

Evidence submitted by Professor John Heathershaw and Professor Alexander Cooley (ECA0010)

1. John Heathershaw is Professor of International Relations at the University of Exeter. Alexander Cooley is Tow Professor of Political Science at Barnard College and former director of the Harriman Institute at Columbia University of New York. Together, we wrote *Dictators Without Borders: power and money in Central Asia* (Yale University Press, 2017).
2. The remarks below directly address the questions of the inquiry and focus on those areas of political economy and security in which we possess expertise. They are synoptic and lightly referenced. A great deal of additional detail may be provided to the inquiry on request including in the form of published papers and oral evidence if required.

What are the key challenges facing the region and its people in the coming decade and what implications do these have for UK foreign policy?

3. The Central Asian region possesses greater human capital – a more educated and literate population – than many other regions of low and middle-income countries due to its experience of the Soviet Union. However, this recent history also presents enormous challenges: neocolonial relationships with Russia and a track record of exploiting the environment for modernization purposes. In addition, there are new challenges: increasing risks of economic dependency on China; the effects of climate change – receding glaciers, water stress, hotter and drier summers.
4. Central Asia is rich in resources but absent of democratic institutions. This is the political “resource curse” or “kleptocracy” problem where most regimes have enough control of natural wealth to fuel a patron-client structure of power. This has two effects: enduring authoritarian regimes; regime cycles where a “reform” regime quickly reinstates the mode of governance of its predecessor. Dynastic forms of rule have been imposed to varying degrees of success across the region. ***Private and public sectors blur; politics and business are entirely intertwined. Elite and “national” interests are sometimes indistinguishable.***
5. Within this basic pattern there is significant variety between the forms of authoritarian-kleptocratic governance. The larger and/or more resource-rich Uzbekistan, Turkmenistan, and Kazakhstan have largely avoided the emergence of sustained opposition and violent conflict; all have seen relatively stable transitions of rule with the January 2022 riots in Kazakhstan – fueled by supporters of former President Nazarbayev – an exception to the rule.
6. By contrast, Kyrgyzstan and Tajikistan are states with fewer “lootable resources” and have seen much more instability; Tajikistan’s civil war of the 1990s continues to reverberate, Kyrgyzstan has seen three “revolutions” (popular coups), and the two have seen violence in their regions and their borders which has an ethnic dimension. There are also regions of the more stable states – Karakalpakstan in Uzbekistan, Zhanaozen in Kazakhstan – which have seen greater instability due to the relative exclusion of their regions and their subordination to the national patron. In all cases, what appears to be identity conflict is shaped by the deep fissures and inequalities of kleptocratic systems.

7. The fundamental problem ***for the UK is that it is not outside these kleptocratic systems of power but has been a key node for Central Asian capital flight and a leading enabler of its corrupt elites.***¹ Niche providers of British financial and legal services who take on high-risk clients have profited from these relations; but major banks and law firms have been involved too. Overall, Britain as a state appears a “useful idiot” to Central Asian elites. As Western academics working in and on Central Asia for more than twenty years, we have lost count of how many times acerbic comments have been made about the contradictions and hypocrisies of British foreign policy. On the one hand, the FCDO preaches the rule of law and anti-corruption. On the other hand, British professional services hide and secure the ill-gotten gains of power for the region’s political-business elites.
8. For example, in the so-called “blind faith” of the tier 1 investor visas from 2008 to 2014 – where more than 90% of applications were accepted with little or no checking from the Home Office – Kazakhstan was one of the most common countries of origin for applicants proportionate to population size. There were 58 applicants during this period and perhaps over 200 during the whole period of the scheme until it was suspended in 2021 and later cancelled amid security concerns. As Kazakhstan is a country where just 162 people own 55 per cent of the wealth, ***it is likely that a significant proportion of Kazakhstan’s kleptocratic elite made their second home in the UK.***
9. Not only does this situation make a mockery of “British values”, but it also rarely serves a strategic interest. In terms of “realpolitik”, there is an evident contrast to the United States. The US will very occasionally pursue insiders of states with which it has diplomatic relations when they are in power but will use its extraterritorial and enforcement powers to go after the assets of former insiders when they have become exiles and targets for their governments. And yet it is often the UK which plays host to these elites and their assets: Maxim Bakiyev from Kyrgyzstan, Gulnara Karimova in Uzbekistan, and the Nazarbayev family assets from Kazakhstan. In each of these cases, ***little or no successful action has taken place in Britain.***
10. The case of Mukhtyar Ablyazov who lost his right to remain in the UK, had his assets traced by the order of the English courts, and was tracked across Europe by British private intelligence firms is an exception to this rule – and one which indicates the perils of asset recovery led exclusively by the private sector. More generally, our data on property owned by post-Soviet elites shows that there is no “alliance effect”: the exiled enemies of partners (e.g. Kazakhstan) are not more likely to be subject to successful civil recovery against their assets than the exiles of the enemies of the UK (e.g. Russia). However, this does not denote the triumph of the rule of law. ***Incumbent and corrupt Central Asian elites effectively operate with impunity in the UK real estate market*** with no known cases of successful civil recovery against them.

What are the opportunities and risks of the UK strengthening its partnerships with Central Asian states in areas of mutual interest?

¹ <https://www.chathamhouse.org/2021/12/uks-kleptocracy-problem>

11. There are no easy answers to the kleptocracy problem outlined above. It will take the UK years to make the appropriate amendments to law and to build up the enforcement capacity to prevent its professional services from laundering the monies and reputations of elites from states, such as the Central Asian states, where grand corruption and state capture are rife. In the meantime, it is necessary to signal to Central Asian elite (and corrupt elites the rest of the world) and their British enablers that the period of little effective oversight and regulation is at an end.
12. Such signaling can be achieved by some successful prosecutions which allow the UK to recover and return the assets of former insiders and hold professional enablers to account. The Proceeds of Crime Act (2002) and subsequent legislation including that with respect to the Global Anticorruption Sanctions (GACs) and Unexplained Wealth Orders (UWOs) provide plenty of tools for well-resourced enforcers.
13. A case such as NCA vs Baker, where the National Crime Agency was defeated in its Unexplained Wealth Order against the assets of Dariga Nazarbayeva and Nurali Aliyev, daughter and grandson of former Kazakh president Nazarbayev, must not be allowed to happen again.² The evidence of the links between their assets and those of criminal origins of Rakhat Aliyev – the deceased ex-husband of Nazarbayeva and father of Aliyev – was manifold and the case perfectly winnable. Mishcon de Reya, in defence of Nazarbayeva and Aliyev, ***demonstrated that the UK private sector often has far greater capacity to enable kleptocracy than the British government does to disable it.***
14. Of these challenges of addressing kleptocracy, one of the greatest is that of asset recovery. Following the political violence of 2022, the Tokayev government has made asset recovery from members of the old regime a priority. Inevitably, this will be inconsistent and “unjust”. Some elites will be too big to challenge. Others will cut deals with the new regime to protect some of their assets and share some with the new regime, allowing them to fuel their own patron-client structures of power.
15. However, by working with Kazakhstan to tackle some of the more egregious cases – such as those mentioned in parliament by Dame Margaret Hodge MP in February 2022 – a sense of insecurity for kleptocrats and the beginnings of accountability can be achieved. The UK government may prioritise mutual legal assistance for Kazakhstan and look at setting up a bespoke asset recovery mechanism to the benefit of civil society (media, education, etc..). Elge Qaitaru Public Fund and the Kazakhstan Initiative on Asset Recovery are initiatives of Kazakh business, civil society and exiled oppositionists to recover assets offshored during the Nazarbayev regime. Elge Qaitaru at least may have the tacit approval of President Tokayev. During his inauguration speech on 26 November, Tokayev explicitly prioritised, “returning all the assets illegally withdrawn from the country” and stated his government would be preparing a law to that end.³ Current Foreign Secretary James Cleverly was the minister responding to Hodge, promising her that, “my officials, and indeed the House, will have taken note of the individuals she highlighted in her speech”.⁴

² <https://ace.globalintegrity.org/wp-content/uploads/2022/03/CriminalityNotwithstanding.pdf>

³ <https://www.akorda.kz/en/speech-by-the-president-of-kazakhstan-kassym-jomart-tokayev-at-the-inauguration-ceremony-26102635>

However, thus far, the UK has taken no public measures to either introduce sanctions, Account Freezing Orders (AFOs), UWOs or civil recovery procedures against any of these individuals.

16. These asset recovery cases with Kazakhstan may provide test cases for a wider global effort. This will require the UK government to harness the power of its private sector and civil society, both of which are world-leading in this area. In particular, it should ***give civil society the legal power to act through asset recovery and incentivise private asset recovery***. This might include closer engagement with the private sector and allowing them a cut in asset recovery. The sector which made money from enabling kleptocracy also makes money from countering it. Seizure procedures and civil recovery orders do exist but are under-utilised. Minor tweaks to the law, such as recognising kleptocracy as a form of Serious and Organised Crime in a manner similar to anti-mafia laws. In addition, new regulatory measures, like forcing sanctioned persons to disclose their assets, would make the job of the private sector and civil society asset recovery easier.
17. Beyond asset recovery, a wider series of tweaks would make UK engagement with Central Asian elite more conditional and thus more effective. Britain should not reintroduce an investor-visa scheme without robust checks by the Home Office on politically exposed persons (PEPs). British ambassadors should refuse to participate in shadow networking groups such as the British Kazakh Society through which reputation laundering takes place. It should make PR and reputation management firms declare their clients on a foreign influence register. The government should tweak the Defamation Act to protect British journalists and researchers exposing corruption by limiting defendant costs and ensuring an early hearing where the case may be dismissed on public interest grounds.

Where do the relationships between Central Asian states and neighbouring countries, including the People’s Republic of China and the Russian Federation, pose challenges for UK foreign policy, and where do they provide opportunities?

18. Central Asia faces to risk of dependence on China for inward investment and export markets, and in some cases – especially Kyrgyzstan and Tajikistan – of becoming economic client states of China over the longer term. With respect to the informal economy and labour, Russia remains a hugely important partner. Kyrgyzstan, Tajikistan, and Uzbekistan are all major sources of labour migrants for Russia, with Kyrgyzstan and Tajikistan having long term dependencies on remittances. Kyrgyzstan and Kazakhstan are members of the Eurasian Economic Union allowing free movement of labour, some common standards, and tariff-free imports and exports. An EBRD study found that, since the widespread sanctions imposed on Russia following the invasion of Ukraine, Kyrgyzstan and Kazakhstan – along with Armenia – provide ***re-export services for Russian sanctions evasion*** through the EEU.⁵ EU and US exports have also soared to Tajikistan since the invasion, suggesting that it also serves as a conduit for the re-export of goods to Russia.⁶

⁴ Column 574: <https://hansard.parliament.uk/commons/2022-02-03/debates/41000B02-86AB-499E-8547-0F5AA84611B0/KazakhstanAnti-CorruptionSanctions>

⁵ Maxim Chupilkin, Beata Javorcik and Alexander Plekhanov, “The Eurasian roundabout: Trade flows into Russia through the Caucasus and Central Asia”, EBRD: February 2023, <https://www.ebrd.com/documents/oc/e/the-urasian-roundabout-trade-flows-into-russia-through-the-caucasus-and-central-asia.pdf>

19. In the security realm, Kazakhstan, Kyrgyzstan, and Tajikistan, as long-standing members of the Collective Security Treaty Organisation, all face pressure from Russia to stay within its 'sphere of influence'. The CSTO first overseas intervention took place at the request of the government of Kazakhstan in order to reimpose order following the uprisings and riots of January 2022. **No Central Asian states have moved decisively away from Russia during the war but none have taken an explicitly pro-Moscow stance.** All voted against the removal of Russia from the UN Human Rights Council while all abstained on the UN General Assembly motion to condemn Russia for the invasion. Tajikistan is the only country that is a signatory state party to the International Criminal Court, but it is extremely unlikely that it would uphold its obligation and arrest and indicted Russian officials.
20. These Central Asian states, along with Uzbekistan, are also members of the Shanghai Cooperation Organization, that includes Russia, China and, since 2017, India and Pakistan. China also exerts security influence through small security facility in Tajikistan, increased joint exercises involving the PLA and Central Asian militaries, and the expansion of Chinese private security companies that advise and safeguard Chinese companies involved in the Belt and Road Initiative. This influence ensures zero criticism from Central Asian governments when it targets their co-ethnic person in Xinjiang, and deep compliance by Central Asian states in going after Uyghur political movements and human rights groups in Central Asia. Both Russian and China affirm regime security above all, including in their recent summit.⁷
21. Russia's regional ties have been extremely important since their 2022 invasion of the Ukraine as new communities of Russian exiles have been able to take advantage of visa-free travel and the right of temporary residency to continue their businesses in Central Asian states while avoiding sanctions. In the tech sector, Armenia has seen the most Russian company relocation but there are also significant concentrations in Kazakhstan (Astana Hub alongside the Astana International Financial Centre), Kyrgyzstan (High-Tech Park), and Uzbekistan (IT Park). The UK has significant interests here, especially in the Astana IFC which applies UK common law system. Central Asian states have offered new residence regimes to attract Russian professionals including 5-year visas, tax-free (Kazakhstan), Digital Nomad Visas (Kyrgyzstan), and the TashRush Relocation Programme (Uzbekistan). **The UK government may also seek to attract Russian tech professionals as exiles via partnerships with these Central Asian tech hubs.**
22. Kazakhstan appears to be the one of the five states which has been most consciously distancing itself from Russia. Irregular polling suggests public opinion is divided about evenly on whether Russia or Ukraine and the West are responsible for the war. While it has not joined Western sanctions, its companies are fearful of being caught by them. There has been a reduction of Kazakhstani oil in the Caspian Pipeline Consortium (which includes Russian oil) and a major reduction in Eurasian Rail transport through Kazakhstan to Russia with over 1 million containers diverted to maritime cargo. Tokayev says Kazakhstan will never recognise the independence of Donetsk and Luhansk separatist regions (or Kosovo or Abkhazia).

⁶ Ibid.

⁷ "The parties are ready to strengthen mutual coordination to support the Central Asian countries in ensuring their sovereignty and national development, do not accept attempts to import "color revolutions" and external interference in the affairs of the region." China-Russia Joint Statement, March 21, 2023
<http://kremlin.ru/supplement/5920>

Kazakhstan has allowed some anti-war protests while banning others. Kazakhstani civil society was allowed to send two shipments of humanitarian aid worth US\$2.2mn to Ukraine. The government's recent declaration that it will conduct more "real time tracking" of goods to prevent re-export to Russia and avoid secondary sanctions is another move in this direction.⁸ But ***a decisive move against Russia by Kazakhstan is unlikely.***

What is the Government doing to maximise UK soft power influence in Central Asian states?

23. Britain has brand in Central Asia via the royal family, the premier league, and cultural products such as Harry Potter. While these may seem trifling, they give Britain a residual consciousness in the minds of Central Asians as being a world centre – a status not achieved by many similar countries. However, the UK could do much more in three areas with respect to the nebulous notion of "soft power". As the Central Asian states are small in population, modest investments may glean significant mutual benefits.
24. Migration flows are one of the primary vectors of soft power and the engine of pro-poor development. Being desperate for agricultural labour since Brexit, the UK has opened up its seasonal workers scheme for up to 40,000 per year. This includes citizens of four of the Central Asian republics including around 1,000 Tajiks in 2022.⁹ Central Asians can earn far more in Britain and in more secure environments than in Russia. It would be wise for the UK ***to expand the seasonal workers scheme for Central Asians, reduce the risks and precarity and exploitation by better oversight of the scheme, and extend it beyond its current end date of 2024.***
25. A second area is education. UK universities and schools have huge esteem in Central Asia. But overseas campuses and ventures are at huge risk of corruption and violations of academic freedom. Scholarships and academic visiting programme provide a far safer and more beneficial opportunity for Central Asian students and academics to form ties to the UK. We have both seen the value of such schemes in our careers in our hosting of Central Asian students and colleagues. The region of Eastern Europe and Central Asia received just 90 Chevening scholarships in 2020-21 out of almost 1,400.¹⁰ While this may be proportionate, it indicates the need for ***an absolute increase in Chevening scholarships so that small regions like Central Asia may benefit more greatly.***
26. A final area is the media. Cuts to the BBC World Service are one of the more self-defeating acts of foreign policy in recent years. BBC Uzbek and BBC Russian were launched in Central Asia and Caucasus in 1994 with Kazakh and Kyrgyz and then Tajik being launched later. Such services have now been reduced or ended. BBC Persian– which has covered Tajikistan in the past – faces the axe in recently announced cuts.¹¹ It is hard to understand the logic of such cuts to free and independent media in an era in which Russia and China are expanded their state propaganda outlets across the world.

⁸ <https://www.ft.com/content/b4e8c02a-adb5-4148-9b15-c0cf2845fa0f>

⁹ <https://www.rferl.org/a/britain-central-asia-migrants-more-work-expenses/31997221.html>

¹⁰ <https://www.chevening.org/wp-content/uploads/2022/02/Annual-Report-2021-FINAL.pdf>

¹¹ <https://www.economist.com/britain/2023/02/02/the-bbc-world-service-shuts-several-foreign-language-radio-services>

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