



Private Military and Security Companies: Their Global Champions, and Ramifications for the North Atlantic Treaty Organization

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Summary

- Private military and security companies (PMSCs) represent an increasingly common phenomenon that is expected to progressively pose an increasing, albeit indirect challenge to NATO.

- The PMSCs originating in the Russian Federation and the People's Republic of China retain varying degrees of connection to their governments and are used in pursuit of the states' strategic, economic and foreign policy interests abroad. Both countries are increasingly expanding the capabilities and geographical reach of their PMSCs.

- Provision of armed services by Russian and Chinese PMSCs in states with weak democratic institutions leads to the expansion of undue influence on local governments, while the PMSCs' lack of oversight and accountability threatens to destabilize the situation in regions of deployment.

Recommendations

- NATO needs to take into consideration that foreign private military and security companies will continue to be used by potentially hostile governments for strategic competition.

- NATO needs to prepare and reflect that the operational capabilities of foreign, primarily Russian and Chinese, private military and security companies are expected to progressively increase, enabling these troops to provide a wider range of services in a higher number of countries, and face better equipped troops in combat situations.

- NATO needs to adapt and prepare to confront foreign PMSCs' negative ramifications, particularly within the so-called grey zone conflict areas. Increasing NATO's ability to respond politically in a short period of time and to transparently communicate its policy towards these forces on the international level should be among key initial steps.



Introduction

Private Military and Security Companies (PMSCs), or simply military and security contractors, represent an increasingly common albeit far from novel phenomenon, which poses a growing challenge to the North Atlantic Treaty Organization's (NATO) interests in neighboring regions.¹ PMSCs have already operated in more than 50 countries and as of today can be found in the majority of conflict zones around the globe, be it in the Middle East, North Africa, Eastern Europe or Latin America.² Aside from providing direct (para)military support, PMSCs are also used to man checkpoints, guard facilities, provide personal protection and evacuation, carry out intelligence activities, train local forces, or to ensure logistics requirements.³

The purpose of this article is to identify how PMSCs have been utilized by NATO's key strategic competitors on a global scale and draw the resulting implications for NATO's interests and security. This article begins with the provision of deeper insights into the processes, methods, and overall *modus operandi* particularly of Russian and Chinese PMSCs. Subsequently, the article will give several assessments regarding future outlooks and primary ramifications for NATO's Areas of Relevance. In both cases this paper strives to be future-oriented, focusing narrowly on the use of PMSCs for strategic competition in areas relevant to NATO's activities and interests.

1. The Russian Federation and PMSCs – Blurred Lines and Symbiotic Nexus

Over the past decade, the Russian Federation has emerged as one of the world's leading champions of utilizing the full potential that PMSCs have to offer. Although the footprints of Russian military contracting activity can be traced back into the 1990s, the critical juncture – especially on the tactical-military level – appears to have taken place during the annexation of Crimea in 2014.⁴ Here, the Russian irregular formations/military contractors, previously characterized by insufficient capabilities or inadequate command and control (C2) structure, demonstrated themselves to be well organized and capable of conducting effective operations both independently and in conjunction with regular military units.⁵ Since then, reports identifying Russian PMSCs operating around the globe have soared. Following the annexation of Crimea, Russian private military contractors, among which the notorious Wagner Group has arguably become the most prominent, have been re-deployed to other conflict affected areas, such as Syria, where Russian PMSCs aided Bashar Al-Assad's troops.⁶

The trend of the Kremlin's increased willingness to utilize military contractors has been similarly reflected in their recent military adventurism

¹ Kevin A. O'Brien, "PMCs, Myths and Mercenaries," Royal United Service Institute Journal, February, 2000, <https://www.globalpolicy.org/component/content/article/173-sovereign/30555-pmcs-myths-and-mercenaries.html>.

² Peter W. Singer, "Outsourcing War, Understanding the Private Military Industry," Brookings, March 1, 2005, <https://www.brookings.edu/articles/outsourcing-war/>.

³ Tea Cimini, "The Invisible Army: Explaining Private Military and Security Companies," E-ir, August 2, 2018, https://www.e-ir.info/2018/08/02/the-invisible-army-explaining-private-military-and-security-companies/#_ftn6.

⁴ Yuval Weber, "Not So Private Military and Security Companies," CSIS, September 25, 2020, <https://www.csis.org/blogs/post-soviet-post/not-so-private-military-and-security-companies>.

⁵ Sergey Sukhankin, "Unleashing the PMCs and Irregulars in Ukraine: Crimea and Donbas," Jamestown, September 3, 2019, <https://jamestown.org/program/unleashing-the-pmcs-and-irregulars-in-ukraine-crimea-and-donbas/>.

⁶ Sergey Sukhankin, "Russian PMCs in the Syrian Civil War: From Slavonic Corps to Wagner Group and Beyond," Jamestown, December 18, 2019, <https://jamestown.org/program/russian-pmcs-in-the-syrian-civil-war-from-slavonic-corps-to-wagner-group-and-beyond/>.



throughout several African conflict zones. The most notable instances include the conflicts in Libya, Central African Republic, Sudan, or Mozambique.⁷ Although the eventual tasks of Russia-affiliated PMSCs might slightly differ, depending on the individual circumstances of each conflict affected area, they ultimately share several commonalities. The most apparent one is reflected in a Russian intent to utilize military contractors as another realpolitik instrument for promoting its economic interests, strengthening its influence abroad, and the overall buttressing of its ability to compete on a geopolitical level.⁸

1.1 Close Association with Russian Government Structures

One of the key aspects which differentiates Russian PMSCs from their Western counterparts is that the word “private” does not truly apply or, rather, does not fully encapsulate the true nature of their activities. Instead, Russian PMSCs are primarily an amalgamation of both private and governmental interests that cooperate in a somewhat, at times more or less, symbiotic relationship. This has been corroborated for instance by the US Department of the Treasury, which identified the aforementioned PMSC, Wagner, as a Russian Ministry of Defence proxy force.⁹ The interconnectedness between the Kremlin and Russian military contractors can also be recognized by their continuously overlapping interests and even tactical level coordination. The latter became evident particularly in the conflicts in Libya or Syria.¹⁰ Furthermore, such a link is only strengthened by the personal ties some of the leaders, heading Russian PMSCs, have to the Russian security apparatus or high-

⁷ Michelle Nichols, “Russia steps up support for private military contractor in Libya: U.N. report,” Reuters, September 2, 2020, <https://www.reuters.com/article/us-libya-security-un-idUSKBN25T37G>; “Russian group’s 1,200 mercenaries fighting in Libya: UN report,” Al-Jazeera, May 7, 2020, <https://www.aljazeera.com/news/2020/05/07/russian-groups-1200-mercenaries-fighting-in-libya-un-report/?gb=true>; Carl Schreck, “What Are Russian Military Contractors Doing In The Central African Republic?,” RFERL, August 01, 2018, <https://www.rferl.org/a/explainer-what-russian-military-contractors-are-doing-in-central-african-republic/29405290.html>; Tim Lister, Sebastian Shukla, Clarissa Ward, “Putin’s Private Army,” CNN, accessed November 22, 2020, <https://edition.cnn.com/interactive/2019/08/africa/putins-private-army-car-intl/>; “Russian contractors are training the army in Sudan, says Moscow,” Reuters, January 23, 2019, <https://www.reuters.com/article/us-russia-sudan-contractors-idUSKCN1PH23T>; Amy Mackinnon, “Russia’s Shadowy Mercenaries Offer Humanitarian Aid to Clean Image,” FP, July 22, 2020, <https://foreignpolicy.com/2020/07/22/wagner-group-russia-syria-libya-mercenaries/>; Tim Lister, Sebastian Shukla, “Russian mercenaries fight shadowy battle in gas-rich Mozambique,” CNN, November 29, 2019, <https://edition.cnn.com/2019/11/29/africa/russian-mercenaries-mozambique-intl/index.html>; Pjotr Sauer, “In Push for Africa, Russia’s Wagner Mercenaries Are ‘Out of Their Depth’ in Mozambique,” The Moscow Times, November 19, 2019, <https://www.themoscowtimes.com/2019/11/19/in-push-for-africa-russias-wagner-mercenaries-are-out-of-their-depth-in-mozambique-a68220>; Sergey Sukhankin, “Russian Private Military Contractors in Sub-Saharan Africa Strengths, Limitations and Implications,” Ifri, September, 2020, https://www.ifri.org/sites/default/files/atoms/files/sukhankin_russian_private_military_contractors_africa_2020.pdf.

⁸ Margarete Klein, “Private military companies – a growing instrument in Russia’s foreign and security policy toolbox,” Hybrid CoE, 3/2019, https://www.hybridcoe.fi/wp-content/uploads/2019/06/HybridCoE_StrategicAnalysis_3_2019.pdf; Kimberly Marten, “Russia’s use of semi-state security forces: the case of the Wagner Group,” Post-Soviet Affairs Journal, Vol. 35, March 26, 2019, https://www.tandfonline.com/doi/full/10.1080/1060586X.2019.1591142?source=post_page.

⁹ “Treasury Targets Financier’s Illicit Sanctions Evasion Activity,” U.S. Department of Treasury, July 15, 2020, <https://home.treasury.gov/news/press-releases/sm1058>.

¹⁰ Thomas Gibbons-Neff, “How a 4-Hour Battle Between Russian Mercenaries and U.S. Commandos Unfolded in Syria,” NYT, May 24, 2018, <https://www.nytimes.com/2018/05/24/world/middleeast/american-commandos-russian-mercenaries-syria.html>; “Russia, Wagner Group Continue Military Involvement in Libya,” U.S. Department of Defense, July 24, 2020, <https://www.defense.gov/Explore/News/Article/Article/2287821/russia-wagner-group-continue-military-involvement-in-libya/>.



ranking governmental officials.¹¹ Perhaps unsurprisingly then, the progressive rise of Russian military contractors and their deployment abroad has, time-wise, coincided with developments within Russian military doctrine and strategy.¹²

1.2 Reasons Behind the Kremlin's Involvement

The Kremlin's increasing willingness to deploy Russian military contractors abroad is intrinsically driven by advantages these units can provide within the strategic competition with other global actors.

First, PMSCs represent a relatively low-cost instrument which does not add a significant burden to the Russian state budget. This factor is further enhanced by the fact that Russian PMSCs can to an extent contribute to the financing of their own operations. On several occasions Russian military contractors reportedly helped various troops, such as the governmental ones in Syria or Haftar's in Libya, to seize control over oil fields in exchange for a portion of the future output or with the expectation that Russian companies would get a share of the resulting benefits.¹³

Second, utilizing PMSCs provides the Russian government with a considerable amount of plausible deniability, provided the potential links between military contractors and the Kremlin remain obscure, or at least unclear. As a result, the ability of the international community or other global actors to respond effectively is considerably diminished, allowing the Russian Federation to make notable short-term strategic gains.¹⁴ The aspect of plausible deniability is further buttressed by the fact that PMSCs are, as of now, officially illegal under Russian law; thus, making the attribution of their actions to the Russian government much more difficult.¹⁵

Lastly, Russian PMSCs effectively serve as a 'safe' force multiplier, which can significantly boost the necessary firepower, however, without the risk of contributing to the officially reported fatalities of governmental forces. In other words, Russian military contractors represent a relatively expendable force. This can, as a result, spare the government the necessary trouble of explaining the casualties to the public; hence, avoiding domestic opposition to any such foreign operations.¹⁶

1.3 Pitfalls and Future Outlooks

As with almost any instrument used within the world of global politics, even military contractors come with multiple impediments and by no means represent a panacea to all the Kremlin's setbacks associated with its military adventurism abroad. Although the majority of troops within Russian PMSCs reportedly previously had military training or experience, they have so far proved to be effective only against

¹¹ Alexander Rabin, "Diplomacy and Dividends: Who Really Controls the Wagner Group?," Fpri, October 4, 2019, <https://www.fpri.org/article/2019/10/diplomacy-and-dividends-who-really-controls-the-wagner-group/>; Aleksandr Gostev, "Russia's Paramilitary Mercenaries Emerge From The Shadows," RFERL, December 16, 2016, <https://www.rferl.org/a/russia-paramilitary-mercenaries-emerge-from-the-shadows-syria-ukraine/28180321.html>.

¹² "Russian Private Military Companies(PMCs)," Congressional Research Service, September 16, 2020, <https://fas.org/sgp/crs/row/IF11650.pdf>.

¹³ Paul Stronski, "Implausible Deniability: Russia's Private Military Companies," Carnegie Endowment for International Peace, June 02, 2020, <https://carnegieendowment.org/2020/06/02/implausible-deniability-russia-s-private-military-companies-pub-81954>.

¹⁴ Andrew Linder, "Russian Private Military Companies in Syria and Beyond," CSIS, October 17, 2018, <https://www.csis.org/npfp/russian-private-military-companies-syria-and-beyond>.

¹⁵ Anna Borschchevskaya, "Russian Private Military Companies: Continuity and Evolution of the Model," Fpri, December 18, 2019, <https://www.fpri.org/article/2019/12/russian-private-military-companies-continuity-and-evolution-of-the-model/>.

¹⁶ "Russian Private Military Companies(PMCs)," Congressional Research Service, September 16, 2020, <https://fas.org/sgp/crs/row/IF11650.pdf>.



poorly trained or equipped forces¹⁷ – and even in these instances they often struggle to achieve a decisive victory. This was recently well-demonstrated by, for example, the Russian PMSCs inability to confront the so-called Islamic State’s Central Africa Province’s (IS-CAP) insurgency in Mozambique, which eventually led to their withdrawal.¹⁸

Russian military contractors’ operational ineffectiveness stems from their primary reliance on small arms without having access, at least sufficiently so, to more advanced technologies, such as Intelligence Surveillance Reconnaissance drones, artillery support, etc.¹⁹ As a result, it is within the range of probability that in the long-term Russian military contractors will strive to gain access to better equipment, which could provide these forces with increased operational capabilities – eventually allowing them to confront and secure areas protected by better trained and equipped units. Moreover, a new trend of the popularization of Russian PMSCs among the youth has recently appeared, thereby possibly increasing the pool of new recruits.²⁰ In the long-term, these factors only suggest that Russian military contractors are here to stay; with current efforts to potentially further increase their numbers and allow them better access to more sophisticated weaponry.

2. Chinese Private Security Companies

While the People’s Republic of China does not allow for the existence of privately-owned military companies, it has, however, sanctioned the existence of Private Security Companies (PSCs).²¹ These, by definition, provide passive security services, such as guarding the infrastructure, businesses and personnel against theft or acts of violence.²² China legalized PSCs as far back as 2009 and by 2017 their numbers had risen to more than five thousand registered companies, the majority of whom operate domestically and under tight state control.²³ Only about 20 – or possibly 32, depending on sources²⁴ – Chinese PSCs operate abroad, across Africa, the Middle

¹⁷ Michael S. Darnell, “Episode 15: Exploring the murky, mysterious world of Russian military contracting,” Stars and Stripes, July 17, 2019, <https://www.stripes.com/podcasts/force-for-hire/episode-15-exploring-the-murky-mysterious-world-of-russian-military-contracting-1.590696>.

¹⁸ Daniel Sixto, “Russian Mercenaries: A String of Failures in Africa,” Geopolitical Monitor, August 24m 2020, <https://www.geopoliticalmonitor.com/russian-mercenaries-a-string-of-failures-in-africa/>; Jane Flanagan, “Bloodshed and retreat from Mozambique for Putin’s private army the Wagner Group,” The Sunday Times, November 25, 2019, <https://www.thetimes.co.uk/article/bloodshed-and-retreat-from-mozambique-for-putin-s-private-army-the-wagner-group-696tnpzqh>.

¹⁹ Michael S. Darnell, “Episode 15: Exploring the murky, mysterious world of Russian military contracting,” Stars and Stripes, July 17, 2019, <https://www.stripes.com/podcasts/force-for-hire/episode-15-exploring-the-murky-mysterious-world-of-russian-military-contracting-1.590696>; “Russian Private Military Companies (PMCs),” Congressional Research Service, September 16, 2020, <https://fas.org/sgp/crs/row/IF11650.pdf>.

²⁰ Michael S. Darnell, “Episode 15: Exploring the murky, mysterious world of Russian military contracting,” Stars and Stripes, July 17, 2019, <https://www.stripes.com/podcasts/force-for-hire/episode-15-exploring-the-murky-mysterious-world-of-russian-military-contracting-1.590696>.

²¹ The regulation recognized two main types of PSCs; “security companies” and “security companies engaged in armed escorting services”. Sergey Sukhankin, „Chinese Private Security Contractors: New Trends and Future Prospects,” Jamestown Foundation, May 15, 2020, <https://jamestown.org/program/chinese-private-security-contractors-new-trends-and-future-prospects/>.

²² It is important to note, however, that the definitions of PMC and PSC are still mired in grey areas of legal ambiguity. Alessandro Arduino. “The Footprint of Chinese Private Security Companies in Africa”. Working Paper No. 2020/35. China Africa Research Initiative, School of Advanced International Studies, Johns Hopkins University, Washington, DC. March 2020. <http://www.sais-cari.org/publications>.

²³ Sergey Sukhankin, „Chinese Private Security Contractors: New Trends and Future Prospects,” Jamestown Foundation, May 15, 2020, <https://jamestown.org/program/chinese-private-security-contractors-new-trends-and-future-prospects/>.

²⁴ Niva Yau and Dirk van der Kley. “The Growth, Adaptation and Limitations of Chinese Private Security Companies in Central Asia.” The Oxus Society for Central Asian Affairs. October 13, 2020.



East and Central and Southeast Asia, where they provide rather static security services, from mining and oil field protection to escort of the personnel working for embassies and corporations.²⁵

In contrast with their domestically-operating counterparts and Western competitors, the foreign-stationed Chinese PSCs enjoy a lack of formal state oversight.²⁶ Unlike Danish, Belgian or British PSCs²⁷, Chinese contractors are not required to obtain a license in China prior to their foreign deployment. The lack of legal controls sometimes leads authors to dismiss the strategic role of Chinese PSCs as “neither an extension of the People’s Liberation Army (PLA), nor an armed wing of the Chinese Communist Party.”²⁸

But despite the lack of formal control, Chinese PSCs are by no means independent from the Chinese government. As some authors point out,²⁹ the Western understanding of private-sector autonomy is alien to China’s government. The vast majority of Chinese PSCs’ overseas clients are Chinese state-owned enterprises, which only award contracts to politically ‘appropriate’ candidates. All Chinese private companies and individuals are obliged by the State Security Law to work with the government, while China’s means of societal control create further pressure to comply on an individual level. Chinese PSCs also retain close informal links with the PLA and the People’s Armed Police (PAP), since a majority of the PSCs’ founders and senior managers used to be public security officials,³⁰ and most of the common personnel have been recruited from former police officers and soldiers.³¹

In September 2020, the Communist Party further tightened its already notable influence over private businesses, when it released a series of policies ordering the private sector to help meet the nation’s strategic goals, in exchange for larger support from the Party.³² In sum, the extent of the relationship between China’s private security providers, the Communist Party, and the PLA leadership remains blurry, but it appears to be growing progressively closer.

2.1 Reasons for Deployment

The main task of Chinese PSCs is to provide protection to the growing extent of China’s economic assets around the globe. Within the ambitious Belt and Road Initiative (BRI), China has promised to develop over USD 1 trillion worth of foreign

<https://oxussociety.org/the-growth-adaptation-and-limitations-of-chinese-private-security-companies-in-central-asia/>.

²⁵ibid.

²⁶Helena Legarda and Meia Nouwens. „Guardians of the Belt and Road“. Mercator Institute for China Studies (MERICS). August 16, 2018. <https://merics.org/en/report/guardians-belt-and-road>

²⁷Confederation of European Security Services. “Private Security services in Europe: CoESS Facts and Figures 2013.” <https://www.coess.org/download.php?down=Liqkb2N1bWVudHMvZmYtMjAxMy1wcm12YXRLXNlY3VyaXR5LXNlcnZpY2VzLWluLWV1cm9wZS1jb2Vzcy1mYWNocy1hbmQtZmlndXJlcy5wZGY.> (pdf).

²⁸Alessandro Andruino. “China’s Private Army: Protecting the New Silk Road.” *The Diplomat*. March 20, 2018. <https://thediplomat.com/2018/03/chinas-private-army-protecting-the-new-silk-road/>.

²⁹Stephen Olson. “Are Private Chinese Companies Really Private.” *The Diplomat*. September 30, 2020. <https://thediplomat.com/2020/09/are-private-chinese-companies-really-private/>.

³⁰Alessandro Andruino. “The Footprint of Chinese Private Security Companies in Africa”. Working Paper No. 2020/35. China Africa Research Initiative, School of Advanced International Studies, Johns Hopkins University, Washington, DC. March 2020. <http://www.sais-cari.org/publications>

³¹Helena Legarda and Meia Nouwens. „Guardians of the Belt and Road“. Mercator Institute for China Studies (MERICS). August 16, 2018. <https://merics.org/en/report/guardians-belt-and-road>.

³²Chris Buckley and Keith Bradsher. “China’s Communists to Private Business: You Heed Us, We’ll Help You.” *The New York Times*. September 17, 2020.

<https://www.nytimes.com/2020/09/17/business/china-communist-private-business.html>

Zhou Xin. “China’s Xi Jinping calls for loyalty from private sector as Beijing readies for battle with US.” *South China Morning Post*. September 17, 2020. <https://www.scmp.com/economy/china-economy/article/3101942/chinas-xi-jinping-calls-loyalty-private-sector-beijing>



infrastructure over the 10-year period from 2017.³³ In Africa, China declared it has already spent nearly 150 billion dollars on concrete-and-mortar facilities. The BRI projects are oftentimes built and staffed by Chinese nationals, which results in a global expansion of the Chinese workforce, topping 847,000 people already in 2016.³⁴ However, approximately 84% of the BRI-related projects are located in medium-to-high risk countries.³⁵

Investing in states that are unable to provide basic security for their inhabitants has repeatedly proven to be a major issue for Chinese workers, hundreds of whom have lost their lives or had to be evacuated from countries beset by chronic civil unrest, substantial criminality and incipient insurgencies, such as South Sudan or Nigeria.³⁶ Chinese nationals have also become targets of Islamic terrorism due to China's oppression of Uyghurs, resulting in multiple fatal attacks on workers in Pakistan and Kyrgyzstan.³⁷ In addition, Chinese companies investing in Africa tend to have poor relations with locals due to providing low wages, poor working conditions, and shipping in their own workforce from China, all of which stirs occasional violent clashes.³⁸

President Xi Jinping officially addressed these security concerns in 2016 and pledged to render all necessary protection to Chinese companies working in dangerous regions.³⁹ However, Beijing's long-term strategic adherence to the principle of non-interference prohibits China from deploying any state-controlled armed forces to do so.⁴⁰ The answer to BRI security issues was found in China's booming private security industry.

The degree to which Chinese PSCs' deployment abroad also serves to achieve a secondary goal of expansion of the Communist Party's strategic influence under a veil of plausible deniability, is blurry. Chinese PSCs often portray themselves as passive security consultants, most of whom in fact operate unarmed⁴¹ and only carry out armed missions via contracted local teams.⁴² The typical operating model

³³OECD. "China's Belt and Road Initiative in the Global Trade, Investment and Finance Landscape." OECD, 2018. <http://Oecd.org/finance/Chinas-Belt-and-Road-initiative-in-the-global-trade-investment-and-finance-landscape.pdf>.

³⁴Meia Nouwens. "China's use of private companies and other actors to secure the Belt and Road across South Asia." International Institute for Strategic Studies. April 29, 2019. <https://www.iiss.org/blogs/analysis/2019/04/china-bri>.

³⁵Chris Devonshire-Elis. "84% Of China's BRI Investments Are In Medium-High Risk Countries." Silk Road Briefing. July 02, 2020. <https://www.silkroadbriefing.com/news/2020/07/02/84-chinas-bri-investments-medium-high-risk-countries/>.

³⁶ Among other cases, three Chinese miners were kidnapped at gunpoint in Nigeria in 2019, while in 2016 hundreds of Chinese workers had to be evacuated in a series of deadly riots in South Sudan.

³⁷In 2017, terrorist groups linked to the Salafist jihadist organization of Jabhat al-Nusra bombed the Chinese embassy in Bishkek. In Pakistan, two Chinese teachers were kidnapped and killed by ISIS in June 2017, and an employee of a Chinese shipping company was assassinated by a shooter in February 2018.

³⁸ During the 2012 strike in a Chinese-run coal mine in Zambia, the manager was killed by an angered crowd demanding minimum wage.

³⁹Belt and Road News. "Chinese Private Security Contractors along the BRI." Belt and Road News. May 18, 2020. <https://www.beltandroad.news/2020/05/18/chinese-private-security-contractors-along-the-bri/>.

⁴⁰Christopher Spearin. "China's Private Military And Security Companies: 'Chinese Muscle' And Reasons For US Engagement – Analysis." Eurasia Review. July 7, 2020. <https://www.eurasiareview.com/07072020-chinas-private-military-and-security-companies-chinese-muscle-and-reasons-for-us-engagement-analysis/>.

⁴¹ Tao Dexi, a contractor with Dingtai Anyuan International Security, notes that: "Chinese security companies have always carried out security missions via local teams . . . [however] under extreme emergencies, Chinese security staff can borrow guns from the local security staff.

Peter Layton. "Artificial intelligence, big data and autonomous systems along the belt and road: towards private security companies with Chinese characteristics?" *Small Wars and Insurgencies*. 2020, VOL. 31, NO. 4, 874-897 <https://doi.org/10.1080/09592318.2020.1743483>.

⁴² Meia Nouwens. "China's use of private companies and other actors to secure the Belt and Road across South Asia." International Institute for Strategic Studies. April 29, 2019. <https://www.iiss.org/blogs/analysis/2019/04/china-bri>.



includes Chinese PSCs acting as security managers inside workers' gated compounds, and coordinating their defense by hiring local PSCs, militias or other non-Chinese PSCs.⁴³ This system, however, does not strip Chinese PSCs of their potential local influence. Outsourcing armed operations to local mercenaries solely adds another layer of plausible deniability for Beijing.

Moreover, Chinese PSCs abroad are not legally obliged to operate unarmed – such provisions exist, but apply only to domestic contractors. As MERICS researchers point out,⁴⁴ the PSCs are merely informally discouraged from using arms by Beijing, which fears potentially damaging political backlash.⁴⁵ Chinese PSCs, which are increasingly stationed in countries with weak security standards, could therefore start providing armed services at any given moment, if the nature of political signaling from Beijing was to change. However, the system of outsourcing armed operations to local “guys with guns”, appears to be the preferred and politically safe choice for China.

2.2 Future Provisions and Challenges

A greater role of Chinese PSCs in pursuit of Beijing's strategic goals appears a highly likely scenario for the near future. In March 2019, at a conference organized by Chinese government officials, CITIC Capital Holdings Ltd. Chairman Zhang Yichen called for increased coordination between government and PSCs.⁴⁶ The demand for cooperation might have been answered in September 2020 by Xi Jinping, who urged the United Front Work during a conference to rally private businesses tightly around the state's strategic goals, in exchange for the Party's support.⁴⁷ Meanwhile, Chinese PSCs have been progressively expanding their passive security-provider role towards active engagement by adding intelligence collection, surveillance, logistics planning, armed executive protection, and maritime security into their repertoire.⁴⁸

However, the path towards developing an effective network of abroad-stationed PSCs will be a difficult one for China. Quality of services provided by Chinese contractors currently lags far behind their Western counterparts. Chinese PSCs' personnel are inexperienced in combat situations, given that the PLA – their biggest source of recruits – has not been involved in a military conflict since 1979. The companies fail to provide their recruits with sufficient training in security

⁴³Peter Layton. „Artificial intelligence, big data and autonomous systems along the belt and road: towards private security companies with Chinese characteristics?“ *Small Wars and Insurgencies*. 2020, VOL. 31, NO. 4, 874-897 <https://doi.org/10.1080/09592318.2020.1743483>.

⁴⁴Helena Legarda and Meia Nouwens. „Guardians of the Belt and Road“. Mercator Institute for China Studies (MERICS). August 16, 2018. <https://merics.org/en/report/guardians-belt-and-road>.

⁴⁵Aside from the infamous Backwater incident in 2007, China draws from bitter experience. In 2010, Chinese managers of a mine in Zambia opened fire on protesting workers, injuring 11, and sparking anti-Chinese protests in the country. Source: BBC. “Chinese bosses charged over Zambian mine shooting.” BBC News. October 18, 2020. <https://www.bbc.com/news/world-africa-11568485>.

⁴⁶Belt and Road News. “CPPCC Members: State should back Private Security Firms for Belt & Road Deployment.” Belt and Road News. March 10, 2019. <https://www.beltandroad.news/2019/03/10/cppcc-members-state-should-back-private-security-firms-for-belt-road-deployment/>.

⁴⁷Zhou Xin. 2020. China's Xi Jinping calls for loyalty from private sector as Beijing readies for battle with US. South China Morning Post. September 17, 2020. <https://www.scmp.com/economy/china-economy/article/3101942/chinas-xi-jinping-calls-loyalty-private-sector-beijing>

⁴⁸Paul Nantulya. “Chinese Security Contractors in Africa.” Carnegie-Tsinghua Center for Global Policy. October 08, 2020. <https://carnegietsinghua.org/2020/10/08/chinese-security-contractors-in-africa-pub-82916>.



skills,⁴⁹ language skills and cross-cultural understanding,⁵⁰ which increases the risk of operational failures. The lack of training is exacerbated by the fact that 80% of PSC personnel are recruited with basic education only.⁵¹ The contractors also do not benefit from cumulative experience due to a high turnover of staff, which has reached 65% per year in some instances,⁵² likely stemming from low wages and limited job security offered by the companies.⁵³

These financial practices, however, enable Chinese PSCs to provide rock-bottom prices, which incentivizes their deployment, especially in poor countries. Contractors estimate that a team of 12 Chinese guards might cost the same as a single British or US guard.⁵⁴ Meanwhile, Chinese companies hire Chinese PSCs almost exclusively due to language and cultural proximity, as well as for political reasons. The high presence of poorly-trained PSCs, however, increases instability in regions of their deployment in the long term. The risk of operational failures is especially high in the case of Chinese PSCs, who outsource armed operations to other, typically local and less skilled armed groups of various backgrounds. Last but not least, Chinese the PSCs' origin in a non-democratic country increases the likelihood of their complacency in human rights violations and suppression of democratic freedoms.

In the long term, Chinese PSCs are likely to progressively focus on providing advanced technological security services, rather than hard security. The companies will benefit from exploiting China's security experience in Xinjiang, which spans an integrated central command and control platform (IJOP), artificial intelligence surveillance networks, voice and facial recognition, bio-metrics, internet of things (IoT) sensors, GPS tracking, spyware, and more.⁵⁵ Applicability of high-tech security measures is on the rise even in less-developed countries,⁵⁶ while their widespread use by non-democratic forces is likely to pose a challenge to local democratic development.

3. Assessments and Key Ramifications for NATO – Bottom Line Up Front

Building upon the modus operandi observed in Russian and Chinese PMSCs several assessments can be made, particularly vis-à-vis NATO and its interests. While Russian and Chinese PMSCs likely do not represent a direct military threat to NATO or its individual members, they do pose an increasingly relevant indirect threat to the Alliance via their destabilizing effect in adjacent regions.

⁴⁹Only a handful of Chinese companies provide their personnel with internationally accredited external training certifications, which are the standard for their Western counterparts. Alessandro Arduino. "The Footprint of Chinese Private Security Companies in Africa". Working Paper No. 2020/35. China Africa Research Initiative, School of Advanced International Studies, Johns Hopkins University, Washington, DC. March 2020. <http://www.sais-cari.org/publications>.

⁵⁰Ibid.

⁵¹Minnie Chan. "Why a private US military firm is of value to China's belt and road mission. South China Morning Post." July 15, 2018. <https://www.scmp.com/news/china/diplomacy-defence/article/2155353/danger-zone-why-private-us-military-firm-value-chinas>

⁵²Paul Nantulya. "Chinese Security Contractors in Africa." Carnegie-Tsinghua Center for Global Policy. October 08, 2020. <https://carnegietsinghua.org/2020/10/08/chinese-security-contractors-in-africa-pub-82916>.

⁵³ Ibid.

⁵⁴Charles Clover. "Chinese private security companies go global." Financial Times. February 26, 2017. <https://www.ft.com/content/2a1ce1c8-fa7c-11e6-9516-2d969e0d3b65>

⁵⁵Alessandro Arduino. "The Footprint of Chinese Private Security Companies in Africa". Working Paper No. 2020/35. China Africa Research Initiative, School of Advanced International Studies, Johns Hopkins University, Washington, DC. March 2020. <http://www.sais-cari.org/publications>.

⁵⁶Abdi Latif Dahir. "Chinese firms are driving the rise of AI surveillance across Africa." Quartz Africa. September 18, 2019. <https://qz.com/africa/1711109/chinas-huawei-is-driving-ai-surveillance-tools-in-africa/>.



Both Russian and Chinese PMSCs display connections to their governments and serve to achieve their strategic goals. By providing services of force in countries with weak democratic institutions and a high degree of convergence between government and security apparatus, Russia and China are likely to expand their undue influence on local leaders in NATO's areas of interest. The PMSCs also provide their domestic states with plausible deniability, thus enabling them to pursue operations otherwise limited by external political restrictions, including assistance to sanctioned regimes and insurgent movements, or partaking in human rights violations and suppression of democratic freedoms. This is especially true in the case of the Chinese PSCs, which outsource armed services to local armed groups, thereby exacerbating the risks for local populations, while minimizing potential attribution to Beijing. These factors, combined with a lack of oversight and accountability of the private contractors, increase the probability that the deployment of Russian and Chinese PMSCs could destabilize the security situation in NATO's areas of interest and further undermine local democratic processes.

Contemporary trends suggest that the number of Russian and Chinese PMSCs in NATO's Areas of Relevance is expected to rise in the mid-term future. The strategic competition appears to be a primary role of Russian military contractors, who often strive to ensure that the countries in which they operate are politically aligned with the Kremlin's interests, particularly by making them increasingly dependent on such support. Chinese security contractors primarily protect China's economic assets and human capital abroad. The role of China's PSCs in projecting Beijing's foreign policy goals is expected to grow in the near future due to increasing convergence between the Chinese state and China's private sector. Furthermore, Chinese PSCs are progressing towards more active roles and will likely start taking advantage of the Chinese state's experience in population hyper-surveillance, potentially advancing the interests of anti-democratic governments in regions of deployment.

The Russian Federation and The People's Republic of China will highly likely primarily focus on utilizing PMSCs in areas and countries that can provide some degree of economic benefit, either directly or as an economic and strategic partner. As such, NATO can expect to increasingly face these contractors in its adjacent regions with a notable amount of fossil fuels or natural resources. In these countries, if deployed on a larger scale, Russian or Chinese PMSCs will likely attempt to undermine the states' association with Allied governments, undercut their democratic institutions and principles, and potentially act as a catalyst for regional destabilization.

It remains highly implausible that any significant change within international law, which would allow easier formal or legal attribution of PMSCs, might occur in the foreseeable future. Consequently, NATO needs to adapt and prepare for confronting foreign PMSCs' negative ramifications, particularly within the so-called grey zone conflict areas. Increasing NATO's ability to respond to foreign military contractors effectively, in a short period of time, and to transparently communicate the Alliance's policy towards these forces should be among key initial steps. In that regard, NATO also needs to prepare and reflect the fact that the operational capabilities of foreign PMSCs, primarily Russian and Chinese, are expected to progressively increase, making these troops increasingly competent to face better equipped and trained troops.



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