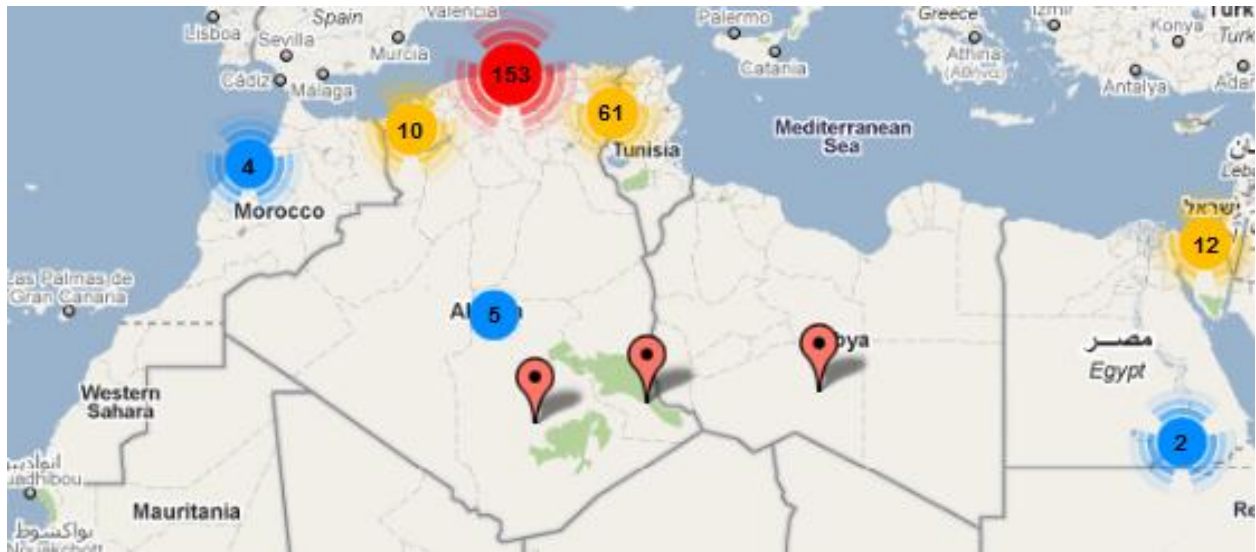
US and Chinese political leaders may dream of energy independence, but barring a massive breakthrough in technology, such dreams are little more than irresponsible fantasies for the foreseeable future. Both nations will remain dependent on the flow of energy exports, and particularly on the stability and security of the Middle East against any form of terrorist threat – whether from states, independent movements, or more commercial activities like piracy.

So far, the direct terrorist threat to MENA energy exports has been limited, although it has been all too real in the case of Algeria and Iraq, as **Figures Three and Four** show. The fact remains, however, that many other extremist and terrorist movements have been the source of threats that could affect the flow of energy exports in the future.

¹⁰ Energy Information Agency, *Annual Energy Outlook, 2011*, April 2011, <http://205.254.135.24/forecasts/aeo/>, pp. 154-155.

¹¹ US Energy Information Agency, *China Country Analysis*, May 2011, <http://www.eia.gov/countries/cab.cfm?fips=CH>

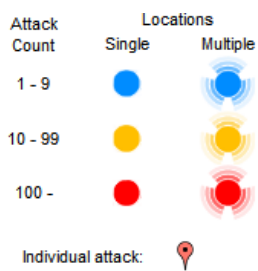
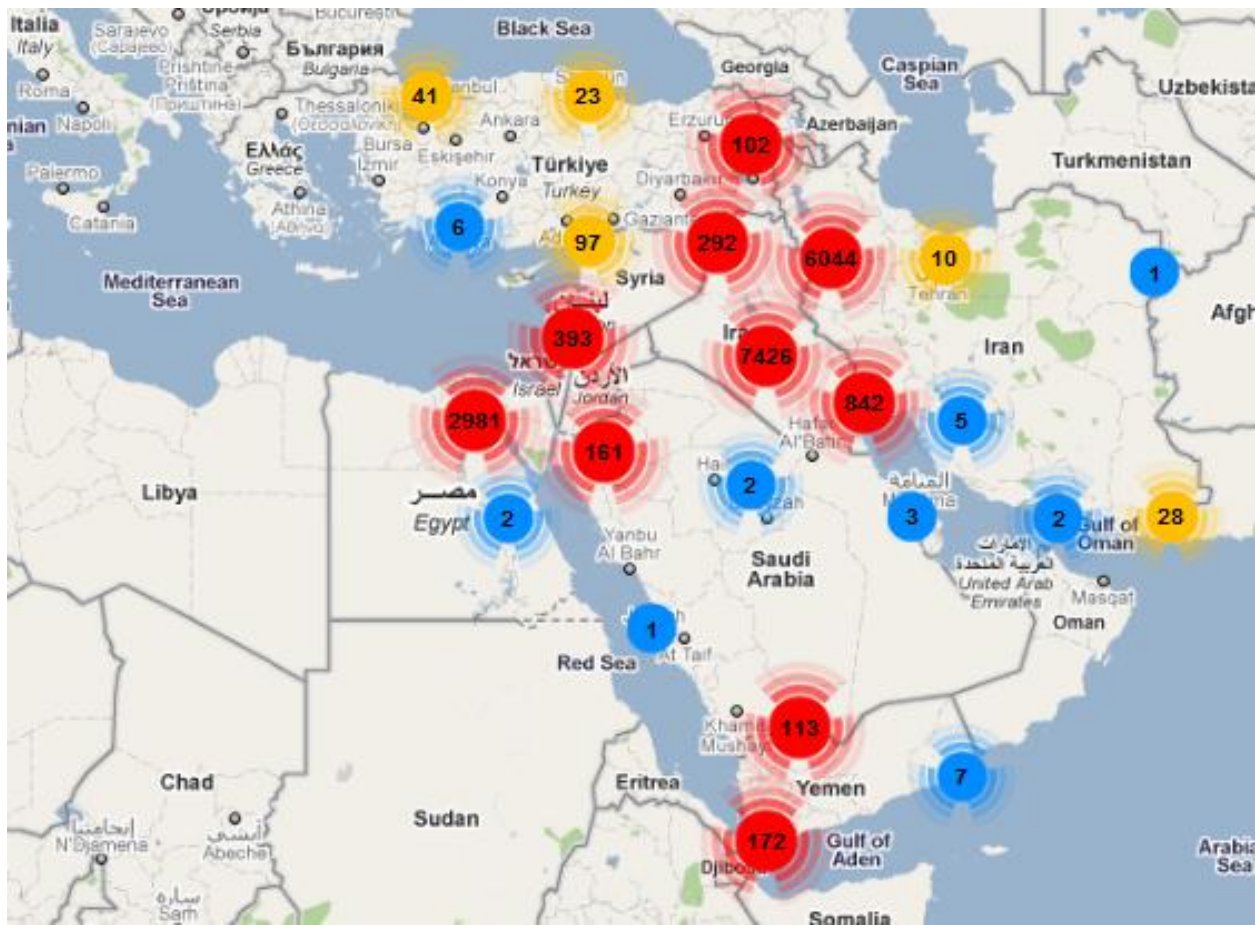
Figure Three: Major Act of Terrorism in North Africa: 2007-2010



Note: Cluster and attack locations are approximate; Data current as of Q4 2010

Adapted from: National Counter Terrorism Center, "Worldwide Incidents Tracking System," <http://www.nctc.gov>

Figure Four: Major Act of Terrorism in Turkey, Israel, the Levant and the Gulf: 2007-2010



Note: Cluster and attack locations are approximate; Data current as of Q4 2010

Adapted from: National Counter Terrorism Center, "Worldwide Incidents Tracking System," <http://www.nctc.gov>

The Need for Cooperation in Counterterrorism in Central and South Asia

The strategic need for cooperation in fighting terrorism in Central and South Asia was made all too clear to the United States by the attacks on the World Trade Center and the Pentagon on September 11, 2001. It has been made equally clear to China by terrorist attacks linked to movements in Central Asia, and by the risk that a nuclear-armed Pakistan – which has been an ally of both China and the US in the past – could come under Islamic extremist rule and remain the sanctuary of Al Qaeda and other terrorist movements.

The US role in the region will diminish sharply after the withdrawal of US combat forces from Afghanistan in 2014, but this scarcely means that the US and China will not face common threats – along with Russia, Europe and all of the governments in both Central and South Asia. As **Figure Five** shows, Central and South Asia have been major centers of terrorist activity – driven by a wide range of religious, ethnic, tribal and other sources of terrorism.

Moreover, **Figure Six** shows the growing importance of pipelines and energy exports through Central Asia to China and the health of the global economy. In the case of oil, the US EIA reports that, “China inaugurated its first transnational oil pipeline in May 2006, when it began receiving Kazakh and Russian oil from a pipeline originating in Kazakhstan. The 200,000 bbl/d pipeline spans 620 miles, connecting Atasu in northern Kazakhstan with Alashankou on the Chinese border in Xinjiang. The pipeline was developed by the Sino-Kazakh Pipeline Company, a joint venture between CNPC and Kazakhstan's KazMunaiGaz (KMG). The pipeline's third leg from Kenkiyak to Atasu and an expansion of the entire pipeline, doubling capacity to 400,000 bbl/d, are to be completed in 2011 by CNPC. Industry publications suggest that the Atasu to Alashankou line has been running at about 50 percent of capacity, or slightly over 100,000 bbl/d.”¹²

In the case of gas, the EIA reports that,¹³

- China's first import natural gas pipeline was the Central Asian Gas Pipeline (CAGP), which spans 1,130 miles and bring natural gas imports to China from Turkmenistan, Uzbekistan, and Kazakhstan. In December 2009, CNPC was awarded a PSC to develop natural gas resources at Turkmenistan's large South Yolotan gas fields, and signed a deal with Turkmengaz, the state-owned gas company, to import natural gas supplies. The pipeline began operations in December 2009 with initial volumes at 200 Bcf/y, and links to the second West-East pipeline in China. Turkmenistan announced that it intends to raise the gas supply to at least 1.4 Tcf/y once the South Yolotan field development is complete in 2012.
- In order to accommodate greater gas flows from Central Asia, CNPC released plans to construct the third West-East Pipeline to partially run parallel to the second West-East line and end in the southern province of Guizhou. Analysts anticipate that the 0.7 to 1 Tcf/y pipeline will offtake gas from Turkmenistan's production and domestic output from the Junggar fields, though supply arrangements are still undefined. There have been proposals for a fourth and fifth West-East pipelines which are in pre-feasibility stages. The Tarim Basin is reportedly slated to feed gas to the fourth line.

¹²US Energy Information Agency, China Country Analysis, May 2011, <http://www.eia.gov/countries/cab.cfm?fips=CH>.

¹³ US Energy Information Agency, China Country Analysis, May 2011, <http://www.eia.gov/countries/cab.cfm?fips=CH>

- In June 2010, CNPC signed an MOU with Uzbekistan to deliver over 350 Bcf/y through a transmission line that would connect with the CAGP. Kazakhstan and China also signed a joint venture agreement in June 2010 to jointly construct the second phase of the Kazakh-China gas pipeline, starting in western Kazakhstan and linking to the CAGP. Pipeline commissioning could begin in 2012.
- There are several proposed pipelines that could contribute to Chinese natural gas imports in the future.
 - In March 2006, CNPC officials signed a Memorandum of Understanding with Russia's Gazprom for two pipeline proposals, one from Russia's western Kovykta gas field to northwestern China with a pipeline capacity between 1 and 1.4 Tcf/y by 2015. A second proposed route, called the Eastern pipeline, would connect Russia's Far East and Sakhalin Island to northeastern China, and would have 1.1 to 1.4 Tcf/y capacity.
 - CNPC signed a deal with Myanmar in March 2009 to finance the construction of a 1,123-mile, 420 Bcf/y pipeline from two of Myanmar's offshore blocks to Kunming, China. Construction began on the project, due to commence in 2013.

While this aspect of China's energy imports is still in development, and current pipelines and projects can only hint at the scale of activity to come, energy security is again a critical consideration.

Figure Six: China's Growing Energy Import Links to Central and South Asia



Source: EIA, China: Country Analysis, May 2011, <http://www.eia.gov/countries/cab.cfm?fips=CH>

Moving Forward In Cooperation in Counterterrorism

While the US and China already cooperate in some aspects of counterterrorism, there is still much to be done. Both states have shown that even a limited partnership against violent extremism serves their greater interests, but US and Chinese conceptions of counterterrorism are unique and sometimes conflicting. The US focuses on an international collection of well-financed enemies with a broad, long-term agenda of hostility; China focuses more on threats to its domestic stability from minority separatists.¹⁴

The complimentary aspects of both countries' CT missions are significant enough to elicit diplomatic and institutional support on both sides. China ties its internal security programs and international counterterrorism activities to the broader War on Terrorism (WOT), but it has been cautious of US activities in the WOT such as the US military presence in Central Asia. The US seeks to expand China's role in the larger international campaign against terrorism and as a contributing partner for South Asian stability, but some US officials are concerned that China's use of counterterrorism is a cover for domestic repression.

Intelligence Cooperation

Over the past ten years, China and the US have engaged in limited sharing of intelligence on counterterrorism. It is not possible to determine the level of such cooperation, but it seems clear that better dialogue on both sides could expand the scope of such exchanges on both a bilateral level and in various international forums and UN bodies. This does not require that China and the US agree on who is a terrorist or share deeply sensitive data, but it does require clear guidance from both governments to their respective intelligence and security communities.

Russia could be another critical partner in this struggle. The US, China, and Russia all have unique intelligence assets to bring to a partnership in fighting terrorism in given countries in the Middle East and Central Asia. They cannot freely share sensitive data, or cooperate in every area. They do, however, have a common definition of terrorist in many areas, and they have a common interest in preventing any form of terrorism that involves weapons of mass destruction or a threat to critical facilities and infrastructure.

Diplomatic Cooperation

The main area of US and Chinese cooperation has been through diplomatic means. To show its support for the WOT, China has supported several US-led international counterterrorism agreements, restrained its critiques of Japanese participation in the WOT, and has contributed aid for reconstruction in Afghanistan. China and the US have both begun to address the threat of maritime terrorism in critical areas like the Gulf of Aden and the Strait of Malacca, but their efforts still remain largely uncoordinated.

These are all areas where both nations can strengthen their existing efforts in ways that serve their strategic interests, and provide for focused intelligence cooperation, aid efforts, and common security efforts. Steadily evolving stronger relationships where both countries alternate or share the lead, carry out common planning and coordination efforts, and increase their level of governmental and expert dialogue can all have important effects.

¹⁴ Denny Roy, "Lukewarm Partner: Chinese Support for the War on Terrorism in Southeast Asia." Asia-Pacific Center for Security. March 2006. 4.

Counter-terrorism Agreements and Exercises

China and the US already have a number of bilateral and international forums to use to strengthen their cooperation. The US State Department Country Reports on Terrorism for 2009 notes that:

In September, the United States and China held bilateral counterterrorism talks in Washington, DC. In June, China and Singapore conducted joint counterterrorism exercises in Guilin. Then in July, China held a joint Sino-Russian counterterrorism exercise in Jilin Province. Finally, in November, representatives from the Shanghai Cooperation Organization attended an international counterterrorism conference in Kyrgyzstan. Additionally, the implementation of the Yangshan Deep Water Megaports project was resumed on July 2.¹⁵

There are also a number of regional forums where the US and China could expand their cooperation. For example, China has made it clear that it remains committed to the pursuit of cooperative solutions to the problems of global terrorism. At the Shangri-La Dialogue early in June 2011, the PRC released a statement committing itself to an integrated approach to issues of global security:

China adheres to the concepts of openness, pragmatism and cooperation when expanding its participation in international security cooperation, strengthening strategic coordination and consultation with major powers and neighboring countries, and taking part in U.N. peace-keeping operations, maritime escort missions, international counter-terrorism cooperation and disaster relief operations...¹⁶

China and the US are both permanent members of the U.N. Security Council and have supported several key resolutions that commit Council members to cooperatively combat the threat of global terrorism and promote nonproliferation. In May 2001, China voted in favor of Resolution 1977 that extends the life of the nonproliferation-focused 1540 Committee for ten years. This Committee:

...imposes binding obligations on all States to establish domestic controls to prevent the proliferation of nuclear, chemical and biological weapons, and their means of delivery, including by establishing appropriate controls over related materials. It also encourages enhanced international cooperation on such efforts, in accord with and promoting universal adherence to existing international nonproliferation treaties.¹⁷

Like US officials, Chinese officials expressed public support for the Committee and for expanding its mission and activities after the Security Council's unanimous vote:

‘Terrorism remains the public enemy to the international community. China is against terrorism in all forms and hopes the international community to continue to make joint efforts to prevent and crackdown terrorism,’ Yang Tao, counselor of the Chinese Mission to the United Nations told the meeting...‘China hopes the 1540 committee to launch its work in a practical and prudent manner, assist member states in implementing all obligations under the resolution, and promote the process towards all goals under the resolution 1540 in a comprehensive, balanced and effective way,’ Yang said...‘China will continue to join

¹⁵ State Department, “Country Reports on Terrorism 2009, Chapter 2. Country Reports: East Asia and Pacific Overview.” Office of the Coordinator for Counterterrorism. 5 August 2009. Web. 6 June 2011.

¹⁶Zhang Xuegang, Peopledaily.com.cn. 3 June 2011 17:03

¹⁷ United Nations Department of Public Information, “United Nations Security Council Resolution 1540 (2004).” 24 April 2011. Web. 20 June 2011. <http://www.un.org/sc/1540/>.

the other member states in supporting and participating in the work of the committee and promoting further progress made in international anti-proliferation process,' he added.¹⁸

The Chinese news agency Xinhua also reported PRC support for other counterterrorism committees including the 1267 Committee and the Counter-Terrorism Committee. The former was created in 1999 to monitor sanctions against Al-Qaida and the Taliban, while the latter was formed only weeks after September 11th and is designed to help member states enhance their legal and institutional ability to counter terrorist activities.¹⁹ Editor Wang Yan of Xinhua commented, "China supported the CTC to adopt measures such as running regional workshop, improving national assessment report, facilitating technical assistance to continue the dialogue with member states and help them enhance counter-terrorism capacity building [sic]."²⁰

In a parallel report, the US State Department described the Security Council's recommitment to counterterrorism in a similarly positive light:

Today [April 20th, 2011], the United Nations Security Council reaffirmed its strong commitment to international nonproliferation and counterterrorism efforts by unanimously adopting resolution 1977, and extending the mandate of the 1540 Committee for 10 years...

The 1540 Committee has established itself as a key part of the non-proliferation and counter-terrorism landscape and has taken great strides since its creation in 2004. The Committee helps States to fully implement UNSCR 1540 through its outreach, capacity-building, and assistance efforts. The United States fully supports these efforts and recently announced intentions to voluntarily contribute \$3 million later this year... The United States welcomes this long-term extension of the Committee's mandate.²¹

Expanding Activity Under Other Counterterrorism Agreements

There are a number of other areas where such cooperation can be expanded. According to Denny Roy at the Asia-Pacific Center for Security, "China is a signatory to most of the international conventions on opposing terrorism."²² Notably, China participates in the International Convention for the Suppression of the Financing of Terrorism, but this is an area where the US State Department feels China lacks the proper enforcement mechanisms:

China's anti-money laundering and counter-financing of terrorism (AML/CTF) system was significantly strengthened during 2009, although several key deficiencies have yet to be addressed. In July, at the US-China Strategic and Economic Dialogue held in Washington, DC, the United States and China agreed to strengthen their cooperation on AML/CTF, including counterfeiting. In August, the Securities Association of China provided AML/CTF guidelines to securities firms in China, in an effort to cut off possible sources of funding to terrorists. In November, the Supreme People's Court released a judicial interpretation that further expands application of the law to specific non-banking/financial institutions and more widely covers terrorist financing activities.

¹⁸ Wang Yan, "China supports UN Security Council committees in counter-terrorism efforts." Xinhua. 17 May 2011. Web. 20 June 2011. Gov.cn.

¹⁹ Ibid.

²⁰ Ibid.

²¹ Office of the Spokesman, US State Department, "Nonproliferation and Counterterrorism Measures

Security Council Strengthens Global Nonproliferation and Counterterrorism Measures by Extending the 1540 Committee's Mandate for 10 Years." 20 April 2011. Web. 20 June 2011.

²² Denny Roy, "Lukewarm Partner: Chinese Support for the War on Terrorism in Southeast Asia." Asia-Pacific Center for Security. March 2006. 4.

Terrorist financing is a criminal offense in China. However, the [PRC] has yet to develop an asset freezing and confiscation regime that meets international standards or that adequately implements UN Security Council Resolutions 1267 and 1373, according to the Financial Action Task Force (FATF). In addition, China's cross-border declaration and disclosure system needs strengthening to better prevent terrorist financing activity. China's Financial Intelligence Unit (FIU), housed within the People's Bank of China, worked closely with the Financial Crimes Enforcement Network in the United States to develop its capabilities. In addition to its domestic collection and analysis activities, the FIU exchanged information with foreign FIUs.²³

There are areas where cooperation is already being improved. In addition to partnering with the US to deal with financial security, China supports the Bush-era Container Security Initiative (CSI). The CSI allows US customs officials stationed in Shanghai and Shenzhen to help screen containers headed to the US. In 2002, the United States was permitted to open an FBI office in Beijing under the stipulation that a parallel office would be opened by the PRC in the US.

The 2009 State Department Country Report notes: "In 2009, FBI Counterterrorism Division personnel participated in a round table discussion on terrorism issues with the China Institute of Contemporary International Relations. FBI personnel also provided a general overview to Ministry of Public Security Terrorism Department personnel on counterterrorism investigations."²⁴ Roy comments that, "Chinese officials have been agreeable to cooperation that provides for advice from and consultation with US officials based in China, but are not willing to cede jurisdiction within Chinese territory to US operatives."²⁵

Diplomatic Flexibility

While the US and China often disagree over the details of given diplomatic issues, this is an area where more dialogue and flexibility on both sides could improve cooperation. For example, China has provided tacit support for the WOT and American efforts by softening its criticism of US allies, particularly Japan's military participation in Iraq and Afghanistan. Shirley Kan of the US Congressional Research Service notes, "Tokyo's dispatch of naval vessels to the Indian Ocean to support US forces fighting in Afghanistan was a precedent-setting event, as was sending Japanese soldiers to Iraq during the post-Saddam insurgency."²⁶ In both cases, China tempered its diplomatic language in order to avoid being perceived as obstructionist.

There will inevitably be areas where the US can show similar flexibility, and both sides again need to strengthen the kind of quiet dialogue that can eliminate the risk that such efforts might become the subject of public political controversy.

Aid as a Tool in Counterterrorism

The nations of the "Arab spring," Afghanistan, Pakistan, Yemen, and Somalia are all examples of countries where coordinated aid efforts can undercut extremism and terrorism. China has already attempted to demonstrate its role as a cooperative partner in such efforts through the

²³ State Department, "Country Reports on Terrorism 2009, Chapter 2. Country Reports: East Asia and Pacific Overview." Office of the Coordinator for Counterterrorism. 5 August 2009. Web. 6 June 2011.

²⁴ Ibid.

²⁵ Denny Roy, "Lukewarm Partner: Chinese Support for the War on Terrorism in Southeast Asia." Asia-Pacific Center for Security. March 2006.

²⁶ Ibid, 5.

provision of aid to Afghanistan and Pakistan. The US, however, has felt more could be done by China. Both the Bush and the Obama Administrations have criticized Chinese efforts as insufficient and opaque.

At a 2009 meeting on South Asian stability in Beijing, Robert Blake, Secretary of State for South and Central Asian Affairs, pushed for “greater openness about [the PRC’s] aid and coordination with US efforts, in part to avoid duplication.”²⁷

In 2010, PRC Foreign Minister Yang Jiechi described PRC aid to Afghanistan since 2002 as follows:

...cancelling debts owed by Afghanistan, providing a total of \$132 million in grants, and converting \$75 million from concessional loans into grants from 2009 to 2014. Also, China started major projects (including building a hospital and an irrigation project) and training for over 500 Afghan officials.²⁸

Kan notes that the Foreign Minister’s description was unclear whether Chinese aid programs “contributed to the gross values of total assistance, with aid offered in kind or payments.”²⁹

The US may, however, have pressed too hard because of its own priorities in wartime, and the situation will change as the US withdraws its combat forces from Afghanistan. China will have far less reason to fear any threatening US presence in the region, and both the US and China will have strong reasons to use aid to help Afghanistan, other Central Asian states, and Pakistan with the kind of targeted aid that can help bring stability and defeat extremism and terrorism.

Cooperation in Fighting Maritime Terrorism

Vulnerable sea-lanes in the Gulf, Gulf of Oman, Red Sea, and the Gulf of Aden are all areas where more could be done to promote cooperation in counterterrorism cooperation – although such cooperation has higher priority in areas like the Strait of Malacca. The littoral states (Indonesia, Malaysia, and Singapore) have rejected offers of overt naval protection by the United States, but in the absence of a formal agreement both the US and China have pursued their own paths to increase their influence and provide enhanced security for Southeast Asia. The protective measures taken by Washington and Beijing are largely uncoordinated and typify their loose form of counterterrorism cooperation.

This is a case where cooperation in dealing with the maritime threat in Southeast Asia might help lead to far more cooperation in the immediate areas that threaten Middle Eastern energy exports.

The US Approach

The US approach to maritime counterterrorism in Southeast Asia is built on bilateral relationships with the littoral powers, the provision of defensive materiel, and the support of multilateral institutions like the International Ship and Port Facility Security Code and the US-sponsored Container Security Initiative. In lieu of permanent basing rights, the US Navy has been active in promoting the readiness and capability of the littoral powers:

²⁷ Ibid.

²⁸ Ibid.

²⁹ Ibid.

Malaysia and Singapore have both held joint naval exercises with the US Navy (USN) to police the strait, as well as intelligence sharing. Additionally, in 2006 over 200 USN personnel spent time in Indonesia to strengthen ties between the two states' navies and look into security in the strait.³⁰

In addition to training and exercises, the US continues to build CT capacity by funding local counterterrorism initiatives and by providing equipment needed to detect and intercept maritime threats:

The US has contributed fifteen patrol boats to Indonesia's Marine Police. The US is also a supporter of the project on capacity building for preparedness and response in the Straits. It also provides funding and expertise to the South East Asia Regional Center for Counter-Terrorism (SEARCCT) which is based in Kuala Lumpur. More importantly, it has extended financial assistance to the littoral states to improve maritime domain awareness capabilities in the Straits including the provision of five coastal radar surveillance stations situated along the Indonesia side of the Strait (and seven in the Makassar Strait and Celebes Sea). In 2006–07 Malaysia received \$16.3 million from Maritime Capacity-building Measures in the Straits of Malacca the United States, including \$2.2 million to enhance its Eyes in the Sky maritime-air surveillance capabilities. The US also conducts regular capacity-building exercises with regional navies, such as Cooperation Afloat Readiness and Training (CARAT) and South East Asian Cooperation Against Terrorism (SEACAT) as a means to assist the littoral states to boost their counter-terrorism capabilities.³¹

China's Approach

Unlike the US, China has not offered to play the role of guardian in the Strait. Its plan to solve its energy supply vulnerability in the region (termed the "Malacca Dilemma") involves a comprehensive strategy of increasing its influence by establishing new ports and enhancing diplomatic ties in a 'String of Pearls' from the Middle East to the South China Sea.³² China is both expanding and integrating:

China contributes to the Aids to Navigation Fund set up by the littoral states and has indicated a willingness to provide capacity-building support for Hazardous and Noxious Substances (HNS) preparedness and response in the Straits. China has also made a commitment to help replace navigational aids in the Straits damaged by the devastating 2004 Tsunami, and has provided technical assistance in the setting up of tide, current and wind measurement systems in the waterway.³³

Combined Task Forces

In spite of such differences, there already are precedents for improved cooperation that could both fight terrorism and improve military relations between China and the US. In recent years, the security measures taken by the littoral states have greatly reduced the threat of piracy in the

³⁰ Caroline Vavro, "Piracy, Terrorism, and the Balance of Power in the Malacca Strait." *Canadian Naval Review*. Vol. 4, No. 1, Spring 2008. 15.

³¹ Nazery Khalid, "With a Little Help from My Friends: Maritime Capacity-building Measures in the Straits of Malacca." *Contemporary Southeast Asia: A Journal of International and Strategic Affairs*, Volume 31, Number 3, December 2009, pp. 432-433.

³² Robert D. Kaplan, "Center Stage for the Twenty-first Century." *Foreign Affairs*, Mar/Apr 2009, Vol. 88, Issue 2

³³ Nazery Khalid, "With a Little Help from My Friends: Maritime Capacity-building Measures in the Straits of Malacca." *Contemporary Southeast Asia: A Journal of International and Strategic Affairs*, Volume 31, Number 3, December 2009, pp. 432.

Malacca Strait. In 2007, only three ships were successfully attacked out of ninety thousand transiting vessels.³⁴

Robert Kaplan argues that multinational approaches already in practice to deal with Somali pirates could be similarly applied to security threats in the Strait of Malacca, and to deal with any expansion of such threats in the Gulf, Indian Ocean, and Red Sea regions. Seven nations formed Combined Task Force 150, a naval force of 15 vessels, to combat piracy in and around the Gulf of Aden.

At present, Combined Task Force 151 patrols the region and both the US and China continue to cooperate in limited counter-piracy operations. Notably, “after the capture of a Ukrainian vessel carrying tanks and other military equipment, warships from the United States, Kenya, and Malaysia steamed toward the Gulf of Aden to assist CTF-150, followed by two Chinese warships a few weeks later.”³⁵

The Congressional Research Service provides the following overview of the current state of maritime cooperation:

The US Navy continues to conduct counter-piracy operations in the region, primarily through the Combined Task Force 151 and NATO’s Operation Ocean Shield. The European Union and NATO have extended the mandates for their counter-piracy missions through the end of 2012. China and Russia have assisted EU forces in escorting World Food Program relief shipments and China has shown willingness to improve its cooperation with the coalition task force providing security escorts in the Maritime Security Patrol Area in the Gulf of Aden.³⁶

...Other countries, most notably Russia, China, and India, have deployed naval forces to the region to participate in monitoring and anti-piracy “national escort system” operations. From an operational perspective, while these countries have not formally and fully coordinated their policies with CTF-151, there are ongoing communication efforts. A military coordination mechanism known as Shared Awareness and De-confliction (SHADE) coordinates the activities of coalition forces and Russia, China, India, and Japan through monthly meetings.³⁷

In January 2010, China agreed to assign one of its naval vessels to patrol the IRTC in coordination with CTF-151 and other coalition forces, and signaled that it may seek a rotating co-chairmanship role in future SHADE gatherings. Naval observers and officials in the United States have noted the engagement of China.³⁸

Moving Beyond National Differences to Better Cooperation

There are areas both nations need to do more to address. US and Chinese cooperation in counterterrorism is hindered by four main areas of contention: First, differences over what is considered terrorism and what is a legitimate expression of peaceful political dissent. Second, China has been uncomfortable with the US military presence in Central Asia and expresses its discontent though the Shanghai Cooperation Organization (SCO) – which could be a much stronger forum for fighting terrorism. Third, the United States has become increasingly

³⁴ Catherine Zara Raymond, “Piracy and Armed Robbery in the Malacca Strait.” *Naval War College Review*, summer 2009, vol. 62, no. 3. 31.

³⁵ Robert D. Kaplan, “Center Stage for the Twenty-first Century.” *Foreign Affairs*, Mar/Apr 2009, Vol. 88, Issue 2

³⁶ Lauren Ploch et al., CRS Report for Congress “Piracy off the Horn of Africa” 27 April 2011. 11.

³⁷ Lauren Ploch et al., CRS Report for Congress “Piracy off the Horn of Africa” 27 April 2011. 25.

³⁸ Lauren Ploch et al., CRS Report for Congress “Piracy off the Horn of Africa” 27 April 2011. 25.

concerned with the Sino-Iranian relationship and its connection to the use of PRC-origin arms by terrorist forces. And fourth, the United States and China are in marked disagreement over China's classification of many elements of its restive minority groups as terrorists.

“Terrorism” vs. “Human Rights”

There is a clear need for better dialogue over the differences between US and Chinese interpretation of “terrorism” and “human rights.” In 2002, at the behest of the PRC, the US designated the Uighur East Turkistan Islamic Movement (ETIM) a terrorist organization and helped legitimize China's Xingjian Province as a battleground in the WOT. Since 2002 though, “the United States has refused to designate any other PRC-targeted...or Uighur-related organization as a ‘terrorist organization.’”³⁹ The US continues to push China to take a more active role in the fight against international terrorism while at the same time growing increasingly uncomfortable with China's internal application of counterterrorism.

China's Fear of Encirclement

There is a similar need for dialogue over the future role of the US in Central Asia. Beginning in 2005, the Shanghai Cooperation Organization issued a declaration calling for a “deadline” for the counterterrorism coalition's “temporary” use of facilities and military presence in SCO countries (Uzbekistan and Kyrgyzstan). In response, Chairman of the Joint Chiefs General Richard Myers accused China and Russia of “trying to bully” the Central Asian countries into denying US access.

Later, ahead of the 2007 summit in Bishkek, the PRC's official newspaper published an article calling for the US military to withdraw from the Manas base in Kyrgyzstan. Currently, tensions have lessened somewhat over Central Asian logistical concerns since Kyrgyzstan decided to renew the US basing lease in 2009, and President Obama confirmed that US combat troops would leave Afghanistan in 2014. Nonetheless, China remains suspicious of US intentions and duration of stay during and after full-scale combat in Afghanistan.⁴⁰

China, Iran, and Arms Sales

The US and China need to do everything possible to reduce their differences in assessing the risks posed by Iran. The ascension of Iran to observer status in the SCO in 2006 made the SCO an institutional framework for Sino-Iranian relations. Because the United States considers Iran a state sponsor of terror, China's relationship with Iran and the trade in arms that comes with it is anathema to those who want to push China to take a stronger role in global counterterrorism. In 2006, the State Department denounced the SCO's inclusion of Iran “as running ‘counter’ to the international fight against terrorism.”⁴¹

³⁹ Shirley Kan, CRS Report for Congress “U.S.-China Counter-Terrorism Cooperation: Issues for U.S. Policy” 15 July 2010. 6.

⁴⁰ Shirley Kan, CRS Report for Congress “U.S.-China Counter-Terrorism Cooperation: Issues for U.S. Policy” 15 July 2010. 31

⁴¹ Ibid.

In its most recent annual Country Report, the State Department labeled Iran the most active sponsor of terrorism and detailed its comprehensive support of enemies to the US and counterterrorism worldwide:

Iran's financial, material, and logistic support for terrorist and militant groups throughout the Middle East and Central Asia had a direct impact on international efforts to promote peace, threatened economic stability in the Gulf and undermined the growth of democracy.

Iran's Qods Force provided training to the Taliban in Afghanistan on small unit tactics, small arms, explosives, and indirect fire weapons. Since at least 2006, Iran has arranged arms shipments to select Taliban members, including small arms and associated ammunition, rocket propelled grenades, mortar rounds, 107mm rockets, and plastic explosives.

Despite its pledge to support the stabilization of Iraq, Iranian authorities continued to provide lethal support, including weapons, training, funding, and guidance, to Iraqi Shia militant groups that targeted U.S. and Iraqi forces...Iran was responsible for the increased lethality of some attacks on U.S. forces by providing militants with the capability to assemble explosively formed penetrators that were designed to defeat armored vehicles.⁴²

This has led to growing US and Chinese tension over the issue. Since the summer of 2007, US officials have begun to articulate their belief that Iran's ability to provision arms to terrorists is aided willingly or unwillingly by the PRC. John McConnell, the Director of National Intelligence, testified to Congress that the PRC's arms sales in the Middle East were "destabilizing" and "a threat" to US forces, while missile sales to Iran posed a "threat to US forces in the Persian Gulf."⁴³ Speaking even more bluntly, the Secretary of Defense Robert Gates reported to Congress in March 2009 that PRC weapons sold to Iran were transferred to terrorist organizations and used in combat areas where US troops fought.⁴⁴

China denies its complicity in illicit arms transfers and, "when questioned by reporters about arms sales to Iran that were found in Afghanistan (and Iraq), the PRC Foreign Ministry characterized its arms sales as 'normal military trade and cooperation...'"⁴⁵ Defense Department officials testified to Congress that although the United States demanded that the PRC stop transfers that violated U.N. sanctions, nonproliferation norms, and PRC law, US efforts met with "mixed results."⁴⁶

Domestic Stability and China's Designation of 'Terrorist'

China views counterterrorism principally through the lens of domestic stability and it uses the term 'terrorist' most often to describe dissidents in its several minority groups. 'Terrorism,

⁴² State Department, "Country Reports on Terrorism 2009, Chapter 3. State Sponsors of Terrorism." Office of the Coordinator for Counterterrorism. 5 August 2009. Web. 6 June 2011

⁴³ Shirley Kan, CRS Report for Congress "US-China Counter-Terrorism Cooperation: Issues for US Policy" 15 July 2010. 36.

⁴⁴ Ibid.

⁴⁵ Ibid.

⁴⁶ Shirley Kan, CRS Report for Congress "US-China Counter-Terrorism Cooperation: Issues for US Policy" 15 July 2010.

separatism and extremism’—the SCO’s ‘three evils’—are linked in the mind of Chinese officials who are determined to maintain a unified, Han-dominated China.⁴⁷

A growing rift has developed between China and the US over what constitutes terrorist behavior. What China labels ‘counterterrorism’, the US increasingly considers human rights abuses. Differing security priorities and the inherently ambiguous nature of terrorism complicate cooperation.

China’s Definition of Terrorism

China’s policies for domestic security and counterterrorism reflect a critical security interest in maintaining control over the ethnic minority groups in its western steppes. The PRC has tended to selectively label incidents of violence involving Tibetans and Uighurs as ‘terrorism’, but not similar attacks committed by Hans.⁴⁸ In March 2008, the PRC called the Tibetan Youth Congress “terrorist” after a riot and crackdown in Lhasa.⁴⁹ And in July 2009, the Chinese government claimed that the ethnic clashes in Xingjian were orchestrated from abroad and were therefore terrorist attacks on China.⁵⁰

US Response to China’s Counterterrorism

Though initially supportive of China’s efforts to suppress violent elements of the Uighur minority, the US has become openly critical. On September 17, 2007 the House of Representatives passed a resolution noting that the PRC had manipulated the campaign against terrorism to increase oppression of the Uighur people.⁵¹

Shirley Kan writes that ethnic clashes in Xingjian in July 2009 “highlighted the risks of possible military cooperation with China where there have been concerns about its repression against the minority Muslim Uighurs...”⁵² Additionally, “there have been challenges in verifying the authenticity of Internet messages and websites ostensibly belonging to the Turkistan Islamic Party (TIP), apparently another name for ETIM, with possibilities that one or more messages were created by such a terrorist group, fabricated by the PRC to justify its charges, or made as a deception by a third party.”⁵³

Because the US believes China may be using counterterrorism as a pretext for domestic repression, the US Defense Department refused to extradite Uighur detainees from Guantanamo

⁴⁷ Denny Roy, “Lukewarm Partner: Chinese Support for the War on Terrorism in Southeast Asia.” Asia-Pacific Center for Security. March 2006. 3.

⁴⁸ Ibid.

⁴⁹ Ibid.

⁵⁰ State Department, “Country Reports on Terrorism 2009, Chapter 2. Country Reports: East Asia and Pacific Overview.” Office of the Coordinator for Counterterrorism. 5 August 2009. Web. 6 June 2011.

⁵¹ Shirley Kan, CRS Report for Congress “US-China Counter-Terrorism Cooperation: Issues for US Policy” 15 July 2010. 34.

⁵² Ibid.

⁵³ Ibid.

to China.⁵⁴ The Chinese criticized the US decision claiming that Washington was “showing leniency toward terrorists that were a direct threat to PRC but not US interests.”⁵⁵

Compromise versus Polarization

It is far too easy to take strong, national, public positions with rhetoric to match. The end result is almost always confrontation and near paralysis instead of progress. Public exchanges in which China and the US do nothing but angrily lecture each other in a “dialogue of the deaf” is as purposeless as it is boring.

As is the case with most issues in US and Chinese relations, the question in each case is not who is right or wrong. It is what level of quiet compromise will produce the best results for both sides.

⁵⁴ Defense Department, “Review of Department Compliance With President’s Executive Order on Detainee Conditions of Confinement,” issued February 23, 2009.

⁵⁵ Denny Roy, “Lukewarm Partner: Chinese Support for the War on Terrorism in Southeast Asia.” Asia-Pacific Center for Security. March 2006. 4.