

Islamabad's Informal



CHINA
STUDY CIRCLE



Twentieth Session



AGENDA

1- Networking of Participants and special guests of the session

2-Monthly Update on CPEC and OBOR: Projects, Perceptions, Periodicals/Literature

3-Selected Item of the Fundamentals to Study China

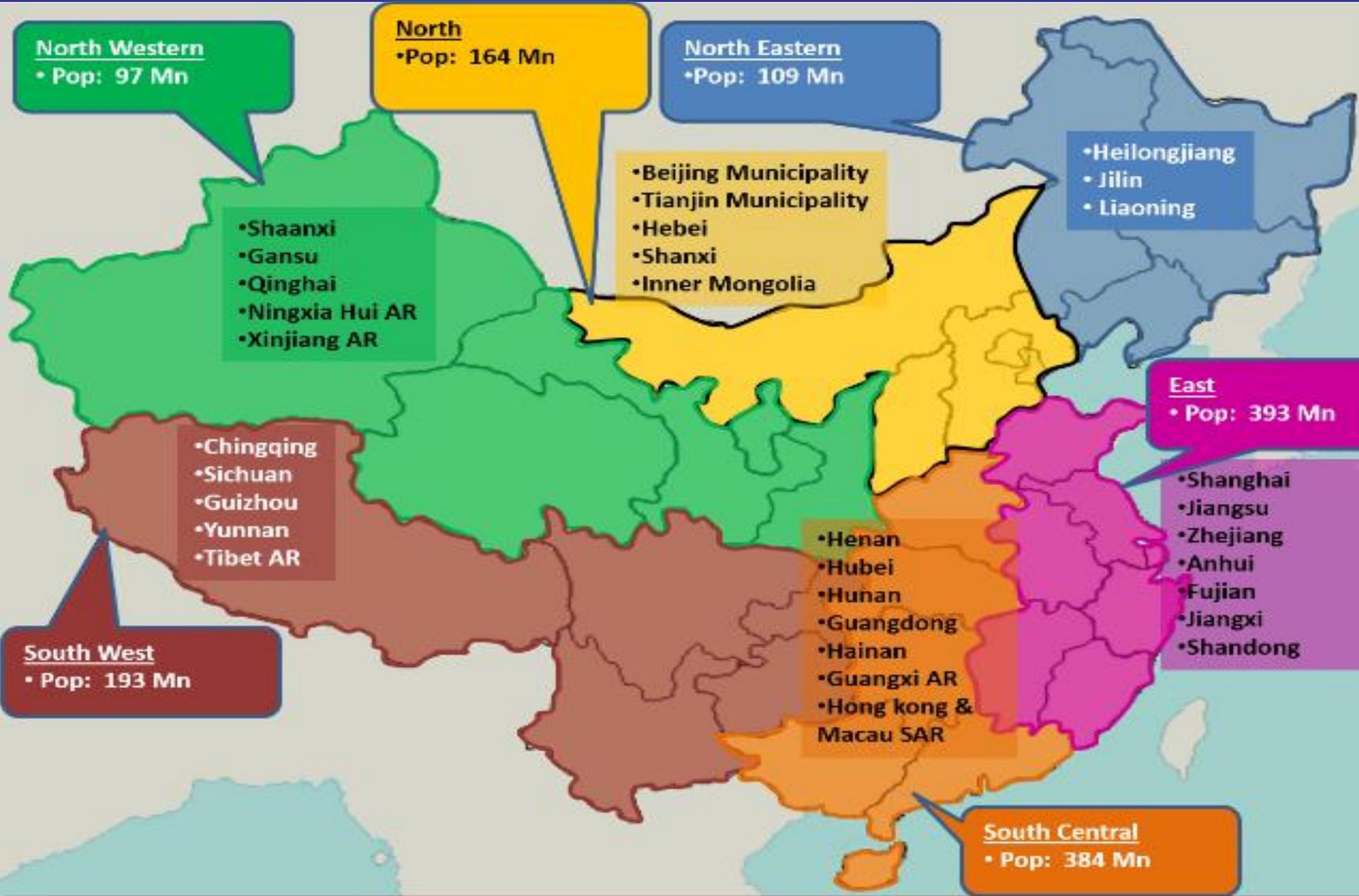
4-Formal and Informal Discussion Period





POPULATION MAP OF CHINA







Belt and Road Initiative

NOTABLE PUBLICATIONS

and Sources

Neelum Javed





GUARDIANS OF THE BELT AND ROAD

The internationalization of China's private security companies

By Helena Legarda (MERICs) and Meia Nouwens (IISS)

August 16, 2018



Source: <https://www.merics.org/en/china-monitor/guardians-of-belt-and-road>





GUARDIANS OF THE BELT AND ROAD

The internationalization of China's private security companies

By Helena Legarda (MERICS) and Meia Nouwens (IISS)

MAIN FINDINGS AND CONCLUSIONS

- Chinese private security companies (PSCs) are going global, encouraged by the saturation of the domestic market, the Belt and Road Initiative (BRI) and Beijing's preference for using homegrown companies to protect its interests abroad.
- Projects related to the BRI have become a prime market for Chinese private security companies, as Chinese investment expands into countries that are either experiencing or emerging from conflict.
- Chinese private security companies operate overseas in a legal grey zone: Chinese domestic law does not apply to their international activities, and international law lacks regulation, so they only have to abide by local host country laws, where those exist.
- The behavior and operations of Chinese PSCs abroad vary widely from country to country, depending on their contracts and local legislation, or lack thereof.
- Beijing's use of private security companies to protect its overseas interests is risky. Due to their relative inexperience, there is high potential for mistakes that could create political backlash for Beijing.
- European Union member states' interests will be affected by Chinese PSCs' international expansion. The companies might contribute to an increase of instability in regions that are strategically important for Europe. At the same time, they could help Beijing increase its influence over host country governments.
- More thorough regulation of Chinese private security companies' international activities is urgently needed. Through their own national experience in regulating PSCs, European policymakers are in a unique position to help and encourage Beijing to pass relevant laws and at the same time assist host countries of Chinese PSC activity to strengthen their national legislation regulating foreign private security company activities.



Global expansion

Chinese PSCs are increasingly active internationally

- Countries with known Chinese PSC activity
- Silk Road Economic Belt
- Maritime Silk Road

EVACUATION

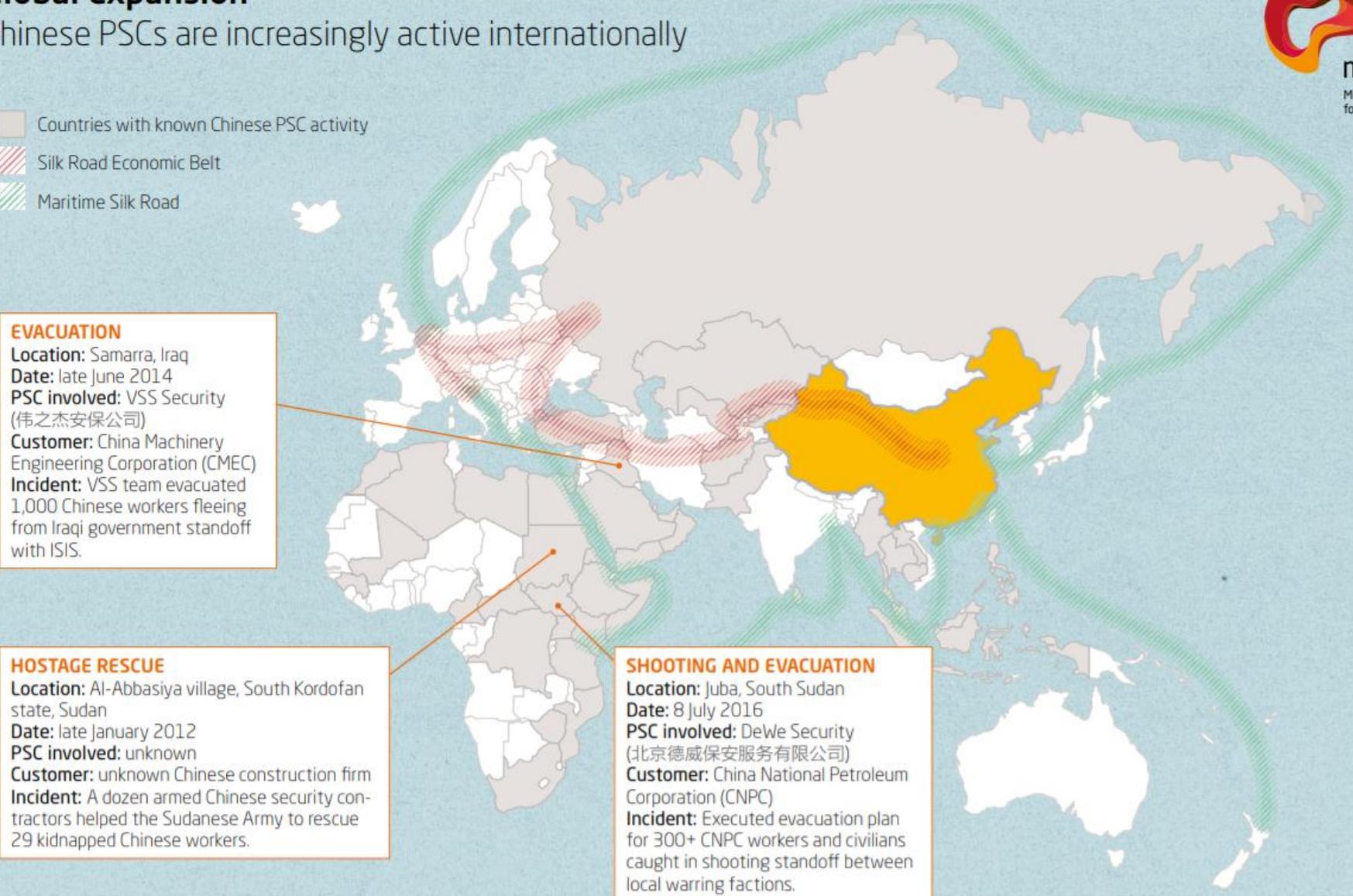
Location: Samarra, Iraq
Date: late June 2014
PSC involved: VSS Security (伟之杰安保公司)
Customer: China Machinery Engineering Corporation (CMEC)
Incident: VSS team evacuated 1,000 Chinese workers fleeing from Iraqi government standoff with ISIS.

HOSTAGE RESCUE

Location: Al-Abbasiya village, South Kordofan state, Sudan
Date: late January 2012
PSC involved: unknown
Customer: unknown Chinese construction firm
Incident: A dozen armed Chinese security contractors helped the Sudanese Army to rescue 29 kidnapped Chinese workers.

SHOOTING AND EVACUATION

Location: Juba, South Sudan
Date: 8 July 2016
PSC involved: DeWe Security (北京德威保安服务有限公司)
Customer: China National Petroleum Corporation (CNPC)
Incident: Executed evacuation plan for 300+ CNPC workers and civilians caught in shooting standoff between local warring factions.





The largest and most active Chinese PSCs all claim to operate worldwide

	China Security and Protection Group (中安保实业有限公司)	HuaXin ZhongAn (花信中安 保安服务有限公司)	Beijing DeWe Security Services Limited Company (北京德威保安服务有限公司)	Frontier Services Group (先丰服务集团)	China Overseas Security Group (中国海外保安集团)
Number of employees	+30,000	+15,000	Total unknown, +350 based abroad	Total unknown, 432 in headquarters	+20,000
Top leadership	Liu Wei (刘伟) (Chairman)	Yin Weihong (殷卫宏) (Founder)	Li Xiaopeng (李晓鹏) (Chairman)	Erik D. Prince (Chairman)	Jiang Xiaoming (蒋晓明) (Managing Director)
Date established	1994	2004	2011	2014	2015 (consortium formed by 5 Chinese PSCs)
Where they claim to work	Global, with a BRI focus	Global	Global	BRI focus	Global, with a BRI focus
Website	http://www.cspbj.com/	http://www.hxza.com/	http://www.dewesecurity.com/sy	http://www.fsgroup.com/index.html	http://www.cosg-ss.com.cn/
Logo					



Assets dedicated by Pakistani authorities to the protection of CPEC



Who	What
Pakistan government	1.3 billion PKR (about 9.3 million EUR) for coastal protection ³⁰
Parliamentary Committee on CPEC	New Special Security Division: 9,000 army soldiers and 6,000 para-military forces personnel ³¹
Sindh province government	2,600 police officers
Khyber Pakhtunkhwa province government	4,200 police officers
Punjab province government	Special Protection Unit: 10,000 personnel ³²

CSIS

Source: <https://www.merics.org/en/china-monitor/guardians-of-belt-and-road>



China has designs on Europe. Here is how Europe should respond

- EUROPE has caught China's eye. Chinese investments there have soared, to nearly €36bn (\$40bn) in 2016—almost double the previous years' total. For the most part, this money is welcome. Europe's trading relationship with China has made both sides richer.
- They fear that Chinese money will one day weaken Europe's military alliance with the United States. Fortunately, that is a long way off, as the French and British navies have shown by joining America and Japan to challenge China in the South China Sea.



- On trade, especially, the EU is a powerful potential ally in getting China to accept by global norms. America should also work more closely with European governments to set up common standards of transparency and the prevention of influence-peddling.
- As China rises, the benefits for the world of an independent, open and free Europe will only increase. Conversely, a Europe weakened and divided by the world's most powerful authoritarian regime would intensify problems far beyond the EU's borders. Europe must not let that happen.

Source:<https://www.economist.com/leaders/2018/10/04/china-has-designs-on-europe-here-is-how-europe-should-respond?cid1=cust/ednew/n/bl/n/2018/10/4n/owned/n/n/nwl/n/n/ap/155544/n>



US-CHINA TRADE WAR: TRUMP GETS HIS (USMCA) CLAUSE OUT IN ASIA

- Washington's anti-China poison pill in its trade deal with Mexico and Canada – the 32.10 clause – could be copied in agreements with Asian countries to intensify the pressure on Beijing.
- will Washington's latest weapon in its escalating trade war with Beijing be capable of isolating Asia's biggest economy from its stalwart trading allies in the region?
- It might sound inoffensive enough, recently concluded US-Mexico-Canada Agreement (USMCA) but in future US trade deals to intensify the pressure on Beijing.



- Washington has trade and investment framework agreements – the initial-stage pact that leads to FTAs – with more than 20 countries across Asia.

Source:<https://www.scmp.com/week-asia/geopolitics/article/2169443/us-china-trade-war-trump-gets-his-usmca-clause-out-asia>



2018 Silk Road Business Summit - new platform for int'l trade cooperation and cultural exchanges

- The 2018 Silk Road Business Summit concluded in the city of ZhangJiajie, central China's Hunan province Tuesday 16, 17 October 2018 with the attendance of 400 representatives from 84 countries and regions.

- Explored the issues such as:
- maintaining multilateral trade system,
 - building an open world economy,
 - creating a safe international business environment
 - and promoting the development of traditional medicine.

- Guided by
 - China Council for the Promotion of International Trade
 - China NGO Network for International Exchanges
 - and China Council for Brand Development
- the summit is jointly organized by
 - China Chamber of International Commerce
 - the government of Zhangjiajie
 - China Association for Friendship
 - China Council for the Promotion of International Trade Hunan sub-council
 - and Silk Road Chamber of International Commerce (SRCIC).



- One of the achievements of the summit is the release of the Zhangjiajie Consensus that aims to **maintain multilateral trade system and promote an open world economy.**
- The consensus says that chambers of commerce of different countries **should coordinate with their governments and corporations to take the opportunities brought by the BRI, set up platform for trade and investment cooperation and promote the implementation of the projects in order to facilitate the high-quality and sustainable development of the world economy.**



- The SRCIC now has 129 national-level chamber members from 77 countries that connects nearly 10 million corporations.
- It has become a bridge between governments and enterprises, the important connector between the business chamber and its members, which plays a key role in international cooperation and global governance.

Source:<https://www.apdnews.com/e-business/893007.html>



THANK YOU

