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<b>Author(s)</b>	<b>Chan, Chi-hin; Lee, Pik-kwan; Liu, Yee-yan; Lui, Shuk-wai</b>
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# **Identifying Risks in China's Counter-Terrorism Policy**

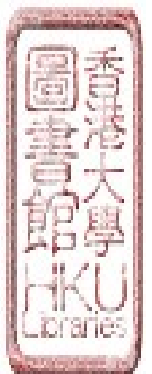
CHAN Chi Hin, Tony – SID: 2007205843  
LEE Pik Kwan, PK – SID: 2013934107  
LIU Yee Yan, Louise – SID: 2013934119  
LUI Shuk Wai, Wendy – SID: 2013934121

Capstone Project Report submitted in partial fulfilment of the  
requirements of the Master of International and Public Affairs

Department of Politics and Public Administration

The University of Hong Kong

Year of submission: 2015



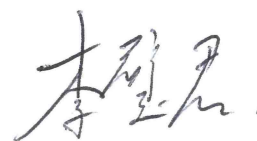
## Declaration

I declare that this Capstone Project Report, entitled “Identifying Risks in China’s Counter-Terrorism Policy”, represents our own work, except where due acknowledgement is made, and that it has not been previously included in a thesis, dissertation or report submitted to this University or any other institution for a degree, diploma or other qualification.

CHAN Chi Hin, Tony



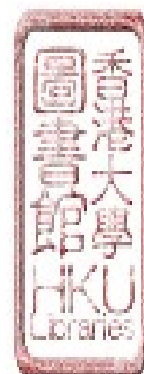
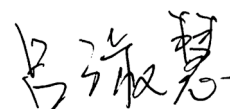
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LIU Yee Yan, Louise

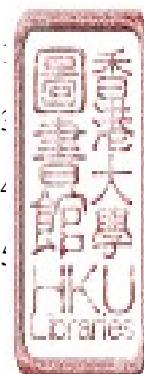


LUI Shuk Wai, Wendy

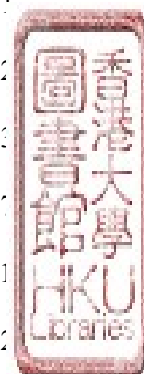


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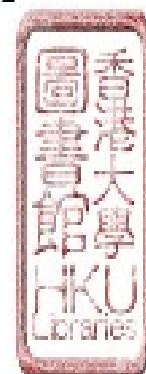
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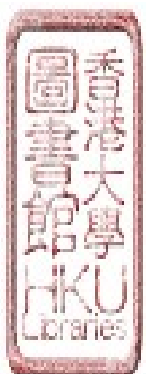


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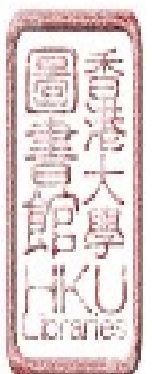
## 1 Acknowledgement

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## 2 Abstract

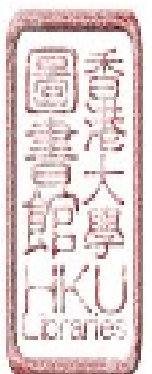
Terrorism has been a key threat to global security. In response to domestic and international concerns, China is pushing forward the counter-terrorism efforts in recent years since the new leader took office several years ago. Using China as a case study, this project aims to identify the risks of China's counter-terrorism measures under Xi Jinping Administration with possible recommendations provided. With the support of scholars' literatures and reports in both English and Chinese, the PEST analysis is used in this paper to thoroughly discuss 4 aspects, i.e. Political, Economical, Socio-cultural, and Technological regarding China's counter-terrorism measures and the risks associated. Political aspect focuses on China's relations with different international players and other state actors on counter-terrorism issues, in view of its more substantial involvement in international affairs as a major power. Economical aspect focuses on counter-terrorist-financing. Socio-cultural aspect discusses issues related to ethnic identity, control on religion and political discourse, as well as security measures at domestic society level. Technological aspect talks about cyber security, media censorship and surveillance technology. It concludes that China as an uprising great power and its overseas interests continues to extend, it will become an increasing target for terrorist attacks. It needs more substantial involvement under the United Nations framework with innovations to overcome the constraints due to the doctrine of non-interference on international counter-terrorism cooperation, political willingness and mindset change to tackle the root cause of separatism and ethnic issues, determination on law enforcement for counter-terrorist-financing, and multilateral and bilateral cooperation with other countries to counter cyber terrorism.





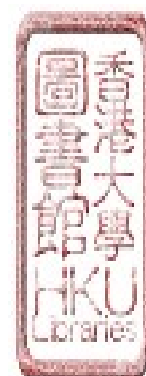
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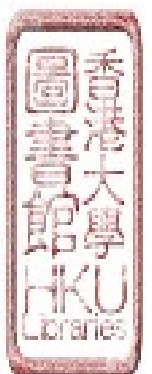


## 4 Abbreviation

AML	Anti-Money Laundry
CPC	Communist Party of China
CTF	Counter-Terrorist Financing
ETIM	East Turkistan Islamic Movement
EU	European Union
FATF	Financial Action Task Force
GCA	General Administration of Customs
GFI	Global Financial Integrity
GDP	Gross Domestic Product
IAIS	International Association for Insurance Supervisors
IMF	International Monetary Fund
MFA	Ministry of Foreign Affairs
MPS	Ministry of Public Security
MSS	Ministry of State Security
PBC	People's Bank of China
RMB	Renminbi
SBM	Shadow Banking Market
SCO	Shanghai Cooperation Organisation
SEZ	Special Economic Zones
SIIO	State Internet Information Office
SPC	Supreme People's Court
SPP	Supreme People's Procuratorate
TIP	Turkistan Islamic Party



UN	United Nation
US	United States
VPNs	Virtual Private Networks
WMD	Weapons of Mass Destruction

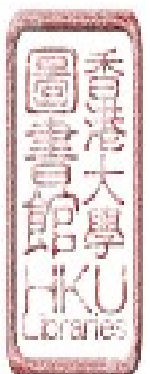


## 5 Introduction

### 5.1 Current Situation – on International Level

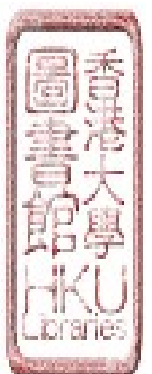
“Terrorism” is nothing new in modern history. The 2 World Wars had inflamed passions of nationalists and the “total war” practices of all combatants in World War II had started the thoughts of desensitization of people to violence. After that, in the post-war period, terrorism had been a tactical choice by leaders of nationalist insurgencies and revolutions. During the Cold War, some leaders like the Soviet Union had adopted the policy of supporting revolutionary struggles and their extremists preferred to employ violence and terror to achieve their political objectives. The start of modern terrorism can be marked by the important incident of the Popular Front for the Liberation of Palestine hijacking the El Al flights to Rome, as this was the first time that nationality and its symbolic values were stressed explicitly, and this was also the first time that innocent civilians were being used as hostages for requests made publicly to a legitimacy. Another important mark for modern terrorism is the cooperation of different extremist organizations in launching terrorist attacks. This includes the cooperation between Palestinian organizations and Europeans extremists in early 1970, where their cooperation ranged from training, operations and even financial supports. The most alarming terrorist attack that brought terrorism top on every country’s priority list is the crash of United Airlines Flight 175 by hijackers to the South Tower of the former World Trade Center on 11 September 2001, i.e. the 9/11 attacks.

Terrorism imposes serious negative impact on human and society. Its act of violence toward civilians for political purposes attacks the core value of United Nations (UN) regarding the “respect for human rights, the rule of law, rules governing armed conflict and the protection of civilians, tolerance among peoples and nations, and the peaceful resolution of conflict”



(Harees, 2012) Recognized by the highest level of UN, i.e. the Security Council, the General Assembly, and the former Commission on Human Right and the current Human Right Council, terrorism has a real and direct impact on human right, where it harms the right to life, liberty and physical integrity; it destabilizes governments and civil society; it destroys peace and security; and it destroys and slows down economic and cultural development. (Office of the United Nations, High Commissioner for Human Rights, 2008) Though some may argue that terrorism is causing fewer deaths than hunger and poverty, it should be noted that the harm of terrorism is not solely on the number of deaths, but the damage on basic human right including security and peace in the long run. Therefore, policies of counter-terrorism that promote and implement human rights and rule of law have to be in place.

While terrorism is not something new as aforementioned, neither does counter-terrorism. Back in 1880, militant Irish Fenians carried out terrorist attack in Britain, and Sir William Harcourt, the Home Secretary, launched the first counter-terrorism unit. Since then, counter-terrorism has become the responsibility of the country towards its people. After the 9/11 attacks, many countries passed legislation to counter-terrorism. Though the goal is the same, every country's counter-terrorism policy does differ from each other. Some countries emphasize on military approach, where some on prevention and diplomacy. For an instance, Germany has passed the law in restricting terrorists to live and raise money. United Kingdom passed the Anti-Terrorism, Crime and Security Act 2001 and the Prevention of Terrorism Act 2005. For United States (US), their Homeland Security Act has created the Department of Homeland Security in combating domestic terrorism, and the "USA Patriot Act" has given the federal government more power in intelligence gathering. UN Security Council has also established the Counter-Terrorism Committee by Security Council resolution 1373 in 2001 after the 9/11 attacks, with 15 Security Council members, to monitor countries



implementation of measures for enhancing their legal and institutional ability to counter-terrorism. (United Nations Counter-Terrorism Committee, 2013)

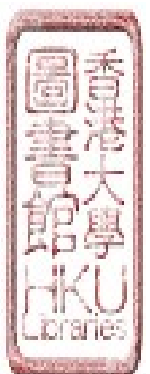
## 5.2 Analytical Framework Used

Counter-terrorism cannot be only done via political and military aspect, where multiple aspects should be considered. In this paper, PEST analysis is being used to analysis China's situation in 4 aspects: Political, Economical, Socio-cultural, and Technological.

Political aspect focuses on issues related to government intervention, including laws, policy, regulations, and services that the government provides. In this paper, the discussion on this aspect focuses on the third level analysis: Chinese government's relations with different international players and state actors, as well as China's interest in overseas. Economic aspect focuses on economic growth, financial infrastructure and capital flow. In respect to terrorism, discussion will be on situation of terrorist financing in China, and measures implemented for counter-terrorist-financing. For socio-cultural aspect, it includes the society's demography, culture, mindset of people as well as ideology of people. For terrorism, control of religious activities, migration and separatism are analysed. Technological aspect talks about research and development, technology incentive and innovation. Relating to terrorism, cyber security, media censorship and surveillance technology are concerned.

## 6 Why Choosing China?

Terrorism is a global socio-political issue affecting not only the domestic political environment of states but also the international relations as countries have to join forces to tackle the problems. Counter-terrorism has also become a major task for China's current president Xi Jinping since he took office more than two years ago. This research project



focuses on China's counter-terrorism measures and the underlying risks because of the following reasons:

## 6.1 China as an Uprising Power

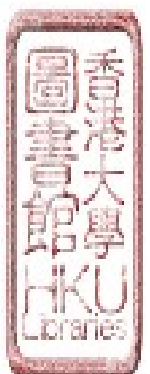
China is a major power in the world and influential to the global politics. It has become the second largest economy (The World Bank, 2015) and an important player in the Asia Pacific region and even the world. How China handles the terrorism, a global issue in which the international community is focusing on, directly affect the effectiveness of global counter-terrorism measures.

Xi Jinping has demonstrated a more active approach in foreign affairs since he took office. He proposed the "One Belt One Road" which covers the western China including Xinjiang, the place he called "frontline of terrorism", and reaching as far as the Middle East and Europe. His administration is also taking an increasingly hard line in counter-terrorism measures, and has increased the public security bureau's counter-terrorism budget. In addition, the Chinese government is proposing the new counter-terrorism law.

Terrorism is a global issue and in the study of this topic, it is essential to take into consideration the counter-terrorism measures adopted by China, the key player in global politics.

## 6.2 Proximity

Terrorist attacks do not only threaten the high-risk areas of terrorism such as the Middle East countries, they have also been affecting the political environment of other regions. The UN has adopted global counter-terrorism strategies with a common strategic approach to fight



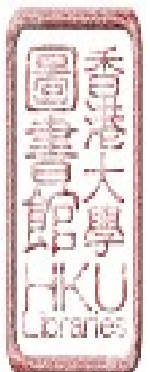
terrorism. Having said that, it is important that the member states strengthen their counter-terrorism efforts in the national level to integrate with the global strategies.

To facilitate an in-depth analysis in counter-terrorism strategies, we focus on studying the risks of one country. China is geographically and politically close to Hong Kong. Understanding the risks of the current counter-terrorism measures can serve as a gateway for us to discuss terrorism and the significance to global politics. In addition, while many discussions on China's counter-terrorism issues in place are in Chinese, our advantages in languages to handle both English and Chinese can effectively and comprehensively consolidate the materials for a thorough academic research.

### **6.3 Case Studies versus Statistical Data**

In research of the matters related to terrorism, relevant figures usually are classified as confidential amid concerns on national security; thus, the counting of terrorist incidents often relies on the government officials' figures and media reports. But in cases when statistical data are obtained from authoritarian regimes, it might be problematic. As shown in studies by Todd Sandle, Konstantinos Drakos and Andreas Gofas, authoritarian regimes might tend to under-report terrorist incidents. (Pokalova, 2013) For an instance, the official figures about terrorist incidents and the number of casualties in Xinjiang have many discrepancies and raise question on its credibility. (Clarke, 2008)

In this regard, the case studies approach is used here to overcome quantitative limitations. Studying China's case regarding the counter-terrorism measures and the possible risk associated provides an in-depth analysis of terrorism as a global political issue.



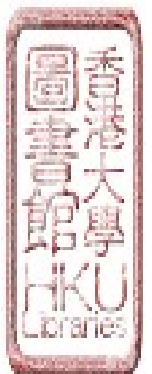


## 7 Definition of Terrorism in Chinese Government's Interpretation

Before investigating into the risks identified in China's counter-terrorism policies under Xi Jinping Administration, one has to understand on one hand what "terrorism" actually means to scholars from the fields of international relations and military studies and the relationship between the concepts of "terrorism" and "insurgency"; and on the other hand how the Chinese government interprets the spirit and content of terrorist activities in its related draft laws and official documents.

### 7.1 Definition of Terrorism by Scholars

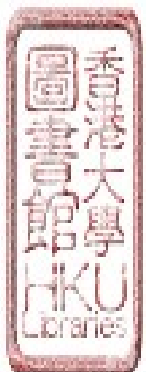
Currently, there are over 200 definitions on the term "terrorism" published and 90 of them are adopted by governments and academic institutions. Hence, no single definition commonly agreed by all nations could be retrieved by any means (Matusitz, 2014). According to Peter R. Neumann, the Director of the International Centre for the Study of Radicalisation and Political Violence and also a professor at the War Studies Department of King's College in London, the attempt to define "terrorism" in a way that entails value judgments on whether or not a combatant's cause is moral, is bound to frame an insecure basis for sufficient definition (Neumann & Smith, 2008) Alex Peter Schmid, the former Officer-in-Charge of the United Nations Terrorism Prevention Branch and a scholar specialised in terrorism studies, frames "terrorism" comprehensively as "an anxiety-inspiring method of repeated violent action... for idiosyncratic, criminal or political reasons, whereby - in contrast to assassination - the direct targets of violence are not the main targets. The immediate human victims of violence are generally chosen randomly (targets of opportunity) or selectively (representative or symbolic targets) from a target population, and serve as message generators. Threat- and violence based communication processes... are used to manipulate the main target (audience(s))



turning it into a target of terror, a target of demands, or a target of attention, depending on whether intimidation, coercion, or propaganda is primarily sought.” (Schmid & Jongman, 1988), while a consolidated one suggested by James Kiras, a specialist in air and space studies involved in several US’ special operations, describes “terrorism” as “the sustained use of violence against symbolic or civilian targets by small groups for political purposes, such as inspiring fear, drawing widespread attention to a political grievance, and/or provoking a draconian or unsustainable response.” (Baylis & Booth, 1987)

## 7.2 Definition of insurgency by Scholars

As a matter of fact, one could identify a few differences between terrorism and insurgency. First of all, terrorism is seen as a method, among others, to achieve the goals of certain political movements while insurgency itself is a political effort with specific aims. Secondly, terrorism does not target to challenge the existing government directly but works to alter the people’s perceptions towards the government’s legitimacy and effectiveness in ruling, whereas insurgency acts to fight with the ruling government for control of at least part of the territory and sharing of political power. Thirdly, due to the extreme means, terrorism seldom obtains support and sympathy from the crowd. On the contrary, blessing from a certain portion of population is a pre-requisite for insurgencies. Fourthly, as spelt out in the above definitions, no particular target groups are pinpointed by terrorist groups. In other words, terrorism is not having any discrimination of non-combatants against combatants. But for insurgency, thanks to the importance of popularity, non-combatants are not targeted. Last but not the least, analysing by the legal approach, “terrorism” is a crime-conducting means no matter under civil or military legal codes but insurgency is to a certain extent adherent to norms of international community as to the law of war.

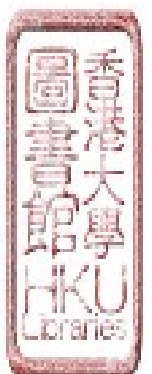


### **7.3 Chinese Government's Interpretation of Terrorism**

Having listed out the major differences between terrorism and insurgency as identified by the academics and theorists, Chinese government's interpretation of terrorism as perceived from its official documents and laws could be put under examination to show its distinction from the main-stream saying, if any. In accordance with the draft anti-terrorism law tabled at a meeting of the Standing Committee of China's National People's Congress in March 2015, terrorism is defined as "any speech or activity that, by means of violence, sabotage or threat, generates social panic, undermines public security, and menaces government organs and international organisations." (Xinhua, Lawmakers weigh China's draft anti-terrorism law, 2015) And the draft submitted in October 2014 even included thoughts further to speeches and activities, though it was removed in the revised draft for the sake of applicability. It could be understood that China has been adopting a broader definition of terrorism, regardless of the objectives or goals of the speeches and activities but emphasis has been put onto the point of national and social security. As early as in 2003, the Ministry of Public Security of China had issued a list of "terrorist organisations" made up of activist group names such as the East Turkistan Islamic Movement (ETIM) which has been seeking independence of Xinjiang. While one would question how the counter-terrorism law implementation could proceed without an independent judiciary set up, which could provide clearer and fairer judgments on the nature of alleged terrorist incidents, in-depth analysis on current anti-terrorism measures in China and their implied risks would be presented in the upcoming sections by political, economic, social and technological approaches.

## **8 Situation in China**

### **8.1 Historical Background: Evolution of China's Stance on Terrorist Groups**

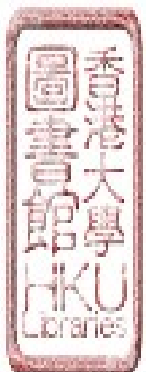


As China emerges as a rising power, its stance on different terrorist groups has evolved over the past several decades, changing from open support, to disengagement and then to active opposition.

Under the Maoist era, its foreign policy was largely influenced by the Communist ideology. China viewed itself as a victim of imperialism. It identified itself with world's oppressed peoples and states and their fight for national independence. (Mark, 2013) Therefore it supported different liberation movements in the developing world, including the liberation of Palestine. (Cooley, 1972) It even openly supported terrorist groups such as the Popular Front for the Liberation of Palestine and the Democratic Front for the Liberation of Palestine. (Potter, 2013).

After taking power in late 1970s, Deng Xiaoping focused on internal economic reform and the opening-up of China. Hence China's foreign policy was adjusted, putting the relationships with the radical organisations and marginalized states as lower priority, and hence disengaged with them. (Potter, 2013)

Then China went further to become actively opposed to international terrorism. In 1990s, there was increasing concern on separatist movements in Xinjiang with the collapse of Soviet Union stimulating ethnic minority opposition to Chinese rule. (Clarke, 2008) As China started to be an uprising power, the international community also expected China become more engaged on global issues. The 9/11 attacks also gave China an opportunity to speed up its shift on counter-terrorism policy. (Clarke, 2008) China's ostensible support on US strike in Afghanistan was also the first time since the Cold War that China had condoned US military strikes in another country. (Dynon, China's "War on Terror" in Xinjiang, 2013)



As some scholars point out, with the collapse of Soviet Union, the US was left as the sole superpower in world politics. (Paul J. Bolt, 2008) The direction of bilateral relations with other countries such as China became uncertain as the strategic consensus on issues related to Soviet Union did not exist anymore. In the decade before 9/11 attacks, Sino-US relations had been strained by the Taiwan issue, trade disputes, human rights issues and arms sales. So while the 9/11 attacks prompted China to be more actively involved in global counter-terrorism, it also gave China an opportunity to find another strategic consensus with the US.

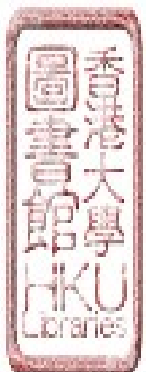
Therefore, with its national security concern, pressures from international community as well as the calculations on Sino-US relations, China has become more active on international security cooperation.

## **8.2 General Situation in China**

### **8.2.1 Global Terrorism Index**

As mentioned, to understand the impact of terrorism on different countries through empirical studies is never an easy task. The definition of “terrorism” can be varied among different law enforcement authorities. And the statistical data from authoritarian regimes might not be reliable and comprehensive.

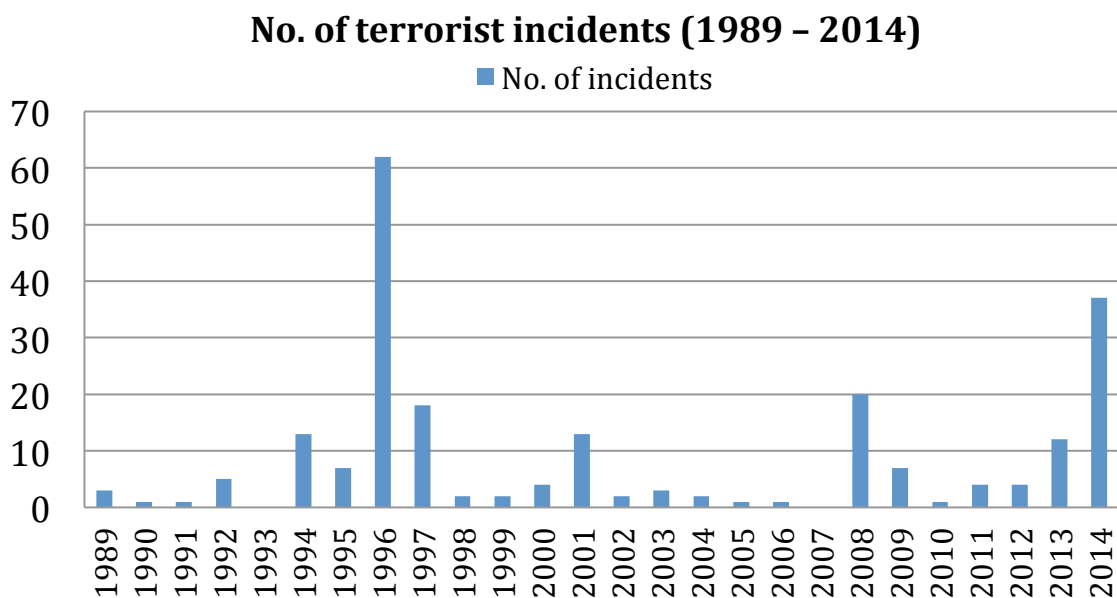
Therefore it would be preferable to use the data from independent research or academic organisations. The independent and non-partisan think tank Institute for Economics and Peace produces the Global Terrorism Index every year which is based on data from the Global Terrorism Database (GTD). The GTD is considered as the most comprehensive dataset on terrorist activity around the world from 1970 through 2014. (Overview of the GTI



The information recorded in the database is based on reports from variety of open media source, and the information source is determined as credible by the research team.

According to the Global Terrorism Index 2014, China ranks 25. It is also one of the 24 countries that lost over 50 lives to terrorist attacks in 2013. (Peace, 2014) And based on the data from GTD, it shows that the number of terrorist incidents is in increasing trend from 2000 to 2014.

**Figure 1 No of terrorist incidents in China (1989 – 2014)**

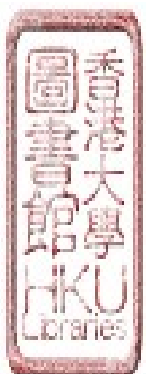


*Data source: Global Terrorism Database*

Definition of terrorism: “The threatened or actual use of illegal force and violence by a non-state actor to attain a political, economic, religious, or social goal through fear, coercion, or intimidation.”

### 8.2.2 Xinjiang as Top Priority

From China’s perspective, both Tibet and Xinjiang signify the national security problems that have been a concern for many years. But in the past couple of years, the unrest in Xinjiang has become more frequent. In 2014, there were 29 terrorist attacks in Xinjiang, out of 3’



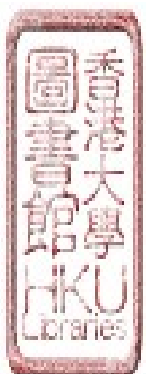
incidents throughout the country, claiming over 200 people's lives. (Global Terrorism Database, 2015) The Chinese government officials also blamed the Xinjiang separatists for the brutal killing at Kunming railway station in March 2014. Analysts argue that this increase in attacks reflects the failure of China's existing counter-terrorism measures and there should be an overhaul on it. (Dynon, Kunming: A New Phase of Terrorism in China, 2014)

Actually counter-terrorism, particularly in Xinjiang, has become one of the focuses for Xi Jinping and his government. China's media reported that within two months (March – April 2014), Xi mentioned counter-terrorism publicly for 15 times, showing an unprecedented counter-terrorism campaign already launched. (News, 2014)

Following his high-profile visit to Xinjiang and the deadly attack in Urumqi railway station on the same day as he completed the visit in late April 2014, Xi Jinping announced to deploy a “strike-first approach against terrorism” campaign in the region. (Branigan, China's Xi warns of 'strike-first' strategy after militants bomb capital of Xinjiang, 2014) It is reported that the number of arrests in Xinjiang in that year increased nearly a double. (Aredy, 2015) Within a year, the Xinjiang local officials told Chinese media that 181 groups had been broken up, all but less than 4% of them before they had chances to carry out any attacks.

The Xinjiang's public security budget for 2014 was also increased by 24%, to RMB 6.1 billion. Among which, RMB 2 million was to be used counter-terrorism. (JIA,CUI and BO, GAO, 2014)

In early 2014, Chinese authorities arrested Ilham Tohti, the outspoken Uyghur scholar who criticized government policies in Xinjiang. He was found guilty of separatism and sentenced for life in September 2014.



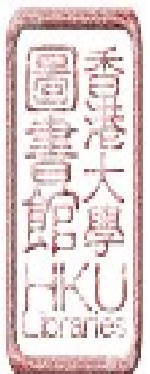
### 8.2.3 Establishment of China's National Security Commission

One year after Xi Jinping took office as the President, he announced to set up National Security Commission, and made himself as the chairman. Officially established in January 2014, it is the Communist Party of China (CPC) agency responsible for “decision-making, deliberation and coordination on national security work”. (Xinhua, Xi Jinping to lead national security commission, 2014)

The official explanation is “to strengthen the unified leadership of state security work which is an urgent need”. (Xinhua, Xi Jinping to lead national security commission, 2014) As scholar David M. Lampton points out, this actually aims at alleviating the coordination problem of security and foreign policy that China suffering for long. (Lampton, 2015)

On one hand, the number of countries that have built diplomatic relations with China has about tripled since 1971, the number of domestic security, diplomatic and international security policy-related bureaucracies has expanded, globalization and China's expanding power in maritime and in the air are some of the factors that makes coordination more and more difficult. On the other hand, the close link between external and internal security in Chinese leaders' thinking also poses challenge to the coordination. From China's perspective, maintaining internal stability is indispensable for national security. But observers have noted that sometimes there are communications gaps among China's bureaucratic apparatuses, or even they compete with each other. (Lampton, 2015)

However, being established for a year or more, there is still little information on the organisation and operation of the Commission to the outsiders. But whether the Commission can improve the long-standing coordination is yet to be known.





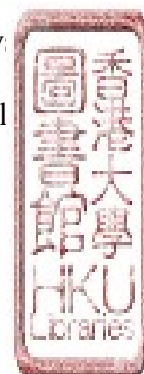
#### 8.2.4 National Security Law & Counter-Terrorism Law

The recently-passed National Security Law in China lays out the guiding principles and framework related to national security. It emphasizes the necessity to “defend the fundamental interests of the people” and take “all measures necessary” to protect the country. It also states clearly in the first article that the law aims to “protect the political power of the people’s democratic dictatorship and the system of socialism with Chinese characteristics”, and in the fourth article it insists the CPC to take the lead in national security work.

Echoing with the establishment of the National Security Commission, the law also assigns the “central national security leading authority” to be in charge of the decision-making and coordination related to national security work, and to advice on the implementation of the policy related to national security strategy. (Xinhua, China's National Security Law Full Text (中華人民共和國國家安全法全文), 2015)

The National Security Law is actually one of five laws being drafted or recently passed that help to strengthen national security measures. The previous National Security Law was adopted in 1993 and was deemed as out-dated in view of the new development in national security. Hence the Counter-espionage Law was passed last year to replace it. Three other laws currently in draft are related to counter-terrorism, cyber-security and foreign NGOs. (ChinaNews, 2015)

Similar to the National Security Law, the proposed draft of Counter-Terrorism Law only lay down the guiding principles. Local governments at different levels, eg provincial level, still have to set up its own counter-terrorism agency and implement the strategy.



### 8.2.5 People's War Against Terrorism Throughout the Country

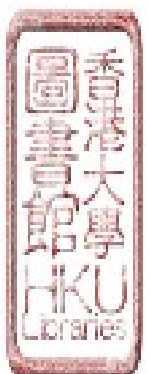
Apart from reinforcing the strike-hard campaign in Xinjiang, China's government also steps up different measures throughout the country for counter-terrorism. As the Xinjiang's CPC Secretary Zhang Chunxian phrased, it is a "people's war against terrorism". (Xinhua, Xinjiang's Party chief wages 'people's war' against terrorism, 2014)

Different propaganda activities have been launched. For an instance, in mid-July 2014, the national counter-terrorism office issued a citizens' anti-terrorism manual in Beijing, Shanghai, Henan and Guangdong provinces, as well as Xinjiang, to educate the public how to prevent and react in case of terrorist attacks. (Yan, Zhang and Mengwei, Chen, 2014) The Beijing city government even claimed that around 850,000 people, mostly pensioners in 60s and 70s and retired party members, were mobilized as counter-terrorism volunteers to form patrol teams on the streets. (Chen A. , 2014)

Extra efforts are also deployed on counter-terrorism intelligence collection from the members of the public. Informants can receive reward up to half a million (RMB) in Jiangsu and Liaoning provinces, the Inner Mongolia autonomous region and major cities such as Chengdu, Sichuan province, and Wuhan, Hubei province, RMB 300,000 in Tibet, while authorities in cities like Shenzhen and Zhongshan, Guangdong province, set no limit for rewards, according to local governments' websites and officials. (Chen A. , 2014) (Yan, Zhang and Mengwei, Chen, 2014) (Xinhua, Tibet offers reward to anti-terror tip-off, 2015)

## 9 Measures in Place & Risks

As mentioned previously, PEST analysis is being used to analysis China's situation in 4 aspects: Political, Economical, Socio-cultural, and Technological.



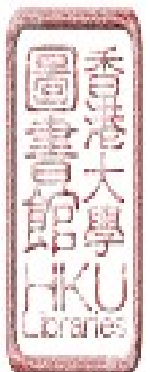
## 9.1 Political

Counter-terrorism to China is more than a domestic issue. It has a role in China's external relations with the international community. Putting counter-terrorism at the right position of the agenda for international collaborations would for sure benefit China while she is still on the way to open up itself to other parts of the world. In this section, China's existing counter-terrorism measures on international level will be assessed. The role of counter-terrorism efforts in linking up China with the rest of the world through multilateral organisations, for example, the UN and Shanghai Cooperation Organisation (SCO), and with other major powers such as the US will also be revealed.

### 9.1.1 Under the Roof of UN: China's Stance towards International "Counter-terrorism"

As stipulated in the Article 23, Chapter V of the UN Charter, the Security Council, being a division primarily responsible to maintain international peace and security, is made up by fifteen members of the UN, among which China, France, Russia, the United Kingdom and the US are the permanent members. As a matter of fact, counter-terrorism has been an indispensable topic on the agenda of the Security Council. For this reason, a committee called Counter-Terrorism Committee was set up in 2001 with same composition of the Security Council after the 9/11 attacks in the US. The mandate of this Committee is to:

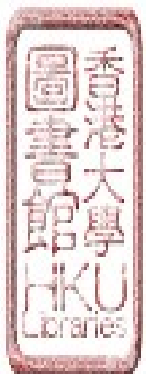
- (i) criminalize the financing of terrorism;
- (ii) freeze without delay any funds related to persons involved in acts of terrorism;
- (iii) deny all forms of financial support for terrorist groups;
- (iv) suppress the provision of safe haven, sustenance or support for terrorists;
- (v) share information with other governments on any groups practicing or planning terrorist acts
- (vi) cooperate with other governments in the investigation, detection, arrest, extradition and



prosecution of those involved in such acts; and (vii) criminalize active and passive assistance for terrorism in domestic law and bring violators to justice.” (The United Nations, 2001)

In 2014, the Security Council moved the Resolution 2195, reiterating the member states’ obligation to work in line with the relevant international laws to avoid terrorist movements and requesting concerned UN entities to help member states implement appropriate international instruments in relation to counter-terrorism so that their capacity in swiftly responding to terrorist activities could be enhanced.

With the objective of building up a responsible image on the international arena, China has been taking diplomatic steps under the UN framework. A statement delivered by Ambassador Wang Min, the Deputy Permanent Representative of China to the UN, at a briefing session by the chairmen of Security Council subsidiaries in May 2014 could shed some light in this aspect. In his address, China was said to compliment the role and work of the Counter-Terrorism Committee given its important responsibility and to support the Committee’s mandate and efforts to enhance the implementation of UN Security Council resolutions regarding counter-terrorism, particularly by means of conducting implementation assessment and organizing meetings and state visits. Most importantly, Ambassador Wang pointed out that China would continue to take part proactively in international joint efforts in counter-terrorism within the framework of Security Council. Alongside the robust economic developments contributed by more substantial linkages with other parts of the world in recent years, China is expected to take up more responsibility and to speak out more in international affairs than in the past, including the counter-terrorism efforts. Therefore, one could observe that China is faced with the tension between addressing the counter-terrorism issue by international cooperation and desiring to constrain it as a domestic agenda item.

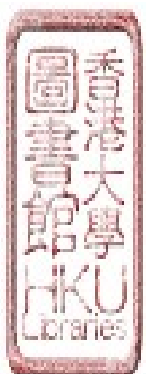


In the meantime, the demand from certain countries such as Japan and India to restructure the UN Security Council by adding more permanent membership poses threats and challenges to China's and other existing members' prestigious positions, namely their veto rights in the Security Council. Furthermore, developing countries make up almost 80 per cent of the total number of countries in the world, according to International Monetary Fund (IMF, 2015). Inadequate representation of developing countries and countries in continents including Africa and South America are also factors for advocating the UN Security Council reform.

Along the way, China's stance was that, she "supports the reform and stands for enhancing the representativeness and raising the voice of developing countries and maintains that agreement and consensus be reached on various issues through extensive and democratic consultation." (Hong L. , 2015) Not suggesting any time table for the reform, China as the only permanent member of the UN Security Council representing the developing country group against the current backdrop, is to shoulder more responsibilities in global issues threatening the security and stability of the emerging economies. Also, while China is not supporting the addition of developed nations to the Security Council as permanent members, it has to address the interest of Western countries which is being gradually undermined by terrorist activities. The above efforts in tandem would lead to deeper involvement of China in UN's counter-terrorism initiatives.

### 9.1.2 From Diplomacy to Practices – China's Participation in Regional Counter-terrorism Efforts

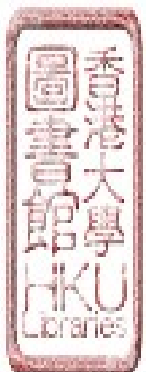
In a regional context, China's role in multilateral counter-terrorism collaborations is more visible comparing to that in the UN. The SCO, a regional pact formed by China and her bordering neighbours in Central Asia, namely Kazakhstan, Kyrgyzstan, Russia, Tajikistan



and Uzbekistan in 15 June 2001 would be an imperative example for studying. The major reason is that the current contracting nations of SCO are all bordering with or near the north-western part of China, or the Xinjiang area. This situation leads China to take concrete actions instead of just disseminating counter-terrorism messages by diplomatic means, speeches or moral suasions.

In fact, the SCO was established with one of the goals being maintaining and ensuring peace, security and stability in the region. And a permanent body called the Executive Committee of the Regional Counter-Terrorism Structure (RCTS) was set up as a platform for the member states to join hands to fight against the “three evil forces”: terrorism, separatism and extremism.

These three target forces are actually at the same time among the names quoted by China as threatening her national security while the appointment of Zhang Xinfeng, China’s Deputy Minister of Public Security, as the Director of RCTS since January 2013 further increased China’s international exposure in terms of counter-terrorism. As early as in 2003, the member states organised joint military drills under the name of “Peace Mission”. With presence of Heads of Member States in the military exercises, “Peace Mission” has been serving as a launch pad for member states’ weapons and military deployment plans. In August 2014, China hosted the largest-ever military exercise in Inner Mongolia, on her own land. (Tiezzi, 2014) More than the 2013 edition, 7,000 soldiers from five member states joined with the Central Asian member countries except Uzbekistan each sent a few hundreds of elite troops. The scenario for “Peace Mission 2014” was that, a separatist movement involving terrorist attacks happened in a country with the support of an international terrorist organisation. Having consolidated the above moves by China in this regional organisation, one could perceive that China is practising firm and military approaches to tackle potential terrorism.

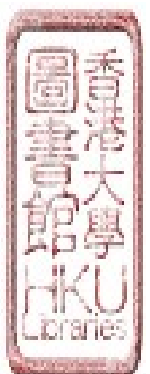


attacks around her own territory and the neighbouring countries sharing similar cultures, languages and religions with Xinjiang and other areas inhabited by ethnic minorities become priority allies in her international counter-terrorism strategy.

In July 2015, the SCO announced to accept India and Pakistan as its full members and the membership is expected to be finalised in 2016. While the chemistry of the expansion of membership stays uncertain, it could be assured that the element of counter-terrorism would remain a focus. Similar to China's situation of being threatened by extreme Islamic groups, India has been suffering radical actions by Islamic army for decades. Thus, cross-border terrorism is a common challenge for both China and India. When Chinese Premier Li Keqiang met with Indian Prime Minister Narendra Modi in May 2015, the two leaders declared that the countries' mutual resolve against terror and called on all nations and entities to collaborate sincerely to break down terrorist networks and the related financing, and to stop cross-border transfer of terrorists. In bilateral manner, China and India had conducted joint military exercise with focus on counter-terrorism since 2007. Another round of similar exercise lasting for 10 days is anticipated in November 2015 around the western borders of India. From an objective point of view, the expansion of membership base would allow more resources, no matter in aspects of human capitals, technology and funding, to be devoted to counter-terrorism initiatives of the organisation.

### 9.1.3 Facing Terrorism: China and the US Cooperate or Compete?

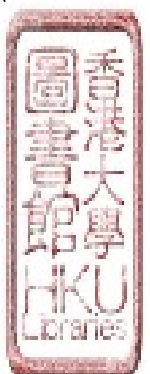
Among all China's bilateral relations with other nations, Sino-US relations should be the most essential one in terms of economic, military and political powers of the counterpart. Analysing Sino-US relations is no easy task as it has multiple fronts. For the sake of



extracting essence of counter-terrorism efforts by the two countries, the bilateral relationship would be divided simply into the cooperative and competitive sides.

After Xi Jinping came to power in 2012, he introduced a concept of “New-type of Major-country Relations” to depict the new phase of Sino-US relationship. Xi outlined 6 priorities for building this new relationship when he met with the US President Barack Obama in Beijing. In the context of the cooperation, the two states should deepen cooperation in all aspects including trade, military, counterterrorism, law enforcement, energy, health and infrastructure. And according to Xi, the cooperation should be all-around, involving governments, parliaments, media, think tanks and young people. (Xinhua, Xi talks with Obama, pledges commitment to new-type of major-country relations, 2014) And specifically, the two states will continue to enhance cooperation in areas of law enforcement, such as jointly hunting down fugitives, recovering their ill-gotten assets, fighting drug trafficking and cyber-crimes. Synchronised with this framework, China and the US hold bilateral dialogue on counter-terrorism on regular basis. The 2014 session reaffirmed the two sides’ commitment to address the threats posed by terrorism to both nations and the international community and agreed that the success of U.S.-China Strategic and Economic Dialogue could set the tone for deeper bilateral relations, in which counter-terrorism is an important part. (The U.S. Department of States , 2014)

However, even though the two states in principle agree on collaboration to manipulate terrorism, their ways of carrying out the objectives differ from each other. After the US bombed Syria without the consent of the UN, China’s Foreign Minister Wang Yi spoke at a UN Security Council meeting, stressing that collective anti-terrorism measures have to be taken within the framework of the UN and the Security Council and other means such as cyber code of conduct, border controls and financial regulations have to be considered. On



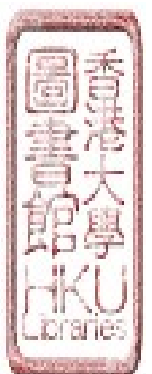


could decode the message as an objection to the US' counter-terrorism operations by war without permission of the UN. (Meng, 2014)

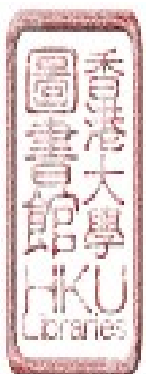
On the competitive front, as viewed by many others, China is emerging not only as a great economy, but also being more and more influential in global military and political discussions. The success of the US for being a military hegemony in the world could be attributable to its global deployment of her troops. Currently, the US has a strong naval force made up of over 270 ships and more than 3,700 aircrafts. The critical factor is that, the naval force is well dispersed over the 370-plus bases around the globe such as Guam, Yokosuka (Japan), Naples (Italy), Manama (Bahrain) and Guantanamo Bay (Cuba), in addition to those areas under the spotlight for counter-terrorism including Afghanistan, Iraq, Syria, Somalia and Nigeria.

In recent years, China has been advancing its military forces particularly the naval force. For example, she had renovated an old aircraft-carrier bought from Ukraine over a decade ago into the Liaoning carrier and was seen by the public in 2012 while media now says the second one is in the pipeline. The direction of elevating the standard and capability of the navy is in line with the policy that China is to defend the waters in South China Sea disputed with neighbouring countries like the Philippines, Vietnam and Malaysia. Acknowledging the importance of sea power to China, overseas deployment of Chinese troops in the name of counter-terrorism to gain military influence could be feasible if things are put in a realist mindset.

Apart from the military competition with the US, China has a need to protect her overseas interests and personnel which increase significantly together with its economic growth in recent years. It is about domestic politics. After outflowing money for overseas investment



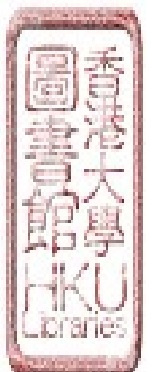
China now has considerable billion-worth energy interests, infrastructure projects and mining resources in the Middle East and the African continent. And with Africa alone, China traded goods worth nearly 160 billion US dollars in 2013, equivalent to more than 15% of the overall trade of Africa. Also in the past decade, more than 1 million Chinese people have moved to Africa to make a living. (One among many, 2015) These are the unstable areas of the world partly due to terrorist attacks. Further to invested projects in the past, China is now advocating the economic initiative “One Belt, One Road” for boosting the trade between China and Europe by the “Silk Road Economic Belt and the 21st Century Maritime Silk Road”, passing through some 60 countries including those in West Asia, Persian Gulf and Africa. Expecting projects each valued at tens of billions, an effective deployment of military forces in those areas would lead to swift evacuation arrangement for the overseas Chinese in case of warfare and minimise the loss in terms of economic assets. This is a natural request from the Chinese people so as to be assured of certain level of protection in overseas and the domestic request is to be converted into the government’s foreign policy. In the draft counter-terrorism law, there was an article laying legal framework for sending troops for overseas counter-terrorism missions. That particular article would authorise military and security personnel to carry out counter-terrorism operations upon the consent of the relevant countries. Actually, overseas security operations are nothing unprecedented to China. (Martina, Draft Chinese law paves way for counter-terror operations abroad, 2015) In 2011, in collaboration with Laos, Myanmar and Thailand, China’s gunboats conducted anti-drug-running operation in Mekong River and Chinese navy had a few rounds of patrol around the Horn of Africa for tackling the pirates’ issue.



#### 9.1.4 Risks Identified from the Existing Measures

Having studied in detail China's existing political measures in place in relation to counter-terrorism on international, regional, bilateral and domestic levels, one could identify the risks emerged together with the opportunities. By looking into China's diplomatic approaches for counter-terrorism with emphasis on the framework of UN, there could be conspiracy on China being one of the interest parties possessing veto rights at the UN Security Council in the existing international system, which is governed by a set of rules representing the distribution of power decades ago. The same question could be raised on China's relatively conservative stance towards the reform of the UN and the UN Security Council. Risk on this side would be China's diminishing connection with the majority of developing countries, when it is viewed that China and those states are no longer sharing common interests. This point reveals especially when China is planning to be involved in overseas counter-terrorism operations in the states' territories. In the eyes of developed western countries, although China has been reiterating the importance of the UN role, nearly no visible and substantial steps have been taken at least when comparing with China's participation in SCO. China's commitment in fighting against terrorists through the UN structure could then be challenged.

As to China's counter-terrorism efforts in the SCO, risks of being accused of forming military alliances with Russia and other Central Asian states appear in view of the heavy military element in the bloc's counter-terrorism initiatives. It is also observed whether or not the SCO would become a second North Atlantic Treaty Organization (NATO) led by the US or the Warsaw Pact coordinated by the former Soviet Union. Moreover, the use of military forces would generate an impression that China is not on the track of peaceful rise but expanding her own military capabilities. To a certain extent, if China were to manipulate terrorist groups by military forces, it could be argued that China is walking back on what they

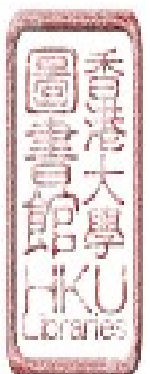


have been advocating in the UN, that is, to tackle terrorists by control of cyber networks, borders and financial systems. At the same time, carrying out counter-terrorism operations in overseas could challenge the respect to other countries' sovereignty, one of the core values that China has been pursuing. With its foreign policy still largely dominated by the principle of non-interference in the internal affairs of other countries, how could China be on one hand blaming the US for undermining other states' sovereignty with imperialism but on the other hand sending troops overseas to carry out counter-terrorism operations? If it is so, will China agree if foreign troops are to do the same in Chinese territory?

## 9.2 Economical

### 9.2.1 Definition of Terrorist Financing

According to the International Convention for the Suppression of the Financing of Terrorism by the UN, a person commits the crime of terrorist financing “if that person by any means, directly or indirectly, unlawfully and wilfully, provides or collects funds with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out any other act intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a government or an international organization to do or to abstain from doing any act.” (United Nations General Assembly, 1999) On top of “provide” and “collect” mentioned by UN, “solicit” is also included as per the International Monetary Fund (IMF) (IMF, 2015) The Chartered Secretaries also issued the “Anti-Money Laundering and Counter-Terrorism Financing”, listing that “carrying out transactions involving funds that are owned by terrorist is also an act of terrorist financing. (The Hong Kong Institute of Chartered Secretaries, 2014



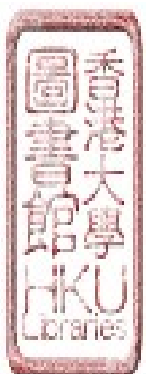
In simple words, terrorist financing is the way of owning and providing funds for terrorist activities.

Sources of terrorist funds vary. Funds of terrorist financial can be from legitimate sources, like profit from normal businesses, personal wealth from families, or donation from charity organization. Funds can also be from criminal activities, including fraud, smuggling, drug trafficking, or even kidnapping. In short, terrorist financing is regardless of how the funds are being raised.

People committing terrorist financing, named as terrorist, use all kinds of mean in transferring funds, usually in low value but high volume, according to IMF. (IMF, 2015) They use the formal banking system, information value-transfer systems like the shadow banking market, hedge funds around the world in listed or non-listed markets, gambling, physical transport of cash or gold, or other valuable goods via smuggling.

### 9.2.2 Terrorist Financing and Money Laundry

There are differences between terrorist financing and money laundry. While money laundry is referring to the process in making cash or assets obtained from criminal activities to look legitimate for re-integration into the financial system, terrorist financing does not focus on the process but the end that the funds used is for terrorist activities. While people commit in money laundry focus on concealing the sources of the funds and the process of integrating them into the financial system, people commit in terrorist financing focus on concealing the activities and the nature of activities they fund. While the funds of money laundry are raised from criminal activities including drug trafficking and smuggling, as mentioned funds of terrorist financing can be from both criminal and legitimate sources.

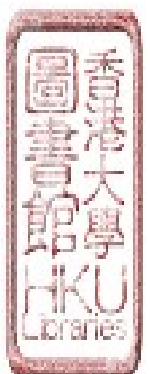


Though there are differences, terrorist financing and money laundry are always interlacing with each other. Both of them are using the financial industry in an illegitimate manner during the inflow and outflow of funds. Both of them are hiding some information from authorities, using similar if not identical techniques, to distract others' attention and to protect the identity of people behind the funds, as well as the ultimate beneficiaries owners of the funds. With the similarities of techniques used in terrorist financing and money laundry, they are usually being linked together.

### 9.2.3 Combating Terrorist Financing on International Level

One of the most effective ways in combating terrorism is via financial path. As per the International Convention for the Suppression of the Financing of Terrorism, the UN has noted, “the number and seriousness of acts of international terrorism depend on the financing that terrorists may obtain”. (United Nations General Assembly, 1999)

As mentioned, terrorist financing and money laundry are always being linked together, and therefore so as the combating methods. The counter-terrorist financing (CTF) and anti-money laundry (AML) both aim at fighting the criminals or terrorists by attacking their financial activities, and use their financial traits to locate the criminal and terrorist network. They prevent, detect and punish first the illegal funds entering the financial system, and second the funding of terrorist organization and activities. In most legislation, CTF and AML are often listed in the same legislation, or tackle by the same body. The most significant organization in CFT and AML is the Financial Action Task Force (FATF), an inter-government body aimed at developing and promoting policies, both national and international, to combat terrorist financing and money laundry. (IMF, 2015) The Warsaw Convention, a European Union (EU) convention signed on 16 May 2005, is the convention on “Laundry, Search, Seizure and



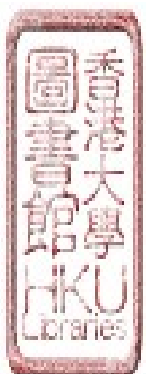
Confiscation of the Proceeds from Crime and on the Financing of Terrorism”. (Council of Europe, 2005) The International Association for Insurance Supervisors (IAIS) issued a guidance paper in October 2004, focusing on the anti-money laundry and combating the financing of terrorism. In the below, CTF and AML, so as terrorist financing and money laundry, will be joint together for analysing situation in China.

#### 9.2.4 CTF Related Situation in China

##### 9.2.4.1 Economic Situation in China

China currently is with a socialist market economy, changed from a communist planned economy, since the launch of open-up policy in 1978. In this economy, the state-owned enterprises are driving the major force of economic development, complimented by some domestic or international private enterprises. This drive from these state-owned enterprises and the socialist economic structure have hindered China to become an major financial centre in the world, as there are still control over the capital flow and the exchange and settlement of Renminbi (RMB).

Even not being the major financial centre in the world, China’s economy has surged in an astonishing manner in the past 30 decades. In 1978, annual GDP of China was of USD217b, where in 2014 it has increased to USD10,361b, jumped by 47 times. The annual growth of GDP is also significant with over 7% every year in the past decade. (National Bureau of Statistics of China, 2014) With the tremendous economic development in the recent decade China has become a hub for international trading transactions, especially by riding on the Special Administration Regions of Hong Kong and Macau, the Special Economic Zone (SEZ) of over 18 cities including ShenZhen, Xiamen and Hainan, and the Special Trade Zone like Shanghai since Sep13. In 2012, China has overtaken US as the largest good trading

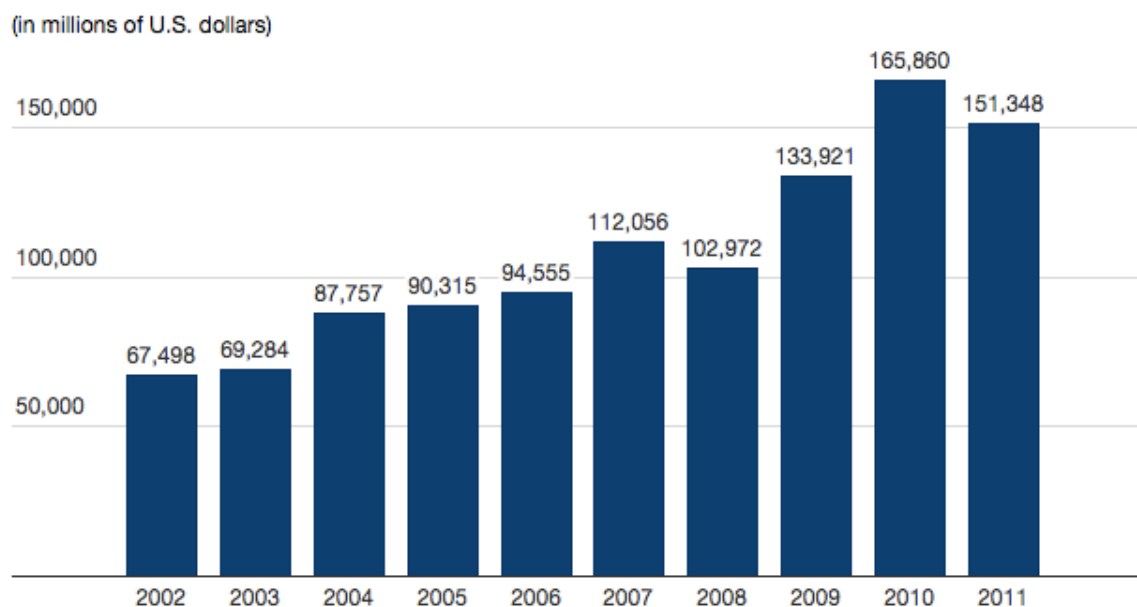


nation. Till today, China has already been the second largest economy after US, and is very likely to overtake US by 2030. (The World Bank, 2015)

#### 9.2.4.2 Terrorist Financing and Money Laundry in China

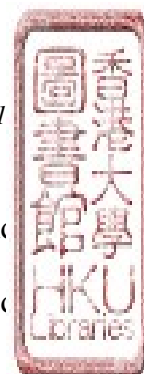
According to the report issued by Global Financial Integrity (GFI) in 2014, the estimated illicit financial flows from China between 2002 and 2011 summed up to USD1.08t, where these outflow is believed to be used in fuelling crime, corruption and terrorist activities both inside and outside China. (Gascoigne, 2014) As there is no official and verified amount of fund used in terrorist financing due to its undisclosed nature, this flow of illicit financial flows can be an appropriate proxy in understanding the great amount of terrorist financing.

**Figure 2 Illicit financial flows from China between 2002 and 2011**



Source: *The Global Financial Integrity* (2014), <http://www.gfintegrity.org/chinas-illicit-outflows-2002-2011-us1-08-trillion/>

Noted from the above trend, it is believed that the amount of money laundered in China and used for terrorist financing is significant. One of the reasons for this significance is the rapid

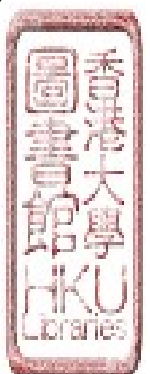




growing trade volume – this provides many good opportunities for criminals in cleaning the proceed from crime, and to hide the ultimate use of the fund as the government is facing a great challenge to balance the monitoring of fund and the pace of economic development.

According to FATF, four methods of transmitting fund to terrorist financing are being used frequently in China. Firstly, funding to terrorist activities is directly by cash via cash smuggling. This includes carrying cash by hiding them in vehicles or even in human body, and hand over these cash to terrorists who take action. Secondly, the legitimate financial system is used by transmitting funds via account payments, credit transactions, loans repayment or offshore businesses, to designated people or organization related to terrorist organizations. Thirdly, trading activities, such as import/export contracts and open accounts, involving goods and services of undeterminable prices are employed. Finally, terrorists may also use the underground banking system, i.e. shadow banking market (SBM), to avoid any regulation. Similar in these 4 methods, funds are usually being repeatedly transferred in and out from different individuals and organization to hide their final destination.

The use of the fourth method, i.e. using the SBM, is particularly serious in China, in view of the huge size of SBM in the country. In 2013, SBM in China was around USD7.5t, which was 30% of the country's total banking asset, 40% of the total financial assets and 70% of the GDP (Schuman, 2013). Though now ranked 12<sup>th</sup> globally in term of size (Rabinovitch, 2013), China's SBM has grown rapidly in the past decade: its volume has increased by 67% between 2010 and 2012 (Cary, 2013); where its growth rate was 42% in 2012 and estimated to be 46% in 2013 - the fastest in the world (FSB, 2013). This large and unregulated market is ideal for the terrorist to transfer funds from unidentified sources to unidentified individuals or organization, without being tracked or monitored by any regulations, especially after the stringent AML efforts in place in the recent years.

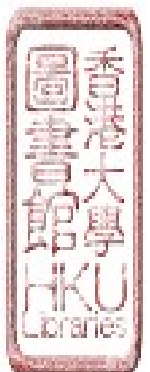


### 9.2.5 Stance of Chinese Government in CTF and AML

The stance of the Chinese government towards terrorist financing and money laundering is very solid and clear – both should be cracked down no matter how they are being conducted, and who are conducting them. After the 9/11 attacks, President Hu Jintao at that time mentioned in a public occasion, “Terrorist financing is the key fund sources and bases for terrorists and terrorism organization to exist, develop and conduct terrorist activities. To succeed in anti-terrorism, we must obtain and eliminate terrorist financing activities.” (China News, 2002)

While developing economy, Chinese government has placed equal emphasis on CTF and AML, and has announced four principles in the formation of CTF and AML policies:-

- Prevent the use by criminals and terrorists of the financial system, in the method of improving the integrity and risk-management of financial institutions and deepening Chinese financial system’s integration with the global economy
- Develop a monitoring system to track the movement of funds and to report any large amount and suspicious transactions, where this system should penetrate across all government department, and grant law enforcement and judicial authority to the system for combating criminal activities
- Enforce international cooperation for building a more effective international network to combat especially cross-border CTF and AML
- Participate actually in international and regional CTF and AML initiative



## 9.2.6 Institutional Framework for CTF and AML in China

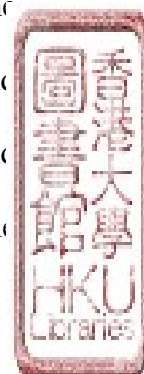
In the institutional framework of China, different types of bodies have taken up different responsibilities and performed different functions. These bodies include the 1) policy co-ordination bodies; 2) law enforcement, prosecutorial and judicial authorities; 3) supervisory authorities; and 4) international co-operation bodies.

### 9.2.6.1 Policy co-ordination bodies:

In the category of policy co-ordination bodies, AML Joint-ministerial conference and People's Bank of China (PBC) are the most important two. The AML Joint-ministerial conference is a national interagency cooperation led by the governor. This conference leads and inspires all China's CTF and AML initiatives, where all decision related to CTF and AML have to go through this conference for discussion. The PBC, the central bank of China, also plays a vital role and has a ranking equal to a minister. It bears the responsibility of coordinating and organizing all initiatives decided in the AML Joint-ministerial conference, and acts as the spokesperson in the international arena regarding the cooperation and information exchange of CTF and AML.

### 9.2.6.2 Law enforcement, prosecutorial and judicial authorities:

Having the Chinese legal system as skeleton, for CTF and AML, Ministry of Public Security (MPS), Ministry of State Security (MSS), Supreme People's Procuratorate (SPP), Supreme People's Court (SPC) and General Administration of Customs (GCA) are involved. MPS and MSS participate in the investigation and information collection of terrorist financing and money laundering, where SPP, SPC and GCA is the legal bodies that supervise and direct the arrest, prosecution as well as law interpretation for trails.



### 9.2.6.3 Supervisory authorities:

Different supervisory authorities have been established in China for different sectors, including the public sector, financial sector and the non-bank financial sector. They ensure the related parties act in compliance to the CTF and AML regulations, and also assist the AML Joint-ministerial conference and PBC on developing CTF and AML measures for each sector.

### 9.2.7 International Cooperation

In recent years, China has become more and more integrated into the international regulatory framework, and has joined couples of taskforce in order to better combat terrorist financing with the international partners. Ministry of Foreign Affairs (MFA) and the Ministry of Justice are the two official bodies that represent China for CTF and AML international cooperation. They facilitate China's participation in international or regional CTF and AML organization, and obtain mutual understanding in these areas for treaties and conventions.

### 9.2.8 Designated Decision of Standing Committee of the National People's Congress

As mentioned previously, CTF and AML are in most cases being discussed together in Chinese government's interpretation and discussion. On 29 October 2011, the Standing Committee of the National People's Congress has issued the first designated decision pinpointing counter-terrorism work, adopted at the 23rd meeting of the Standing Committee of the 11th National People's Congress. This decision has strengthened China's counter terrorism work to "protect the national security and the life and property safety of the people and maintain the social order." (The National People's Congress of the People's Republic of China, 2011)

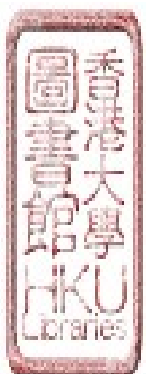


This decision is the first direction given by the Standing Committee in establishing the counter-terrorism structure in freezing the terrorist's assets. In the decision, it has clearly listed the responsibilities for legal bodies and financial institutions, in freezing assets related to terrorism, even in circumstances without instruction from the judicial or law enforcement bodies. However, in the international arena this had been criticized that no actual action had been instructed in this decision issued.

### 9.2.9 Designated Administrative Measures for CTF

With the decision made by the Standing Committee of the National People's Congress in 2011, in 2014 there is a breakthrough for CTF, where the first designated administrative measure for CTF has been issued by the PBC, MSP and MSS. The Administrative Measures for the Freezing of Assets Relating to Terrorist Activities is issued and effective on 10Jan2014, in accordance with the Anti-Money Laundering Law of the People's Republic of China, and then Decision of the Standing Committee of the National People's Congress on Issues concerning Strengthening Anti-Terrorism Work, and other relevant laws. (The People's Bank of China, 2014)

This has been viewed as one of the milestones for China in CTF, as this administrative measure, riding on the decision made, has tackled the area that China is always being criticized – the actual actions being taken in freezing of assets relating to terrorist activities. As mentioned in the First Mutual Evaluation Report on Anti-Money Laundering And Combating The Financing of Terrorism for the People's Republic of China issued by FATF FATF criticized China for not establishing “a special dissemination procedure dealing with the freezing of assets of UN Security Council Resolution 1267 (1999) (UNSCR 1267) and UN Security Council Resolution 1373 (2001) (UNSCR 1373) designated terrorists and

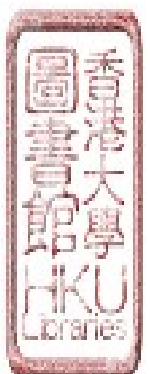


related measures”. (Financial Action Task Force, 2007) This leads to indifference, in both legal and policy, between the freezing of terrorist or other criminal funds. In the recommendation of the report, FATF asked China to pay special attention to “giving clear instructions and guidance to all relevant sectors... on their obligations in this respect, defining in particular what assets the freezing orders target and their relation to the individuals and entities involved”. (Financial Action Task Force, 2007)

The Administrative Measures for the Freezing of Assets Relating to Terrorist Activities has filled this gap. The measures have listed the responsibilities of financial institution and non-bank financial institution in freezing the assets involved in terrorist financing, clear criteria in unfreezing suspicious assets, management of the frozen asset, legal protection of property rights of related individuals and organization, as well as the punishment and penalty in violating the regulations. It lists clearly that “Financial institutions and specific non-financial institutions shall take measures to freeze relevant assets pursuant to law and in strict accordance with the list of terrorist organizations and terrorists and the decisions on asset freeze issued by the MPS”, and “Financial institutions and specific non-financial institutions shall immediately take freezing measures once any assets owned or controlled by terrorist organizations and terrorists are discovered.” (The People's Bank of China, 2014) With this measure, China has met the obligations deriving from the UN regulations, connected China’s legal system with the international ones, and has better detected and deterred terrorist financing within the country and around the world.

#### 9.2.10 Effectiveness of China’s Effort towards CTF

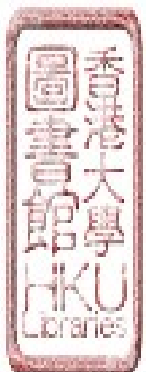
With the decision and the administrative measures in place since 2011 and 2014 respectively China has increased their enforcement efforts to combat terrorism both in pace with the



terrorist's sophistication and broaden network. According to the International Narcotics Control Strategy Report Volume II – Money Laundering and Financial Crimes issued in March 2015 by the Bureau for International Narcotics and Law Enforcement Affairs of United States Department of State, it has recognized China's effort in various aspects. The report confirmed that China's financial institutions have placed adequate instructions on Know-Your-Customer rules and enhanced due diligence procedures for the politically exposed person in the financial institution system. It also recognized China's effort in early 2013, where the People's Bank of China has issued new regulations requesting China's banks to "rate clients' risks based on a variety of factors, including a client's location of nature of business", which was then in place by the end of 2014. (Bureau for International Narcotics and Law Enforcement Affairs, United States Department of States, 2015)

#### 9.2.11 Risks of the Current Economic Policy towards Terrorism

Recognized the continuous improvement of China in CFT and AML in meeting the international standard, there are still some areas being criticized by the international community. Though laws and regulations have been established, the issue remains is the implementation. The law enforcement in China has long been an issue. As explicitly stated by the US government, "although China's courts are required by law to systematically confiscate criminal proceeds, enforcement is inconsistent and no legislation authorizes seizure or confiscation of substitute assets of equivalent value." (Bureau for International Narcotics and Law Enforcement Affairs, United States Department of States, 2015). On the other hand, though China is already integrating itself into the international regulatory framework and has become a member of FATF, there remains room for improvement in international cooperation. At the moment, China did not allow international law enforcement to investigate locally for suspicious international criminal organization as well as their money



transactions. Also, China has not cooperated in a sufficient manner on financial investigation and provide inadequate reply for financial investigation information. This has weakened the effectiveness of the global combat towards terrorism in a hard way.

### 9.3 Socio-cultural

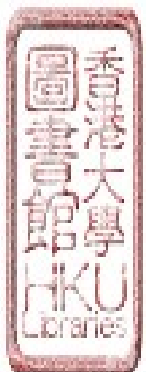
As renowned war theorist Carl von Clausewitz said, “War is a mere continuation of policy by other means”. (Clausewitz, 1873) So war has a dominant political context. But it also has a social-cultural context that will affect the political context. (Gray, 2012)

As some scholars of warfare studies point out, since the struggle in irregular warfare like terrorism or insurgency is “always about allegiance, or at least the acquiescence of people, the socio-cultural dimensions of strategy have to be treated with utmost care”. (Gray, 2012)

Australian soldier-anthropologist David Kilcullen explained further (Kilcullen, 2009):

*Since the new threats are not state based, the basis for our approach should not be international relations (the study of how nation states interact in elite state-based frameworks) but rather anthropology (the study of social roles, groups, status, institutions, and relations within human population groups, often in non-elite, non-state based framework).*

Therefore this section will focus on the social-cultural aspects of existing counter-terrorism measures in China. Then the risks that may bring forwards will be assessed. And since Xinjiang is under the prime concern of the terrorist attacks in China, this section will mainly focus on the situation in Xinjiang.





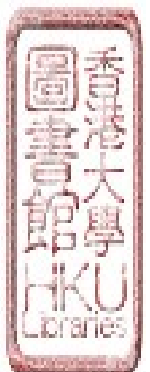
### 9.3.1 Tight Control on Religious Activities

Despite religious freedom is declared in its constitution, control on religious activities has been used by the Chinese government as a counter-terrorism measure since 1990s when terrorist attacks reached its highest level. (Pokalova, 2013) Following the 9/11 attacks, Chinese government deployed a series of crackdowns to fight against three evils: separatism, extremism and terrorism. Western scholar analysed that it was due to the Chinese leadership's fear that Xinjiang separatism had and would continue to gain support from transnational Muslim extremists. (Davis, 2008) According to the human right groups, the crackdowns included closing down "illegal religious centres", arresting Muslims for illegal preaching and closing down local mosque. (Boehm, 2009)

In 2005, Chinese government enacted the first comprehensive set of regulations on religion in the country, claiming that it constitutes a "significant step forward in the legal protection of Chinese citizens' religious freedoms". (Xinhua, 2004) (Regulations on Religious Affairs, 2010) It not only emphasises all religious bodies and religious citizens shall safeguard unification of the country, but also lists out different regulations from limiting collective religious activities only be allowed at registered sites, to ensuring the religious bodies not subject any foreign dominance.

However, since the riots in Urumqi in 2009 which led to nearly 200 people death, the Chinese government has further increased its regulations on Muslim practices. (Drennan, 2015) These include:

- prohibition of wearing veils by women and having beards by men;
- women who insist on wearing face veil would not admitted for medical treatment;



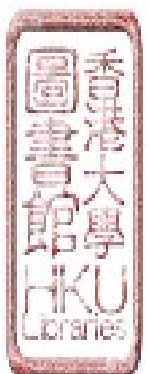
- banning government employees, party member, teachers and school children from fasting during Ramadan;
  - banning government employees and children under 18 from attending mosques;
  - part-time schools teaching Quran at the mosques are prohibited
- (Grammaticas, 2013) (Farooq, 2014) (Gracie, 2015)

The reports about Ramadan ban in China have recently turned into diplomatic and even security issues. Turkish Foreign Ministry issued statement to express its concern. Demonstrations with Chinese flags burning were held by Turkish nationalists in Istanbul. There were even reports of Korean tourists mistaken for being Chinese were attacked and hence Chinese government has issued warning travel warning. (Girit, 2015) The Chinese government denied the ban on Ramadan, saying that the accusation was “completely at odds with the facts” and exaggerated by the western media. But from the instructions posted on the websites of local governments and schools in Xinjiang, apparently there are bans implemented at local government level. (Ivan Watson and Steven Jiang, 2015)

### 9.3.2 Focus on Economic Development & Education

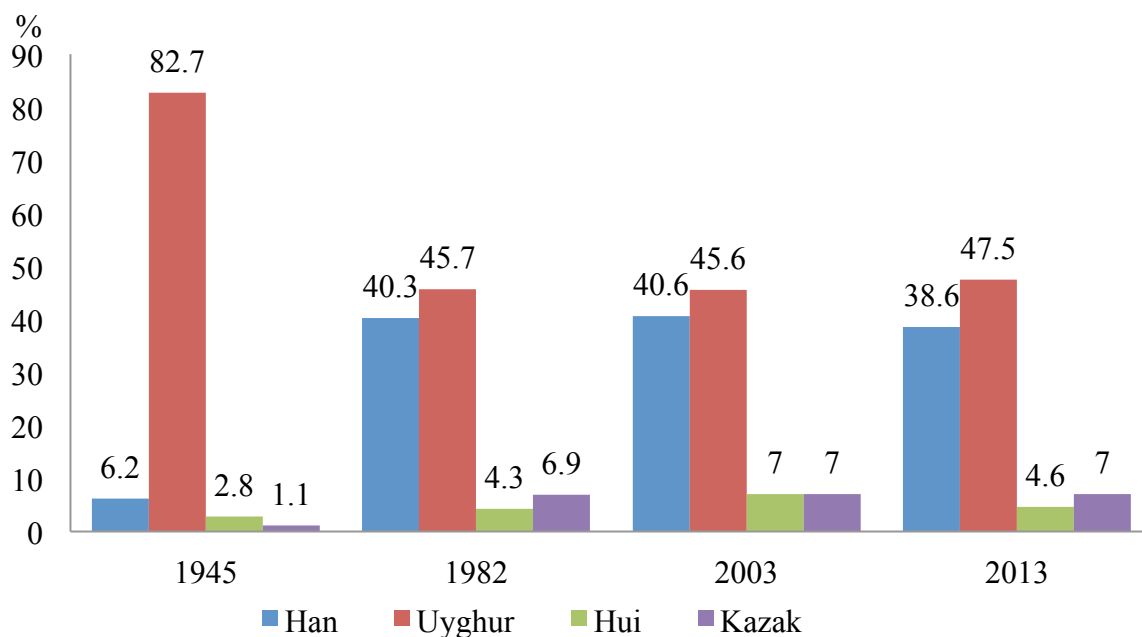
From the perspective of Chinese government, one of the push factors for people turning to separatism is poverty. (Cunningham, 2012) Hence by enhancing the economic development of the troubled areas, particularly Xinjiang and Tibet, it could help enhance stability and address the ethnic separatism or even terrorism.

Since 1950s, the CPC instituted a policy of government-led internal migration policy, for the sake of economic development and increasing constituency loyal to Beijing in Xinjiang (Pokalova, 2013) The military-civilian organisations Xinjiang Production and Construction Corps (PCC) were set up by the CPC in 1954 to assign the Han migrants to construction work



and facilitate the resettlement process. As a result, the Uyghur population has dropped nearly half from over 80% in 1945 to below 50% in 1980s, reaching 47.5% in 2013; while the Han population has increased from merely around 6% to 40% in 1980s, and then dropping a little bit to the latest 38.6%. (See Figure 3)

**Figure 3 Demographic profile change in Xinjiang over the years**



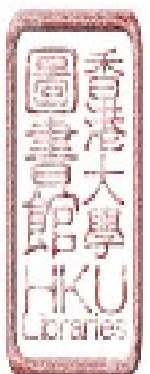
**Sources:**

1945 & 1982 Data source: Chaudhuri, 2005.

2003 Data source: <http://www.china.org.cn/english/139389.htm>

2013 Data source: [http://www.xjtj.gov.cn/sjcx/zgxj\\_3740/zgxj2013/201407/t20140722\\_429178.html](http://www.xjtj.gov.cn/sjcx/zgxj_3740/zgxj2013/201407/t20140722_429178.html)

The Chinese government has also spent billions of dollars on constructing infrastructure in the West, including the Qinghai-Tibet railway, the south-north water diversion, the west-to-east power transmission, and highways connecting neighbouring Central Asian countries. In June, Chinese government announced that Xinjiang government was investing USD130 billion to build infrastructures such as roads, highways and railways. (Wong, China Invests in Region Rich in Oil, Coal and Also Strife, 2014)

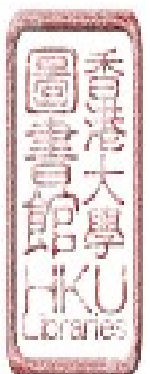


On the educational aspect, the Xinjiang government has shifted the language policy in the past several decades, claiming for better opportunities for ethnic minorities and integrating them into the greater China state. (Schluessel, 2007) It included the language standardization, making the Uyghur language and script closer to Chinese. Since 2002, the top university in Xinjiang originally founded as a bilingual education was forced to switch to all-Mandarin instruction. The government officials claimed it was needed for raising education standard. But the Uyghur groups criticized the change as a direct attack on their culture. (Language blow for China's Muslims, 2002)

Actually better education as well as pushing forward bilingual education to improve people's livelihoods has been part of Xi Jinping's counter-terrorism policy. (Rajagopalan, 2014) When he visited Xinjiang last year, he emphasized funding for education must be expanded as education is essential to the region's long term stability. He also highlighted the importance of bilingual education for minority children, not only to help them find jobs, but more importantly to contribute more to "national unity". (Hong Z. , 2014) According to the recent foreign media report, there are ever more schools in Xinjiang moving towards using Chinese as the only medium of instruction, and Uyghur literature study is only limited to a few hours class per week. (Education in Xinjiang: Tongue-tied, 2015)

### 9.3.3 Control of Political / Civil Participation

If saying Chinese civilians enjoy limited political or civil rights, the rights that the ethnic minorities enjoying could be even less. Since the establishment of the Xinjiang Uyghur Autonomous Region (XUAR) in 1955, the Chinese government has been managing the selection and appointment of the local government leaders in Xinjiang: the secretary of the CPC Committee of the XUAR who is more a real decision-maker has been Han, while the



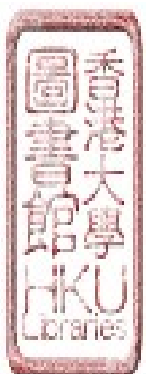
chairman of the local government who is more on policy implementation has been Uyghur. (Pokalova, 2013) It is considered as a way to consolidate the Han rule.

And under the current political environment, the Chinese government tends to treat any criticisms or activism from the ethnic minorities as linked with separatism, or even terrorism. The arrest and life imprisonment of economics scholar Ilham Tohit for separatism one of the best example to illustrate the Chinese government's hard stance on political dissidents, even it may just a moderate voice. (China jails prominent Uighur academic Ilham Tohti for life, 2014)

By the time of writing, nearly 200 lawyers and activists have been detained or questioned during a crackdown launched by public security bureau in this month. Thirteen lawyers and staff members at the Fengrui legal firm which represented Tohit and several other high profile clients have been charged with disrupting trial proceedings and violating court rules. (Stanway, 2015)

#### 9.3.4 Security: "Strike-hard" Campaigns

The Chinese government had long been using the People's Liberation Army (PLA) to put down armed resistance or protests in Xinjiang since 1954. As the new waves of demonstration against Chinese rule came in 1990s in Xinjiang, the Chinese government decided to launch its first "Strike-hard" campaign in 1996 to crackdown protest activities in a systematic way, mainly targeting the "national separatists" and "illegal religious activities" (Clarke, 2008) Despite of this, riot broke out in February 1997, with over 1,000 people involved in demonstration lasting for two days in Yining, resulting 10 deaths and over 100 injured. This led to government step up the crackdown further. (Pokalova, 2013)



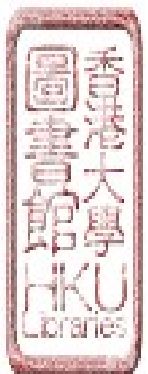
After the 9/11 attacks and the deadly riots in Urumqi in 2009, the Chinese government again deployed several waves of strike-hard campaigns. The one in 2009 went as strict as enforcing curfew, blocking internet and social media and disabling mobile phone messaging. Checkpoints were set up around the city, with over 700 people being interrogated or detained. (Pokalova, 2013)

The most recent one came after the increase in number of terrorist incidents in 2013 and 2014. Xi Jinping launched a one-year-long crackdown in Xinjiang after visiting there, emphasizing “strike-first approach against terrorism”. It is reported that 181 “violent terror gangs” across the country were cracked down, and scores of people have been sentenced to death, with hundreds being jailed or detained on terror-related offences. (Agence France-Presse, 2015)

And the crackdown has further extended to areas outside Xinjiang since mid-June this year. In Shenyang, it is reported that police killed three knife-wielding “terrorists” from Xinjiang and injured one who attacked officers when the police visited their house. The authorities said they have already arrested 16 people before this attack took place. (Agence France-Presse, 2015)

### 9.3.5 Reframe Separatism into Global Terrorism

Separatism is not new in Xinjiang. The Uyghurs’ first assertion for independence can be dated back to 1865 when Yaqub Beg, a military officer established a Muslim state in Kashgaria which lasted for about 12 years. (Cunningham, 2012) Then throughout the first half of 20<sup>th</sup> century, Uyghur separatists had several attempts to establish an independent state such as an “East Turkistan Islamic State” in Kashgar in 1933 but collapsed within three months, and the East Turkistan Republic in Yining in 1945 with the help of Soviet, which

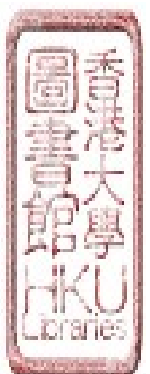


only lasted for five years. During the Maoist era, Xinjiang also experienced intensive unrest. Then 1990s came another wave of ethnically-motivated violence in Xinjiang.

As scholar points out, terrorism was actually one of the tactics used by Uyghur separatists. (Pokalova, 2013) So the Chinese government has long been dealing with domestic terrorism, before the 9/11 attacks. China's cooperation with neighbour countries such as Russia and Central Asian countries even started as early as 1996 when Shanghai Five, the former SCO, began meeting. (Mackerras, 2007) But at that time, China described the separatist movements as "splittist". (Fishman, 2011) In its first and second National Defense White Papers in 1998 and 2000, they asserted that terrorist activities were a new form of danger and a threat to international security. But neither of them went into details, with the word "terrorism" being used once. (Paul J. Bolt, Su Changhe, Robin L. Bowman, and Daivd H. Sacko, 2008)

However, the turning point is the 9/11 attacks. Though the perpetrators behind the violence happened before in Xinjiang remained largely unknown, the Chinese government published a statement retrospectively claimed that they were done by East Turkistan terrorists. (Information Office of State Council, 2002) It asserted that the ETIM has linkage with al-Qaeda, "supported and directed by bin Laden". Its White Paper in 2002 also gave a wide coverage on international counter-terrorism cooperation, and asserted that China was also a victim of international terrorism, especially from East Turkistan terrorist activities. (Paul J. Bolt, Su Changhe, Robin L. Bowman, and Daivd H. Sacko, 2008)

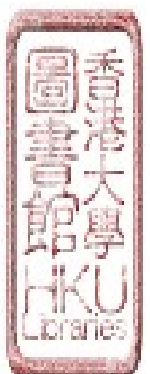
By monopolizing the discourse on the Xinjiang violence through the authoritarian control of state media, China portrayed not only domestically but also internationally that Uyghur issues linked with global terrorism. It sought support from US for its allegation on ETIM and other Uyghur separatist groups, calling on foreign government to outlaw four groups that i



designated as terrorist organisations. In 2002, the US designated the ETIM as a terrorist group under Executive Order 13224 to block financial transactions with groups linked to terrorism, and put the ETIM under the US Terrorists Exclusion List which allows the US to prevent individuals linked with terrorist organisations from entering the US. But it is worth to note the ETIM is not listed as a terrorist group on the US's main list of Foreign Terrorist Organisations. (Q&A: East Turkestan Islamic Movement, 2013) Upon request from the US and China, the UN also designated the ETIM as being associated with al-Qaeda on the one year anniversary of 9/11 attacks. (Cunningham, 2012) (QDe.088 Eastern Turkistan Islamic Movement) While the US emphasized the designation was “not a concession to the PRC, but based on independent evidence that ETIM is linked to al-Qaeda and has engaged in deliberate acts of violence against unarmed civilians”, some observers argue that it is more a reciprocation for China's support on US's War on Global Terrorism and strike in Afghanistan. (Cunningham, 2012) (Dynton, China's "War on Terror" in Xinjiang, 2013)

Moreover, different scholars and analysts have challenged that the information about the origin, goals, developments and activities of the ETIM remain limited, except those provided by the Chinese government. (Cunningham, 2012) (Clarke, 2008) Hence it was difficult to conclude a “clear and significant” linkage between the group and the broader terrorist networks such as al-Qaeda or Islamic Movement of Uzbekistan (IMU), at least based on the information available at that time. (Clarke, 2008) Having said that, more evidence came in over the past several years suggesting that more meaningful relations among ETIM and other regional terrorist organisations may have developed. This will discuss more in the next section about the risks.

Besides, there is little evidence showing that the ambitions and objectives of Uyghurs are consistent with those of Islamic jihadist groups. But rather, there were more cases showing



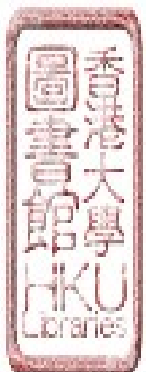


that the Uyghur separatists were motivated by nationalist or separatist desires. (Cunningham, 2012)

For an instance, the 22 Uyghurs captured by US military forces in Afghanistan and detained at Guantanamo Bay did not hold Islamic fundamentalist views. But rather they admitted to fighting for “East Turkistan’s independence” and emphasized repression or persecution in China as their primary motivation for being in Afghanistan. (Cunningham, 2012) The detainees’ testimonies also suggested that most of them had not heard of ETIM before, and received minimal “training” with small arms, with little or no assistance from al-Qaeda or the Taliban. (Clarke, 2008)

Hence many scholars assert that the 9/11 attacks actually gave an opportunity for China to reframe its position on Uyghur separatism and terrorism into international terrorism, linking with al-Qaeda. (Potter, 2013) (Pokalova, 2013) (Mackerras, 2007) By reframing its own fight against separatist violence under the context of Global War on Terrorism, the Chinese government could leverage the US’s fight on terrorism policy to justify their strike-hard policy in Xinjiang and other restive areas in China and avoid being criticised as violating human rights. (Potter, 2013)

Under the Xi Jinping administration, the ETIM is still regarded as the “the most immediate and realistic security threat” in China. And as Islamic State (IS) rises, Chinese officials and official media have further linked ETIM with IS. They claimed that members from ETIM are fighting alongside with IS in Syria and Iraq, posing concern on the security and effect in Xijiang. (Martina, About 300 Chinese said fighting alongside Islamic State in Middle East 2014)



### 9.3.6 Risks Analysis: on Socio-cultural Front

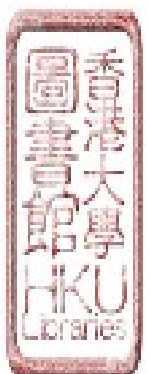
#### 9.3.6.1 Creating conditions for emergence of terrorism

While the Chinese government has been emphasizing the importance of economic development in Xinjiang, it seems the Uyghurs have not enjoyed the benefit of the economic gain. A quantitative study of Uyghur-Han Chinese earnings differentials shows that overall Uyghurs earn 31% less than Han Chinese in Urumqi, providing evidence to the long-term criticism of ethnic economic disparities in the region. (Zang, 2011)

Besides, the tight control on religious practices and educations, as well as change in language policy, all has given rise to the discontent among the Uyghurs against Hans rule. As Pokalova points out, these actually have created conditions for emergence of terrorism. And the trend of number of incidents of Uyghur terrorism in Xinjiang reflected the patterns of state repression in the region. (Pokalova, 2013) One may argue it is more a chicken and egg problem that difficult to tell which one is the cause. But it is clear that it can easily turn into a vicious cycle of reprisals that the violence never ends.

Moreover, while there is no definite conclusion on relationship between regime type and terrorism, scholars argue that terrorism can result from the lack of opportunity for political participation and constraints on expressing grievance. (Crenshaw, 1981) As the grievance among the Uyghurs grows up but left addressed, it can result in people resorting to violence to express their anti-Hans sentiments.

The life imprisonment of Tohti, a peaceful critic of its policies in Xinjiang, also gives a bad signal that the Chinese government will not even tolerate even such a moderate opposition to its rule in Xinjiang, further limiting any opportunity for any dialogue between the Uyghu



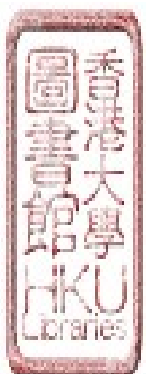
communities and the authorities. Again, this will fuel the motivation to going for radical or violent acts to express grievance or discontent.

#### 9.3.6.2 Cross fertilization in terrorism hotbed areas

A series of strike-hard crackdowns in Xinjiang intended to eradicate the radical groups. However in the past decade, it seems that these actions have radicalized the militant Uyghur separatist groups and forced them into neighbouring countries where there are hotbeds for terrorism.

As argued by Pokalova and Potter, different information indicates that prior to 2001, the EITM's founding leader denied any links or financial ties with al-Qaeda. Or at the very best, the ties only limited to some training and funding but "relatively little operational cooperation." (Pokalova, 2013) (Potter, 2013) ETIM only became visibly active in China since 2008, ahead of the Olympic Games in Beijing, by declaring war on China for its occupation of their "homeland of East Turkestan, which is part of the Islamic World". (Wong, Group Says Video Warns of Olympic Attack, 2008) Scholars have observed that the group's ideology has since then become more linking with al-Qaeda and international terrorist networks. (Pokalova, 2013)

Also, information show that in recent years, the ETIM or TIP leaders has been more active in the tribal areas of Pakistan, from coordinating al-Qaeda forces and training camps, playing integral role in military planning to being mediator between rival Taliban factions. (Potter 2013) Besides, the latest ETIM leaders have no more denied linkage with al-Qaeda. Terrorist attack plot linking ETIM and al-Qaeda were found out in Oslo. (Pokalova, 2013)



Both Potter and Pokalova attributed these changes to the counter-effect of the high-pressure strike-hard campaigns by the Chinese government, radicalizing the ETIM or other separatist groups. It is argued that the crackdowns in Xinjiang, on top of the NATO war in Afghanistan, have forced these groups into those volatile countries, and hence has led to “cross-fertilization” of them by building meaningful relationship with the major terrorist groups in the region. (Potter, 2013)

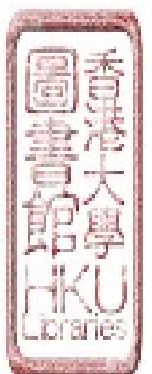
Learning from this experience, when using or even intensifying the crackdowns currently, the Chinese government should not overlook risk of further ‘cross-fertilization’ the Uyghur separatist groups with international terrorist networks such as al-Qaeda or even IS.

#### 9.3.6.3 Perceived as eroding Uyghur “identity”

While emphasising the intention of changing language policy in Xinjiang and other ethnic minority areas is for better integration and more economic opportunities for the new generation, forcing the ethnic minorities to learn standard Chinese is perceived as the Chinese’s government repression on their culture and “identity”.

As points out by some anthropologist scholars, language is central to ethnic identity. (Dwyer, 2005) However, the orthographic policy and script changes, plus the internal migration of Han Chinese perceived as assimilation policy, have resulted in the Uyghur ethnic group defining and reinforcing their ethnic identity, increasingly in opposition to the Chinese.

Many previous studies also have shown that, from the Uyghurs’ point of view, what more pertinent is the retention of “a collective identity by resisting Chinese rules as an act of the Uyghur nation”. Their perception about the threat is less related to the independence of the territory, but more about the extinction of their cultural survival. (Cunningham, 2012)



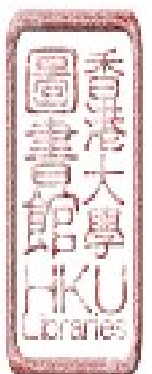
Similarly, though the Han Chinese has played a vital role in economic development in Xinjiang, they are often perceived as an agent of reinforcing colonial rule. No matter the government-led internal migration of Han Chinese, or the Han Chinese dominance in good jobs and high profit return industries like oil companies, all these are perceived as the monopoly of the economic gains from the local natural resource, or accumulating wealth by exploiting the ethnic minorities.

Hence the harder the Chinese government to enforce these policies, the stronger discontent and mistrust towards Han Chinese would build up among the Uyghurs.

#### 9.3.6.4 Linking China-Uyghur confrontation to jihadis

Reframing Uyghur separatism into global terrorism has some definite drawbacks. First of all, it can easily put the all the jihadis around the world to be in confrontation with China, rather than only the radical separatists in Xinjiang. No matter the criticism on China's repression against Uyghur Muslims is valid or it is just a matter of perception, it still can draw jihadi' attention to the issue who then can use it as an excuse to garner wider sympathy among Muslim populations around the world, and aid their recruitment.

In recent years, some prominent jihadi leaders' have started to criticise or even threaten for more attacks as retaliation for the treatment of Uyghur Muslims in Xinjiang. For an instance, following the Urumqi clashes in 2009, al-Qaeda in the Islamic Maghreb (AQIM) threatened to target Chinese nationals and projects in Algeria in retaliation for what China did against Uyghur Muslims. (Potter, 2013) The Turkistan Islamic Party (TIP) also declared war on China's overseas interests in reprisal for the Uyghur crackdown. (Charles Horner and Eric Brown, 2010) In 2014, following the mass stabbing at railway station in Kunming, Abdullal Mansour, TIP leader described "the fight against Chinese" as his "Islamic responsibility"



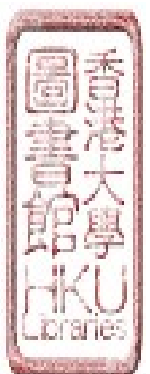
saying “China is not only our enemy, but it is the enemy of all Muslims”. (Saud Mehsud and Maria Golovnina, 2014)

Secondly, as some analysts point out, discussing the China’s rise is not limited to western politicians or geopolitics analysts. Al-Qaeda affiliated jihadi thinkers have also been debating the same topic, from how best to support the Uyghur Muslim cause to question who will be their enemy in future as the US facing more competition from China. (Fishman, 2011) Some jihadis, such as Akram Hijazi, have proposed that China may replace the US as the world’s “head of the snake”. Thus China’s linking Uyghur violence to global terrorism would just fit in this logic perfectly and help justified the idea that China is an evil against Muslims. As China’s economic interests around the world has grown substantially, the risk that ideology-motivated jihadis attack China’s overseas infrastructures or nationals will be higher. (Fishman, 2011)

Some other scholars also propose that the China’s rhetoric of framing the Uyghur unrest to global terrorism, plus its strike-hard crackdown which enhances the cross-fertilization of the groups in hotspots for jihadist groups, actually contributed to the radicalization of the Uyghur separatist groups. (Potter, 2013) No matter this was the original intention of the Chinese government or out of its expectation, the consequence is it would be even more difficult to eradicate these groups now.

#### **9.4 Technological**

Technological advances possibly affect the patterns of terrorism in the civilian domain and counter-terrorism in military aspect. It is especially important as the terrorist activities nowadays are conducted with advanced technologies. The ecology of terrorism is closely



related to technological breakthroughs, which provide new forms of weapons, communication channels, targets and expected audience of their activities.

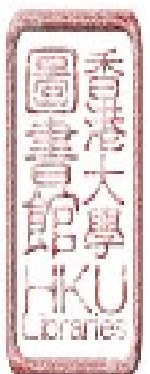
#### 9.4.1 Technology Impact on Terrorism Development

##### 9.4.1.1 Information and communications technologies (ICT) helps aspiring terrorists

Before extremists or terrorists plan any attacks or destructive activities, information technologies have already played a role in the formation of the group. Given the convenience to use internet and mobile communications, people can easily obtain information from and be inspired by some extremist groups despite the geographical distance. Terrorist groups can also disseminate propaganda and training materials through websites and social media to facilitate their expansion. Moreover, development of ICT allows training materials to be produced professionally and systematically, and disseminated quietly.

##### 9.4.1.2 Cyber terrorism

Cyber terrorism refers to the use of computers or electronic devices to destruct or cause harm and fear for political motivation. Cyber terrorism can be defined as “the convergence of cyberspace and terrorism” and “an unlawful attacks and threats of attack against computers, networks and the information stored therein that are carried out to intimidate or coerce a country’s government or citizens in furtherance of political or social objectives.” (Denning, 2000). Cyber attacks include hacking, spreading of virus, interrupting website services etc Compared to hostage executions or deadly car bombs, cyber attacks in general rarely get much attention since they are not visible. Nevertheless, given the increasing importance of cyber space to the international community, cyber attacks are getting more destructive and can possibly be used by terrorists who aim at spreading fear.



#### 9.4.1.3 New interactive mass media technologies

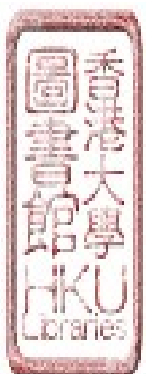
New forms of interactive mass media or instant message applications such as Facebook, Twitter and YouTube allow terrorists to get the international media's as well as individuals' attentions, encouraging more dramatic forms of terrorist attacks. Due to the open and efficient way of communications, the new forms of media also allow terrorist groups to bypass censorship and communicate directly with audiences all over the world to a larger extent than before.

#### 9.4.1.4 Weapons of Mass Destruction (WMD)

As the terrorist groups' target to catch the public's attention and create chaos, they may even make use of WMD to kill as many people as possible. Advanced technologies and WMD such as chemical and biological weapons are more popular and easier for civilians to obtain nowadays. As for the nuclear weapons, according to the declassified documents available at the National Security Archive of the George Washington University, the US and other countries indeed have anticipated possible terrorist nuclear incident at important events. (Richelson, 2012) In this connection, the scale of destruction and lethality of terrorist attacks is probably getting more serious, although the frequency and the total number may not be growing, partly because of the use of WMD.

#### 9.4.2 Counter-terrorist Technologies

Technology helps governments to significantly increase their counter-terrorist capabilities. Counter-terrorism technologies used by governmental organs include detection of explosive and chemo-biological weapons; mass surveillance technologies such as drones and CCTVs; biometrics such as finger-print, facial, voice, iris recognition as well as sensor technologies.





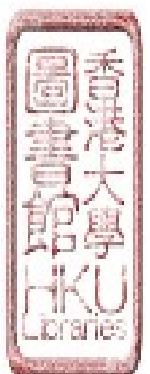
etc. Efforts to combat terrorists' possession of nuclear weapons have also been made by some states by evaluating terrorist groups' interest to obtain those weapons, and addressing the risks to the storage of nuclear-related materials. In the military aspect, technological developments may inadvertently provide terrorist groups with newer and more efficient weapons. Due to budget constraints, however, terrorists may use traditional or low-tech device, and even homemade hand weapons. (Lia, 2005)

### 9.4.3 Technological Measures in Place and Risks Implied

Advanced telecommunication and technologies enable people to exchange large amount of information across the continents, and spread their ideology with in an efficient way and low cost. Counter-terrorist technologies will definitely be one of the major strategies in combating terrorists. In China, there are almost 650 million Internet users, more than twice the number of people online in the US. The control of the use of Internet and new media has become an important strategy for the state leaders, not only to suppress opponents, but also to prevent terrorist groups' development.

#### 9.4.3.1 China's new rules to regulate technology firms

The draft new counter-terrorism law in China strengthens the protection of information technology and use of Internet in the country. Article 15 of the new law states that internet service providers and operators, both domestic and foreign technology firms, to turn over encryption keys and passcodes that help protect data. They are also required to install security "backdoors" in their systems to grant the Chinese government access rights to computers and networks for security purpose. The firms are also required to save all user data within the Chinese jurisdiction. Meanwhile, Article 16 stipulates that the public security organs may require that service providers or users provide technical support for decryption, and use

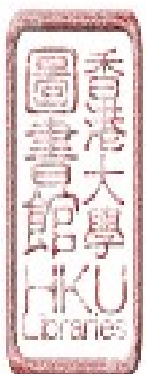


telecommunications and Internet technical interfaces, for the purposes of preventing and investigating into activities related to terrorism. The proposed technology rules have raised concerns by western countries especially the US, whereas Obama criticized and urged Beijing to change the policy for continuous business relations with the US.

In response, Chinese government officials emphasized that those measures are domestic issue. Fu Ying, the spokesperson for China's third session of the 12th National People's Congress, said that the technological measures of the new counter-terrorism law would only be used to prevent and investigate in cases related to terrorist activities, adding the information is restricted to government organs. (Xiang, 2015) As a matter of fact, Beijing is still technologically dependent on foreign companies despite the country's efforts to enhance the technological capabilities in recent decades. While the counter-terrorism law is still being drafted, it will possibly be revised to address some Western concerns as China is reportedly pushing to eliminate foreign technology in key sectors by 2020. (Gady, The Real Intention Behind China's Extreme Counter-Terrorism Law, 2015)

#### 9.4.3.2 Exclude foreign technology firms in domestic market

China plans to exclude some major foreign technology firms in response to the western cyber surveillance, according to a Reuters report. (Carsten, 2015) The country reportedly approved products locally made while some of the world's leading brands, such as Apple, Cisco, McAfee and Citrix Systems, were dropped from the Central Government Procurement Center's approved state purchases for financial institutions, military, state-owned enterprise and government agencies. Among all, Cisco Systems Inc counted 60 products on the list in 2012, but none was left by late 2014. Local makers also accounted for the increased in the

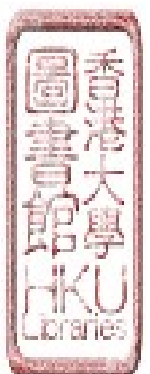


number of approved products on the list, from 2,000 to almost 5,000 in two years, raising concern on China's move to exclude foreign firms from the technology sector. (Carsten, 2015)

Alternatively, China is pushing to reduce the dependency of financial institutions, state-owned enterprises and key government agencies on foreign technology such as Microsoft Windows operating system and core servers. According to research firm IDC, China's domestic information and technology market was roaring, with spending expected to be increased by 11% to more than \$465 billion in 2015. It would be accounted for 43% of the growth in technology sector worldwide, according to IDC's prediction. (Lohr, 2014) In order to enhance the cybersecurity, National Petroleum Corp., the country's largest energy producer, in late 2014 announced that it had swapped Microsoft Outlook with eYou, the domestically developed email software. Also, among the Chinese technology companies, Huawei Technologies and ZTE Corporation have already begun to gain local market share over the foreign competition, the Bloomberg Business noted. (China Said to Plan Sweeping Shift From Foreign Technology to Own, 2014)

#### 9.4.3.3 Internet and Social Media censorship

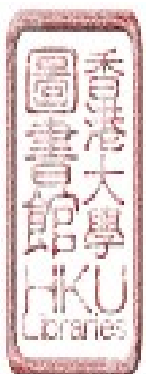
In the information age, internet and telecommunications are very important to people's daily lives. Terrorist groups can simply post videos online to make the information available to the world. According to the Annual Report on China's National Security Studies, videos and audio channels have become the major channels for Xinjiang terrorists as well as other religious extremists to recruit members, "brain wash" the public, spread harmful information and organise terror attacks. (Liu & Zhao, 2014) The government also believes that they collect funds and build connections online.



To address the issue, the State Internet Information Office (SIIO) issued new rules for social media such as QQ, wechat and microblogs in August 2014. It requires users to include real name when they register for the online platforms; they also have to agree on obeying the “bottom lines”, which include supporting the socialist system, enforcing social morality as well as authenticity of information. Without specific licences to issue news, public accounts are also banned to redistribute news and current issues.

The Chinese government also terminates instant messaging whenever necessary. China has cut internet access during previous terrorist attacks in Xinjiang. In a knife attack with people killed was happened in July 2009, the authorities suspended Internet connections and instant message services immediately. The international direct dialling was also interrupted. Moreover, the Chinese authorities have been using the Great Firewall, a filtering system to block the citizens from viewing sensitive or harmful materials online. The Great Firewall was also upgraded to enhance the efficiency in blocking individuals and corporations from browsing the internet freely. Users are banned from popular western social media platforms such as Facebook, Twitter and YouTube. They also find difficulties in using Gmail and Google’s popular location service and search engine without using Virtual Private Networks (VPNs). Furthermore, there are researches that said China has developed a powerful new weapon called the Great Cannon, which not only intercept transmission of website traffic from foreign countries to Chinese websites, but also inject malicious code to the website and redirect the traffic to fit Beijing’s purpose. (Perlroth, 2015)

According to state media, the SIIO was set up in 2011, months after Xi Jinping became leader of the country. The office is responsible to oversee policies on Internet information supervise and coordinate online content management. Online news reporting businesses need to obtain approval from the office, which also manages the registration of domain names



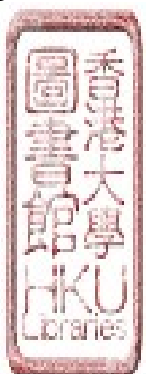
websites and IP addresses, which affect the accessibility of Internet content. The office has effectively put tighter control over Internet usage within the country. The number of investigated terrorism-related videos has risen from 13 in 2011 to 109 last year, according to the office. (Zhang & Liu, 2014)

#### 9.4.3.4 Enhanced surveillance technology

Beijing enhanced efforts to combat terrorism by stepping up surveillance to all possible members of the terrorist groups. The Chinese government announced in April this year that the video security surveillance and counter-terror operations in public areas would be expanded. The Government would set up a national population database linked to ID information and credit records in order to fight terrorist attacks. According to state media, real identity registration was applicable to reservations and bookings for hotels, online second-hand trades, and unspecified “recreation services” etc. Such enhanced security measures are intended to establish a security network that protects the general public community.

Furthermore, the restrictions are tightened in specific areas such as Xinjiang. Buyers of mobile phones or computers, both brand new and second-hand devices, have to register their personal information, which are made available by the Police, according to the state media. (Li, 2015) The measures reportedly aimed to “prevent people spreading harmful information and carrying out illegal activities”. Operators of electronics stores have to place warning signs in prominent locations to alert people not to spread multimedia files with violence and terrorism messages.

On the other hand, regarding surveillance technology, China has pronounced drone fleets for the purpose of public surveillance. It also developed homemade anti-drone laser defenses



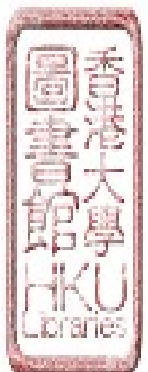
system especially targeting small-scale, unmanned drones which can likely be used by terrorists. (Xinhua, China develops anti-drone laser, 2014)

#### 9.4.3.5 International cooperation

In addition to internal policies, China has also entered into cooperation and dialogues with other states in areas of technology and online security. Among all, to address the concern of cyber terrorism and cyber espionage, the US and China have started formal discussions on cybersecurity since the summit between Obama and Xi Jinping in June 2013. A working group on cybersecurity was also set up to push forward counter cyber terrorism. Nevertheless, in May last year, the US indicted five members of the Chinese military for hacking. China pulled out of a cybersecurity working group following the charges. Thereafter, there is little progress on high-level communication in the issue.

Separately, China and Russia signed a memorandum earlier this year, stipulating that the two countries would not conduct cyber-attacks against each other. They also agreed to join forces to discourage any technology that could potentially destabilize the public order or interfere with the internal affairs of a country. Greg Austin, a fellow at the EastWest Institute, commented that the memorandum could intensify bilateral and multilateral efforts to build up a code of conduct in cyberspace, and give pressures to other countries to develop diplomacy in cyber cooperation, although the agreement did not cover the use of all kinds of military cyber assets (Gady, Have China and Russia Agreed Not to Attack Each Other in Cyberspace?, 2015)

Cyber terrorism is literally the terrorist attacks in cyberspace. In this context, it is unlikely that the terrorists within China, i.e. the terrorists Xinjiang, would use such ways due to their lack of resources and technology. Instead, they usually attack with very simple weapons o



even self-explosion tools. Having said that, there is no definite boundary in cyber space, and terrorists from all over the world can attack and hack computer systems in China. In this connection, cooperation in cyber space is essential and necessary for China's national interests. However, the bilateral relations and regional politics always affect the discussions and cooperation with other countries.

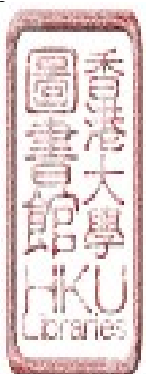
#### 9.4.4 Risks Identified from the Existing Measures

##### 9.4.4.1 Suppressive measures may trigger greater social unrest in the country

China heavily censors the Internet and communications for the reason of counter-terrorism may result in great resistances. Lose of communication freedom will dissatisfy the citizens especially as the country is economically opening up to the world. People with higher education and more interaction with the rest of the world demand heavy usage of ICT. Hence the restriction in freedom of communications would inevitably upset the citizens, even though they do not speak up. The tightened censorship also results in accusation of violation of civil liberties and human rights from international society. On the other hand, this allows terrorists to make use of such dissatisfaction to motivate people to act against the authorities. Terrorists may also respond with extreme tactics amid the suppressive measures in place.

##### 9.4.4.2 Firewall may further isolate the cyber space in China

The Chinese authorities use tools to block the Internet traffic in China with the rest of the world. Such approach means overseas content is heavily censored and the Chinese netizen are excessively protected. International technology companies locating their servers in China fall under the Chinese jurisdiction and regulations, which are deviated to the international



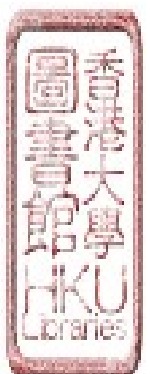
norms. The government's rights to access computers and servers, and the strengthened firewall deepen the discrepancy between the information flow in China and the world.

#### 9.4.4.3 Forcing computer firms to open source hurts development of ICT industry in China

Prior to developing businesses in China, foreign ICT firms have to agree on following the Chinese way of information technology, i.e. strict self-censorship and lack of privacy. Foreign investors of the technology sector have to bear the risks of possible interference by the Chinese government and lack of control over the management. They may be requested by the country's security organs to hand in their consumers' information, or at the risks of leaking clients' secrets since the hosting servers of their company networks are located in China. After all, their concessions add the cost of doing business in China and discourage the development of the ICT industry in the country.

#### 9.4.4.4 International markets for Chinese technology firms diminished

While Chinese Internet giants like Tencent and Alibaba are going global, Chinese ICT firms planning to expand internationally might be hard to gain trusts from the foreign consumers or governments because of security concerns related to the Chinese government access. Once they are accepted to enter into the host markets, there are risks of being censored by the Chinese government. Therefore, it would be more difficult for the Chinese ICT firms to expand to the international markets amid the concerns on Beijing's surveillance. It is especially critical for China as the economy is slowing down, while Chinese policymakers are pursuing technology- and innovation-led development and an outgoing economic development strategy to maintain the economic growth.





#### 9.4.4.5 Tensions to bilateral relationships with foreign countries affects progress

The globalisation of technologies enables groups and individuals to access to tools and equipment previously limited to great powers. Terrorists' tactics have been shifted to weapons of mass destructive to cyber-attack tools. To enhance cybersecurity, it is essential to establish dialogs with other countries for cooperation including exchange of intelligence and technologies. While China is cordoning itself off with the Great Firewall, cooperation in the cyber space with other major powers is limited. Accusation of cyber theft and spying for economic and military purposes also discourage partnership with other major powers.

## 10 Policy Recommendations

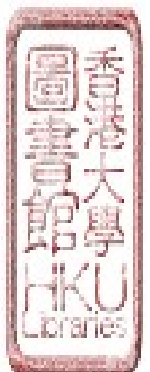
Similar as previous, PEST analysis is being used in illustrating recommendations to China's counter-terrorism policy.

### 10.1 Political

The current situation of international politics and past participation in multilateral counter-terrorism initiatives offer rooms and flexibility for China to formulate a detailed and targeted counter-terrorism strategy from political perspective. Having reviewed the potential risks embedded on the existing practices, specific directions are found to be recommendable.

#### 10.1.1 More Substantial Involvement under the UN Framework and Innovation on Non-interference Doctrine

Expecting no fundamental changes to the structure of the UN in near future, China has to effectively utilise her role in the UN and the UN Security Council. This point is particularly essential against the backdrop that, China could not handle the issue of counter-terrorism by

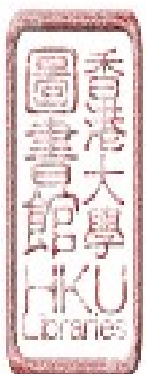


itself without any joint efforts with other states due to the internationalisation of terrorism. Considering the unique nature of the UN and China's existing veto power enjoyed in it, the UN is viewed to be a choice where China's interest could be maximised when the state is to deepen the collaborations for counter-terrorism. Working through the UN platform, not only could support from member states be obtained officially, but also could legitimacy of overseas counter-terrorism initiatives be granted. Therefore, China should consider transforming the current diplomatic ways into actual actions including becoming a leading part of the UN military and security teams for counter-terrorism. This direction is at the same time in line with the trend of elevating participation levels and the general expectation on China as a major power.

At the same time, to resolve the dilemma due to its doctrine of non-interference, China needs to have innovation on it. As some Chinese scholars suggested, different concepts like "creative involvement", "constructive intervention" or "non-interference with conditional intervention" can be considered. (Wang, 2011) (Lu, 2012) (Pang, 2013) It is worth to note none of these concepts propose to abandon the non-interference principle, but to improve and extend the definition of it to better respond to the pressure from international community while addressing China's fear of potential interference from the West on its internal affairs, such as Xinjiang and Tibet issues.

#### 10.1.2 Working with a Wide Range of States

Furthermore, China should cooperate with a wide range of countries. Since the annexation of Crimea by Russia in 2014, some scholars and commentators are describing the conflict between Russia and the Western countries as the "New Cold War". China and Russia have long been political allies before the establishment of the SCO and hence China's attitude



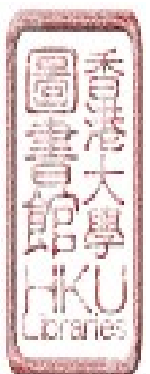
towards military collaborations with Russia would unavoidably be read by strategic analysis. Therefore, for the purpose of maintaining the neutrality of military operations which is purely for counter-terrorism, China should adopt similar cooperation formats with both Russia and Western countries. As such, China could refute the claim that she is forming any military alliance which could further be transformed into a collective political threat to international community under the roof of counter-terrorism.

### 10.1.3 Transparency is Needed

In order to dismiss the conspiracy that China is trying to take advantage of her position in the international organisations such as the UN and the SCO so as to expand her own military power throughout the continents, it is crucial for China to increase the transparency of her deployment for overseas counter-terrorism operations. Learning the lesson of how the US failed to gain popularity on her military actions by bypassing international institutions, China has to clearly indicate to the fellow states the justifiable purpose and the imminence of each overseas military operation to fight against terrorists. With more details disclosed to the international community, China could then gauge the sentiments before proceeding further with the operations and ultimately reputation could be retained.

## 10.2 **Economical**

Criticism on China's CTF policy has urged China to improve in many ways, including the legal framework and various legislations. However, there are still rooms for improvement for China to combat terrorism from the economic perspective.



### 10.2.1 Law Enforcement

As mentioned, the law enforcement in China has long been an issue. With that, the China government should make sure that all courts are alerted with the CFT and AML legal framework and legislation. This can be done by publicly issued the legislation, and issue the information about the implementation in a transparent manner for others to follow. Another important aspect, on top of the transparent issue of legislation, is to implement the these mandatory laws in a uniform manner. All courts should use the same ruler in making judgement, and the legislation should provide the prosecutor standardized authority.

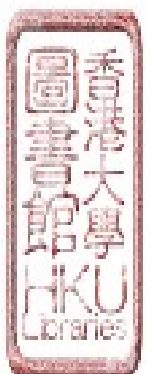
### 10.2.2 International Cooperation

As mentioned, China can cooperate with the international participates in a more active manner. Cooperation should be expanded to more parties in a deeper manner. One crucial step to recommend is to cooperate more in the investigation of abnormal financial activities. Instead of letting foreign parties to investigate in China, which has led to serious concern by the Chinese government, the Chinese government can provide more in-time and in-depth information upon request to facilitate the on-going investigation.

## 10.3 **Socio-cultural**

### 10.3.1 Address the Risk Factors on Social Level

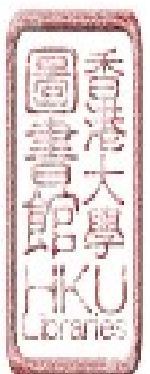
Undoubtedly, the most viable long-term solution to counter-terrorism would be to understand the cause of terrorism and then address the issues accordingly. According to Louise Richardson, the emergence of terrorism requires a “lethal triple cocktail” with three elements: a disaffected or alienated individual, an enabling society and a legitimizing ideology.



(Richardson, 2006) Among the three, it is the society that is most susceptible to influence by us. And on the social level, risk factors such as poverty and inequality increase likelihood of terrorism to recruit supporters or terrorists. Hence these factors should be our attention to be focused at.

While Xi Jinping has vowed to improve the livelihood and employment in Xinjiang which is the right direction, this should be put into action instead of simply chanting political slogans. As discussed above, there is still a big income gap between Uyghurs and Han Chinese in Xinjiang. Though there is evidence showing that the Chinese government has been trying to reduce ethnic inequalities by encouraging state sector to hire more Uyghurs with affirmative action, the policies have just achieved mixed or limited successes. (Zang, 2011) This is because Uyghur-Han Chinese income disparity is mainly due to labour market discrimination in the private sectors. Thus to achieve greater ethnic parity in the region in long run, the Chinese government should develop concrete policies or even by legislation to increase the cost of discrimination on employment in all sectors.

And this boils down to one of the root causes of inequality – a deep-seated ethnic and racial prejudice at the contemporary Chinese society. As a scholar on Tibetan studies points out, there has been the existence of discrimination or even hostility towards Uyghurs, Tibetans and other ethnic minorities for long. (Tuttle, 2015) But the inability or unwillingness for Chinese government to face this problem will prevent it from easing the tension in unrest areas and hence pose a long-term threat to the stability of the country.



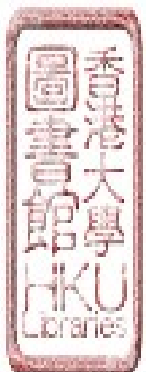
### 10.3.2 Mindset Change: for Long-term Stability and Security

Similarly, political reform to allow more participation from different ethnic minorities can provide non-violent means to express their grievances and redress the issues. Again, this depends on whether the Chinese leaders' willingness to push for it.

It is understandable that the uphold of its sovereignty and territorial integrity is regarded as China's national priority, and the Chinese leaders is still living in a fear that granting increased social or economic rights to ethnic minorities would create more demands for political right or even autonomy. However, the Chinese leaders need to change the mindset and think from a wider perspective. The long-term avoidance to handling the root cause of ethnic tension problem would eventually radicalize the people to turn to violence or even fuel terrorism recruits.

As we can see from the recent development of IS or Boko Haram, radicalized Muslims around the world can be inspired by the ideology of terrorist organisations. And terrorists tend to identify themselves with the suffering of others, such as Uyghur Muslims. As discussed above, in recent years, more and more terrorists have criticized China's policies against Uyghur Muslims. With its increasing global prominence, China – its economic interests as well as national overseas – is facing higher risk of being attacked than ever.

It is worth to note that failure to protect its nationals and economic infrastructure and investments overseas could not only hamper China's economic development but also put it under huge domestic pressure and criticism. In long term, this would also affect the government legitimacy and effectiveness in ruling. Therefore, the Chinese government need to have a vision to face the ethnic inequality and political inclusiveness problems and address them for the long term goal of stability.



### 10.3.3 Strike a New Balance between National Security and Cultural Autonomy

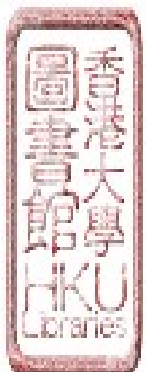
On the cultural front, the Chinese government has perceived that the cultural autonomy, such as minority language as medium of instruction in schools, leads to separatist activity and therefore is dangerous.

However, as discussed above, what concern the Uyghurs most is the Chinese government's suppression of its culture and Uyghur identity. Restrictions on their cultural expression such as the use of Uyghur language as medium of instruction in schools are seen as attack on their identity.

Therefore, as Dwyer proposes, China can reposition the cultural policy as an indirect counter-terrorism measure and strike a balance between national security and cultural autonomy. To enhance the barely left acceptance of Chinese rule in Xinjiang as well as in ethnic minority areas, it is advised to support moderate cultural expression so as to prevent linguistic radicalization. (Dwyer, 2005)

### 10.3.4 Encourage a Moderate Alternative to Violence

It is beyond doubt that coercive policies are required for the perpetrators of the violence. However, one should not forget that the achievable goal of counter-terrorism should be to stop the spread of Islamic militancy, as proposed by Richardson. So the focus of counter-terrorism should not only focus on the actual perpetrators but rather on the potential recruits of the terrorist groups. (Richardson, 2006) Learning from US war on Iraq, the use of overwhelming force to capture or killing all the Islamic militants in fact generated more of them, radicalizing the whole generation of young jihadists.



Therefore the current wide-spread “strike-hard” campaigns used by the Chinese government would unavoidably create more resentment among the potential recruits or even local communities. To win the “hearts and minds” of them, it requires to engage with the grievances that breed the resentment as discussed above.

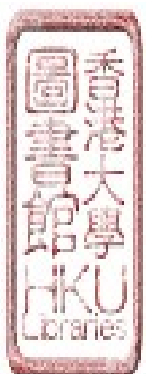
Besides, it is important to engage the local community to support the counter-terrorism effort. Engaging with moderate opinion among terrorist communities and mobilizing and encouraging a moderate alternative to violence could be an effective approach. (Richardson, 2006) However, the life imprisonment of the moderate critic Tohit definitely has a counter effect which would further increase the resentment among the Uyghur community.

## **10.4 Technological**

### 10.4.1 Bilateral and Multilateral Cooperation

The cyber space can be treated as an ecosystem (Lieberthal, 2012), whereas a single country cannot solve all problems in cyber terrorism as cyber attacks can be initiated from local and overseas. Member states of the UN adopted “The United Nations Global Counter-Terrorism Strategy” in 2006, which pushed forward the international cooperation to counter-terrorism. (The United Nations, 2006)

To act as a responsible major power in the world, China can follow the international consensus and enhance efforts in counter-terrorism in the cyber space while reserving the state’s security and people’s rights. China should further promote bilateral and multilateral cooperation to counter cyber terrorism, through intelligence exchange and signage or memorandum of understanding, to establish trusts with its counterparts. It is also a way for China to build up positive national image in the international community.





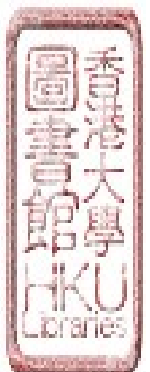
#### 10.4.2 Review Surveillance Policy

New forms of counter-terrorist technologies will undoubtedly enhance governments' ability to combat disruptive operations planned by terrorists. In China, the political resistance to prevent these technologies from being integrated into the overall anti-terrorism strategy is relatively low; nevertheless, there are social-economic concerns on impact of the use of technologies for censorship. Among all, international community always criticizes China's suppressive freedom of communications and civil liberties. The surveillance policy would also hurt the economic development of China as an emerging market.

China should review and relief the Internet strategy and surveillance policy. The giant "Internet cage" in China effectively controls the information flow within the country in the past; but it will not last long as the country is opening up and the mobility of people increases. As the country targets to go global, the current Internet strategy is not sustainable. For terrorists, the lack of communication channel would only push them to use extreme tactics to raise social concerns. As the world's major power, it is necessary for China to review the Internet policy and take responsible actions to address the social needs of information flow. (Liu & Zhao, 2014)

### **11 The Way Forward**

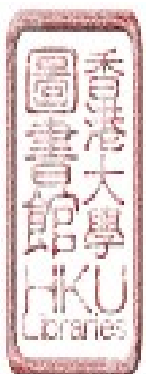
From the warfare studies perspective, if terrorism is not handled well by the government, the official response will enable, or even trigger, the mobilization of the public and aid recruitment to the terrorists' cause. If their cause prospers, terrorists will become insurgents and if they further gain in strength, they can mutate into regular soldiers who can confront the forces of the state in an open battle. (Gray, 2012)



Putting this into China's current situation may sound a bit exaggerating the risk. But in view of the rise of Islamic-based extremism, China has to be more sensitive and prudent to different religious sentiments and geopolitical dynamics around the world, not only limited to places where it has economic interests in. The demonstration against "Ramadan ban" in Turkey and the diplomatic tension between two countries thereafter have illustrated that China's domestic policy linked with counter-terrorism could have repercussion on its foreign relations. And even worse it could flare up anti-Chinese sentiment in other countries, and hence posing threat on China's interests and nationals overseas.

China as an uprising great power and its overseas interests continues to extend, it will become an increasing target for terrorist attacks. Therefore it needs an integrated approach on handling counter-terrorism internally and externally. On international counter-terrorism cooperation, it needs more substantial involvement under the UN framework innovations to overcome the constraints due to the doctrine of non-interference. On domestic front, it needs political willingness and change in leadership's mindset to tackle the root cause of separatism and ethnic issues. It also requires determination on law enforcement for counter-terrorist-financing, and multilateral and bilateral cooperation with other countries to counter cyber terrorism.

(19,805 words)



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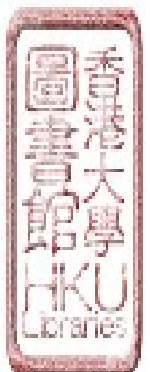
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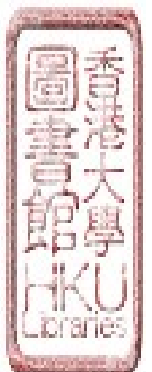
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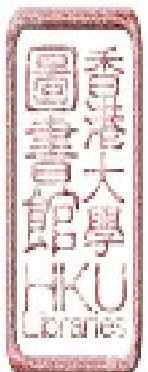
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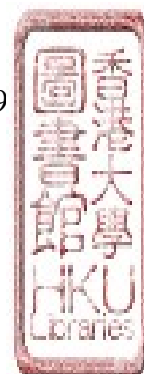
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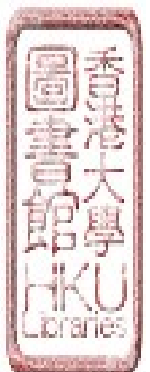
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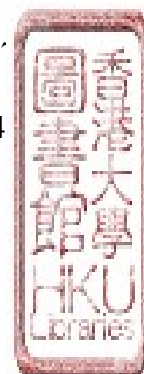
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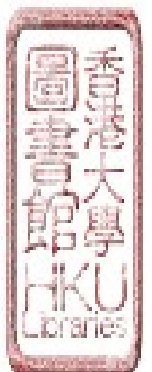
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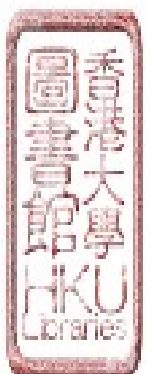
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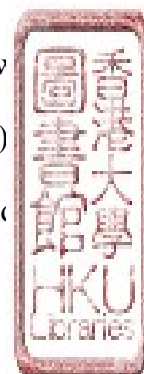
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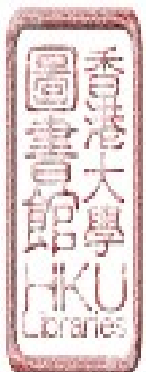
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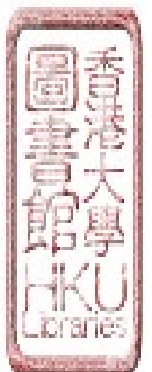
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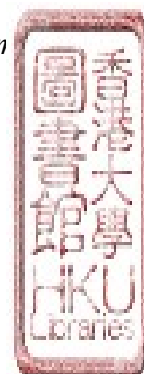
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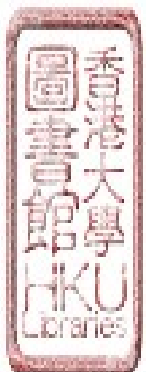
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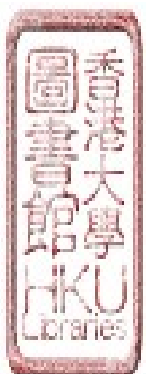
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