HOUSE OF COMMONS

Foreign Affairs Committee

Oral evidence: The UK's engagement in Central Asia, HC 1158

Tuesday 9 May 2023

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Watch the meeting

Members present: Alicia Kearns (Chair); Saqib Bhatti; Sir Chris Bryant; Liam Byrne; Neil Coyle; Bob Seely; Henry Smith; Graham Stringer.

Questions 1 - 65

Witnesses

I: Professor Peter Frankopan, Professor of Global History at Worcester College, Oxford University, and Professor of Silk Roads Studies and Bye-Fellow at King's College, Cambridge University; Dr Aijan Sharshenova, Research Fellow at Foreign Policy Centre, and Postdoctoral Research Fellow at OSCE Academy; and Annette Bohr, Associate Fellow, Russia and Eurasia Programme at Chatham House.

II: Professor John Heathershaw, Professor of International Relations at University of Exeter; Professor Kristian Lasslett, Head of the School of Applied Social and Policy Sciences at University of Ulster; and Oliver Bullough, freelance journalist.

Written evidence from witnesses:

- Professor John Heathershaw:

  https://committees.parliament.uk/writtenevidence/119611/html/

- Professor Kristian Lasslett:

  https://committees.parliament.uk/writtenevidence/119645/html/

Examination of witnesses

Witnesses: Professor Frankopan, Dr Sharshenova and Annette Bohr.

Q1 **Chair:** Welcome to this session of the Foreign Affairs Committee launching our inquiry into central Asia.

I ask our witnesses to introduce themselves.

Annette Bohr: I am an associate fellow at the Russia and Eurasia Programme. I have more than 30 years of professional experience as an analyst of Eurasian politics and energy. My research addresses the politics and international relations of the central Asian states as well as Russia's relations with China, focusing primarily on Governments and regime change in authoritarian states, comparative regionalism and the geopolitics of energy.

Professor Frankopan: I am professor of global history at Oxford University. I run a postdoc programme on the history of the Silk Roads at King's College, Cambridge. I am a historian who looks at connections across Eurasia and the Silk Roads regions, including central Asia, from antiquity to today and tomorrow.

Dr Sharshenova: I am a research fellow at the Foreign Policy Centre, and postdoctoral research fellow at the OSCE Academy in Bishkek funded by the Volkswagen Foundation. I specialise in the foreign policies of central Asian republics as well as public diplomacy and soft power, as exercised by Russia mostly.

Q2 **Chair:** Thank you all ever so much.

Today, as you know, leaders of central Asian states are in Moscow celebrating Putin's victory parade. Given our assumptions about changing geopolitics, how do you think we should interpret these visits?

Annette Bohr: Russia's preoccupation with its faltering war against Ukraine has caused Moscow's influence in central Asia to fall to unprecedentedly low levels. In response, western countries have redoubled their attention while rethinking their respective strategies, often citing the need to avoid "losing" central Asia by providing support for the region as it strives to gain greater autonomy from Russia.

In this respect, I would like to make three brief but important points. First, there is no possibility for the central Asian states to decouple from Russia.

Secondly, while indeed the central Asian states now have more latitude to achieve greater balance in their relations with both global powers and regional powers such as Turkey, we should not view this rebalancing as an opportunity to move towards greater democratisation. Rather, central Asian Governments are now striving to play all sides to achieve maximum gain, and that is really important to remember.

Thirdly, Moscow needs the region more than ever at this point, as it seeks to redirect its energy exports, reorganise its trade routes and attempt to circumvent sanctions. We have seen unprecedented attention paid by Moscow to this region.

Lastly, western policymakers have historically tended towards vastly inflated expectations of what they can achieve in the region, while often taking at face value the statements of central Asian diplomats and officials regarding political and economic reform, and we should be very careful about that.

Having said all that, later in the session there are some recommendations that I personally make for engagement and trade with the region, which should be very nuanced.

Professor Frankopan: Thank you for asking me to join you today.

I would not disagree with anything that Annette said, which of course is correct. It is important to remind some of the Committee that Kazakhstan is the only country in the region that has a border with Russia. Despite that, 80% of all Uzbek exports are transported via Russia, so there are geographical balancing acts that need to be maintained.

It is worth noting that some states in the region—notably, Kazakhstan—have refused to endorse the Russian annexation of four regions in Ukraine. Both the Kazak and Uzbek Presidents have offered humanitarian aid to Ukraine.

There is a longer story around Russia's relationship with the region. One point that I shall make but that will come up multiple times is that there is a real danger of treating central Asia as a coherent region where the five countries operate together. There are significant differences in the economies. Kazakhstan's GDP per capita is almost 10 times that of Tajikistan. The number of diaspora in the United Kingdom and in Russia varies extremely between the different states.

Central Asia is a useful catch-all in some ways, but it is also difficult. We might think about central Asian leaders being in Moscow, but one might ask the same about leading representatives of other middle-ranking countries such as Turkey, China and the Caucasus, which might usefully be seen through the same questions as we might ask about these five very different states.

Dr Sharshenova: Central Asian cultures have a lot in common. We have a shared past; we have been part of the Russian empire for over 200 years. Russian remains the lingua franca in the region. We mostly still speak Russian, although the usage of Russian is decreasing as we speak.

There is a past dependence. All the generations of central Asian political elites and leaders still depend on Russian politics, Russian decision making, Russian research—Russian everything, really.

We also have real economic dependence. Russia remains one of the key trading partners of all central Asian republics.

Kazakhstan, Uzbekistan and Turkmenistan rely on Russian-owned physical infrastructure for energy transmission.

As you might know, Kyrgyzstan and Tajikistan depend on labour migrant remittances—up to 30% of our GDP comes from there. Up to 95% of our people choose Russia as destination for employment.

There is still strong dependence on Russia. It is interesting that Russia has been investing a lot in soft power in the region: more engagement, more research, more investment in linguistic and cultural co-operation in public diplomacy.

Meanwhile, western countries have been cutting their central Asia budgets, not just in trade but in soft power. For example, the BBC World Service in local languages has reduced a lot. Radio broadcasting in Uzbek and Kyrgyz was cut a couple of years ago. The British Council cut its activities due to austerity measures.

Russia has been building its already formidable soft power in the region, but western countries have mostly been withdrawing, especially after the Afghanistan campaign and the US withdrew from the region. There was a decline in western influence on the region.

Q3 **Liam Byrne:** Peter, in your brilliant best-selling first book on the Silk Roads you spoke of the Silk Roads now being on the rise again. Why did you arrive at the conclusion? Do you think that still holds true? Does that create a different set of interests in the region for the UK? Once upon a time, perhaps we were interested because we were seeking to guard passes to India and create limits on Russian influence, but what are our interests now?

Professor Frankopan: It all depends what you mean by "Silk Roads". To give some texture to who is asking the same question as you are today, in September there was a high-level meeting led by the Saudi Foreign Minister, with all senior representatives of Gulf states, to look at how the Gulf area should co-operate and work with central Asia.

Iran has done something very similar. Raisi chose Tajikistan as his first visit, which was symbolically very important. President Xi's first visit outside China after covid was to Astana and then to Samarkand.

The level of attention being paid to the region as a whole is not just about how central Asia fits into a puzzle. Part of the problem is that we tend to see central Asia as a region that is not in any way coherent but does not have agency of its own—that it is being fought over by big powers. The question is how the US, EU and UK might fit into that—Japan likewise.

There are lots of people asking similar questions to yours. Some of that starts with fundamentals—co-operation on transport and infrastructure;

some around energy; some around natural resources; some around giving optionality that is being requested in countries in central Asia where, not surprisingly, the greatest number of choices is the optimal outcome for them.

If you are President in one of these states, you probably want as much attention paid to you by as many different competing powers as possible, which strengthens your hand in negotiating better terms. If it is about investment, it is looking at the different options you might want. If you are looking at human rights, state media controls and so on, it is the palette of opportunities that states in central Asia are choosing as their own.

My conceptualisation of the Silk Roads does not begin and end with central Asia; it is around making sure we think about places like Pakistan, Bangladesh or India that conducted not an enormous but an important military exercise with Uzbekistan in January this year.

There is a great deal of attention to connectivity across Asia as a whole. The story you would hear if the Committee was thinking of doing not just central Asia but Asia and south Asia together, or how Iran plays a role, would be about the big building blocks of history, which start with demographics and follow with energy, food and water. You can add disease environments and all sorts of extra issues, but, if you start with the fundamentals, looking east from Istanbul to the Pacific coast of China is where two thirds of the world's population currently live. That will change for good or bad or up and down in Asia—different states have different trajectories. Africa will be part of that. It also sits on top of something like 75% of the world's oil and gas.

Those are hugely significant. Some of them are in Russia. The war and the sanctions imposed on Russia give, in some ways, greater opportunities for some resource-rich states to play their cards differently. They will not play them in the way that necessarily we want them to; they will play them how they choose.

Are they rising? I would say that the world's 21st century will be shaped by what happens on the continent of Asia and to some extent by what happens in Africa, but not on what happens here in Europe. I do not think that has changed since I wrote the end of my book. Decisions made in Brussels, Frankfurt, London and Berlin are important, but those made in Islamabad—Pakistan is going through a very tricky time because of debt defaults—and in China, and how it engages not only with geopolitics and economics but climate, water consumption and migration, will all be led from the regions I worked on in the Silk Roads book.

Q4 **Liam Byrne:** In "The New Silk Roads" you quote Sigmar Gabriel, who made a series of speeches lamenting the fact that the west does not have a coherent strategy, in contrast to Xi. Do you see any signs of progress in western strategy? Are we beginning to assemble anything as coherent as belt and road?

Professor Frankopan: No.

Q5 **Liam Byrne:** Any progress at all? The Sigmar Gabriel speeches were made five or six years ago. You have not seen any progress since.

Professor Frankopan: There have been all sorts of engagement papers. The EU strategic partnership paper put together in 2019 talked about choices and options but sees central Asia in much the same way as China does—a pool of natural resources that might benefit people here in Europe.

That is the lens through which we see things. There is a strong cycle of reinforcing ideas about the region that we believe already, with very little adaptation. That starts with things like education. We have no programmes that work specifically on central Asia beyond individual scholars and the resource centres that pull scholars together, but if you want to learn about these parts of the world, including all parts of Asia, you probably want to teach children at GCSE and at A-level. Education has not kept up with what the world looks like.

From the parliamentary side and from UK foreign policy, are you able to tell me what UK policy is towards central Asia beyond nudging forward on human rights, stability agreements and high levels of trade? I struggle to work out what the vision from London really is.

Chair: That is why we are here today.

Q6 **Liam Byrne:** Do you think that there is any space for us to contest influence in central Asia?

Professor Frankopan: I would not use the word "contest". I think it is working out what people in central Asia and the different states want and need and in what ways we can help them. How do we benefit? Our levels of co-operation with people we think of as competitors rather than partners is one problem. We do not all have to try to reinvent the wheel.

There is a lot that we can do, but typically the EU and the UK, although there is reasonable recognition about both, do not appear on the radar of most people in central Asia. I am sure that my colleagues will agree or disagree.

Where we do appear on the radar, we are overpromising and underdelivering.

Annette Bohr: May I present a slightly different point of view?

It is important to point out that China is now very concerned about not being able to be paid back. The B&R is entering a different phase. As conceived, it cannot sustain itself, so it is increasingly targeting resource-backed investments.

Can we gain influence? The question is put the wrong way around. At a recent sub-committee hearing in the United States following Antony

Blinken's trip to central Asia, one senator declared: "I believe we are at a crossroads in our relationship with the region and we must seize the opportunity to be the partner of choice."

That is completely naïve and is never going to happen. It reflects the overestimations of western policymakers regarding our agency in central Asia and underestimations of Russian and Chinese influence and power in the region.

The perceptions have been fuelled by official central Asian narratives that we have been hearing for 25 years—statements such as, "We are very keen to reform, but we must tread slowly in view of the conservative nature of our societies." They continually present themselves as the reformers, which is not the case.

At this crucial juncture we need to keep it in mind that these states are absolutely rebalancing, but not with the aim of moving towards democratisation. They are attempting to achieve maximum gain by playing all sides.

For example, right now we have what I call competing energy corridors. When the main corridor through which Astana exports over 80% of its oil was recently threatened by the CPC, we saw its state of vulnerability. It applied to the EU, and there is now an agreement for help to be forthcoming in developing the middle corridor.

At the same time, Russia is giving discounted rates for the north-south international transport corridor to Iran, and the first successful cargo shipment from Kazakhstan took place.

A hallmark of multi-vectoring is inconsistency. At the same time as we see Kazakhstan refuse to recognise the four regions that Russia has declared as its own, we see that in December it was one of a handful of states to refuse at the United Nations to condemn Russia's invasion.

It is a matter of playing both sides, and they are very good at it.

Q7 **Liam Byrne:** Where does that take you in the implications for UK foreign policy?

Annette Bohr: For the UK, it needs to be a very nuanced and studied approach. There are definitely ways in which the UK should remain engaged, and one has to do with critical minerals. Another has to do with simply understanding that these are very young populations—the average age is 30, the same age as the states themselves. It is very important that the UK keeps a foothold in this region, given the younger demographic and the potential for generational change. We see protest sentiment growing. This is very much the case in Kazakhstan in particular.

Our benevolent soft power policies, some of which have been very successful, should definitely be kept in place. There is a place for critical

materials, which we might want to discuss. The UK adopted its first critical materials strategy last year. Kazakhstan is one of its partners. This region could play a crucial role given the need for secure and sustainable supply chains for critical materials, given their important role in renewable energy. It might add more authoritarian states into the mix; none the less, our diversified basket would contain more states and be less reliant on China.

Chair: That is a chance to plug our inquiry into critical minerals, which we shall publish in the next couple of months.

Q8 **Graham Stringer:** May I take you back to your first statement—that these countries cannot decouple from Russia? Will you justify that in a bit more detail? What are the implications, if that is true, of their not being able to decouple from the competition for influence between Russia and China? Who is going to win, and what are the tactics that the two countries are using?

Annette Bohr: I am sure that my colleagues would like to chip in.

Chair: We cannot allow everyone to contribute; otherwise we will not get to the next panel.

Annette Bohr: There is not competition at this point. The idea that there is competition between Russia and China in central Asia is misplaced.

There used to be the notion that while Moscow was the security provider China was essentially the bank. The fact of the matter is that China would be very happy for Russia to be the security provider if it felt it had the capacity, but it simply does not have the capacity. Given China's very important investment in the region, China steps in precisely where it needs to step in—usually with the help of private military companies.

We see that in part of Tajikistan, the Wakhan corridor, where China is particularly worried about nationalists filtering in through the part of Tajikistan that is quite vulnerable—its border with Afghanistan—and then going on to Xinjiang. They have built what they needed to build. They have a military base, and they have proffered help to Tajikistan.

They have no interest in outrunning Russia over security in central Asia, and it is against the foreign policy interests of both countries to enter into competition. During Xi's most recent visit to Moscow, they came out with a joint statement, saying that together they will safeguard the region from colour revolutions.

Seeing this formal statement struck a bit of fear into the hearts of the central Asian leadership, as it meant it would be more difficult for them to leverage one off the other.

Dr Sharshenova: It need not just become a matter of cost, because central Asian republics are independent foreign policy actors. They are

capable of choosing who they work with and what is in their best interests.

Russia and China are definitely important players in the region. However, central Asian republics are very keen to co-operate with other countries, and that has been signified by the multi-vector acts of foreign policy explicitly stated in every foreign policy concept of each central Asian republic, apart from Turkmenistan.

Decoupling from Russia is difficult, but it is possible. The problem is that central Asian societies and Governments are seeing that we do not get much interest from western countries, which have very small embassies in our countries and very little meaningful engagement. We are often mentioned as China's backyard or Russia's backyard or a mine to dig to get resources. That is obviously not particularly appealing when you are talking to equal partners.

If you want meaningful engagement with central Asia, you need to see us as independent foreign policy actors—see what you can offer them in co-operation, and see where you stand as well. We have had quite a lot of discussions and human rights dialogues, and so on, with the European Union, with the United Kingdom and with the United States. However, as the last 10 or 15 years have shown, the countries that are telling us how to behave politically or how to do democracy are not always in that category themselves and are not always particularly clean. Given that a big chunk of Kyrgyz, Tajik, Uzbek and Kazakh public funds are in circulation in the United Kingdom—illicit financing—it is quite difficult to keep that moral authority when you are telling central Asian Governments how to do democracy.

Q9 **Chair:** May I challenge you on your point about an independent foreign policy? We see China pursuing authoritarianism and transnational oppression, stopping us being as agile and independent on the world stage by embedding reliance on them at home. Given the economic dependence on Russia and the positioning, are they really at liberty—Annette, you suggest they cannot free themselves from Russia—given that when you are dependent on certain countries it makes it far more difficult for you to act independently?

Dr Sharshenova: It is difficult but it is not impossible. Remember that central Asian republics and their Presidents did not declare a full alliance for Russia's position in the war. That was a sign as well. What they did was brilliantly put by one of my colleagues, Professor Dadabaev, as strategic silence. They exercised strategic silence. Officially, they walk a very fine line between going west or Russia. One of the interests of central Asian republics is to avoid secondary sanctions and to continue to engage with the world, being part of the international economy.

On the other hand, we understand that if we declare full alignment with what the rest of the world want to do with Russia, we would be punished quite harshly by Russia, and Russia gives not very subtle hints. Last

month, Russian authorities stopped imports of central Asian meat, fish, vegetables—you name it. This is a not very subtle hint that we need to align our policies and to stop leaning towards the west.

It is a very difficult game that central Asian Governments are playing at the moment.

Q10 **Graham Stringer:** What has been the impact on the thinking? We know the policy stances of the different countries on the invasion of Ukraine, but at a deeper level has there been an impact on the thinking of those central Asian countries?

Dr Sharshenova: At the level of the Government, or at the level of the public?

Graham Stringer: Both.

Dr Sharshenova: The leaders of central Asian countries are careful. They are trying to find the fine balance between pleasing Russia just enough without alienating the rest of the world.

There is still not enough reliable data on the public. A couple of polls have been conducted in central Asian republics, but the outcomes were often not conclusive.

In central Asian societies you get partial supporters because they still share the language, they listen to Russian news, they enjoy Russian entertainment, and so on. They have absorbed the narrative that the west is trying to attack Russia, that Russia has to protect itself against western influence, and so forth.

Younger people, and even older people, align themselves with Ukraine and see that an unfair war is happening. If Putin, in his speech, replaced Ukraine with any other central Asian or former Soviet republic it would still make sense in the eyes of Russian policymakers.

There are some concerns about that. The last year has been very important for the thinking and identity-building in central Asian republics, both for ethnic Russians and local ethnic groups. We have to decide whether we are former Soviet people or independent Kyrgyz, Kazakh, Tajik and so on—whether we align ourselves with the forces of Russia, which is pushing itself into status as a national pariah, or try to continue with our multilateral policies.

It has been a very difficult year, and it has taken a toll, but central Asian societies are still very much split over the war. Some people support the war; some people are against the war.

The same happens within the Government, but the official line is very neutral, and they keep repeating that we are neutral.

Q11 **Graham Stringer:** Professor Frankopan, you talked about the strength of these countries being the huge energy resources in the area. Have any

of the Governments taken on board the discussions at the United Nations and elsewhere on climate change, or are they still pursuing the same energy policies?

Professor Frankopan: The question of climate—in particular, water—is the single most important question in central Asia for the coming decades. It is existential and at the same level as what Russia and China's interests may be—the damming of rivers, over-damming and glacier melts. All the glaciers in Tajikistan that feed the two great rivers in central Asia are due to swell. The melt will come through, but within about 30 years there will be no water coming from those glaciers—it will all be gone.

The pressures on water resources in particular lock into agriculture production and basic food sources. It is a nightmare unfolding in real time.

How does one mitigate that? It is the same question as that facing Gulf states: how do you build up enough sovereign wealth funds or natural resources to diversify as quickly as you can? I am not best qualified to talk about scientific and strategic investments by the respective Governments to mitigate or invest in change; however, there is no question but that the alarm bells are ringing loud about what the future will hold.

Q12 **Graham Stringer:** They are ringing on water, not on carbon dioxide and methane.

Annette Bohr: May I add something on Turkmenistan, which has the largest methane emissions in the world? Two fossil fuel fields emit more methane than the entire UK. It is an easy fix, but it is something they are not doing.

Q13 **Sir Chris Bryant:** What is the easy fix, and who can provide it? Is it Russia, China or the west?

Annette Bohr: No, actually, the Turkmen could do it with a number of international industry professionals. My point is that it is not difficult to repair. It is simply something that they do not do.

This is part of their mindset, which is why it all goes back to regime type. While I do not disagree with my colleague at all, what she was saying actually proves my point about decoupling, precisely because it would yield potentially disastrous consequences for these countries' sovereignty and security if they were to take an outright adversarial stance—for example, supporting Ukraine. This is simply out of the question.

Q14 **Sir Chris Bryant:** Would you like to rate each of the five countries in terms of being a functioning democracy: marks out of 10 for each of them—Turkmenistan?

Annette Bohr: They are all deeply embedded kleptocratic regimes—all of them.

Q15 **Sir Chris Bryant:** In equal measure?

Annette Bohr: No, absolutely not in equal measure. Here, it is very important, as Peter pointed out, to differentiate. This is not one region that we can lump together. They cannot decouple, and we must differentiate—the two Ds; and they are double-gaming it—three Ds. These are the main points I would make.

Turkmenistan, obviously, is in a league of its own. This is something, again, that I think western policymakers do not really understand. They look at Turkmenistan and say, "Really, Turkmenistan is the only source of gas, given that it has the fourth largest gas reserves in the world, that could really help the EU, now—and other parts of the world—in rebalancing its gas supplies."

However, this is not going to happen. That is not because of the 42-nautical-mile gap between the two fields, in Azerbaijan and Turkmenistan. You can build an interconnector very easily, but Turkmenistan again and again has refused to take this approach. This is because of their regime type. They need to co-operate with other authoritarian regimes—namely, Iran, China and Russia—as this allows them to maintain their insularity and isolation.

I would place Kazakhstan at the top. Uzbekistan very much likes to present itself as a beacon of democracy, but not a week ago we had a referendum: it is now possible for the President to stay in power until 2040. Along with this referendum there were other wonderful things, such as the introduction of habeas corpus and the abolition of the death penalty, but this is a very serious roll-back in reform and for those of us who care about reform in the region. You have the dictator syndrome all over again, with Mirziyoyev.

After Kazakhstan I would rank Kyrgyzstan. Then I would hesitatingly put Uzbekistan, followed by Tajikistan and Turkmenistan; but they are all kleptocracies—all five.

Q16 **Sir Chris Bryant:** Peter, would you subscribe to that?

Professor Frankopan: You have a stellar panel coming along after me, who will talk to that better than I can.

Q17 **Sir Chris Bryant:** Okay. Dr Sharshenova.

Dr Sharshenova: I think I would probably rank it a bit differently. Turkmenistan is bordering on totalitarianism, because the sorts of reforms happening in the last two years are not exactly for the best. They have been interfering even with the way people dress, and what they look like, which is obviously a sign of a totalitarian regime.

The second most authoritarian regime in the central Asian region is probably Tajikistan, because the leader of the country has been in power since 1994. The crackdown on protesters in the Gorno-Badakhshan

region was brutal. It is pretty much isolated from the rest of the world, and nothing can be done, really, given the brutal regime of Emomali Rahmon.

Third is probably Uzbekistan. Mirziyoyev has definitely made an effort to make the regime a bit less authoritarian than Karimov's regime, but, none the less, the door is closing and the honeymoon is probably over. We have also seen a really violent crackdown in Karakalpakstan, another autonomous region in central Asia that has been under pressure from the Government.

The second most democratic, or liberal, I would probably say is Kazakhstan, but, again, seeing how the regime cracked down on protest last year, I do not think it is particularly democratic. I do not think there is much of a window to liberalise the regime.

Kyrgyzstan is losing its position as well. People like to call it an island of democracy, but that was a window of opportunity back in 1999. That is when it was called an island of democracy. We are way beyond that. Kyrgyzstan is very dynamic. I think that the brilliant thing is that there is a way to reverse the slide back into totalitarianism in Kyrgyzstan. That would be my ranking of the five.

Q18 **Sir Chris Bryant:** I will come back to Professor Frankopan. I should declare an interest, because he was very nice about a book of mine, which I wrote a few years ago.

Professor Frankopan: It was very good. It sold very well, as well. Congratulations.

Sir Chris Bryant: Thank you. That was me declaring an interest.

Chair: Get two authors in a room.

Professor Frankopan: It does not always work that way.

Sir Chris Bryant: No, it doesn't.

Professor Frankopan: To build on that, and widen the lens about the resilience of autocracies around the world, what we have seen in the central Asian republics is overlaid on to a bigger story about the single biggest metric, which is the most worrying for liberal democracies: the rise and efficiencies of authoritarian or autocratic states globally. What these five states have in common, not just with each other but with other states, including places like Iran and China—and possibly even other states in their neighbourhood, in south Asia—is that the No. 1 prerequisite and the No. 1 valued outcome is regime stability.

Q19 **Sir Chris Bryant:** I am sorry—these are not the questions I am meant to be asking: can I just ask about the relationship with Islam? Something that seems to me a complete mystery is that a very significant proportion of the people in all five countries are Muslim, but they are remarkably silent about the oppression of the Uyghurs in China. Is that for the same

set of reasons? I do not know who wants to kick off on that.

Chair: We will be looking at that in a future session.

Annette Bohr: It is a result of the policy with China and the fact that China is way too important an actor for these states to allow any sort of anti-Chinese sentiment; but, instead of approaching the central Asian states from the view of which is the most democratic, I really think we should look at what sorts of systems are in place. It all comes back to the type of system that is in place. Then we can understand the way they are thinking. Very basically, they sustain their role through the centralisation and control of revenues from the export of natural resources. These revenues then finance patronage networks and security services, which are used to quash dissent. That is pretty much it. As long as these revenues remain intact, the systems perpetuate themselves, and any sort of real reform will unravel them.

Sir Chris Bryant: That is what I feared.

Q20 **Neil Coyle:** If there is such a significant level of investment in suppression of any challenge to the state, why are the Chinese private security companies necessary? What are they doing that the state security apparatus is not?

Annette Bohr: First, I want to make sure that we point out that there are large levels of Sinophobia, particularly within Kazakhstan and Kyrgyzstan, among the population, but at the governmental level no anti-Chinese sentiment is allowed. China, as I say, is far too important an actor in the region.

Q21 **Sir Chris Bryant:** To move to a different area, we have been differentiating the different countries in the region, but is there a differentiation between the EU, the US and the UK in our interaction with the individual countries? From what you have been saying, Ms Bohr, if sounds as if the UK has been doing less, but that may be right, because, frankly, everyone else is overpromising.

Annette Bohr: I have to say that in the past two years the United States has decided to invest a mere $50 million, which is not terribly much. They have invested it very carefully, in ways that they feel are the least antagonising to Russia—for example, military medicine training and food security—because, of course, there is none the less the security factor of the Taliban and, in particular, ISIS-K.

This is a real problem. We see, now, these central Asian regimes relying on the Taliban to protect them from ISIS-K. How are they going to upgrade security with the Taliban? It is a very interesting question. So the US is approaching it very carefully, not throwing in a lot of money, but wanting to keep that foothold in the region.

I think this is something it is very important for the UK to do, as well, particularly in Kazakhstan. Kazakhstan is different. You see this protest

potential growing. It was there before the events of January 2022 and it will continue to grow. The sense of grievance is there—that the wealth does not trickle down below.

You have more than half of the Bolashak scholars, who are the brightest students in the country, coming to the UK. There is a very successful venture that the UK has with De Montfort University in Leicester. The DMUK Almaty campus has been very successful.

These are great people-to-people initiatives. Educational opportunities are a way the UK can really have soft power. Then, again, there is one area where I would make an exception. That, of course, is the critical materials, where Kazakhstan, in particular, can make a very valuable contribution to the UK's security.

Dr Sharshenova: I can comment on this because I have done research on EU democracy promotion in central Asia, comparing Kazakhstan and Kyrgyzstan. The EU has been in the region for quite a while, but, again, there is the problem that it is an organisation of 27 member states, with very different interests, including the interests of non-state actors, so it is quite difficult to have a formidable amount of money allocated to the region when you have 27 member states.

The UK is unplugged from that system now. It has been reducing its presence in the region. Honestly, you have had a really good fundament to build on, because you had the BBC World Service in different languages in the region; you had Chevening scholarships—I am a Chevening alumna; you had the John Smith Trust; you had a Hansard Fellowship. There were quite a lot of different educational, cultural and other initiatives where you have a whole bunch of local people who have gone through that system and are more familiar with the region and with the UK, and probably have positive relations with or attitudes to the region—but you do not seem to invest enough and make it more sustainable, and develop it.

Those networks are very powerful soft power instruments. It is a very powerful way to engage. I am probably one of the least successful Chevening alumni because I chose an academic career, but my fellows are in the Government, businesses, creative industries and sports and so on. They are decision makers and you have a ready pool of decision makers who have some connection to the United Kingdom, who would hear you if you talked to them. It is important to invest in this.

The US and the UK, and the EU as well, are investing in media freedom. You are the only three actors who talk about human rights, as well, so if you stop talking about human rights in the region no one else would raise those issues, obviously—not China or Russia.

It is very important to carry on what you are doing; but maybe reinforce it a bit more. Maybe it does not even require that many funds. It just

requires a smart approach and taking stock of what you already have, and building on that, rather than investing huge amounts of money.

Q22 **Sir Chris Bryant:** You are nodding a lot.

Professor Frankopan: If I were in your shoes I would be boosting foreign aid to, particularly, Kyrgyzstan and Tajikistan, where the cuts have been brutal and have set back people's lives as well as our ability to have a foothold.

The Chevening scholars that Dr Sharshenova mentions are cheap at the price, with the amount of capacity-building that they generate. There would seem to be a series of missed opportunities for high levels of co-operation between educational institutions like my own, or Exeter and Glasgow, where there is extreme expertise, and finding a way to use those things in a UK-integrated way, as suggested by the integrated review; it would be extremely cheap to fix, but that would require a cheque to be written. It is small amounts.

To suggest the scope, the Expo pavilion that the UK hosted in Astana in 2018 cost £12 million. In fact, that goes a very long way towards some of the soft power that works by bringing scholars together and allowing people to talk, whether it is about their love of literature, conquests of the 13th century, or money laundering and human rights today. Those dialogues do not work if they are all at arm's length.

I would also add, probably—it is not the question you asked, but I know we are going to run out of time—that the single biggest thing that I think we miss in the region is that we do not have high-level visits. I know that the Foreign Minister recently went to Kazakhstan, but the region has been conspicuous for its lack of FCDO support. It has excellent embassies. The UK is one of the few places with a mission in every single one of the five central Asian republics, but that is not followed up in the language and ritual, and the way in which high-level meetings take place in many parts of the world, which is that you need either to have the ear of the leader, or look as if you do. It is not enough to have very skilled ambassadors trying to show that they are being listened to. It is a bit of TLC.

You can see how people like Lavrov—or this is what he used to do—fly around the world all the time, constantly meeting, talking and cajoling, and having face time. It counts for a great deal, particularly in autocratic states. Maybe it should not, but if we do not invest in putting Ministers on planes and telling them not to come back for months at a time, it is hard to build friendships and trust, and to have difficult conversations around some of the things we really need to do. One is human rights, of course. One is also about money laundering and the things you will hear about in the next session; but another is about what the young people in these countries require. What do they need? How do we help to open opportunities for them locally, as well as here in the UK?

Q23 **Sir Chris Bryant:** I will ask one more question, about water. It has already been referred to, but if memory serves there are areas where this could flare up quite dramatically and lead to war, I suppose. How is that going to be resolved?

Professor Frankopan: Well, it won't just happen here. At one point we are looking at something like 230 million people directly exposed to water shortages in northern India, in the same timeframe. We see water level rises in Bangladesh, with a population of 130 million, at about the same time. Those fractures that are coming are not going to be looked at, I am afraid, just through what it means for central Asia.

The challenges coming towards us are extreme. It is not just the developing world, or low and medium-income. A report came out 10 days ago that suggests that US residential property is overvalued by between $120 billion and $230 billion because of sea level rises and extreme weather events. If the climate trajectory carries on in the way in which 99% of scientists think it will, the central Asian solutions will be part of a set of global solutions and the central Asian ways of solving it will be part of a global way of solving it, and none of those, I think, is particularly encouraging.

Annette Bohr: Afghanistan is building a dam. It is its right, but this has created a lot of fear with regard to water scarcity, particularly in Uzbekistan and Turkmenistan; and they are being unusually vocal about it at this point.

Q24 **Henry Smith:** Dr Sharshenova, I would like to ask you what agreements and co-operation exist between the central Asian states. Do they work, and what are the main threats to peace and stability between the central Asian states?

Dr Sharshenova: Thanks for your question. There is a variety of agreements. Obviously, they have bilateral agreements. Diplomatic relations were established early in the 1990s, but quite a lot of multilateral relations were established with the supervision of other countries; so Russia and China often dominated the conversation. Even the fact that Russia started its invasion without consulting the Collective Security Treaty Organisation members is quite interesting.

There are obviously some disagreements between them—obviously. The countries are very different and we need to see them separately—see individual interests at the level of the regimes, but also at the level of the public.

Border management is obviously an issue. We had clashes last year—what we called the Tajik invasion into Kyrgyzstan. I think that will not calm down, unfortunately, because the issues remain unresolved. They are decided at the level of our leaders, but are not always communicated well to the people who actually live at the borders, and there is not

always enough analysis on the ground to look for solutions that would work for both parties.

We obviously have issues with economic investment, as well, because the region desperately needs economic investment. Kazakhstan and Uzbekistan are probably doing a bit better, but they are still not at the level where they could be a fellow investor in the region. We are still dependent on investment external to the region.

There are not too many domestic organisations or regional organisations, to be honest. There were quite a few attempts by central Asian republics to create some sort of integration mechanisms, but unfortunately they have not always worked very well. To be honest, even larger organisations like the Commonwealth of Independent States, the Collective Security Treaty Organisation, and the Shanghai Co-operation Organisation, all need some sort of reform, because the agendas within those organisations are often dominated by a single, or two, greater powers, and the interests of other members are often overlooked. Until we can find a way or mechanism to make sure that the interests of all members are taken into consideration, no matter how small they are, there will not be a successful integration project in the region.

Q25 **Henry Smith:** Is it an impediment to that integration that, as we heard earlier, not only do peoples and Governments in central Asia have slightly different views about, perhaps, China or Russia, but that countries like China and Russia—and the US, the EU, the United Kingdom and others—seek to pull those countries in different directions? In terms of our interest, how is the UK, in your view, best placed to help encourage stability in the region?

Dr Sharshenova: I believe that all external partners have the potential to be peacebuilding forces in the region. They are pulling us apart sometimes, but I think it is more domestic interests and the interests of the individual regimes in the country that are pulling the countries apart.

Overall, I think we still have central Asian identity. When you were a part of the European Union, quite a few people identified themselves as British but also as European Union citizens. I think in the region, nowadays especially, we still have this shared sense of identity as central Asians, related to central Asia. I think that is something to tap into—to develop this shared cultural identity and shared interest.

Overall, at the public level, I would say relations are actually quite good. I think the problem is at the highest level—the level of the regimes, the disagreements they might have and the lack of respect they might have for each other, as well as external powers that might be pulling us apart.

Q26 **Henry Smith:** Thank you. Chair, if I may, I have just one further question, to Professor Frankopan. You spoke earlier about a reduction in UK Government presence in the region. If you were to pick two or three things that the UK could do to improve that, given the constrained

resources, what would those be? You talked about the presence of the Expo stand, for, in the grand scheme of things, a relatively small sum of money; but what are a few examples, perhaps, that the UK could consider?

Professor Frankopan: As an academic, I would say investment in education and cross-exchanges, bringing more Chevening scholars over here, or other kinds of schemes; but the visa process is not easy. The British embassy in Dushanbe does not issue visas. I think talent-spotting and building up long-term friendships is hugely important; so that would be one thing.

I think there is a huge amount of soft power in the expertise in this country in different parts of the histories of central Asia who are not exploited in the way they could be; so I am grateful to be here representing all the postdocs at King's and Cambridge and elsewhere, who are doing incredibly exciting work. Troy Sternberg at Oxford works on the geologies of earthquake resistance and anticipation in the central Asia region, which is heavily predisposed.

All of those are electrons looking for a lightning rod to hit, but I do not think we make use of them. It is about integrating better what we do really well in this country, and not trying to convince people to follow our model but just showing what it is that we do quietly. I recommend investing in that way in the first instance, but I think high-level Ministers in the air, bringing bilaterals, is underdone—no question.

Q27 **Chair:** Briefly, because I am aware we are out of time, I would welcome reflections from each of you. What should we know, or what can we learn from, central Asia, in terms of the relationships with Iran, the trans-Caspian corridor and Turkey?

Finally, what are your greatest frustrations about the misunderstandings, as you see it, about the countries that make up central Asia that you would like to leave us with?

Annette Bohr: Iran is playing a particularly important role now in terms of Moscow being more creative in trying to devise new routes for its energy exports. This has direct repercussions for Kazakhstan and Turkmenistan. It is trying to create energy corridors south, to substitute for EU gas exports; so Iran, in particular, is playing a very important role, as is Turkey. Turkey is really the big winner in the Ukraine war.

It is important to say that one of the reasons regional co-operation within central Asia itself, simply involving the five states, has been so low, is that their economies are not complementary—so they always have this sort of external partner. Now we see this partner as Turkey, more than ever.

As to what I feel is the greatest frustration, I think I have already banged on about it quite a bit. We need to really understand the way these systems work. We cannot always think about them being on a perpetual

road to democracy. We need to understand how they function, what keeps them going, and what keeps the regimes in place.

Professor Frankopan: That is very eloquent. I am not sure I can follow it in the same vein, so I will have to take a slightly different line.

Something that has not been mentioned is the racism towards central Asian peoples in Russia in particular, but also around Kazakh sovereignty—and potentially that of other states in the region, too—and the shivers that went through the spines of everyone living in a former Soviet state when the Chinese ambassador said that "effective status" under international law was not guaranteed or recognised. In Kazakhstan, where there is a heavy Russian-speaking and ethnic Russian majority in the northern part of the country, and the second-largest land border on earth, these relationships are extremely difficult to manage successfully. One could look at the ability and the skill of states—I don't say regimes—or individuals, in central Asian politics, to balance these plates quite carefully in tricky pressures.

Something that was announced yesterday by the Ministry of Foreign Affairs in China, which I am sure this Committee would have paid attention to, was the trail for a speech to be made by President Xi on 18 to 19 May, in Xi'an, when the G7 are meeting in Japan. It has central Asia as the primary focus of the speech—whatever it will be, which the MFA did not explain. It is being trailed as an important policy document.

I suspect that, as Dr Sharshenova says, lots of the organisations and groups that purport to bring people together are not functional—or flatter to deceive—whether it is the SCO, the Eurasian Economic Union, or the Central Asia Regional Economic Co-operation. These things tend not to work very well, but the fact that so many people are trying to pull the strings means, I think, that we need to follow this region much more carefully than we have done in the past.

Dr Sharshenova: I think that Iran has substantially increased military co-operation with the region. In fact, Iran has built its only overseas facility for building military drones in Tajikistan. That is something for you to look at.

As to things that might be frustrating, I actually have a central Asian bingo game: "It's a new Great Game"—very often mentioned; "China is Russia's backyard"—very often mentioned; "failed state" narratives—so it has been failing for 30 years but somehow still exists; "the stans"—again, we are not the same, but we are five distinct, different countries and the further we move away from the dissolution of the Soviet Union the more different we become.

We want to be seen and understood. We want to be researched properly. We want to be respected, as well. I think Turkey is a winner, as you say, because they do pay respect. They come at the highest level. They welcome us. If you mention that you come from Kyrgyzstan you get a

discount straightaway. If I mention that I come from Kyrgyzstan I am told I will get a job here, or something—whatever your usual anti-migrant narrative is.

It is all about different levels of perception. I think you probably need to work on that a bit more; but, also, Russia is not silent, obviously, in the regions. Russia perpetuates the idea of the Great Game—the sneaky Anglo-Saxons trying to involve us as pawns in the geopolitical game. When you talk about Russia's backyard and China's backyard, and the new Great Game, you are feeding the Russian narratives of us being pawns and being played. For us there is no difference whether it is China or the UK playing us: it is just who pays a bit more for it. Those are the frustrations on the ground.

Chair: Thank you all. That was incredibly informative. Hopefully, as you can see with this Committee choosing to look at central Asia, we recognise that it is a part of the world that is not enough looked at, and is undervalued. I hope you will look at our conclusions and come back to us if you are not happy with them.

Examination of witnesses

Witnesses: Professor Heathershaw, Professor Lasslett and Oliver Bullough.

Q28 **Chair:** Gentlemen, thank you very much for joining us. I ask that you kindly give a 20 to 30-second introduction, and then we will go into questions.

Oliver Bullough: Thank you very much for the invitation. I am an author. I write primarily about financial crime, often with a connection to the former Soviet Union. I lived in Bishkek, Kyrgyzstan, for a year in the early part of the millennium and travelled quite widely everywhere, except Turkmenistan.

Professor Lasslett: Thank you for the invite. I am professor of criminology at Ulster University in Northern Ireland. My area of expertise is conducting complex investigations into corruption. The fascinating session we just had was a very macrolevel analysis. I tend to focus more on the microlevel, in particular within Uzbekistan and, to a lesser extent, Kazakhstan. I am focusing on understanding some of the questions discussed with the previous panel about the political dynasties that hold power: why they hold power, how they hold power, how they organise their financial interests and their relationships with other powers in organising those interests, and how they use the offshore world to protect their interests. That is a bit about what I do.

Professor Heathershaw: I am professor of international relations at the University of Exeter. My research spans questions of armed conflict, security and the political economy of central Asia. I follow the money, and sometimes it comes here to the UK.

Q29 **Chair:** Too often!

For this panel, we want to focus very much on illicit finance and corruption within the countries that make up central Asia and how that impacts and comes back to the UK. It would be very helpful to have an overview of the main features of corruption and illicit finance within the countries that make up central Asia, not only to understand the form it takes and the way in which it manifests itself but whether it is something that citizens of central Asia are worried about and is an issue on their agenda.

Oliver Bullough: In the previous panel we heard many of the problems facing central Asia: authoritarianism, corruption and poverty—all of that exacerbated by climate change. Everything that is going wrong and has gone wrong in central Asia is made worse by corruption. The residents of central Asia are not just aware of this; they confront it every day. Corruption is a daily reality, whether that is paying a bribe to obtain a place for your child at school, getting healthcare, even though that is supposed to be a right, or obtaining a job in a state service, going all the way up to gaining a Government contract.

Our self-interest as a country is in a democratic and prosperous central Asia. It is a truism that democracy is a friend of other democracies, but it is no less true for that. I strongly believe—all the work I have done backs this up—that we are not part of the solution here; we are very much part of the problem, whichever one of the central Asian republics you look at. I recognise the very good point made earlier that referring to them as just "the stans" is misleading; they are different places. But, if you take them together, as that is what this session is doing, it is the work of seconds to find examples of how the UK has enabled corruption in those places; whether that is Gulnara Karimova, the daughter of the former President of Uzbekistan using a Gibraltar shell company to route the bribe she was paid by big global telecoms companies; whether that is the son of the former President of Kyrgyzstan immediately fleeing here after his father was overthrown in a revolution; whether that is the daughter of the former President of Kazakhstan buying an extensive property empire in this country or the nephew of the President of Turkmenistan using a UK-registered LLP for highly lucrative state food imports.

We have turned a blind eye to the misuse of our corporate structures, financial system and professional services companies by the elites of the five republics of central Asia for far too long. We have helped them loot their home countries and have made life worse for ordinary people from those countries as a result. I firmly believe that the best thing we can do to assist the central Asian countries in building a more prosperous and democratic future would be just to stop.

Q30 **Chair:** Before I turn to other members of the panel, I confirm that we are protected by parliamentary privilege, including all three of you, during the course of this session. Professor, I do not know whether you want to touch on how much this is state organised and how much this might be a

fundamental part of state ventures.

Professor Lasslett: I hope that you all heard my sigh of relief when you said that we have parliamentary privilege. Probably like the other two gentlemen, I currently have multiple legal threats against me for the kind of work I do, and that adds to a much larger pile of previous legal threats. It is the all-pervasive nature of this kind of work where you have to edit carefully what you say at all times. Unlike other social scientists, you cannot draw certain inferences because, even though they are reasonable, you can land yourself in a very prolonged legal battle with someone with much greater resources than you.

There is an interesting overall question about how corruption and kleptocracy function in the region and how that connects to autocratic politics, the offshore world and to aspirations within countries among ordinary people.

My main area of expertise is Uzbekistan. That is where I draw from. To heed the warnings of the previous panel, I would not like to imply that what applies in Uzbekistan is transferable to the other regions. With that caveat in mind, in understanding and approaching corruption in a place like Uzbekistan there is a political, economic and "concealment" dimension to it.

As for the political dimension, the formal state structure in a place like Uzbekistan is a facade of sorts. Uzbekistan has a constitution; it has parliaments, ministries, Ministers and public servants, but when one spends many years studying how power actually functions, one becomes overtly aware that there is a shadow state of sorts that functions under the layer of that facade. In that shadow system, major political figures hold significant amounts of unaccountable power. They would ordinarily be some of the people you might expect to be significant players in that system. It would be the likes of the President, the President's family and the security services. In Uzbekistan, it has been the SNB, which is now known by a new acronym.

Certain Ministers and chairs of powerful Government committees would hold extreme forms of executive power. There is no accountability for how they use that power. For example, they may be security service chiefs, but they can have their orders and interests enacted all over government. Therefore, if they want to administer a court case in a certain way, they can give directions for that case to be conducted in a certain manner. If they want to see a gas reserve awarded to a certain company in which they have an interest, they can make those decisions and give those orders.

Secondly, you have the challenge of a shadow system where there are very powerful figures with high degrees of centralisation of power and very little oversight or accountability.

Thirdly, you have the problem that within that shadow system, to all intents and purposes, there are public officials, but they have no official role in government. I made reference earlier to family members. They operate as dynasties. For example, one of the most powerful dynasties in Uzbekistan is under the power of Rustam Inoyatov, the former head of the security services. His family members have significant power, but obviously they will not be picked up in the AML checks in the same way that, say, the father would.

You see that in most of the powerful political dynasties in Uzbekistan: there is an extended family, certainly back in the Karimova days. We have already mentioned Gulnara Karimova, but it was not just Gulnara. The extended family, including nephews, was involved in looting different elements of the economy. The problem is that not only are there unaccountable political kingpins; there are their families.

The third problem is that, for example, when Mirziyoyev came to power in Uzbekistan a number of people appeared to be publicly defrocked, but they were not; they continued. One of the most misleading things is that often when somebody is moved from a ministry and made an adviser it appears they have been dethroned when in actual fact their power is accruing and they have become more sinister.

The political dynasties that have reached the apex of unaccountable political power are competing to control the most lucrative sectors of the economy. They curate those political sectors as their own private territories. There has always been competition to get sectors such as gas, oil trading, telecommunications, construction, drugs and illicit trades to be part and parcel of the process.

You have political dynasties and extensive networks that support them. They are competing to seize territories that they then use as their own monopolies. They use that monopoly to grow their own businesses within that economic territory or charge access fees to foreign companies.

There is also the concealment of all this and how that is done. Obviously, in a place like Uzbekistan it is concealed. There has been a new Government there since 2016. You have seen a modernisation agenda; you have seen IFIs going there to support modernisation of public services and markets, deregulation and the movement of the mixed economy to the private economy. All of that gives a projection that things are changing and that corruption is lessening. In actual fact, it is worsening.

Civic internal repression conceals what is going on because people cannot speak. Journalists cannot talk about this. Anyone who has been in Uzbekistan knows that you do not speak about, for example, the first family; you do not talk about the security chiefs and what they are up to. You just do not do it if you prize your liberty for the next 20 years. They also use extensive offshore layers. I am conscious that I have been speaking a lot, so I might come to that later and pass over to John.

Professor Heathershaw: I will try to pick up where Kris left off in his very detailed description about the way of working in-country in terms of upstream corruption and joint ventures or businesses controlling parts of the economy, or side payments being required to companies in order to gain market access. Obviously, the state is a key actor, in the way Kris described, because it provides the political control and that fusion of power and wealth across all central Asian states. It just takes different forms.

The downstream side is where we often come in and follow that money to wherever it goes in the global financial system. There, it is the companies and sometimes the elite and private individuals who are the actors.

That really tells us something about the way political systems work in central Asia. Many of the points Kris made are absolutely right. Sovereignty is being used instrumentally. That is not to say there are not genuine feelings of nationalism or anything like that, but there is an elite capture of states going on here.

In the downstream types of corruption, we are seeing assets being purchased and bank accounts being held in pounds, euros and dollars and residencies afforded; we are seeing influence being articulated. Obviously, all that activity is to cover up corruption by cracking down on human rights activists and journalists that Kris just mentioned. That is very extreme and can be existential if you are a journalist or human rights defender in central Asia. The risks are considerably less overseas, but you can have a lawsuit brought against you if you mention reputation laundering activities. There is a whole series of ancillary services, like corporate intelligence in London, that will help you do that more effectively and trace people. That is a little bit less state-based; it is more about companies and individuals, and we could go into a lot more detail on exactly how that works. That is the more downstream corruption.

Chair: Chris, do you want to take us into the downstream here in the UK?

Q31 **Sir Chris Bryant:** What you describe is pretty much abuse of discretion, malversation of funds, subjugation of the justice system for political ends, nepotism and state capture. We are going next week. What should we say to them?

Professor Heathershaw: First, many of the people you will be meeting may well be technocrats and those who have the national interests of their country at heart. I am sure that you will also meet some senior people who have their fingers in the pie. One should not generalise. I do not want to use the word "victim", but those subject to this are not us; they are central Asian citizens. I am sure that on your trip you will also get to meet some of the civil society and media folk, so listen to them and take with a pinch of salt some of the things you hear about reform. That would be my summary.

Q32 **Sir Chris Bryant:** Oliver was saying earlier that the UK is part of the problem. Is that the perception of all three of you?

Professor Heathershaw: I think it can also be part of the solution.

Professor Lasslett: On the question of whether the UK is part of the problem, the answer would be yes, but not in the sense of casting negative aspersions. It is just a difficult challenge. It is very difficult to find the right approach to take, but I think there would be two reasons the UK has been part of the problem, even if that has not been the intention.

One would be what has already been mentioned. The UK is a key offshore jurisdiction that is used. For example, I recently put out a large report investigating the capture of Uzbekistan's gas resources by Russian actors. Where was it based? The head of the operation was in Jersey. It is incredible that this is taking place from a UK jurisdiction. Right now, there are people working as money launderers. You only need the dexterity to do a search on Google to find out that they are linked to the Brothers' Circle in Russia. They have been involved in money laundering and are connected to the security services. They are British companies and they have properties in Britain.

Q33 **Sir Chris Bryant:** What kind of companies?

Professor Lasslett: These are limited liability companies, everything. There is nothing they do not use.

Q34 **Sir Chris Bryant:** Such as?

Professor Lasslett: I am not used to being this direct. One company I am looking at at the moment is Gor Investment.

Q35 **Chair:** Enjoy your freedom.

Professor Lasslett: Gor Investment Ltd. If you have a spare moment later, look at that company's website and who the advisers are. You will be pretty shocked.

Q36 **Sir Chris Bryant:** Tell us.

Professor Lasslett: Rick Perry would be one, and there are several other high-profile figures. Gor Investment Ltd is run by a Russian Armenian gentleman who currently controls a bank in Uzbekistan and a whole range of other major companies. If you look at that individual's background, you will see he has been connected to a series of failed banks in Russia. He co-owned those banks with people who are listed as Brothers' Circle in the sanctions regimes. You will see that he has been linked to individuals from the security services in Uzbekistan who have subsequently been imprisoned; they have been involved in money laundering. Gor Investment Ltd is the parent company for everything that is taking place.

Q37 **Sir Chris Bryant:** If I remember correctly, one of the cases the Serious

Fraud Office, or one of the other bodies, lost was because the High Court basically decided that it was okay to do things in a slightly shady way as long as you are not actually breaking the law. Unexplained wealth orders have been very difficult to land. I think that earlier Kris said it was very difficult when you are fighting people who have much bigger resources than you. Is part of the problem that the UK Government have not devoted enough resources to be able to fight some of these cases?

Chair: One caveat to our comment about parliamentary privilege is that if things are sub judice we should be very careful.

Sir Chris Bryant: That one is already done.

Chair: I just make the point that parliamentary privilege does not protect us from the sub judice rule.

Oliver Bullough: I think that case is unarguable. I think the particular case to which you are referring was the unexplained wealth order brought against three properties belonging to Dariga Nazarbayeva and Nurali Aliyev, the daughter and grandson of the former President of Kazakhstan. That is done and dusted; it is not sub judice. There were problems with the National Crime Agency's case. However, I think that the difference in resources brought to bear on the case by the National Crime Agency and by Ms Nazarbayeva and Mr Aliyev, who employed Mishcon de Reya on their behalf, was a bit like Manchester City taking on Hereford. I am a proud Hereford boy, but I do not think we would have much of a chance.

Q38 **Sir Chris Bryant:** One of the intrinsic difficulties is that you are dealing with very large amounts of money anyway. As I understand it, one of the advantages of the UK is that you have a property market where you can buy something for £30 million. It might be worth only £15 million, but you have managed to launder £30 million because you now have an asset which is quite difficult for anybody to take away from you. These are very large amounts of money. UK Government Departments do not really want to throw lots of money into a court case that they might lose. Is that right?

Oliver Bullough: There is a slightly hallucinogenic quality to hearing the numbers. We heard about our Expo pavilion, which cost £12 million. That does not buy you much of a house in The Bishops Avenue. That is the money we are prepared to spend in making Britain look good over there, yet the amount of money that comes in the opposite direction is a multiple higher.

In the autumn I was talking to a source about the National Crime Agency's approach to oligarchs. He said: "When investigators present a case to bring against an oligarch, the lawyers have a look and say to the director general, 'The worst case scenario is that this could cost us £1 billion.' If you are the director general and your budget is £800 million that will give you pause for thought." In a nutshell, that is the entire problem. You are fighting with both hands tied behind your back and your

shoelaces tied together, and you are against lawyers who will fight with every penny they have because they are going to lose it anyway.

Q39 **Sir Chris Bryant:** Are public ownership registers in the overseas territories and Crown dependencies essential to winning this, or even taking a further step forward?

Oliver Bullough: It is a necessary step. I am aware that we have referred to many places for which you cannot legislate: Gibraltar, Jersey and the British Virgin Islands, which we will probably come to at some point, but they are all part of the picture. When we talk about the UK we are talking about the greater British archipelago, but many other places are part of the problem.

Part of the issue is that so much of the enabling is done out of this city, not our offshore territories; they are just a stamp on a piece of paper. The enabling and schemes are arranged from here, and the core problem is a failure to invest in our law enforcement capabilities in this country.

Spotlight on Corruption attempted to put a number on how much we spend on tackling economic crime. It came up with a very generous estimate of 0.042% of GDP. We are one of the world's great financial centres and we need to be doing a lot better than that.

Professor Heathershaw: It is important to say that this is not just about foreign policy towards central Asia; this is a matter of the rule of law in the UK. Do you want your courts to be subject to power relations in central Asian states, or anywhere in the world for that matter? If you are before the courts you should get an impartial hearing regardless of your political standing, so there is a necessity perhaps for some tweaks to the law.

The Economic Crime Bill is currently before Parliament and is making some tweaks in that area with things like corporate criminal liability and anti-SLAPP measures, so it is easier to talk about this and break through that veil of offshore secrecy.

There are one or two other things at the margins around things like whether you can classify kleptocracy as a form of organised crime in itself so that you do not get ridiculous statements such as an English High Court judge saying, "Notwithstanding his criminality, Rakhat Aliyev is a successful businessman," which is totally absurd if you know anything about central Asia. I am afraid I used the term "useful idiots" in the written evidence that Alex Cooley and I submitted. We should not have English judges and lawyers making statements like that without any kind of accountability, credible expert witness statements around it and a National Crime Agency with a capacity to fight. Again, we are promised more resources for an economic crime fighting fund, and that is part of the conversation around the Economic Crime Bill, too.

Oliver Bullough: Obviously, the most important case related to central Asian kleptocracy in the UK courts is the unexplained wealth order in relation to Dariga Nazarbayeva. Her father, Nursultan Nazarbayev, the long-term President of his country and the creator of the entire system in Kazakhstan, is mentioned only once in the judge's ruling, and the judge spelt his name wrong. It strikes me that that is a fairly strong indicator of how little thought the NCA made the judge put into the political set-up in Kazakhstan, which is absurd in the context of what the case was.

Professor Lasslett: I suppose that one of the challenges—this goes back to the point made earlier—is the AML system in the UK. The first problem is that it relies on the private sector to do a lot of policing. That is not necessarily a role that the private sector wants and it is not one that they are particularly good at doing, but they also have a conflict of interest. They want to secure ultra-high net worth individuals as clients, yet they have been given a mandate by Government to detect risk of corruption and financial crime and report that. If we consider the skills and conflicts of interest at our frontline in the fight against corruption, that is a worry. If they do their job properly, which a lot do and take very seriously, they file their SARs and there simply is not the capacity sufficiently to process the volume of suspicious activity reports being made.

In the select number of cases where something is done, you have the problem of asymmetries of power where you have a Government agency that has fairly meagre resources compared with some of the people it is up against. That is a pretty challenging situation in which to be and a lot needs to be thought about.

Professor Heathershaw: Before the problem of corruption, the way to deal with the problem of enablers is corporate criminal liability. If you are a partner in an accountancy firm and you pass off books where anyone doing a detailed analysis can see corruption going on, you are criminally liable for that.

After the fact of corruption, there are ways to incentivise the private sector to get involved in confiscating and returning assets by allowing them, for example, some cut in those assets. It is very controversial, but if you want to incentivise the private sector that is how to do it.

If you partner that with giving NGOs legal standing to bring some of those asset recovery cases and work with the private sector, which is getting a small cut, you can get the potential for asset recovery to take place. That has been used in some other countries. There are things that can be done by just small tweaks, enabling the power of the private sector to work against those that other parts of the private sector, or even sometimes the same companies, have been facilitating themselves.

Q40 **Sir Chris Bryant:** Have we been slower than other countries, or is it just that we are more exposed?

Oliver Bullough: We are much better at laundering money than most places; it is a core industry. Often, comments are made about how the European Union is much more serious about tackling money laundering than we are. That is not true. It is just not as good at it. We are more exposed, but it is something we have allowed to happen over the course of many decades.

This cannot be solved by a piece of legislation, by a small regulatory change or better anti-money laundering supervision of professional enablers; it requires years of work and hundreds of millions of pounds of investment. If you look at the damage that corruption did to Ukraine and the ability that gave to Vladimir Putin to undermine Ukraine, we have the opportunity to prevent that from happening to other countries. We can help to protect central Asia from corruption simply by not accepting the money. There are no rivals to London as a centre for criminal money.

Q41 **Sir Chris Bryant:** Does anybody check whether an estate agent has done the due diligence?

Oliver Bullough: Estate agents are supposed to, but lawyers would be expected to check that money and bankers would be expected to check that money, but when you get to the very top end of the income distribution the potential fees available for not checking are a very strong incentive for not checking, particularly if there is approximately 0% chance of being caught.

Q42 **Graham Stringer:** You have made a pretty devastating case of sins of omission and blind-eye policies from the UK. To be clear, is it just not doing anything, or is there active collaboration and co-operation from the state in this country?

Oliver Bullough: Personally, I am not a conspiracy theorist. I think that a bad system beats a good person every time. I do not think that a conspiracy is necessary. We have created a sufficiently potent system that can corrupt almost anything when it comes to the movement of money, because we do not check where money comes from. We provide exceptionally good wealth-shielding devices in the form of our own companies and companies sold by our shell companies. We have extremely competent lawyers and accountants ready to shield money and bring the legal cases to which Kris referred against anyone who exposes them.

In the context of central Asia, a fund set up by Nursultan Nazarbayev brought a case against journalists for openDemocracy for writing about the origin of the money in that case. There are many, many small pieces that added together create a very potent system to shield wealth, wherever the wealth comes from.

Q43 **Saqib Bhatti:** Thank you for your fascinating history. I am still not quite clear about: why us? You talk about a bad system. For example, why is the European system better? Is there best practice on which we are

missing out? Can you elaborate a little?

Oliver Bullough: The dirty money that flows through London is a fraction of the money that flows through London. The best place to hide dirty money is in clean money. It is a function of the fact that London is a world-class financial centre. That means it is also a world-class criminal financial centre, but we do not resource law enforcement checking the movement of money in a world-class way. We are resourcing law enforcement as if we are an ordinary European country, yet we are moving money as if we are a world-class financial centre. That is the problem in a nutshell.

Q44 **Saqib Bhatti:** In your view, is it inevitable that we, being a global financial centre, are picking up some of the money?

Oliver Bullough: Absolutely not. It is perfectly possible to have a far better resourced financial system and a more coherent anti-money laundering regulatory system, but there are many pieces to this jigsaw. Whatever we do, it will take a long time because the system has had so long to be bad that it will take a long time to make it good.

Q45 **Saqib Bhatti:** Who does it well?

Oliver Bullough: When it comes to enforcement, the Americans do it well; when it comes to transparency I would say there would be lessons to learn from Ukraine, Latvia and perhaps New Zealand, but no one is really doing a great job.

Professor Heathershaw: I think it is fair to say that there have been big steps forward around transparency in the past few years and around company and property ownership, but that in itself is not enough without having the enforcement capacity. What makes Britain distinct is that you have a global financial centre in London and British offshore jurisdictions, or British overseas territories. The only equivalent to that in the world is New York and places like South Dakota, Delaware and Nevada, but what they have, as Oliver has just said, is the FBI and Department of Justice. We do not have anything equivalent to that.

There is that imbalance between private sector capacity and state capacity—state capacity is not there. Successive British Governments have not been willing to resource it and build it up, and it takes a long time to do that. When you degrade the state and allow the private sector essentially to self-regulate—for reasons ideological or economic—it takes many years to build back that state capacity. That is how I would understand the problem.

Q46 **Chair:** On enablers, I want you to clarify things for us. When we talk about enablers, we normally talk about accountants, lawyers, estate agents and PR people. Are there any areas of enablement where you feel there is an obvious gap in the public dialogue?

Professor Heathershaw: With my colleagues Tom Mayne and Tena Prelec, I am currently writing a book on enablers called "Professional Indulgences", available in bookshops next year.

Q47 **Chair:** It is not the first book we have heard about.

Professor Heathershaw: We are all self-promoting today.

Oliver Bullough: With the foreword by me.

Q48 **Chair:** Foreword by Oliver—there we go.

Professor Heathershaw: We pick out nine types of enablers. I will not go through all of them now.

Q49 **Chair:** Because then we would not buy the book.

Professor Heathershaw: Exactly. I pick out a couple that are probably worth thinking about.

One is corporate intelligence. There is very little research on that. That is a massively important and ancillary service tracing assets and persons and going after folk. We have heard a reasonable amount about Kazakhstan already. For two or three years it seemed like the primary objective of Kazakh foreign policy was tracing Mukhtar Ablyazov for his crimes and the fact that he stole a portion of money that, perhaps in the minds of those chasing him, other people could have stolen. That is not a national interest; that is an elite set of interests.

How did they do that? It was done partly by employing British corporate intelligence firms to do some of that work. That would be a really important one. You could definitely speak about PR; you could speak about the law around defamation, which is really important. We have heard a little bit of attention paid to residency by investments, which was a thing in the UK until the tier 1 programme was closed down early this year. Therefore, there would be enablers in all those sectors that may get a little less attention than the typical areas that we talk about.

Oliver Bullough: What London is particularly good at is the variety of our enablers. There are many places that can compete with us in particular aspects. When it comes to hiding wealth, Switzerland obviously has a very strong record. When it comes to the spending of illicitly gained money, places like Miami or LA would be very strong, but we are soup to nuts: we are helping to steal the money, hide it, move it and spend it. We are not just a world-class financial system; we are also a world-class art market and private school system. We have very receptive cultural institutions. All of that added together is just a playground for people with money to spend. That might be people with illicit money.

One of the other great parts of our negative enabling, as it were, is the absence of an opposite to enabling. There is no disabling impetus in the British state that prevents enablers being able to enable.

Q50 **Neil Coyle:** None of you thinks that the current Economic Crime Bill, or whatever other powers are there, scratches the surface. Short of doing yourself out of a book, what is it that the state needs to compel those professional services to become disablers rather than enablers?

By way of example, when we have reported on Russian money related to London, in particular, estate agents who operate within my constituency have said, "We jump through every hoop." They feel they are doing this. I have a constituency with 40% child poverty, but also the multimillion-pound Thameside apartments and Georgian townhouses. They feel they are operating within the legal confines, but clearly there are gaps. What should estate agents be compelled to do to make sure they are not using a loophole?

Professor Heathershaw: It is perfectly possible that most of them are doing some form of check. We do not expect an estate agent to have extreme political risk analysis capacity to understand Kazakhstan, but it is not a bad apples phenomenon; it is a structural one, but within that ecosystem certain companies are very happy to take on high-risk clients and know how to get around the rules.

You need to build in a corporate office of criminal liability to deal with such companies. As I understand it, part of the discussion on the current Economic Crime Bill is precisely that. Amendments will be tabled to try to introduce that to the Bill. Obviously, you need to decide whether that is something that you as a Committee feel is really important to recommend to Government.

Oliver Bullough: I also think there is an absence of disincentive. If you have in your constituency 50 estate agents, 49 of whom are doing all the right things and all the compliance they need to do, knowing their customers and turning people away, and one person is not doing that, that person is accruing all the fees. The higher the wall the more valuable the ladder becomes. The problem we have is that those people who are doing the wrong things are simply not being prosecuted. That culture of "whatever", when added together, leads to the movement of this money from places like Kazakhstan to the UK in quite large quantities.

Professor Lasslett: The other side of the coin—we are here talking about central Asia—is that there are enablers in central Asia. That is often not spoken about as much. Words not spoken about are often not in dialogues. I will talk about the place I know—Uzbekistan. What is AML like in that country? Is that the kind of issue the UK can be raising and providing support for? My answer would be yes. It has a lot of experience, expertise and know-how.

If you look at a place like Uzbekistan, AML legislation is parlous; it is from a different era. Some banks, not all of them, are run by money launderers openly. You do not require any great investigative capacity. You can google them and find that they are credibly linked to organised crime and money laundering.

There are international law firms working in-country playing critical roles. There is a really important conversation to be had and support to be provided in helping countries like Uzbekistan significantly to develop and modernise their AML capacity. If they do want to modernise their economies, it is critical that they have state-of-the-art AML processes.

We know that a lot of pressure can be put on countries to modernise their AML. It has been successful through FATF and other organisations. We have talked about Companies House. It is certainly not perfect, but it is one of the better corporate registers.

Q51 **Chair:** It is one of the better ones?

Professor Lasslett: Exactly. There are certainly a lot of places where all you can find out is a company name and registered officer. That is all you can find out. In some places you can get a little more information, but it is not in an open-data format so it is very difficult to do much investigation. If central Asia is to bring in more inward investment investors who will be discerning about these issues, it will need an open and transparent corporate register. Those are the kinds of areas where the UK has expertise and can support in-country.

Q52 **Liam Byrne:** We do not need to look very far to see some of the relationships between allegations of various serious organised crime in central Asia and this country. ENRC is currently being sued by the Serious Fraud Office. It was recently exposed as having used Diligence International and an unregulated corporate intelligence officer to spy on its former lawyer.

Timur Kulibayev was accused of skimming tens of millions of pounds off the ETK pipeline deal and I think afterwards was allowed to buy Prince Andrew's house.

Mohamed Amersi, whom many of you know very well, was accused by "Panorama" recently of enabling Gulnara Karimova's significant illegal payment. He is still a pretty active political figure here in the UK.

Are we using sanctions policy forensically enough to take out enablers of central Asian kleptocracy?

Professor Heathershaw: There have been no sanctions designations against central Asian countries under the global anti-corruption sanctions regime. That should change if you are going to use them in a systematic way, as opposed to what we have, which is a whole rash of sanctions under different regimes for the war in Ukraine.

My understanding is that the Office of Financial Sanctions Implementation prefers to be low capacity, but that has been increased because of that surge. It is something that has been relatively recently introduced. Those kinds of individual-level sanctions have not really been deployed effectively yet in central Asia, so the answer to your question has to be yes.

Oliver Bullough: I am not a huge fan of sanctions. I think they are a good response to an emergency but should be a stop-gap measure. Like pressing the boost button on the dashboard of a spaceship, you should use it only when you need a boost; it should not be the default setting.

What we need is a regulatory and law enforcement system that is up to the task that we can then use sanctions to augment if there is a moment of crisis, as has happened in Ukraine.

The system in central Asia is not in a crisis; it is a chronic system and should be addressed in a careful, deliberate, long-term way. The problem we are seeing in relation to central Asia is identical to that which we see in relation to many other parts of the world: dishonest political elites bringing large quantities of money into this country with the help of our enablers, whether they are from central Asia, Nigeria, Malaysia or wherever.

Q53 **Liam Byrne:** Many of us were together for the long hours spent on the Economic Crime Bill, which is currently going through the House of Lords. Do you want to spell out for the Committee the way you arrived at the Bill's shortcomings and the amendments that perhaps the House of Commons should review when it comes back to us? Give us your top three measures.

Oliver Bullough: Companies House has been a massive problem for a long time. The fact that Companies House has not been able to verify information has allowed ludicrous holes—people called Stalin owning companies—and the genuinely grotesque misuse of UK corporate structures. Hopefully, that will end.

I do not see any sign, however, that the Government are prepared sufficiently to resource Companies House to the extent it needs. I do not know why a company has to cost £12. I do not think it would be an obstacle to set up a company for £50. Certainly, £50 would allow a lot more due diligence to be done. Last year 750,000 companies were set up. That needs a lot of people to do due diligence on that. That is an issue.

Going further back to the Economic Crime Bill last year, it was very good at imposing transparency on shell companies owning property in the UK. That has been a major tool used by kleptocrats to hide their ownership of UK property. Two and a half times more trusts are being used to own property in the UK than there are companies. That is untouched. That is not public information and it needs to be taken far more seriously.

I say again and again that it is not really about legislation; it is about enforcing the legislation that already exists. Unexplained wealth orders were launched with huge fanfare in 2016-17 as McMafia laws because of the TV show going out at the time, but where are they? If you talk to NCA officers now they say they just use account freezing orders instead because UWOs are too expensive and unpredictable.

Q54 **Liam Byrne:** Does anyone else want to add to Oliver's shortlist? You have touched on corporate liability.

Professor Heathershaw: I touched on that.

Q55 **Liam Byrne:** Do you want to throw in something about donations to UK political parties? That is a measure in the National Security Bill, but at the moment you do not need to earn the profits in the UK to make £1 million worth of donations to UK political parties.

Professor Heathershaw: It takes me a little bit away from my expertise, but it does seem to be an anomaly to me. The fact that you can do that by being a Commonwealth citizen without being based in the UK, or you can do so for a company that does not have a great deal of real economic activity here, means these are weaknesses that presumably would require legal change elsewhere.

I think that corporate criminal liability is important. I think the anti-SLAPPs amendment is worth considering. The Government said that maybe they would legislate elsewhere for that, but it is difficult. Certainly, when I am involved in briefing Government I am often talking to multiple departments. When you speak to the FCDO, they say, "That's really more for Justice, Home or Education." I see across Whitehall real challenges. There could be other Departments involved.

Q56 **Liam Byrne:** That is a really important conclusion for this inquiry. There needs to be a whole-government strategy for tackling the kind of kleptocracy that we might be trying to police.

Professor Heathershaw: Yes. Across Whitehall there is an illicit finance group, which seems to have become more functional and active in recent years, but addressing this is a real challenge given the way the state is organised.

Q57 **Liam Byrne:** Kris, do you have anything to add briefly?

Professor Lasslett: No.

Q58 **Henry Smith:** Professor Heathershaw, we talked a few moments ago about sanctions. There is widespread abuse of sanctions in Russia, Iran and Kazakhstan. What is the nature of that in your view? Is it driven by mixed ideology, by corruption or by a mix of those things?

Professor Heathershaw: I refer back to the previous panel. There will be no decoupling from Russia, as Annette Bohr said. For Kazakhstan, there is a need to tread a fine line and not be seen egregiously to allow the re-export of goods or its tech centre to be a place where Russian companies can set up to avoid sanctions. At the same time, it does not want to be pushing back against Russia and inhibiting Russia.

Thinking of central Asian states as swinging a political pendulum west or east is the wrong way to look at it. Central Asian states can neither

decouple from Russia nor decouple from western financial services or the west.

It is quite interesting at the moment. I think that this week the EU will say that it will allow measures against persons and entities that are enabling the evasion of sanctions, but what is behind that? Are you really ready to go after Chinese companies and Turkish companies? It may be less significant, but it would be a bombshell in central Asia if you went after Kazakh or Armenian companies. That is a real question because obviously re-exporting is going on.

Q59 **Henry Smith:** You mention Armenia. How widespread is this in other central Asian states?

Professor Heathershaw: Armenia, Kazakhstan and Kyrgyzstan are all in the Eurasian Economic Union, which means that essentially they are part of a single customs union and market, in a sense, with Russia and Belarus, which are sanctioned. From a logical point of view, there is not a lot standing in the way of the movement of goods from their territories to those of Russia and Belarus, so you can see why the question is being asked. There is an EBRD paper from a couple of months back that looked at economic data. It is fairly obvious that there is a great deal of re-exporting of goods going on.

Q60 **Henry Smith:** What is the UK's perspective? What do you think the UK can do?

Professor Heathershaw: It is hard to say. I think it would be a diplomatic nightmare even to raise the possibility. For anybody listening, I am not doing it and I have no power to suggest it at all, but thinking about extending sanctions, say, to other members of the Eurasian Economic Community would alienate those states.

It is a bit of a conundrum, but from an economic and policy perspective how can you put serious barriers in place for goods that are in Kazakhstan going on to Russia? I hope that the behind-the-scenes conversations around the meetings James Cleverly had in Astana were about what can be done practically to limit this flow and make sure that the most high-value tech items, dual-use goods and that kind of thing are not going on in a proportion that will be seriously fuelling this war, because the private, behind-the-scenes conversation should be, "We want this war to end. Don't you also, Kazakhstan and Kyrgyzstan, want this war to end? Isn't it bad for you, too?" For me, that is the delicate diplomatic balance, which I have never been especially good at in my profession.

Oliver Bullough: There was a piece in the *FT* last month about a British-registered limited liability partnership called Mykines Corporation, which had shipped hundreds of millions of dollars-worth of high-tech products to Russia in violation of UK sanctions. It was owned by two BVI companies. The person with significant control was a Ukrainian who was

identified as a construction worker and probably had nothing to do with the company.

If we wish to prevent things like that from happening, we clean up Companies House. There are many things we can do that are of no great glamour, but when you get down to it, if we stop providing the tools and getaway cars being used to move stolen wealth around the world, we will be doing a lot of good.

Q61 **Sir Chris Bryant:** Can I ask about two individuals, one of whom is an Uzbek Russian: Alisher Usmanov? My understanding is that in September or October 2021 the Home Secretary wrote to him to say that he was not welcome in the country because his presence here would not be conducive to the public good. The board of Everton were told that and had a copy of that letter. How on earth was it proper for Everton to keep on taking money from Alisher Usmanov thereafter?

Professor Lasslett: I would not be able to speak in detail about that because Alisher Usmanov is not someone I have investigated in detail. In the course of my work on the energy sector it has certainly been suggested that he is a critical go-between between President Putin and President Mirziyoyev. He is certainly very close to the President of Uzbekistan. He is one of those people whom it is very difficult to look into, because if you put a tweet about Alisher Usmanov that might be slightly unflattering you will get a legal letter. I know people who have been in that situation. Out of self-preservation, I have not dug deeply into that one.

Professor Heathershaw: If the British Government want to say to a British company or football club that they cannot do business with that individual, they have an instrument to prevent that happening, which is a sanction. I do not know why. That might be the reason.

Q62 **Sir Chris Bryant:** But they did not do it for another six months.

Professor Heathershaw: Yes.

Oliver Bullough: I was very interested to see the proposals from the European Parliament for changes to the sixth anti-money laundering directive, which is currently being debated in Brussels. They proposed including large football clubs in the list of entities obliged to check the origin of money for money laundering purposes alongside accountants, banks, other financial institutions and so on. That strikes me as a good idea.

Professor Heathershaw: It is certainly a sector that needs better regulation.

Q63 **Sir Chris Bryant:** I think that in 2020 Roman Abramovich was told that he could not come to the UK by the Home Office, yet he was not sanctioned until after the second invasion of Ukraine. It just feels as if the left hand either does not know what the right hand is doing or it is

choosing to ignore what the right hand is doing. That is a problem of the state.

Professor Heathershaw: It is. As we have already said, sanctions are a blunt instrument and can be challenged in court. I assumed that was part of the rationale for not pushing ahead with such a sanction in that case and probably many others. The risk calculation has changed somewhat since February 2022.

Professor Lasslett: To give a specific example of the challenge, a very powerful figure in Russia is Gennady Timchenko, who is sanctioned, yet the company to which I referred as being critical in capturing Uzbekistan's gas is ERIELL, which is headquartered in Jersey. If you go to the Jersey Financial Commission's website to see who owns ERIELL, you can trace it back to Bakhtiyor Fazilov, an Uzbek national, Gazprombank and a Russian shell company. It was through dragging the details of that Russian shell company that we were able at least to make the assertion publicly that it is linked in multiple ways back to Gennady Timchenko.

You have examples here of ERIELL and its various tentacles; it has all these associate companies. Since 2016, it and the consortium of which it is part have seized the lion's share of gas and oil interests in Uzbekistan. In the space of four to five years it has seized a huge chunk. It is financed by Gazprombank. On the board of ERIELL is Alexey Matveev, the Gazprombank's sanctioned executive. These companies are still able to do what they do, even though they have clear links back to sanctioned individuals. There does not appear to be any material disruption or disruptive effort.

Q64 **Sir Chris Bryant:** I gather that Uzbekistan pretty openly lobbied the EU to have the sanctions on Usmanov lifted. I am guessing that they probably did the same for the UK because there would be almost more at stake in the UK than in the rest of the European Union.

Professor Lasslett: The other point to make here, which rows back slightly to the previous panel, is that when you have kleptocracy and secrecy structures you look at what openings they create and for whom. Certainly, in Uzbekistan it has helped protect kleptocrats inside the security services, who remain very powerful. Arguably, they are still the most powerful sector of society. With whom are they allied? They are allied most closely to Russia and the Kremlin, because that is where they have been historically linked; that is where they got their training and leverage from. When we talk about kleptocracy and corruption, it is not just about financial crime; it is about geopolitics, and these structures give certain geopolitical actors much more leverage and capacity inputs than others.

Q65 **Chair:** Before the end of this session I put a final question to all of you. First, are there any specific asks you would make of Government specifically when it comes to central Asia, or beyond the topics we have discussed?

Secondly, we are all very aware—you have touched on it today—that autocrats and kleptocrats have industrialised transnational oppression with the goal of silencing anyone who seeks to expose their ill-gotten gains and how they spend them.

I thank you for acting in the national interest. I know they have tried to burden you so greatly that you will be silenced so you cannot speak. I thank you for the work that you do. Can I also encourage you, when you respond to our final question, to make any points you wish to make under parliamentary privilege on the important point that we as MPs do everything we can to make sure you do not feel you are being silenced?

Oliver Bullough: It feels to me that for a long time the UK has had two foreign policies. One foreign policy is being run by the Foreign Office, DFID and now the FCDO, which is pro-democracy, pro-prosperity and pro-transparency. Simultaneously, there has been a second foreign policy run by the business department of the Treasury, which has done the opposite of that. By encouraging as much money as possible to flow into the City of London, it has empowered the enemies of democracy and prosperity and harmed the people who should be our allies.

To me, it is crazy that there is not a recognition that these two foreign policies are not just separate but run directly counter to each other, and that the impact of the one harming democracies is infinitely greater than the one that is beneficial to democracy.

We could cancel our entire foreign aid budget tomorrow and as long as we stopped laundering the proceeds of corruption we would be doing more by doing so. I firmly believe that. However, if we were to maintain our foreign aid budget and prevent the proceeds of corruption from flowing through the City of London, we would be doing so much good.

To use a ghastly jargon term, a joined-up response to foreign policy from Government, looking at all the outward-facing agencies, taking them all together and trying to assess all their impact in one go, all the way from the Serious Fraud Office and National Crime Agency at one end and the FCDO at the other end, could have an outsized impact on the world.

Britain is a world-class financial centre. If we clean up our financial centre, our impact will be on a global scale. I think that is something worth fighting for.

Professor Lasslett: Speaking again about Uzbekistan, what I have observed of UK policy on the ground and from speaking with our diplomats over there, the priority has tended to be on building and maintaining good relations with the Mirziyoyev Government. In order to do that, certain topics cannot be broached. That has been said to me explicitly. They will just not be broached. I am speaking specifically about corruption—corruption at a grand level. Those topics are not raised. There was one senior diplomat. I do not know whether that is true of everyone, but certainly that was the impression given to me.

The focus has been on applauding the reforms around professionalising the public service, opening up the markets and modernising the market legal structures. The hope appears to be that, if you maintain good relations, you help solidify some of your security interests and maybe get a few opportunities for British investment in the country from the opening up of the economy.

What could usefully be emphasised but is not is, first, supporting and enabling the environment for civil society. One of the first questions today was about how people on the ground feel. A lot of people in Uzbekistan are outraged. If you want to learn about Uzbekistan, do not read newspaper articles; read the comments. You will see one of the most informed populations in the world who are acutely aware of how their Government is run and in whose interests it is run, but they do not have the freedoms to speak out; they do not have a free media. There are journalists who want to speak out but cannot. You cannot register an NGO.

I think that putting much more emphasis on supporting the brokers of democracy, which would be civil society, would be one of the best anti-corruption tools.

At the same time, I understand that good relations have to be maintained. You need to work with those in power, but there are also ways in which that can be done that further the enabling environment for civil society, not just through its protection but, as we said before, greater levels of transparency and corporate transparency with corporate registers with historical filings. That would allow activists and journalists to do more of the work they want to do as long as they are being protected.

These are the priorities that could usefully enter much more at the forefront of UK policy in places like Uzbekistan. In doing so, it will also help to create an environment more generally that is hostile to some of the more nefarious geopolitical actors, shall we say, and one that hopefully will be more positive to those who come in with more altruistic aspirations.

Professor Heathershaw: They are great points. I am going to respond to your invitation to say the kinds of things that I may perhaps otherwise be somewhat afraid to say in public.

As some of you here know, two individuals challenged our Chatham House report on the factually and substantially true content of it. One of them, Dmitry Leus, succeeded in having his name completely removed from that report.

There were several things going on there. We were making factual claims. It was the case that he had been convicted of money laundering and that that claim had been struck out; it was the case that he had engaged in activities that would be widely considered as reputation

laundering. We were not making claims about him being an agent of any state; we were making factual claims.

What would I expect from that in a more ideal world from Government and maybe the kind of non-state actors that are linked to Government or can be messaged to by Government? I would expect political parties taking money from someone like that to say, "If you are to behave like that to a major British thinktank and a group of researchers, we do not want your money; we will give it back."

I expect the regulators of solicitors, the Solicitors Regulation Authority, to say to companies that act on behalf of such individuals and their meritless claims that they are not abiding by the principles of the SRA of integrity, honesty and independence.

I expect some Government messaging to universities to stand behind their research that has been through ethics committees and is being published, and for thinktanks to stand behind the research they commission and is legally reviewed, because I think errors were made in our case across multiple institutions and individuals.

Chair: Could you repeat the individual's name?

Professor Heathershaw: Dmitry Leus.

Chair: Thank you again for all the work you are doing. Wish us luck next week. We thank you very much.