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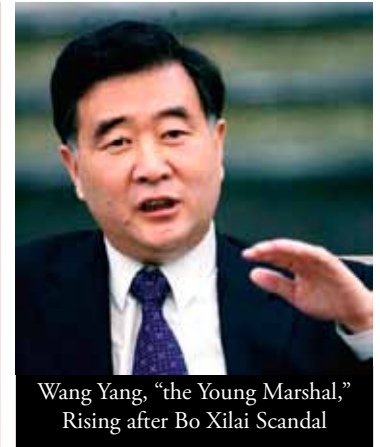
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For comments or questions about *China Brief*, please contact us at mattis@jamestown.org

1111 16th St. NW, Suite #320
Washington, DC 20036
Tel: (202) 483-8888
Fax: (202) 483-8337

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In a Fortnight

By Peter Mattis

TAIWAN'S INTELLIGENCE CHIEF OFFERS NEW INSIGHTS ON CHINESE SECURITY DEVELOPMENTS

Every spring, the director-general of Taiwan's National Security Bureau (NSB) goes before the Legislative Yuan's Foreign and National Defense Committee to discuss national security-related developments. Befitting Taiwan's focus on cross-Strait affairs and the Chinese military, the NSB chief, Tsai Te-sheng, almost always has something interesting to say. This year was no exception, covering issues related to China's aircraft carriers and the South China Sea (*Taipei Times*, May 22; Central News Agency [Taiwan], May 21). Answering legislator's concerns about Taiwan's role in the South China Sea, Tsai announced greater NSB attention to maritime activities in the region and stated he would support additional measures to protect Taiwan-controlled islands and islets in the contested areas (*China Post* [Taiwan], May 22).

With respect to China's aircraft carrier program, Taiwanese intelligence expected Chinese shipyards to lay down two hulls for medium-sized carriers in 2013 and 2015. The ships would be scheduled for completion by 2020 and 2022 (Central News Agency, May 21). Director-General Tsai downplayed widespread expectations that the ex-*Varyag* would be used primarily for training purposes after it is commissioned later this year, stating that that might be the initial purpose. Noting China's aircraft carrier had completed six sea trials so far, Tsai suggested observers should not rule out the possibility that the ex-*Varyag* could be deployed

for military operations if required (*Taipei Times*, May 22). It is not clear, however, what aircraft or helicopters the ex-*Varyag* would field given the weaknesses in China's maritime fixed- and rotary-winged aircraft capabilities as well as the apparent immaturity of Chinese unmanned aerial vehicle technology for operations. Flying off of an airfield with a mock carrier ramp after all is substantially different than combat flight operations from an aircraft carrier at sea ("Exploring Unmanned Drones as an Option for China's First Carrier," *China Brief*, March 30; "Problems and Prospects for China's Ship-Based Aviation Program," *China Brief*, January 6).

The NSB chief also spoke about rising tensions in the South China Sea, starting from the standoff that started on April 10 at Scarborough Shoal between the Philippines and China ("Sino-Philippine Tension and Trade Both Rising amid Scarborough Standoff," *China Brief*, April 26). Tsai dismissed the rising tensions as "acts of bluffing" and expressed his opinion that, despite the tensions, the situation was still controllable. He added "Countries capable of waging war have no intention to engage in battles, while countries that have no combat capabilities will not start a war." Tsai reiterated President Ma Ying-jeou's reaffirmation of Taiwan's rights in the South China Sea earlier this week, but firmly dismissed as inappropriate a Kuomintang legislator's proposal to use China and Taiwan's overlapping claims in the South China Sea as a means to build cross-strait trust (*Taipei Times*, May 22; Central News Agency, May 20). Tsai also brusquely dismissed a Democratic Progressive Party legislator's question of whether Taiwan's military would assist the Chinese in defending both sides' shared claims (*China Post*, May 22).

Last year before the Legislative Yuan, Tsai stated the Chinese military had deployed the DF-16 and DF-21D missiles. The former is a short-range ballistic missile that Tsai described as having considerably more destructive power than any missile then aimed at Taiwan. Additionally, the DF-16's faster re-entry speed makes it less vulnerable to the U.S.-built PAC-3 missile interceptors deployed in Taiwan. More importantly for the United States, Tsai stated the DF-21D, known as the anti-carrier ballistic missile, was now in the field with Second Artillery units after successfully completing several tests. Tsai also blasted Beijing's statements that its military preparations were defensive or only to prevent Taiwan from declaring

formal independence. The NSB chief said these statements are "only a pretext to divert the concern of other countries from its weapons development projects." (*Taipei Times*, March 18, 2011; *China Post*, March 17, 2011; Central News Agency, March 16, 2011).

Although it can be hard to evaluate statements about the People's Liberation Army (PLA) from Taiwan's intelligence chief, the Taiwanese record of espionage against China suggests Tsai's remarks should be taken seriously. In his well-publicized leaked remarks last year, PLA Major General Jin Yi'nan identified several major Taiwanese spy cases, including the party secretary of China's National Nuclear Corporation ("General's Spy Comments Reveal More Than Just Espionage," *China Brief*, September 2, 2011). A few years previously, Taiwanese intelligence also developed a spy ring at the PLA Air Force Command Academy, including the school president and other members of its leadership (*Global Times*, February 14, 2011). These Taiwanese successes indicate that, regardless of Taiwan's own counterintelligence problems, the island's intelligence services continually have developed high-level sources in Chinese military circles that could inform Tsai's annual reports to the Legislative Yuan.

Peter Mattis is Editor of China Brief at The Jamestown Foundation.

Wang Yang: The Future Torchbearer of Reform?

By Willy Lam

With the 18th Chinese Communist Party (CCP) Congress a mere six months or so away, the identity of senior cadres who will make the Politburo Standing Committee (PBSC) has pretty much been settled. Apart from Vice President Xi Jinping and Executive Vice Premier Li Keqiang—who are deemed shoo-ins for the posts of general secretary and premier, respectively—seven of the following eight current ordinary Politburo members are tipped for elevation to the inner sanctum of power: Vice Premiers Wang Qishan and Zhang Dejiang; Director of the Organization Department Li

Yuanchao; the Guangdong, Tianjin and Shanghai Party Secretaries, respectively, Wang Yang, Zhang Gaoli and Yu Zhengsheng; Director of the Propaganda Department Liu Yushan; and State Councilor Liu Yandong (*Ming Pao* [Hong Kong], April 18; *New York Times*, May 17; *Asia Times*, May 11). Of these ten cadres, Wang Yang, age 57, is the only one who the past few years has consistently spoken out in favor of reform—including some degree of political liberalization. The question on the minds of China observers is whether Wang can pick up the threads of political reform in his capacity as the leader of the much-attenuated group of liberals within the CCP and among the nation's intelligentsia.

Wang's reformist track record has been thrown into sharp relief by the downfall of former Chongqing party secretary Bo Xilai, who engineered what is considered the most ferocious Maoist political movement since the end of the Cultural Revolution (1966-1976). Much has been written about the contrast between the crypto-Maoist, egalitarian and paternalistic approach that the Chongqing leadership has taken in economic and political matters on the one hand, and the pro-market, transparent and relatively liberal policies in Guangdong on the other. While there is no evidence to suggest Wang played a role in Bo's disgrace, there seems little doubt that the "Guangdong Model" has gained a lot more respectability at the expense of the largely discredited "Chongqing Model" (*Apple Daily* [Hong Kong], May 19; *Ming Pao*, May 18; *Straits Times* [Singapore], May 17).

Since Wang, a former party secretary of Chongqing, assumed his current post in late 2007, he has shared the limelight with Premier Wen Jiabao—who is also a harsh critic of Bo—as one of only a handful of avid proponents of political reform in the CCP's upper echelons. There is, however, a striking difference between Wen and Wang, whose nickname is "Young Marshal." The premier is given to voicing grand principles. He likes to repeat famous dictums delivered by late patriarch Deng Xiaoping, such as "without reform, there is only the road to perdition" and "political reform must be implemented in lockstep with economic reform" ("Premier Wen's 'Southern Tour': Ideological Rifts in the CCP?" *China Brief*, September 10, 2010). Yet the soon-to-retire Wen has failed to lay down specific road maps for attaining liberalization. Wang, on the other hand, has gone in considerably more depth regarding both the theory and practice of reform.

More so that Premier Wen, Wang has put the emphasis on the masses' participation in the political process. In a much-noted speech earlier this month, Wang told Guangdong cadres that "we must shake off the wrong idea that the people owe their welfare and happiness to some dispensation from the party and government." Wang added "We must safeguard the initiative and creativity of the masses" (Xinhua, May 11; China News Service, May 9). Moreover, the native of Anhui Province has given a convincing explanation as to why it has become more difficult than ever to resuscitate reform. Wang told Chinese and foreign reporters at the National People's Congress this spring, "At the early stage of reform, the obstacles [to reform] were mainly due to ideological differences. Now, the major problems faced by reform come from the configuration of interest [groups at the top]." This tallies with the commonly held perception that big clans and power blocs in the party—which control trillions of yuan in assets—are opposed to political reform for fear that their monopoly on wealth may be dented. Wang's proposal for cracking this problem was bold: "To solve the problem of vested interest groups holding up reform, we must first perform surgery on the party and the government" (*Ming Pao*, May 10; *New Beijing Post*, March 6).

Wang's most notable contribution to liberalizing the political system is his unorthodox handling of the Wukan Village crisis of late 2011. Early last December, close to 20,000 peasants in Wukan, which is located in southern Guangdong, threw out their local CCP cadres and set up their own administration. The allegedly corrupt officials were accused of illegally selling the villagers' land to a Hong Kong developer without giving the farmers adequate compensation. At first, the authorities surrounded the village with thousands of police and People's Armed Police. Wang, however, decided to recognize the villagers' rights and not to penalize the "rebel leaders." New elections were held in January this year and Lin Zulian, the brains behind the "peasant insurrection," was chosen as the new head of Wukan. The initial land sale was nullified and several responsible officials were detained on corruption charges (*Ming Pao*, January 16; *Wall Street Journal*, January 15; Caixin, December 19, 2011).

Wang, who obviously wants to claim credit for having come up with a more humane approach to the CCP's

foremost task of *wei-wen* (preserving stability), has indicated that the “Wukan Model” will be applied to the rest of the province. “The Wukan [Model] was not only meant to solve problems in the village, but also to set a reference standard to reform village governance across Guangdong,” he told the Chinese media. Wang added “People’s democratic awareness is increasing significantly in this changing society,” and “When their appeals for rights aren’t getting enough attention, that’s when mass incidents happen” (*South China Morning Post*, January 5; China News Service, January 3). Not all problems in Wukan have been solved. For example, only a small portion of the illegally expropriated land has been returned to the peasants. A number of liberal scholars, however, have pushed for the nationwide application of the “Wukan Model.” “The Wukan experience has pushed forward the democratization of farmers’ participation in village administration,” said Beijing University social scientist Li Chengyan, “This successful example of democratic self-rule at the grassroots level should be duplicated elsewhere in China” (Sina.com, March 16; Phoenix TV [Hong Kong], March 15).

Guangdong also is ahead of most other provinces and major cities in implementing “intra-party democracy.” Together with Jiangsu Province, Guangdong has been a pioneer in the relatively open way in which medium-ranked to relatively senior cadres are selected. Candidates for positions up to the level of vice directors of provincial departments have to pass a public-opinion test; short-listed candidates also must engage in public debates that are sometimes broadcast on local television (The Economist, November 26, 2011; Xinhua, November 23, 2010; SzNews.com [Shenzhen], October 14, 2010). At the Guangdong Party Congress held early this month, the Standing Committee members of the Guangdong Party Committee were chosen through *cha’e* or competitive elections. Thus, the 906 congress delegates cast secret ballots to pick the 13 top office-bearers out of 14 short-listed candidates. In the past, such senior cadres in Guangdong as well as other regions were “elected” through *deng’e* or non-competitive elections. (Xinhua, May 6; *Nanfang Daily*, May 6).

Equally significantly, “Young Marshal” Wang has allowed a civil society with Chinese characteristics to play a relatively big role in provincial affairs. Guangdong leads the country in the latitude that is granted non-

governmental organizations (NGOs) to operate in areas, such as social welfare and environmental protection. This follows Wang’s idea that his administration should make the switch from “all-embracing governance” to “limited governance.” He pointed out that social organizations and NGOs should be allowed to “handle some areas of social management and social services” (*China Youth Daily*, January 18; China News Service, July 12, 2011). Last year, Wang instructed the Guangdong Civil Affairs Department and other units to simplify procedures for the registration of NGOs and other *minjian*, or “people-sector” organizations. According to public administration Professor Hu Huihua in Guangzhou-based Jinan University, Guangdong officials in charge of NGOs “have an open attitude” toward non-governmental associations. “The future direction is clear,” he noted, “The Guangdong government seems set to give more powers to *minjian* organs” (*Southern Metropolitan News* [Guangzhou] May 3; *People’s Daily*, January 13).

Guangdong also has chalked up a reputation for a relatively high tolerance for media criticism of the party and government. Such well-known publications as *Southern Weekend* and *Southern Metropolitan News* have won praise for their daring treatment of controversial political figures and topics. For example, these two papers have run articles about dissidents and officially-censured public intellectuals ranging from rebel artist Ai Weiwei to avant-garde journalist Li Datong (Sina.com, March 20; *Southern Weekend*, March 8). Wang has often urged reporters to “give voice to the masses.” Last month, the party chief raised eyebrows when he noted that he would provide plainclothes police to protect journalists who did muck-raking stories on fake and pirated products in the province (*Wen Wei Po* [Hong Kong], May 8; *Nanfang Daily*, May 7).

Not long after Wang took up his post as Guangdong’s party chief in late 2007, he caused a stir by calling upon the nation’s cadres and intellectuals to initiate the CCP’s “third wave of thought liberation.” The first wave of thought liberation was a reference to Deng Xiaoping’s dismantling of the Maoist “whateverism” (“whatever Mao Zedong said is correct”) and the second wave consisted in Deng’s dictums on the resumption of economic liberalization, which were given during his 1992 tour of southern China. The “third wave” referred to a judicious mixture of economic as well as political reform

(Sina.com, April 12, 2008; *China Newsweek* [Beijing], April 11, 2008). It is apparent, however, that Wang has in his four-and-half-year tenure only accomplished a small part of his agenda. Take for example, popular participation in politics through grassroots elections. When polls were held last summer to pick deputies to town- and township-level people's congresses—as well as district-level parliaments in the cities—so-called independent candidates in Guangdong were stripped of their eligibility to take part in the elections. This was despite well-understood regulations that any Chinese citizen can run as non-affiliated candidates after he or she has gathered signatures from 50 members of the relevant constituency (Chinaelections.org, August 7, 2011; Radio Free Asia, May 27, 2011). Similar instances of the deprivation of the electoral rights of independent candidates—which was implemented in an apparent attempt to foster political stability—took place throughout China (“Local Elections Open for All but the Independent Candidates,” *China Brief*, September 16, 2011).

The crackdown on independent candidates shows even someone apparently as reform-minded as Wang has had to make concessions to the *wei-wen* imperative, and this has included taking a more direct hand in managing Guangdong's aggressive and courageous journalists. One recent indication of this eroding press freedom is that a career commissar, the Deputy Director of the Guangdong Propaganda Department Yang Jian, was named earlier this month the party secretary of the Nanfang Daily Media Group, which controls *Southern Weekend* and other outspoken Guangdong papers. Yang replaced Yang Xingfeng, who began his journalistic career as a reporter at *Nanfang Daily* in 1982 (Caixin.com [Beijing], May 3). Similarly, Chen Zhong, the liberal chief editor of Guangzhou-based *Nanfeng Chuang* (“Window of Southerly Wind”), a respected muck-raking journal, was replaced last year by Zhou Chenghua, a propaganda cadre known for his rigorous censorship (Sina.com, November 29, 2011; Radio Free Asia, August 19, 2011). These developments broke with the long-standing Guangdong media tradition of naming former journalists and not commissars to positions of news executives.

A keen concern of those interested in the future of reform not only in Guangdong but nationwide is the extent to which Wang can persevere with his taboo-

smashing crusade after his expected promotion to the PBSC at the 18th Party Congress. “Much hinges on the portfolio that Wang will secure after his entry to the PBSC,” said Beijing-based social scientist Liu Junning, who previously worked at the Chinese Academy of Social Sciences as a political scientist. Liu said “If Wang is in charge of areas not having to do with ideology or party affairs, he may lack the clout to do much about political reform” [1]. After all, such has been the case of Premier Wen—who has authority over the economy, but not much else. “Grandpa Wen” has often been criticized for merely talking about liberalization—but without any follow-up action. Moreover, moves on weighty issues—such as the direction of economic or political reform—require a consensual decision by the entire PBSC. Yet the great majority of the likely new PBSC members, including “crown prince” Xi Jinping, are known as defenders of the status quo rather than risk-takers. If, as is likely, the post-18th Party Congress PBSC will continue to take *wei-wen* as the party's overriding task, the chances of the nationwide application of the reforms that Wang has so painstakingly eked out in Guangdong may be relatively slim.

Willy Wo-Lap Lam, Ph.D., is a Senior Fellow at The Jamestown Foundation. He has worked in senior editorial positions in international media including Asiaweek newsmagazine, South China Morning Post and the Asia-Pacific Headquarters of CNN. He is the author of five books on China, including the recently published “Chinese Politics in the Hu Jintao Era: New Leaders, New Challenges.” Lam is an Adjunct Professor of China studies at Akita International University, Japan, and at the Chinese University of Hong Kong.

Notes:

1. Author's Interview with Liu Junning, May 2012.

Organized Crime Exploits China's Growing Links to Latin America

By R. Evan Ellis

In April 2012, authorities in the prosperous and generally peaceful Caribbean nation of Belize intercepted a shipment of precursor chemicals sent from China and apparently bound for representatives of the Mexican cartel “Los Zetas.” The shipment—sufficient to produce an estimated \$10 billion in methamphetamines—highlights growing criminal ties between China and Latin America that have accompanied, but, to date, have lagged behind the exponential growth of trade and investment between the two regions (7 Belize News, April 11).

The limited amount of publicly available evidence suggests that criminal activity spanning the two regions is concentrated in five current or emerging domains: (1) extortion of Chinese communities in Latin America by groups with ties to China; (2) trafficking in persons from China, through Latin America, to ultimately smuggle Chinese into the United States or Canada; (3) trafficking in narcotics and precursor chemicals; (4) trafficking in contraband goods; and (5) money laundering.

The “Chinese Mafia” in Chinese Communities of Latin America

As in other parts of the world, organized criminal groups with linkages to China have long operated within the relatively closed ethnic Chinese communities of Latin America. Some, but not all, of these groups had their origins as “secret societies” organizing Chinese Diaspora communities, but evolving over time into criminal entities. Because Chinese communities have historically been reluctant to report problems among their own members to non-Chinese authorities, their activities in Latin America have received little attention so far. Nonetheless, accounts of their activities in the Latin American press have increased in recent years. This includes extortion-related violence against Chinese shopkeepers in Argentina, going beyond the greater metropolitan area of Buenos Aires to include Mar del Plata, Bahía Blanca, Lomas de Zamora and Mendoza (*Diario Uno*, December 24, 2011, August 21, 2011; *La Nación*, October 11, 2011; *Clarín*, October 2, 2011). It also includes similar accounts in Lima, Peru of “Chinese mafias” extorting ethnic Chinese businessmen

and related incidents, such as the bombing of a Peruvian Chinese restaurant in the suburb of Callao presumably for not paying “protection money” (*Trome*, May 8, 2011; *El Comercio*, January 21, 2011, June 22, 2010). In Venezuela, authorities have detected Chinese mafias operating in the country for at least the past three years (*La Prensa*, April 10, 2010).

As more people and goods flow between China and Latin America, the risk is that these mafias will expand opportunistically into other types of activities taking advantage of these flows. In Peru, for example, “Red Dragon” has over time, expanded from extortion of local shopkeepers into human smuggling and, most recently, into the trafficking of narcotics and precursor chemicals from Asia (*Peru 21*, August 13, 2010).

Trafficking in Persons

Currently, smuggling of persons from Asia through Latin America to Canada and the United States is the largest visible transnational criminal linkage between the two regions. It is highly lucrative for the groups involved, generating \$70,000 or more per smuggled person for the criminal organizers [1].

Smuggling groups use numerous routes. Much of this traffic so far has flowed through Colombia, Ecuador or Peru, but the traffic involves virtually all of the Americas as a function of where opportunities present themselves (*Reforma*, October 8, 2007). In 2007, when Colombia ceased requiring visas for Chinese nationals to enter the country, and in 2008, when Ecuador did the same, the number of Chinese transiting through the country jumped in both cases. The acquisition of documents for transiting Chinese spawns corruption at the highest levels. Last year in Peru, 22 members of the national document registry (RENIEC) were exposed for issuing false birth certificates to Chinese (*La Gran Época*, July 31, 2011; *El Comercio*, July 25, 2011). In April 2011, the head of the Panamanian immigration directorate was implicated in the generation of false immigration documents for Chinese passing through the country (*La Estrella*, April 26, 2011; April 25, 2011).

Many of the Chinese ultimately pass through Central America and Mexico on the way to the United States and Canada, following routes now controlled or taxed by the

Mexican cartels, stimulating interactions between Chinese and Mexican groups that may diversify into other forms of collaboration and competition (*Reforma*, October 23, 2010). A particularly worrisome example of such ties is the presence of the Chinese mafia in Tapachula, in the state of Chiapas, which serves as a point of entry into Mexico for Chinese and others crossing at Frontera Corozal and following trafficking routes up the Atlantic coast of Mexico currently controlled by Los Zetas.

In addition, Chinese persons also are being smuggled through Venezuela and the Caribbean (*El Nuevo Diario*, March 22). Venezuelan authorities have detected Chinese trafficking networks operating out of Puerto Ordaz on multiple occasions (*La Patilla*, December 8, 2011; *El Universal*, April 20, 2007). In Trinidad, authorities have registered an increase in trafficking of Chinese since 2006 (*Trinidad Guardian*, May 17, 2011).

Trafficking in Narcotics and Precursor Chemicals

Troubling new trans-Pacific ties also appear to be forming in the domain of narcotrafficking. Mexican cartels, such as Sinaloa and Tijuana source many of their precursor chemicals from Asia, particularly those for methamphetamines, such as ephedrine and pseudoephedrine (*El Universal*, July 28, 2010; *La Prensa*, December 15, 2009). Multiple seizures of such chemicals coming from China and India and entering Mexican commercial ports, such as Lázaro Cárdenas and Michoacán, have been made in recent years by Mexican authorities. “Jalisco Nueva Generation,” a splinter of the Mexican Pacific cartel, imports both cocaine from Colombia and ephedrine from China (*Noticias 24*, March 12). The 2007 case of the Chinese group *Zhenli Ye Gon* manufacturing methamphetamines in Mexico suggest that such ties go beyond just purchases of chemicals from Chinese companies with lax controls (*El Universal*, August 1, 2007).

Shipments of precursor chemicals from China also have been intercepted coming into Peru, suggesting the emergence of narcotics supply chains with a disturbingly global character.

Finally, criminal groups also are smuggling finished drugs between the two regions, including attempts by the Sinaloa cartel to sell cocaine in the Asian market (*Milenio*,

September 19, 2011; *La Prensa*, April 24, 2011).

Trafficking in Contraband Goods

The flow of illicit merchandise from China to Latin America—including pirated software, music CDs and brand name clothes—presents yet further opportunities between organized crime in the sending and receiving countries. The Chinese groups Fuk Ching, Flying Dragons and Tai Chen reportedly import contraband goods into the tri-border area, while Chinese gangs in Venezuela rob merchandise and resell it to merchants in their protection network (*Diario de los Andes*, April 11, 2010) [2]. Mexican groups, such as Los Zetas, appear to take a cut from groups distributing pirated Chinese software. Nor is such interaction limited to retail goods. In Michoacán, the La Familia cartel is reportedly involved in illegal mining and exporting the proceeds to China, while ethnic Chinese groups are engaged in similar activities in the remote Peruvian province Madre de Dios (*Reforma*, October 14, 2010; *Milenio*, October 14, 2010) [3].

Money Laundering

Finally, as financial transactions and ties between China and Latin America expand, criminal groups on all sides may increasingly use trans-Pacific financial flows to hide income and protect illicitly-gained wealth. In March 2010, for example, the Mexican Federal Police publicized a case in which Colombian cartels working with the Mexican group La Familia had sent part of their earnings to China (*El Comercio*, March 14, 2010).

The opportunities for money laundering have expanded even further by new Chinese-owned gambling facilities, such as the \$2.5 billion Baha Mar resort currently being built in the Bahamas, given the large amounts of cash that can flow through such facilities.

Implications

Latin American law enforcement is woefully unprepared to meet the challenge of increasing criminal ties between the two regions. Already overwhelmed by a lack of resources, competing demands, corruption and low levels of trust from the societies in which they operate, police forces have little ability to penetrate Chinese communities where the new criminal activities are taking place (*Reforma*,

October 8, 2007). Authorities not only lack ethnically Chinese agents and language skills (especially in non-Mandarin dialects), but also lack contacts in Asia to obtain background information on the entities they are investigating [4]. While Chinese and Taiwanese embassies sometimes assist with such operations, this is more often the exception than the rule (*La Patilla*, December 8, 2011).

China-Latin America criminal ties are likely to become greater with the expanding commerce and investment between the two regions. Historical experience suggests that Chinese triads and tongs operating in Chinese communities in major Latin American cities will continue to diversify into human trafficking, narcotics and other lucrative criminal activities—as happened with the Red Dragon organization in Peru (*Peru 21*, August 13, 2010).

Human trafficking flows are likely to expand with the growing number of Chinese workers, including the new influx of loan-backed Chinese construction projects in the Caribbean. Purchases of precursor chemicals from China and India by Mexican drug cartels is likely to expand into other forms of collaboration as well as competition for “turf” in overlapping business areas such as Pacific maritime logistics. Mafias on both sides of the Pacific are likely to become increasingly involved in taxing, and perhaps controlling, the growing and highly lucrative contraband trade. New trans-Pacific banking ties and increasing currency convertibility will create new, difficult to monitor options for criminal organizations to cross the Pacific to hide earnings and protect assets.

If such ties are part of the downside of the new engagement between China and Latin America, it is also an opportunity for increased three-way collaboration between governments of the region, China and the United States, in the spirit of developing confidence and working toward “win-win” relationships.

Evan Ellis, Ph.D., is Associate Professor of National Security Studies in the Center for Hemispheric Defense Studies at National Defense University. He is the author of over 40 published works on Chinese engagement with Latin America including the book, China in Latin America: The Whats and Wherefores. The views represented are those of the author and do not necessarily reflect those of the Center for Hemispheric Defense Studies, the Department of Defense or the U.S. Government. He would like to thank Francisco García González for his research assistance.

Notes:

1. Trafficking in Persons Report 2010. U.S. Department of State. <http://www.state.gov/j/tip/rls/tiprpt/2010/index.htm>.
2. Juan Gabriel Tokatlian, “A View from Latin America,” in Riordan Roett and Guadalupe Paz, eds., *China’s Expansion into the Western Hemisphere*, Washington DC: Brookings Institution Press, 2008, p. 88; Rex Hudson, “Terrorist and Organized Crime Groups in the Tri-Border Area (TBA) of South America,” Washington, DC: Federal Research Division, Library of Congress, 2003 (Revised 2010) http://www.loc.gov/rr/frd/pdf-files/TerrOrgCrime_TBA.pdf; Alejandro Kenny, “China’s Presence in Latin America: A View on Security from the Southern Cone,” *Military Review*, September-October 2006, pp. 60–66.

China’s Hydropower Miscalculation

By Sabine Johnson-Reiser

China’s Jinsha River, literally the “Golden Sands” River, could soon live up to its rich name. The approximately 2300-km long upstream section of the Yangtze River is the site of up to 25, planned large-scale (50 MW and above) hydropower projects (Caixun, May 4; *Dongfang Zaobao*, May 3). China’s state-run hydropower companies, local governments, and energy-hungry cities in the more developed, eastern provinces stand to profit from hydropower construction and electricity generation. Driven by Beijing’s energy and climate goals, this new dam building rush, however, will reduce China’s climate change adaptation capacity and hurt relationships with neighboring countries without providing the emission-free electricity Beijing is seeking.

China’s status as the world’s largest CO₂ emitter has put increasing pressure—both domestic and international—on Beijing to curb national emissions (*Climate Progress*, December 7, 2011). In response, the government has laid out a set of binding targets in the 12th Five Year Plan:

an 11.4 percent increase in the use of non-fossil fuel in primary energy consumption; a 16 percent decrease in energy consumption per unit of GDP; and a 17 percent decrease in CO₂ emissions per unit of GDP by 2015 [1]. Now, China is looking for sources of clean, emission-free and sustainable electricity to fulfill ever-growing demand and meet renewable energy and emission targets. More large scale hydropower is wrongly thought to be one such source. Consequently, dozens of projects are planned or already under construction on a number of rivers, including 26 on the Lancang, headwater of the Mekong, 13 on the Nu, headwater of the Salween, and 28 on the Yarlung Tsangpo, the headwater of the Brahmaputra (*Atlantic Sentinel*, March 10; *The Hindu*, June 10, 2011)

The Misguided Hydropower Narrative

Addressing China's power sector—a major contributor to national greenhouse gas emissions—is critical to reaching Beijing's emission targets. A terawatt hour (TWh) of electricity generated in China produces on average 70 percent more CO₂ emissions than a TWh generated in the United States, and China's power sector accounted for almost 50 percent of the country's CO₂ emissions in 2009 (International Energy Agency, *World Energy Outlook 2011*). Developments in the power sector therefore will have a significant impact on the country's emission trajectory.

The high carbon-intensity of China's electricity is due to the sector's heavy reliance on coal. Coal, a very carbon-intensive fuel, is used to generate around 80 percent of China's electricity (*China Statistical Yearbook 2011*). Hydropower accounts for 16 percent of the country's electricity generation with nuclear, wind and solar making up the remainder. Hydropower advocates argue that shifting the energy mix from carbon-intensive coal to more hydropower would benefit China's emission targets.

This argument relies on the still widespread “clean, sustainable and emission-free hydropower” narrative. Even the United Nations Framework Convention on Climate Change tacitly supports this misconception by making reports of greenhouse gas emissions from dam reservoirs voluntary (International Rivers, December 2, 2011). Studies however have shown that hydropower can be a major source of greenhouse gas. Organic material from previously forested, but now flooded land

and washed up debris, accumulates and decomposes in the dam reservoirs, thereby releasing large amounts of methane, a potent greenhouse gas. This problem particularly affects hydropower projects in tropical areas, where the vegetation is generally denser and more organic material is accumulated in reservoirs. Some hydropower facilities in tropical areas emit up to twice as much carbon dioxide per unit of electricity as coal fired power plants [2]. As most of China's planned hydropower projects are located in densely forested, subtropical southern and southwestern provinces, new dam reservoirs are likely to become significant emission sources.

Making Adaptation Harder

The 12th Five Year Plan also addresses climate change adaptation strategies. Beijing wants to strengthen the country's “capacity to cope with extreme climate incidents,” thereby enhancing China's climate change adaptation capacity [3]. Yet, the construction of more dams will decrease China's capacity to cope with extreme climate incidents, which are predicted to include more frequent and more severe record floods and droughts [4].

First, the impacts of large-scale dams on wetlands and human settlement patterns limit China's adaptation capacity—the ability to moderate potential damages or cope with the consequences of climate change—as they expose millions of people to climate change related risks. To maximize power production, dams store water during the wet season and release it during the dry season. This alteration of natural river flow patterns impacts the health of natural flood storage systems, such as downstream wetlands, lakes and marshes, often leading to their disappearance. Thus, dams reduce the frequency of smaller floods, but also decrease or eliminate wetlands' natural capacity to absorb water and thus mitigate severe floods.

In addition, dams enable the conversion of wetlands to agricultural farmland and provide downstream cities with electricity and water for irrigation, industrial and household purposes, enabling and encouraging their development and growth. Hydropower development therefore contributes to population growth in downstream areas, which simultaneously increases the number of people at risk of dam failure as changing precipitation patterns could lead to floods that may exceed the storage

capacity of dams upstream.

The controversial Three Gorges Dam is a case in point. With a capacity of 22.5 GW, the dam can generate up to 84.7 billion kWh of electricity for cities in central, southern and eastern China, including the downstream metropolis of Shanghai (Xinhua, October 26, 2010). While its reservoir supplied the population in the middle and lower Yangtze with a steady source of water, it also contributed to the drying up of Dongting and Poyang Lake, two of China's largest freshwater lakes, during the 2011 drought (*Shanghai Daily*, June 2, 2011; China Three Gorges Corporation, August 7, 2009). Although the dam withstood its first major flood test in 2010, whether the Three Gorges Dam will be able to contain future, possibly worse, floods is uncertain (Xinhua, July 20, 2010). If it fails, downstream residents will not be able to rely on natural floodplains to mitigate the impact with possibly disastrous consequences for life and property.

Second, the operation of large-scale dams exacerbates droughts in downstream areas. In theory, reservoirs could provide short-term drought relief, by releasing stored water for use downstream. Yet, below a certain water level, the primary objective of hydropower operators—maximizing electricity generation—suffers. The fact that the central government had to order the China Three Gorges Corporation to release water from the reservoir to alleviate the severe drought downstream in 2011 suggests that hydropower operators are likely to put power generation ahead of drought relief (*South China Morning Post*, May 25, 2011).

Third, dams make it harder for coastal cities to adapt to rising sea levels. As freshwater is held back in reservoirs upstream, natural water outflows at river deltas are reduced, contributing to a fall in coastal groundwater tables. Combined with rising sea levels, this makes coastal delta regions more susceptible to saltwater intrusion, which contaminates coastal freshwater aquifers and makes water unfit for human consumption [5]. More dams could exacerbate future saltwater intrusion challenges for many coastal Chinese cities brought on by rising sea levels. Shanghai, located in the Yangtze River Delta, is already experiencing saltwater intrusion, which research has linked to variations in water discharge from the Three Gorges Dam (*Scientific American*, October 13, 2009) [6].

Lastly, the expensive and long-lasting nature of hydropower infrastructure makes it difficult or impossible to adapt them to future changes in the environment, agricultural and economic activities and human settlement patterns.

Large-scale dam construction is very costly. The record-setting Three Gorges Dam cost approximately \$25 billion. Even smaller projects like the planned Xiaonanhai Dam on the Upper Yangtze cost up to \$5.6 billion (*China Dialogue*, March 9, 2011). China Post Securities analyst Shao Minghui estimates the hydropower sector will need around \$136 billion in infrastructure investment by 2020 (*Shanghai Daily*, January 6, 2011). The sheer size of this kind of investments often prompts path dependency—the preference to continue even if better alternatives are available—as investors look to realize promised returns on investment, and local governments are unwilling to admit that there may have been better development alternatives.

Furthermore, the design of hydropower dams is based on historical and current river flows. While their lifespan ranges from 50 to 100 years, climate change is likely to alter future river flows within decades. Modifications to existing large-scale dams to accommodate these changes, however, are either technically infeasible or very expensive. Dried up rivers or changing river courses could turn dams into stranded assets, because they, unlike solar or wind installations, cannot be moved. A drought in 2011 caused a 28 percent reduction in hydropower output, resulting in 1000 factories and companies in Guizhou suspending operations and showing even temporary reductions in water flows can result in significant power shortages (Xinhua, August 24, 2011).

Damming International Relationships

China's dam building rush will have negative impacts on relationships with neighboring countries. Furthermore, national hydropower companies' overseas venture may harm China's international reputation.

China's territory encompasses parts of 18 of Asia's major international river basins. Moreover, China's position along these river basins is predominantly upstream, and, in the case of the Brahmaputra, the Mekong, and the Salween, at the source. Hydropower development in China therefore has international impact, and affects

China's relationships with its downstream riparian neighbors, including Bangladesh, Cambodia, India, Laos, Myanmar, Thailand and Vietnam. The construction of cascades of large-scale hydropower dams along rivers in China's territory affects the water quantity and quality downstream. While the exact extent of these dams' negative impact on water availability, fish populations and consequently downstream populations may be unknown, the existence of such effects is certain.

Upstream dams also provide some control over the timing and amount of water flow in the rivers affected. People downstream therefore may feel that Beijing rather than nature controls their water and their welfare. Admittedly, upstream China does not control the entire water flow of these rivers as water volumes generally increase along the river. Yet, as river basins are highly complex, and the precise amounts of water inflows at particular sections are hard to measure, citizens of countries downstream may perceive China to be in full control. Indian newspapers, for example, write of China's "superior upper riparian positions" and "unique position of controlling international rivers," and suspect the country of secretly diverting water from the Yarlung-Tsangpo River (*Hindustan Times*, March 2; *India Today*, August 19, 2011). In 2010, when severe drought hit the Mekong, farmers and fishermen in countries downstream blamed China and its hydropower stations for the disaster, despite China's assurance that it collected only "four percent of the river's water" (*China Daily*, April 9, 2010; *New York Times*, April 1, 2010). Regardless of the validity of these suspicions, given China's geographic position, more hydropower construction will further strain relationships with already apprehensive neighbors and nations downstream.

Furthermore, for about a decade now, Chinese state-run hydropower companies have increasingly looked abroad to market the experience and technology gained in domestic projects. More domestic dam building is likely to make these companies even more internationally competitive as they gain further technical expertise and financial resources. Yet, the nature of many of these overseas ventures may harm China's international image.

As Europe and North America have turned away from the construction of large dams, Chinese companies armed with newfound skills have sought projects in other Asian,

African and South American nations—many of which lack strong legal and political institutions, environmental and regulatory oversight and suffer from corruption and instability. Chinese banks and companies currently are involved in about 300 projects in 66 countries, including Angola, Burma, Cambodia, Ethiopia, Iran, Sierra Leone and Sudan (International Rivers, May 1). Due to these problems, many of the projects are high risk, involve human rights violations by local governments and fail to be built according to international environmental and safety standards. In the long run, this reflects negatively upon Chinese companies and ultimately the country as a whole.

The Myitsone Dam on the Irrawaddy in Burma illustrates this point. Located in Kachin State, home to a strong separatist movement and site of frequent, armed clashes between the Burmese military and the Kachin Independence Army, the project was supposed to be financed and built by the China Power Investment Corporation, before President Thein Sein suspended it in 2011 (*The Irrawaddy*, September 21, 2011). Myitsone holds a special cultural and religious significance for the Kachin, who revere the area as the birthplace of their culture. Should construction move forward, the result is likely to be viewed as a symbol of China's lack of cultural sensibilities and disregard for local minority groups (*China Dialogue*, March 28, 2011).

Conclusion and Recommendations

Beijing's focus on hydropower to achieve energy and emission targets largely ignores or downplays large-scale dams' negative impacts on the climate, the country's adaptation ability and relations with neighbors as well as China's international reputation. Yet, there are a range of alternatives to large dams.

Greater focus on energy efficiency could provide huge energy savings. For example, China's cement industry alone could achieve primary energy savings of 23 percent through the implementation of international best practices [7]. In the power sector, the government could accelerate its efforts to replace small, inefficient power plants, with more efficient supercritical and ultra-supercritical power plants, as well as combined heat and electricity cogeneration plants. More efficient appliances and lighting could reduce household electricity consumption,

a growing part of China's total consumption. This could be achieved through programs similar to Energy Star in the U.S.

Additionally, all existing alternative energy infrastructure should be connected to the power grid. As of 2011, 30 percent of China's wind power capacity, for example, was not yet connected to the grid (Xinhua, February 24). At the end of 2008, small hydropower plants numbered 50,000, many of which were built decades ago and are equipped with outdated, inefficient technology (*China Daily*, January 7, 2009). Prior to building new projects, existing infrastructure should be surveyed, and where necessary retrofitted with new technology to be more productive.

While less impressive in scale than highly visible megadams, these alternatives could alleviate expected energy shortages, and help Beijing achieve its targets without the negative consequences and future risks associated with large scale dams.

Sabine Johnson-Reiser is a Junior Fellow in the Carnegie Endowment for International Peace's Energy and Climate program. Her research focuses on Chinese energy and climate policies. The views expressed in this article are those of the author and do not necessarily represent the views of the Carnegie Endowment.

Notes:

1. Twelfth Five Year Plan, available in Chinese and English, respectively, http://news.xinhuanet.com/politics/2010-10/27/c_12708501.htm and http://cbi.typepad.com/china_direct/2011/05/chinas-twelfth-five-new-plan-the-full-english-version.html
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3. Ibid.
4. *China's Policies and Actions for Addressing Climate Change*, Information Office of the State Council of the People's Republic of China, October 2008, http://www.gov.cn/english/2008-10/29/content_1134544.htm

5. Lester Brown, *Eco-Economy: Building and Economy for the Earth*, New York : W.W. Norton, 2001, especially Chapter 2.
6. Qiang An, Yanqing Wu, Shauna Taylor and Bin Zhao, "Influence of the Three Gorges Dam on Saltwater Intrusion in the Yangtze Estuary," *Environmental Geology*, No. 56, 2009, pp. 1679–1686.
7. Lynn Price, Ali Hasanbeigi, Hongyou Lu, and Wang Lan, Analysis of Energy-Efficiency Opportunities for the Cement Industry in Shandong Province, China, Lawrence Berkeley National Laboratory, October 2009 <http://china.lbl.gov/publications/analysis-energy-efficiency-opportunities-cement-industry-shandong-province-china>

Beijing Lays the Groundwork in Tajikistan: A View from the Ground

By Raffaello Pantucci and Alexandros Petersen

Meeting on the fringes of the Shanghai Cooperation Organization (SCO) Foreign Ministers' meeting in Beijing on May 11, Tajik Foreign Minister Hamrohon Zarifi and his Chinese counterpart Yang Jiechi made the usual affirmations of good bilateral relations (Xinhua, May 11). Part of a raft of bilateral meetings between China and Central Asian states that have taken place on the fringes of the various SCO meetings occurring in the run up to the June Summit in Beijing, the encounter is hard to distinguish from the others taking place. As the single predominantly non-Turkic state, Tajikistan however has always been an outlier in Central Asian terms. This extends to Chinese interest, although, for China, it is the absence of large volumes of natural resources and an obstructive mountain range making direct road transit difficult that make it the least interesting among the Central Asian states. While clearly key in ensuring that the entire region becomes developed, Dushanbe lacks the immediate appeal of its surrounding states to Beijing and as a result seems something of a lower priority for Chinese policymakers. Nevertheless, seen from the ground, China clearly is making a few strategic decisions that show

it is committed and interested in helping Tajikistan's development. As a foreign analyst based in Dushanbe put it to us on a recent trip, in contrast to China in the other Central Asian states, "China's influence in Tajikistan is delayed" [1]. Many of the long-term concerns that can be found in other Central Asian capitals towards China are reflected in Tajikistan where people are suspicious of China's long-term ambitions.

Infrastructure and Roadways

Tajikistan's infrastructure is in need of a massive overhaul. The crumbling Soviet hulks of the 1980s require fixing, and the country's transport sector barely runs on a combination of inexistent roads and non-functioning air links, interspersed with badly conceived or unfinished aid projects from the last two decades [2]. The most notorious of these is a north-south tunnel at the Shahrstan Pass completed by Iranian engineers in 2010 (Asia Plus, July 1, 2010). Due to its less than sterling construction, the tunnel floods periodically and these authors observed that it has collapsed in parts and has a heavily-potholed road running through it. Other more limited projects in parts of the Pamir Mountains have been sponsored by the Aga Khan Foundation. The Asia Development Bank also has funded a road Dushanbe-Kurgan-Tyube-Dangara-Kulyab as well as ongoing projects "to rehabilitate the Dushanbe-Kyrgyz Border-China road corridor (\$118 million in loans and grants); and a \$120 million grant, approved in 2011, to upgrade a vital road linking the capital Dushanbe with the Uzbekistan border (Tursunzade)" [3].

On the ground, however, it is often Chinese firms that are actually carrying out the work. When the government wanted the prestige project of the main Rudaki Avenue in Dushanbe re-done in time for September 2011's independence day celebrations, they turned to Chinese firms to do it rapidly [4]. This rather small project was preceded by the road linking the Tajik road network into the Kyrgyz one from Saray-Tash (the first big Chinese project in the country), and the Shanghai Cooperation Organization (SCO) funded road projects to link Tajikistan and Uzbekistan (Dushanbe to the border through Khojand) and Dushanbe to Dungara, which is described as being the first part of the Tajikistan-China highway [5]. Undertaken by the China Road and Bridge Corporation (CBRC), these projects have been

proceeding at a relatively rapid pace, though it seems clear that the priority is to develop the road from Dushanbe to Uzbekistan rather than the China-Tajik connection. Managed by Innovative Road Solutions (IRS) a company housed in the British Virgin Islands, the Dushanbe-Uzbekistan road is a well-functioning toll road (the only one in the country and dogged by questions of where the money is going) with one remaining piece, the Shahrston tunnel, currently under development by CBRC [6]. Initially slated for opening in September 2011, the tunnel is now expected to open in time for National Unity Day on June 27 (Asia Plus, March 19). When seen by the authors this month, however, it did not appear to be nearing conclusion.

In contrast, the Dushanbe-Kulma Pass road, which would connect China to Tajikistan directly, was perilous and for the most parts a mud or stone track. The road immediately out of the capital (toward Dungara—President Rahmon's home province) was well developed as was a Chinese-built portion along the Afghan border that had been funded by the Asia Development Bank (ADB), but the rest of the road was virtually impassable to all but large trucks and high performance four-wheel drive SUVs [7]. Chinese road crews were visible on the portions of road near Dushanbe—working with signs in Chinese and Russian—but for the most part, the road was destitute, highlighting its relatively low priority in Chinese terms. For China, the priority was to develop Tajikistan's links through Garm to Saray Tash and Osh in Kyrgyzstan, tying the country's routes to Uzbekistan (also Chinese built as previously indicated) into the road network linking Kyrgyzstan to China directly through Irkeshtam and the Torugut Pass ("China's Slow Surge in Kyrgyzstan," *China Brief*, November 11, 2011).

Tajik officials interviewed were keen to boost the profile of a potential rail connection from China through Kyrgyzstan and northern Tajikistan to Afghanistan and eventually Indian Ocean ports—either Chinese-developed Gwadar in Pakistan or Bandar Abbas in Iran. This project however is still apparently undergoing feasibility studies and it is unclear that there is major political will behind it [8]. The economic benefits it might bring to Tajikistan are partly hostage to future developments in Afghanistan. Connecting China and Tajikistan by rail would not make economic sense in and of itself. While there are some Chinese markets in

the country, they pale in comparison to the behemoths of Kyrgyzstan's Dordoi and Kara Suu or Kazakhstan's Barakolka. Prospective Chinese commercial interests in agriculture and electricity generation in Tajikistan are notable, but would not require the estimated hundreds of millions of dollars that would go into rail construction in the country.

Political Ties

Largely due to the country's immense need for outside aid and investment, Tajikistan's government generally operates an "open-door" policy in its relations with major powers. Dushanbe's relationship with Moscow is currently strained over tough negotiations on Russian troop presence in the country, while links with the United States and Western actors are largely predicated on Afghanistan. Tajikistan's traditional ethnic and linguistic affinity with neighboring Iran is often more rhetorical than substantive. China's approach of offering investment with few obvious strings attached is appealing to the leadership in Dushanbe, which has received considerable sums of loans for various projects from Beijing as well as support in building a number of key landmark buildings (like the new Ministry of Foreign Affairs, the National Library and a park surrounding the world's tallest flagpole in the middle of the city) (Reuters, March 30, 2011).

A large volume of funding has come under the auspices of the Shanghai Cooperation Organization (SCO)—Tajikistan is the largest recipient of loans provided through the organization. Tajikistan's policymakers are keen to support the SCO as it provides the opportunity for equal-status dialogue with more wealthy Central Asian neighbors as well as Russia and China (Xinhua, September 9, 2011). Dushanbe also is the largest beneficiary of Chinese aid through the SCO, receiving in total over \$600 million [9]. Despite the SCO's origins in the Shanghai Five border delimitation agreements, however, the ratification in 2011 of the border delineation between China and Tajikistan was decided on a bilateral basis outside SCO structures. Local authorities and analysts proudly point out that Tajikistan only gave way on 3.5 percent of China's land demands (approximately 0.7 percent of Tajikistan's territory) in contrast to Kazakhstan and Kyrgyzstan that ceded much larger percentages of Chinese demands.

More controversial than this agreement, however, are a

pair of deals for agricultural land that were undertaken at a government-to-government level, involving, on the Chinese side, the state-owned China National Agricultural Development Group. These concern a pair of pieces of agricultural land—the first plot is about 6,000 hectares, the second plot is of unknown size—that were given over to Chinese developers. Solid information about the project is hard to find, but, according to local analysts as well as local and foreign officials interviewed, the land was reported as being heavily salinated and therefore unusable. Given China's agricultural expertise, the government gave this to China to develop with the understanding that for the first three years all products used would be sold in Tajikistan. Local concerns however preponderate with people pointing out the numerous Chinese workers who have been sent over. Some estimates are as high as 1,500-2000 Chinese farmers coming over ("Revising the Border: China's Inroads into Tajikistan," *China Brief*, July 29, 2011). When asked, Chinese officials stated only 30 percent of the workers were Chinese and that the real controversy was a product of the fact that the Tajik side had understood that more equipment was going to be sourced locally. The success of the project currently is unclear with locals complaining it has not been performing according to plan [10].

Culture and Language Exchanges

At a public level, China is not that visible in Tajikistan. While there is evidence of Chinese businessmen and others walking around Dushanbe as well as Chinese restaurants and a Chinese hospital offering traditional Chinese remedies, the majority of the Chinese in the country are work crews. They however work on infrastructure projects and live in camps near their sites—one popular if unfounded rumor is that these work crews are made up of Chinese prison laborers. At a cultural level, however, the heart of China's cultural and linguistic links in Tajikistan is the Confucius Institute based at Tajikistan National University.

Managed by Xinjiang Normal University with a team of some 4 teachers sent from China, the Institute estimates it has taught some 1,800 students from high school to university in the past year. This figure is an increase from the year before and continues a steady expansion over the past four to six years. They have established a subsidiary branch in Penjikent at local request, aimed at helping local

high schoolers to learn Chinese. Unlike other Confucius Institutes in Central Asia (such as Kazakhstan and Kyrgyzstan), the Institute lacks many support materials. The only current Tajik-Chinese dictionary is a small one done by a Tajik who spent some time in China, and they have no direct language textbooks to help them. Instead, teachers operate using a mix of Chinese, Russian and English materials—something replicated in the classroom environment where students would flicker between all three languages. At a cultural level, the Chinese Embassy reported they held some six cultural events per year in the country bringing over dance, music and theater troupes—the most popular ones apparently were groups from Xinjiang [11].

Conclusion

Tajikistan is clearly a secondary priority for China. While groundwork has been laid that could be turned into influence down the road, Beijing's immediate interests in the country are limited. Whether or not this changes depends very much on what happens in Afghanistan. Should China's investments there, such as at the Aynak copper concession or the Amu Darya gas fields, see substantial development in a relatively stable Afghanistan after the 2014 Western withdrawal, then Tajikistan's importance as a throughput between Xinjiang and Afghanistan will grow. Further deterioration in Pakistan's domestic situation also would enhance Tajikistan's value as a logistical pathway. This would likely bring with it more Chinese engagement and investment in Tajikistan's isolated Gorno-Badakhshan region as well as in the more populous west of the country. This however depends on Afghanistan's uncertain future.

It is more likely that Chinese investors will remain cautious in a highly uncertain and probably unstable Afghanistan over the next ten years. For Tajikistan, this means that it will remain one of multiple routes for Chinese interests to crisscross the Eurasian continent and reach ports in the Indian Ocean. As it is now, it will remain less important than Kazakhstan and Kyrgyzstan in terms of the flow of Chinese goods and the direction of Chinese investments. Tajikistan also will remain behind Turkmenistan in terms of Chinese energy interests. Its importance will stem from its role as a redundant route, useful for diversity's sake if political unrest erupts amongst its neighbors. The

one project that could change this calculation would be the rail route through Tajikistan's north from Kyrgyzstan and into Afghanistan to reach the Indian Ocean. So far, this has not gathered significant political or financial momentum, but, if it does, then Chinese exporters, investors and policymakers in Beijing probably will reassess Tajikistan's strategic importance.

Raffaello Pantucci is a Visiting Scholar at the Shanghai Academy of Social Sciences and Alexandros Petersen is the author of The World Island: Eurasian Geopolitics and the Fate of the West. Their joint research is available at www.chinaincentralasia.com.

Notes:

1. Author interviews with foreign NGO, Dushanbe April 2012.
2. The authors traveled these routes: Dushanbe-Khorog-Murghab-Kulma Pass and Dushanbe-Sharistan-Khojand-Oybek.
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5. Author interview with local journalists and analysts, Dushanbe, April 17, 2012; "Build a Bridge for the China-Tajikistan Friendship," China Road and Bridge Corporation Press Release, August 29, 2011.
6. Author interviews with local and foreign analysts, diplomats and journalists, Dushanbe, April 2012
7. Author interview with ADB officials, Dushanbe, April 26, 2012
8. Author interviews with Tajik officials, Dushanbe, April 2012, and foreign NGOs and diplomats, Kabul, May 2012
9. Author interviews with local analysts and official think tanks, Dushanbe, April 2012. According to reports in the press this number may be as high as \$700 million (Reuters, March 30, 2011). Official sources in Dushanbe, however, stated the number was in fact \$605 million.

10. Author interviews with local journalists and analysts, foreign diplomats and official think tanks, Dushanbe, April 2012
11. Author interviews with Chinese officials and local academics, Dushanbe, April 2012
