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PAKISTAN, AFGHANISTAN & CENTRAL ASIAN SECURITY: GEO-STRATEGIC & ECONOMIC CHALLENGES

By

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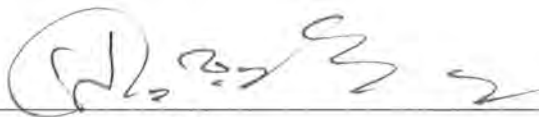
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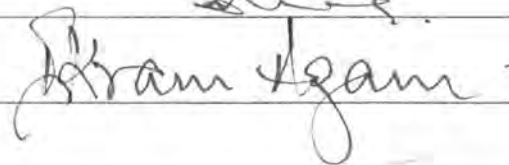


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¹ Translation of the verses of the Glorious Quran.

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To My Parents

LIST OF ABBREVIATION

ADB	Asian Development Bank
CAR's	Central Asian States
SCO	Security Cooperation Organization
ECO	Economic Cooperation Organization
CIS	Common Wealth Independent States
OPEC	Organization of Petroleum Producing Countries
OSCE	Organization for Security and Cooperation in Europe
TAP	Trans Afghan Pipeline
CPC	Caspian Pipeline Consortium
BTC	Baku-Tblisi-Cyhan
ACG	Azeri-Chirag-Guneshli oil Field
TCP	Trans Caspian Pipeline
PFP	Partnership for Peace
Bcf	Billion Cubic Feet
Tcf	Trillion Cubic Feet
RSC	Regional Security Complex
WB	World Bank

INTRODUCTION

Introduction

This study is an effort to examine and explore the potential and prospects for regional economic cooperation between Pakistan, Afghanistan and the newly emerged Central Asian Republics. The thesis is focused on identifying the traditional socio-political and geo-strategic links for promoting an environment of peace in the region. The emphasis is laid on inter-state and regional relations for promoting regional cooperation for speedy economic development, improving and reshaping the respective security policies and the quality of life of the people of the above-mentioned countries. For better understanding the research is based on the concept of 'Regional Security Complex,' namely two regional complexes: South Asian and Central Asian Complexes and a third Afghanistan as 'mini security complex' is taken. Though respective governments in these countries appear to be in no mood to take a soft line in altering and modifying their policies. However, after the launch of Global War on Terrorism, and particularly, since Pakistan took a U-Turn in its policies with the Taliban administration in Afghanistan and initiated grand operation against militants., one foresees a tense struggle developing ahead between the regimes, non-state actors such as organizations of militant and extremist elements may re-unite and react against government's policy of banning their activities and freezing their accounts. These developments are one of the major threats for Pakistan's internal security situation, its foreign policy constraints and economic prospects vis- a- vis Afghanistan and Central Asia.

Located strategically in South Asia, Pakistan is a very important actor in the region. To the West, and North West, it is bordered by Iran, and Afghanistan, China in the north, and shares a long stretch of border with India in the east. A portion of its northern

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boundary lies within a few miles of the Central Asian Republic of Tajikistan, separated by Afghanistan's Wakhan corridor that varies in width from seven to 31 miles. The Arabian Sea forms its southern boundary, and provides it access to world through the port of Karachi. (See Map 1)



Map 1 **Geographical importance of Pakistan**

Security is an essential factor for regional economic cooperation, being an element of regional cooperation it is essential for the states to concentrate on their security arrangements rather than excessive spending on defense and dependency on super power influence and role in the region.¹ For such arrangement both Pakistan and Afghanistan along with Central Asian states must cooperate with each other by forming strong foreign and security policies, ensuring cooperation with each other as responsible states.

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strong foreign and security policies, ensuring cooperation with each other as responsible states.

On the foreign policy front, Pakistan tends to seek strategic depth by forming closer ties with Afghanistan. Pakistan has been keenly monitoring as well as actively involved in the internal as well as external issues affecting Afghanistan and its role in Afghanistan is hidden neither from the common man nor strategic thinkers. Since the creation of modern state in the country, to Soviet invasion and then the Soviet withdrew till the US launched OPERATION ENDURING FREEDOM, Pakistan has been an active player in the game. Initially Pakistan fought a proxy war for USA against Soviet Union to appease Washington in its Cold war bipolar politics, as well as protect itself against an active Soviet threat, and in the recent war against terrorism its significance as a front line state/ally is very crucial and critical. Pakistan being a Muslim state does not enjoy healthy relations with Afghanistan as compared to India. Afghanistan, despite having a Muslim population, has traditionally been close to India.

After the Soviet withdrawal, Afghanistan underwent a disturbing political turmoil. , because of the sudden loss of US interest in the region, and no proper political process in place, a power vacuum was created in Kabul, civil war between various warring militia erupted and the various Mujahhideen factions, laced with the training and equipment from the CIA sponsored Jihad turned their guns against each other, resulting in much fighting and blood shed throughout the Afghanistan, and the civil war that started had no checks or mercy. This prolonged situation of war - lordism and total break down of civic order gave rise to the phenomenon of the Pashtun dominated "Taliban" and made the failed state of Afghanistan a harbor for non state elements such as the Osama bin

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Laden's Al Qaeda. These developments seriously affected the entire region and specifically Afghanistan's image as being politically unstable, ridden with civil war, drug trade, smuggling, and terrorist activities being the factors behind its destruction and devastation. For Pakistan its strategic depth and geographic significance for transit and pipeline route could only be achieved, with a stable and nonviolent Afghanistan

Statement of the Problem

Pakistan as indeed South Asia, faces a host of security challenges that range from territorial disputes, poor economic performance, high population growth, to scarcity of resources such as water, energy, food, terrorism, poor governance, and least of all corruption. Furthermore these challenges threaten peace and economic cooperation and hamper development in the region, leading further on to terrorism, low economic growth, instability and politically insecure governments, political chaos, lawlessness, poverty, ethnic as well as sectarian violence in countries of the region, which remained a primary dilemma for the socially, economically and psychologically deprived masses, and affecting regional peace, security and cooperation within as well as between these countries.

South Asia and Central Asia are one of the most important regions. Both symbolize gigantic resources and potentials, Pakistan and Afghanistan's geographical position provide them an upper edge over the other adjoining regions due to it's the traditional trade routes. Pakistan is situated at the interface of Central Asia and South Asia and provides these landlocked states with the shortest route to the warm waters through the Arabian Sea. The CAS are in need of economically viable and cost effective transit and pipeline routes. Pakistan is therefore seeking to make the best possible use

of this opportunity by establishing strong links with the region. Turkmenistan-Afghanistan-Pakistan gas pipeline project, funded by ADB (Asian Development Bank) is a classical example of Pakistan-Central Asian cooperation.² Civil Unrest and instability in Afghanistan is a serious threat which may hinder the viability of development and growth for not only Pakistan and Afghanistan but also for Central Asian Republics.

The story just given, with its emphasis on security arrangement and as an imperative for economic growth and development, Pakistan's policies Vis -a- Vis Afghanistan and Central Asian republics is very crucial. World has evolved into a fairly heterogeneous system in which super power and extra regional actors interests are converged to exploit the economical and strategic potentials of the region.³

After 1989, the Soviet Union collapsed and its central Russian republic slipped into economic crisis, political turmoil and military disarray. The former Soviet republics of the Caspian region declared independence. The oil and natural gas of the Caspian came "up for grabs." U.S. imperialism had long been plotting to carve off the Soviet Union's whole Central Asian tier of non-Russian republics, *and their oil reserves*. When the Soviet Union collapsed, the U.S. imperialists went into full gear. In the years between the death of the Soviet Union and September 11, 2001, oil companies and politicians have struggled to possess and develop these resources. Using a concept immortalised by Kipling in his novel *Kim*, Lutz Kleveman argues that there is now a new "Great Game" in the region,⁴ in which the US, Russia, China, India, Pakistan and Iran - most of which are nuclear powers - are competing. He contends that after 9/11, the formidable power of the US has started to drive towards "full spectrum dominance," that is, global hegemony in the military, political and economic sphere. the masses are overwhelmingly

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dissatisfied, if not bitter, as the former pursue conflicting and non-cooperative policies. In common, the general perception is that 'the Great Game'⁵ persists at the expense of societal and popular interests whereby powers like the United States, Russia, China, India and even the European Union, despite their noble promises and moralist postulations, are looking for their own economic interests.⁶

Significance and implication of the research

This study will highlight Pakistan's major foreign policy predicament Vis -a-Vis Afghanistan & CAR's. What scenarios, political and security measures permit and help Pakistan in curbing the increasing extremism and terrorism. What options Pakistan has or needs to formulate policies to cope with the emerging internal, as well as external threats and politico-economic challenges to its security. For better understanding a coherent regional approach to security is taken to draw a clear prospect of establishing peace, security and economic development between South Asia and Central Asian Republics.⁷

The future for both South Asia and Central Asia, like elsewhere, is through democracy and regional cooperation by substituting the single-pursuit security paradigm. The respective elite and their external backers including the European Union have a greater opportunity to support these two prerogatives not only in the larger global interests but also to help these two turbulent regions steer towards a better future. The unlimited powers enjoyed by the U.S. and the EU can be harnessed towards honest, and egalitarian policies, which should prioritize conflict resolution, regional cooperation.

As seen time and again, the temporary geo-political gains and even those through military-centered and partisan policies will neither bring any dividends to the world nor to the EU and the U.S. Their political and military engagement would not bring lasting peace to the region but it will further encourage enmity among the masses against their self-beneficial policies. It is not a hard choice only if Pakistan-Afghanistan and Central Asian states form a common strategy to deal with the security threats, to achieve regional economic harmony and counter external influences in the region.

Intent of study

- To unearth the factors negatively effecting Pakistan's security dynamics.
- What are the respective security concerns of Pakistan, Afghanistan and Central Asian Republics?
- The seriousness and implication of Pakistan's current policy initiatives and challenges under the light of theoretical framework of security.
- Pakistan's effort to curb terrorism and its efforts to protect its national interests and position in the world. And how much Pakistan is paying for its decision in joining hands with the US led coalition against terrorism.
- Political development and cooperation between Pakistan, Afghanistan and Central Asian States, and its future implications
- What are the irritants affecting the relations between these states, and what is the role of other regional and extra regional countries in their relationship?
- What are the options and challenges for economic development and cooperation between Pakistan-Afghanistan and Central Asian states?

Introduction

Methodology

This study is largely drawn upon descriptive, analytical, as well as prescriptive approaches. It primarily relies on the extensive use of primary and secondary sources, which includes books, articles, news articles and foreign policy deliberations of different think tanks

Literature Review and limitation

After the fall of Soviet Union and emergence of newly independent Central Asian States, much of the scholarly work done was specific to its unique geo-strategic location, and huge hydrocarbon resources.

With regards the debate on security at regional and extra regional level the pioneering work by Barry Buzan and Ole Weaver is taken as the theoretical framework of analysis.

Plan of Research or Chapterisation

Keeping in view the aim of the study, it has been divided into five (5) chapters, followed by conclusion. (A diagrammatic explanation of the research is mentioned on page 12).

Introduction

The first Chapter focuses upon the conceptual framework of security at Regional and extra-Regional level, tries to identify the major theoretical contribution to the issues, introduction to the basic concept and problems and their relationship. This phase covers the classical approach to regional security analysis, covering the security policies, internal-external security challenges faced and its affect on Pakistan, Afghanistan and Central Asian Republics. For this purpose Barry Buzan's Regional Security Complex model has been selected.

Second Chapter "Security: Imperative for regional cooperation," is devoted to a comparative study of different findings and facts about the problem. This chapter covers the Imperatives of 'Regional cooperation for peace and development'. As the region has seen an onslaught of Terrorism in recent times, which affected regional harmony and peace and created greater political and economical chaos among the inter-relationship between Pakistan, Afghanistan and (not so new any more) States of Central Asia. By exploring ground realities and real facts about the security concerns of these States, what options and choices are available for ensuring a cooperative regional frame work?

The third Chapter "Geo-strategic and Economic Interest in Central Asia" is devoted to explore the options, choices for the regional cooperation and Interests of Super powers and other regional actors. After the incidence of September 11, 2001, the central Asian countries came into the international focus. At the same time interest and influence of super powers have re-emerged in the region. Under this scenario what are the challenges ahead for Pakistan in enhancing its economic objectives. It is important to evaluate these factors so as to know the viability of the economic challenges posed by

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the emerging profile of the external actors. This may affect Pakistan's prospects of socio-political and economic interests.

The fourth chapter "Challenges & Prospects of Economic cooperation" focuses upon the competition of pipeline routes and importance of regions enormous hydrocarbon resources. The geographical and economic potentials of the Central Asian region, geographical importance of Pakistan and Afghanistan for transit and pipeline routes, demands inclusion of some new aspects into their agenda, by enhancing and providing a platform to coordinate economic policies, without disrupting smooth functioning of their foreign policy relationship

The fifth and final Chapter "Irritants and Challenges" followed by the Concluding chapter will give recommendations and suggestions after dealing with the facts and realities by critically analyzing the findings of previous chapters. This chapter will also confer with the multitude of internal and external challenges faced by the region.

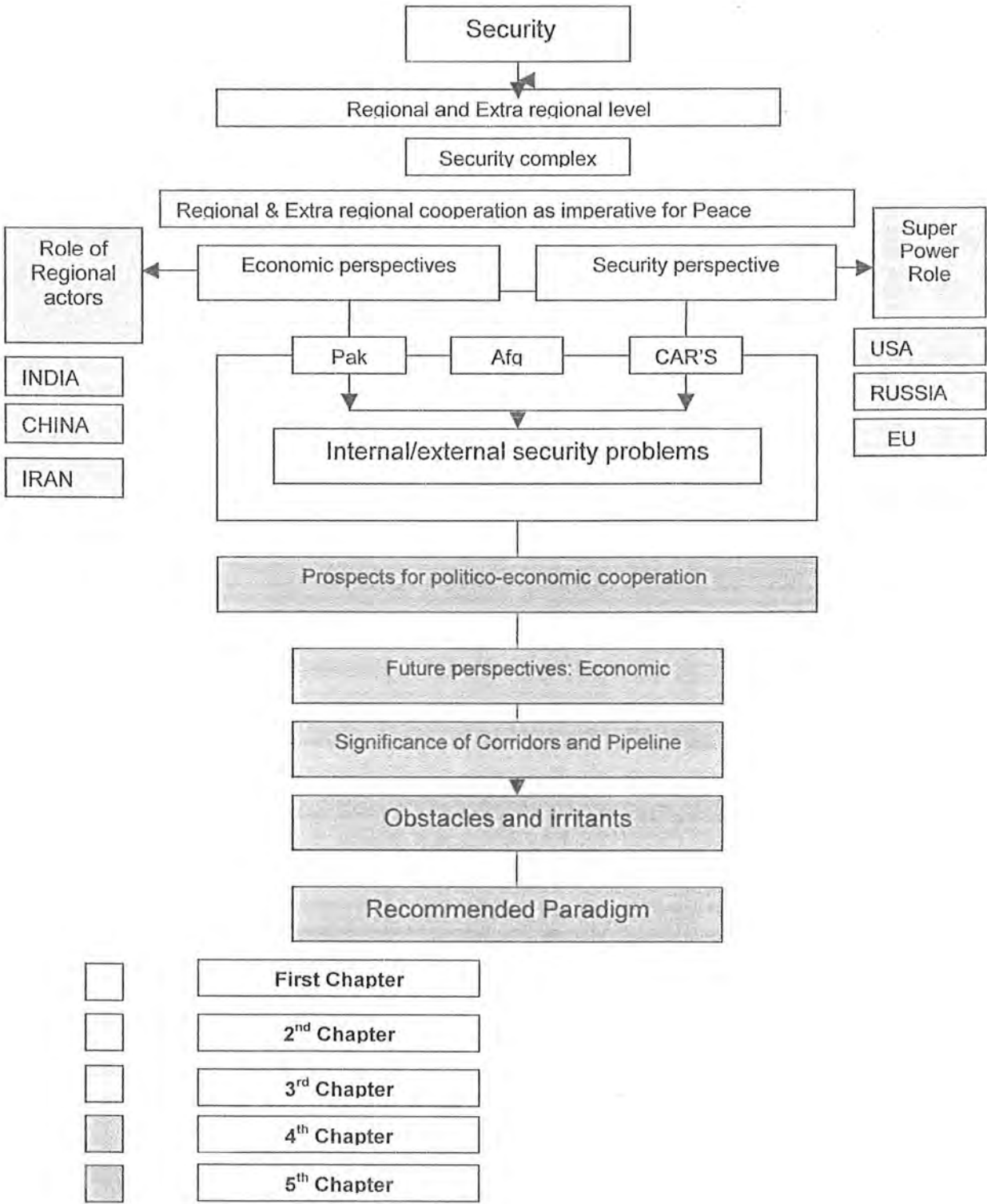
Utilization of study

The study has a considerable scope, since no systematic and comparative study of the subject has been done until now. It aims to come up with suggestion and recommendations to formulate a common security paradigm between Pakistan-Afghanistan and Central Asian Republics.

The study will also compile the basic facts in a single document about the prospects of peace and security and economic cooperation between the two strategically important regions. On the other hand it will also unearth the real motive and objectives of extra-regional and super power interests in the region. The study can prove to be of significant

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importance for the economic managers, geo-politicians, researchers and students of various disciplines of politics, defense and strategic studies.



Notes and References

¹ Dr. S.M Rehman (ed.), "Central Asia: Regional cooperation for peace and development", FRIENDS Publications, 1998

² <http://www.gasandoil.com/goc/news/ntc23601.htm>

³ Barry Buzan and Ole Waever, "Regions and Powers: The Structure of International Security", Cambridge University Press, UK, 2003, p.20

⁴ Kleveman, Lutz, "The New Great Game", USA: Atlantic Books, 2003

⁵ Ibid

⁶ Ibid

⁷ Barry Buzan and Ole Waever, op cit, p. 27

CHAPTER 1

FRAME WORK OF SECURITY

Frame-Work of Security

Introduction

The 21st century is fraught with challenges of a new dimension ever faced by human being, both at the intra and inter-state levels, a culture and environment of cooperation, trust and diplomacy are the ultimate destiny of mankind, where inter-existence would lend a true meaning and purpose of life.

Contemporary South Asia presents a visibly different political environment today in comparison to what was in place a decade or two back, primarily because of the remarkable developments in Afghanistan. As a result of the September 11, 2001 events, the United States has ousted Taliban from Afghanistan with the help of its partners and its strong air power. The United States under the protection of the United Nations is seeking to replace the Taliban's medieval Islamic authority with the essentials of modern democratic supremacy.¹ Against this contextual background, this paper seeks to analyze the major impact of Pak-Afghan counter Terrorism policies on Central Asian security, geo-strategic and economic prospects and changes in South Asia.

Starting with the predicament of Pakistan's political and foreign policy, it has remained very crucial at different junctures, where internal political situation of country has always affected its relations at different levels. Its regional proximity with two regional nuclear counterparts—China and India—has dynamically shaped its foreign and security policies vis-à-vis other states of the region. Pakistan's foreign and security policies have twisted not only at regional level but also at extra regional levels during decades.

Defining the Term

Security refers to Safety from harm, a term that has different dimensions in psychology, public safety, defense and military matters, and information access according to Oxford dictionary, the activities involved in protecting a country, building or person against attack, danger, etc.² it is an objective of a states, to be achieved by diplomatic or military policies. The concept of security in its most elementary form is understood as the well-being and prosperity of the individuals-the smallest building block- and then moving up to societal level it encompasses the tribe, clan, city-state and modern nation-state. Different analysts formulated different definition of security.

According to, Walter Lippman asserts that "A nation has security when it does not have to sacrifice its legitimate interests to avoid war, and is able if challenged, to maintain them by war."³ In Arnold Wolfer's view, "Security in an objective sense, measures the absence of the threat to acquired values, in a subjective sense, the absence of fear that such values will be attacked."⁴ According to a UN publication, "security is condition in which states consider that there is no danger of military attack, political pressure or economic coercion that they are able to pursue freely their own progress."⁵ Security as a concept has traditionally been observed in purely military sense; it is not only confined to military dimension but it also encompasses the non-military dimensions.

Security is a condition in which states consider that there is no danger of military attack, political pressure or economic coercion, so that they are able to pursue freely their own development and

progress. The security of individuals and communities of which states are constituted ensured by the guarantee and effective exercise of individual freedom, political, social and economic rights, as well as by the preservation or restoration of a liveable environment for present and future generations. Security also implies that essential human needs, notably in the field of nutrition, education, housing and public health are ensured on a permanent basis. An adequate protection against dangers to security should also be maintained. The ways and means to attain security may be defined in national, intergovernmental, non-governmental or global terms.⁶

From the above-mentioned definitions, it can be concluded that security is a basic human need, without which there will be no progress in either the state or the society. In traditional and non traditional notion, it is the state, which provides for a peaceful society and environment, free from internal as well as external threats. Non-traditional security is essential factor that guarantees the protection of traditional security, which starts from the grass root level, to the societal level and then to the national, regional and extra-regional level.

The security of human collectivities is affected by factors in five major sectors: Military, political, economic, societal and environmental. In general terms military security concerns with the two level interplay of the armed offensive and defensive capabilities of states, and state's perceptions of each other's intentions.

Political security concerns the organizational stability of states, systems of governments and the ideologies that give them legitimacy.⁷ Economic security concerns access to the resources, finance and markets necessary to sustain and growth.

Societal security concerns the sustainability, within acceptable conditions for evolution, of traditional patterns of language, culture and religious and national identity and custom. Environmental security concerns the maintenance of the local and the planetary biosphere as the essential support system on which all other human enterprises depend.⁸ Given this scenario the task here is to identify the commonalities of security problems among two regions, and mapping a future direction for Pakistan-Afghanistan and Central Asian States for economic progress, cooperation and development.

Significance of Security Complex

The purpose of this chapter is to set out a comprehensive new framework for security at regional level as an imperative for economic cooperation between Pakistan-Afghanistan and Central Asian states. To examine the distinctive character of security in two sectors: economic, and strategic. While rejecting the environmental, societal and traditional security. The idea of regional security complex was first presented by Barry Buzan in his book, "People, States and Fear" (1983: pp.105-15).⁹ The logic of regional security stems from the fact that international security is a relational matter. It is mostly about "how human collectivities relate to each other in terms of threats and vulnerability"¹⁰

The classical approach to regional security analysis looks for patterns of security interdependence that are strong enough to mark off a group of units from its neighbours. Security complexes are formed from the inside out, by the interaction among their constituent units. Because classical security complex theory was formulated for thinking about the political and military sector, states were its referent objects.

Security regions therefore have the following characteristics¹¹

1. They are composed of two or more states
2. These states constitute geographically coherent groupings (Because threats in these sectors travel more easily over short distances than over long ones)
3. The pattern of Security interdependence has to be deep and durable (i.e., much more than a one time-interaction), although not permanent.

Thus, a security complex is defined as a "set of states whose major security perceptions and concerns are so interlinked that their national security problems cannot reasonably be analyzed or resolved apart from one another"¹².

There are certain elements which have deep impact on the security complex. That is the distribution of power among the states in a region and their patterns of hostilities. Any uneven distribution of power, internal external transformation like expansion or contraction of boundaries within the region, the addition or deletion of major states and the intervention of any super power can seriously affect structure of indigenous security dynamics of the regional complex and can pose threat to its 'Referent objects'.¹³ In case of Central Asian regional complex Referent objects are referred to its geo-strategic importance and its economic resources. Super power role in the region and the 'New Great Game' in the region can not only take advantage of its economic resources but would also affect the region.

Under this scenario what are the options and choices for Pakistan and Afghanistan to benefit from their geographical location and historical linkages with the Central Asian region's economic potentials, what are their respective security concerns, and how they can enhance their cooperation for the better output in the presence of Super and extra-regional powers will be discussed in proceeding paragraphs.

For regional and extra-regional level harmony and peace, security complex generates significant regional formations, or their security logic places their main focus not only on internal and external security, but enhances the regional economic viability and prosperity.¹⁴ In case of Pak-Afghan and Central Asian States, there is a need to formulate a strategy between South Asian and Central Asian Regional Complexes, for common security configuration that can enhance economic cooperation, by eliminating the security threats at national and regional level.

South Asian & Central Asian Regional Security Complexes:

Interregional cooperation

"The South Asian Regional Security Complex, like other postcolonial security regions, came into being as a conflict formation"¹⁵ Political rivalries based on religion have been running for long in South Asia. Political, Societal problems, economic dependency, interstate conflicts between the two powers (India and Pakistan) and territorial dispute (especially Kashmir dispute) generated three wars (1947-8, 1965, 1971), and several serious crises (1984, 1987, 1999, 2002).

"Other secondary states in the region (Nepal, Bhutan, Sri-Lanka, Maldives, and Bangladesh) all in one way or another tied into Regional Security Complex because of their economic and societal entanglements with India".¹⁶

These small states of the region remained dependent on India, like Bhutan and Nepal are both dependent on India for trade and transit. India because of its comparatively strong economy dominated the region. On the other hand the South Asian Association for Regional Cooperation (SAARC) failed to counter internal conflicts in respective states and never amounted to much and has not affected the security policies of the region.

The South Asian RSC is separated from Central Asian RSC by Afghanistan and China on its Northern and Western borders. The role of Afghanistan as an insulator is very much important both strategically and economically in terms of Pakistan's relations with Central Asian RSC. Afghanistan because of defining geographic position as buffer zone between Middle East, and Central Asian State remained very important. The civil war that followed the ending of the Soviet intervention created a 'mini complex'. These mini complexes act as insulating zones between larger patterns of regional security

dynamics, like Russia and the Middle East in the case of the Caucasus; South Asia, the Middle East and Central Asia in the case of Afghanistan.¹⁷ For the long-term economic viability between Pakistan and Central Asian states, the political chaos and security arrangements are vital.

Pakistan's political elites were more concerned with looting the economy than developing it, and pursued their personal interests, ultimately gave chance to the military to run the government machinery. Pakistan had engaged deeply in the Afghan war against the Soviets and after their departure in one way or another¹⁸. This resulted in insecurity at domestic and national level and damaged Pakistan's security and created many problems which will be discussed in the second chapter.

With regards the Central Asian RSC, which is taken as a key region for the geo-strategic and economic viability in one way or another has linkages with Afghanistan. New forms of cooperation between Central Asian States and the affects of the interaction between external power and regional security dynamics have emerged after 9/11. The region is increasingly defined by a network of new transport networks and pipeline projects. This region is composed of five newly independent states, its geographic linkage with the Caspian Sea and its littoral states that include Russia, Iran, Kazakhstan, Turkmenistan and Azerbaijan¹⁹ makes it very important. Like South Asian RSC it is also facing internal and external security challenges. (See Chapter 2)

Regional Cooperation as an Imperative for Peace and Development

"Security is not military hardware though it may include it; security is not military force, though it may encompass it. Security is development, and without there can be no security. A developing nation that in fact does not develop, simply cannot remain secure"

Robert McNamara

The region called South Asia, with one fifth of the world's population is perhaps the most deprived region of the world. After more than five decades of existence independent of colonial rule, this region still reflects a destabilized political state of affairs and is lacking in terms of human security. If one focuses on human development and security conditions in South Asia, it leads mostly to negative indicators. Perhaps, there is a pervading sense of insecurity not merely from conditions within, but also from each other, which lead to the unavoidable confrontation and ultimately to a costly arms race. Finally nuclear tests by the two regional rivals in May 1998 have raised this spectre of violence to a new level, which if not appropriately handled has the possibility to lead to a more dangerous situation.

No nation can live without the help and cooperation of other states. For the attainment of Nation-State's Sovereignty, vital objectives of all the states belong to the South Asian complex must not only focus on regional cooperation, but they must also carry on Extra- Regional cooperation.

Regional and Extra Regional Perspectives of Peace and Security

In this particular case the Regional and Extra-Regional perspectives of peace and development include two major regional complexes, i.e. South Asian region and Central Asian region, Afghanistan in this context is considered as a part of both the complexes because of its historical political as well as economic importance.

A regional complex is marked by the dominant role played by the states in international relations; the contacts between actors within a regional complex are more likely conducted by patterns of enmity than co-operation, which demonstrate the same situation, where Pakistan particularly shares a very confused point; these aspects will be addressed in next chapters.

Security at Regional level:

"One of the purposes of inventing the concept of regional security complexes was to advocate the regional level as the appropriate one for a large swath of practical security analysis. Normally, two extreme levels dominate security analysis: National and Global"²⁰

Barry Buzan^I and **Ole Waever^{II}** describe regional security as:

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The region, in contrast, refers to the level where states or other units link together sufficiently closely that their securities cannot be considered separate from each other. The regional level is where the extremes of national and global security interplay, and where most of the actions occur. The general picture is about the conjunction of two levels: the interplay of the global powers at the system level, and clusters of close security interdependence at the regional level. Each regional security complex is made up of the fears and aspirations of the separate units (which in turn partly derive from domestic feature and fractures). Both the security of the separate unit and the process of global power intervention can be grasped only through understanding the regional security dynamics²¹

Security at Regional level refers to the security of states and their interdependence on each other. It is not only affected on domestic levels but also has internal-external dimensions. At the other end, states having limited resources, insecurity, or hostility with other nation, seek help or patronage from other states. Security threats at Regional level or domestic level constitute security interdependence and invite External Powers to play their role.

Penetration occurs when outside powers make security alignments with states within a regional security complex. An indigenous regional rivalry as between India and Pakistan provides opportunities or demands for the great powers to penetrate the region.²²

In case of Central Asia, it could be considered as a weak sub complex whose internal dynamics are still forming and in which the involvement of Russia is strong.²³ The security issues in the region are in massive amount; all states are domestically vulnerable, the amount of conflicts is surprisingly low. Region has suffered due to rising unemployment; death rates, government corruption and crumbling infrastructure, which could create social tension and so make inter-ethnic violence.

Strategic Cooperation for Future Economic Progress

After analyzing the dynamics of both the regions and their security parameters, it is a need of the time to build a security organization between Pakistan-Afghanistan and Central Asian States. Like Shanghai Cooperation Organization (SCO) formed in 1996. SCO is composed of five member states; China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan. Initially it was known as Shanghai Five; it was renamed in 2000 the Shanghai forum and became the SCO in 2001, when Uzbekistan joined.

SCO loud condemnation of terrorism, oppressive policies against domestic political opponents, promotion of economic activities among signatory states.²⁴ A similar type of Organization is essential for collective security, between Pakistan-Afghanistan and Central Asian States. By enrolling China into this organization all the signatory states can achieve their goals in longer run.

Its agenda should be:

- Enhancement of strategic cooperation among member states
- Elimination of terrorist activities, by putting terrorism at the top of agenda.

- Enhancement of human development, by pursuing agenda of non-traditional and traditional security
- Countering super power, self-beneficial interests in the region
- And improvement of economic, political and strategic cooperation between respective states.

After analyzing the theoretical frame work of security next chapter, is devoted to the security problems of respective states, its implications, future course of action, and building capacity for cooperation and assistance.

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¹⁷ Ibid

¹⁸ Ibid p. 107

¹⁹ Roy Allison and Lena Jonson, (e.d), " Central Asian Security: The New International context", Washington DC: Brookings publications, 2001, p. 6

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CHAPTER 2

SECURITY: IMPERATIVE
FOR REGIONAL COOPERATION

Security: Imperative for Regional Cooperation

Pakistan's Internal-External Security concerns: post 9/11

Pakistan's decision to join the U.S led coalition against terrorism is basically meant to fight terrorism in whatever forms it exists in the world. However after joining the U.S anti terrorist camp and abandoning its Taliban policy, Islamabad has opted for a very crucial and challenging task. Though the President has been trying to skilfully manage the political dissent inside the country, it so far has found it very hard to manage the law and order and security problems. There is an internal need and immense external pressure on the top administration to clamp down on radical elements, which they are trying hard to materialize.

Two principles have dominated Pakistan's policy since independence namely; fear of India and the search for a superpower support to counter that threat. Today another principle exists in the form of internal instability. Pakistan's external threat is enhanced by its internal problems, which are gradually assuming alarming proportions by threatening its very survival as a nation. Political immaturity, corruption, greed, ethnic and sectarian conflict, poor law and order conditions, economic mismanagement etc, These conditions are leading to political instability that spreads a long and often destructive shadow on every nation-building activity in the country, obstructing its economic prosperity and progress, which in turn has an important bearing on its defence capability.

Pakistan has a history of supporting different warring factions within Afghanistan, extending at least as far back as the early 1970s and 80s. Even after the withdrawal of

Soviet troops in 1989, serving and former Pakistani military officers continued to provide training and advisory services in training camps within Afghanistan and eventually led to the creation of the Taliban. An Afghanistan that facilitated those connections and provided Pakistan with a base to pursue its objectives in Kashmir would give it greater security against India.¹ How much Pakistan gained or lost is again a question mark on Pakistan's policies.

However given its resource and technological lacking Pakistan remained dependent on super powers or other actors in one-way or the other. As it is a common understanding that the interests of the super powers is framed with regard to its own international exigencies, which invariably shift from one issue to another. Pakistan is a unique case study, as more than once it has won the support and favour of the main super power, namely USA, but at certain point it has also failed to get that attention due to the shifting global interests of the superpowers. Owing to this shifting interest, at the home front it faces a loss of confidence and trust of the people. Having little resource and a Herculean task to nab terror from the roots is now posing a huge security challenge.

Pakistan was forced to roll back by itself or compelled to over a decade of its previous Afghan policy - which meant throwing away the Taliban policy; cracking down on the militant groups thereby giving up its policy of waging a corresponding low intensity conflict in Kashmir; and last, but not least, clamping down on the Madrassahs (Islamic Religious Schools) was in fact an effort to bring these institutions under state control.² The military regime has been able to do what no political party would have dared. Being completely demoralized by the events in Afghanistan the religious parties

were unable to react when the military crackdown against the religious extremist elements began. Over two thousand leaders, activists and Imams (clergy of local mosques) were arrested from all over the country.³ Their offices were sealed and bank accounts frozen, banners, calling for Jihad, were removed from public places, as were the donation boxes. The use of loudspeaker in the mosques was made subject to regulations by the administration.⁴ The general public, who was fed up with the sectarian killings by extremist elements, welcomed the steps taken by the President.

According to police officials, the return of highly trained old hands of the Afghan jihad has boosted the morale of extremist groups and may become a nightmare for law enforcement agencies. Meanwhile, the government has stepped up surveillance along the Pak-Afghan border. However, because the borders are long and porous, fighters can easily slip in despite the dragnet that has been put in place by Pakistan Security Forces.

In view of the ongoing drive of the current regime, some extremist elements and groups are getting together to map out a common strategy to recover the ground they lost since General Musharraf's reversal of the Afghanistan policy on September 19th. The resistant forces of both sides of the Durand lines have come together to wage a struggle against government polices that are seen as promoting US interests. Security situation in Pakistan activates it to launch decisive action to curb terrorism, Quoting President Pervez Musharraf, "I will oppose them tooth and nail, wherever there is extremism, religious extremism, and extremist fundamentalism. I am against it and I will never be supporter of any organization." He called religious extremism a danger for Pakistan.⁵

Such measures are against those groups who have any links with militancy and terrorism, and are supporting or having some direct links with foreign extremist elements. Pakistan is also facing some serious challenges on different fronts, such as threat from Islamic militancy; the fights against terrorism now become an existential issue for Pakistan. This means that unless the terrorist threat is brought under control, the coherence and viability of Pakistan society cannot be fully guaranteed.⁶ Pakistan's internal security situation has been ruined-out many times in the year 2004. Some anti-government elements made several attempts to disrupt Pakistan's internal security. The chronology of these attempts can be well understood by the events mentioned below, starting with Grenade attack at Bible society Karachi, resulting 13 injuries.⁷

- March 2: 48 people killed and 150 hurt in Quetta after a suicide attack during an Ashura Procession.
- March 15: car bomb explosion outside the US consulate in Karachi.
- April 4: Five policemen and an attacker killed when unidentified gunmen open fire on a police station in Karachi.
- May 3: A car bomb killed three Chinese engineers. May 7: A suicide bombing during Friday prayers at an immambargah in Karachi kills 23 people and wounds some 100. May 26: two successive bomb blasts outside the US consul general's home, kill a police men and injured local journalists. May 31: Twenty-two people killed and nearly 40 injured after a suicide bomb attack in Karachi.
- June 10: attack on convoy carrying the corps commander Karachi, killing seven soldiers, three policemen and the senior general. July 30: A suicide car bomb

attack on Shukat Aziz in which he survived while it cost the 8 precious lives and around 30 people injured.⁸ October 1: A bomb blast at Sialkot which killed at least 30 people, followed by blasts in Multan and Lahore.

This chronology of terrorist activities in Pakistan clearly points towards the growing internal insecurity of the country.

Also Pakistan's relations on the regional level with its geographic neighbours on east and west have been affected due the emergence of new security related challenges after 9/11. As the issue of international terrorism has changed the very definition of the movements struggle for self-determination has provided a strong leverage to India over the Kashmir

Taliban and state sponsored Terrorism:

Myths and Realities

Chronicles of Terrorism and myths about Pakistan's support to the Taliban were and remain a more complicated issue of concern. The latter has not been anyone's puppets and their strings were not certainly pulled by Pakistan.⁹ Pakistan supported the idea of territorial integrity of Afghanistan but at the same time, it supported one ethnic group i.e. the Pushtuns. Pakistan also provided military support to Taliban over the years.¹⁰ During the last few years, 60,000 Pakistanis went to fight in Afghanistan.¹¹ Pakistan repeatedly denied having any influence on Taliban but at the same time offered to play the role of a facilitator for a dialogue between Uzbekistan and Taliban and between China and Taliban.¹²

Why Pakistan supported Taliban

Analysts argue that, reasons behind Pakistan's support for Taliban was, its needs for strategic depth in Afghanistan, and by having a friendly government in Kabul Pakistan could achieve this objective against its main rival India. For Pakistan strategic depth refers to these assumptions.

- In any crises situation, Pakistan would have more response time.
- Pakistan could transfer its equipment to a place of its own choosing.
- Logistical support for such a major undertaking will always be available.
- The places west of Durand line shall remain safe from Indian attacks.
- Pakistan can dominate, maintain and sustain huge safe houses in the areas hundreds of miles deep into Afghanistan.
- Another aspect in this regard was that Afghanistan could provide a base where Kashmiri Mujahideen could be trained.¹³
- After the fall of Soviet Union, another important dimension of the concept of Strategic depth for Pakistan appeared to be in a stable Afghanistan that would help in maintaining a trade route to the newly independent Central Asian Republics, in early 1990s.¹⁴

A lose-lose outcome

Pakistan's desire of enhancing its national security by installing a Pakistan-

friendly government in Kabul was imperfect. National security in real meaning is derivative of the number of friends a country has in the region. Pakistan's main borders are with: Afghanistan, China, India, and Iran. Beyond Afghanistan lies the Central Asian republic of Tajikistan, Turkmenistan and Uzbekistan. Prior to the Taliban phenomenon, Pakistan had China and Iran as good, trustworthy friends. The UN Security Council passed several resolutions including 1189, 1214, 1267, 1333 and 1363 directed against the Taliban and their supporters in the region. Critics were right in questioning whether Pakistan's Taliban policy enhanced its national security or isolated it.¹⁵ Moreover, Taliban's Internal and external policies and the event of September 11, which was supposed to have a link with Al-Qaeda, provoked America to plan the invasion of Afghanistan, resulting in putting Pakistan into a perplexity of choosing one of the two opposite roads.

Afghanistan Security concerns

If some one ask an Afghan today about the one thing they lack most, they will reply it is security and peace. Karzai's appointment as the then interim President of Afghanistan by Loya Jirga, under the Bonn Agreement 2002, was a hope for the deprived people of Afghanistan. The interim government formed the civil service and judicial reforms commission to address fundamental institutional weaknesses, to install peace and security. But the chances for peace will only increase with the inclusion of wider cross-section of Afghan political leadership. There are many constituencies that were not present at Bonn. And these groups should not be kept out of process.¹⁶ According to the media reports, refugees are not returning home because of unemployment and security reasons. There are few instances where male members returned to assess the security situation in order to return later with their families. Most of the top leadership of Taliban, including some former ministers, have taken refuge in Pakistan and are staying with relatives and friends. Not all have been handed over to the US Forces.

Except for Kabul and its surrounding areas, security remained a matter of severe concern not only for the returning refugees but also for development organizations wanting to contribute to the betterment of Afghanistan. For this, Afghanistan needs all kind of monetary and logistic assistance, and first and foremost some additional security measures, Disarming warlords, and inclusion of tribal chiefs in reforming future plans, but a strong broad based, stable and parliamentary type of democratic order is needed for this. Remnants of Taliban and other militant militia, have been opposing the elections and have been accused of launching a wave of violence that claimed not less than 1,000 lives since August last year.¹⁷ These remnants are an existing danger, and a major

threat to internal security of the country. Suspect Taliban militants are engage in launching continuous strikes on Security posts, targeting US led coalition, to disrupt landmark presidential elections on October 9.¹⁸

Afghans and international observers believe that there can be no reconstruction without security, and there can be no security without reconstruction. In Afghanistan, as in other post-conflict situations, construction crews cannot build roads, clinics, or schools if they face threatening forces; armed groups will not give up the way of the gun unless they can make a living and protect their families and livelihood without it.¹⁹ The goal of creating a stable, civilian government in Afghanistan faces four different but interlinked challenges: increasingly powerful regional warlords, resurgent Taliban forces, growth of the poppy trade and other criminal activity, and a continuing threat of meddling regional and super powers.²⁰ Failure to meet any of these challenges will greatly increase the chances of failure in Afghanistan and a return to a conflict that savages the Afghans and destabilizes Central Asia, the Middle East, South Asia, and, by providing a haven for criminals and terrorists.

2004 elections and problem of Democracy

Afghanistan's democratization process has cleared two major hurdles. First, the country managed to avoid serious violence on Election Day, as millions of Afghans turned out to vote for the country's first popularly elected president. And the legitimacy of newly elected president Hamid Karzai. On October 9, Afghanistan held its first presidential election in some 25 years. However, forced into a process and timeline to suit the United States, Afghans know "their" election is gravely flawed, even before the results are known, and a fraudulent elections is imposed by US.²¹

"As a matter of fact, it doesn't bother me. If Afghans have two registration cards and if they would like to vote twice, well, welcome. This is an exercise in democracy. Let them exercise it twice."²² These were comments from the interim Afghan President Hamid Karzai, when asked at press conference on August 11, 2004 about the impact of multiple voter registration on the results of Afghanistan's presidential election. "Probably there is a lot of multiple registering. This is not perfect." Many people have openly declared the benefits of obtaining numerous registration cards, which could be sold to parties or candidates for up to US\$150. In a country where most people live below the \$2 a day poverty line, selling a voter registration card is a logical thing to do. Many Afghans did not see the election as their top priority, and question the value and legitimacy of the process, even before the results are known. Despite his victory in the elections, Hamid Karzai remains one of the most vulnerable head of state in the world. Al-Qaeda would like to kill him. Rival warlords want him dead. In the internecine politics of Afghanistan, even some of his friends would probably like to see him out of the way. Many attempts of assassination were made in the past but he survived, like Karzai survived an assassination attempt in the southern city of Kandahar in September 2002, when a gunman opened fire on his car.

While the election was relatively peaceful, despite vows by remnants of the ousted Taliban rulers to disrupt it, the counting was marred Saturday by a suicide bombing on a busy shop-lined street in Kabul that is typically frequented by foreigners. An attacker dressed as a beggar and wearing a string of six grenades detonated the explosives, all these events reveal that, Afghan people, tribal leaders, and remnants of previous government lacks trust in Karzai as president. "There's a little freedom in the country, government has failed to control the whole province, because of three basic

reasons.

- Most of the tribal areas are under the control of tribal warlords
- Physical presence of US troops, is not acknowledged by masses
- Threat of retaliation from Taliban and other non-state actors.

Under such a situation revival of democracy and efforts of re-construction and development such as DDR efforts (Disarmament, Demobilization and Reintegration) in Afghanistan is difficult. There are many international organizations like, ADB (Asian Development Bank), Amnesty international, Red Cross, UN, working with the Government and other development partners; deeply committed to promoting a long-term peace-building process, re-construction, de-mining and rehabilitation. Afghanistan is one of the countries most affected by landmines. Afghanistan has long been one of the countries most severely affected by landmines. This situation has been severely exacerbated by the recent increase in open internal conflict and the launch of coalition military operations. Existing data about victims is incomplete, but indications are that there may be as many as 150 to 300 casualties per month resulting from landmines.²³

Without peace and stability, efforts to rehabilitate Afghanistan will fail to substantially improve the well-being of the Afghan people. With peace, stability, and prosperity, Afghanistan can strengthen the integration and solidarity of its people in rebuilding their nation. It can move forward with rapprochement and the deepening of bonds with its neighbours. For this

- Afghan men and women should lead the reconstruction process in all stages.

- Appropriate policy and institutional frameworks must be put in place to support investments in rehabilitation and reconstruction.
- Substantial institutional support is needed for local communities and emerging government institutions to ensure effectiveness and sustainability.
- Investments in rehabilitation and reconstruction must promote human entitlements and the inclusion of vulnerable groups such as women and children, returning refugees and internally displaced people.
- And finally, Pakistan's support and assistance must fit into a coherent strategic framework, taking into account the government's vision for reconstruction, cooperation and development priorities.

Enhancing security by military means without progress on the economic and political fronts is difficult. Economically, there needs to be sufficient progress for people to uphold the expectation of a peace dividend, whereas politically, tensions need to be addressed in a manner that contravenes the double game that is still being pursued by most of the warlords. There has been a fundamental unwillingness by international actors to confront those who continue to undermine the peace process, and this has contributed to diluting confidence in the Peace Process, which again contributes to escalating insecurity in some areas.

Central Asian Security Concerns

After the disintegration of Soviet Union, Five new Central Asian Republics, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan emerged, each with its own national identity problems and politics. Central Asia lies at the crossroads of Russia, the Middle East, South Asia and the Far East. In this setting, what happens in Central Asia can have a wide repercussion on several countries in the neighbourhood. Oil and gas have enhanced the region's strategic value. Kazakhstan and Turkmenistan sit atop vast quantities of both. During the 1990s the United States began to quietly build influence in the area. Washington established significant military-to-military relationships with Kyrgyzstan, Uzbekistan and Kazakhstan.²⁴

USA is investing billions of dollars to pursue its national energy strategy. There are various factors affecting peace and security in Central Asian states, and their current and future impact on the economic development of the Central Asian Republics. Internally the challenges to peace and security are rooted in the ²⁵ ethnic diversity, which created a conflict situation in Tajikistan, and presents problems inside Kazakhstan and Uzbekistan. The fear of Islamic fundamentalism has increased after the withdrawal of Soviet forces from Afghanistan, where most of the militant factions profess an Islamic outlook. Another internal problem, which could create inter republic disputes is the sharing of scarce water resource, and evolution of new links in transport and communication.²⁶

External Factors

The policies and interests of the global and regional actors and powers increasingly shaped the outlook of peace and security in the Central Asian Region. Russia, as the imperial power in the region, is playing a pre-eminent role in the CAR's.²⁷ Russian interest in Central Asian Republics focuses on following aspects:

- Preservation of traditional influence in the region
- Safeguarding of economic investment, and participation in future economic growth
- Protection of the interests of the large Russian communities lining in the region
- Averting possible security threats from Islamic fundamentalism.²⁸

The protection of ethnic minority rights and border security are issues of paramount importance to Russia. More conservative Russian Nationalists, who dislike disintegration of their empire, have been articulating an interventionist policy.²⁹ They believe Islamic fundamentalism is major threat to Russian Nationalism. USA and other western powers role in the region is also very important in this regard, which will be discussed in next chapter.

The most serious threat to peace and security in the Central Asian region arises from the continuing instability in Afghanistan. Continued civil war, are the major source

of insecurity and threat to peace in Central Asian Republics. Currently involvements of external elements along with existing internal problems are the major threat to CAR's.

Like:

- Both Russian geostrategic ambitions and Iranian-style religious militancy pose long-term threats to the Muslim societies of the region.
- Yet another conflict affecting potential oil pipeline routes is occurring in Nagorno-Karabakh, a small, largely Armenian enclave inside Azerbaijan. The enclave of Karabakh sits astride a potential oil route from the Caspian Sea to Turkey.
- Narcotics problem faced by Central Asian States, especially Tajikistan facing serious problem, narcotics traffickers from Afghanistan are entering into Tajikistan.³⁰
- Military presence of US and Russian Troops, in Central Asian States, especially in Kyrgyzstan, where both super powers have established their military bases
- The opposition between secular and religious groups in Uzbekistan Since independence, Uzbekistan has become a chief target for Saudi religious influence. Saudi Arabia has funded mosques and religious schools, *madrasas*. It is also spreading the Wahhabi version of Islam and thus contributes to religious sectarianism.³¹
- Clashes between Islamist groups against moderate Islamic leadership in Kazakhstan, claiming for democratic rights, freedom of press and assertion of Kazakh culture and language.³²

However, the greatest threats to Central Asian security are internal. The painstaking process of nation building, the legitimacy crisis, rapid social and economic transformation, decolonisation, ethnic diversity, border disputes, and a catalogue of

other issues are all sources of instability in the post-Soviet republics.³³ All five republics have suffered sharp economic dislocation since gaining independence. They were suddenly cut off from the centralized command economy that directed their resource allocation, long-range planning, investment funding, and management. Exploitation of rich natural energy and mineral resources has been stalled; no longer a part of the Soviet Union, the five republics are all landlocked, and goods must transit through a second nation via transportation networks that do not yet exist (other than through Russia). Economic reform and movement toward a market economy have been uneven, as states fear that further economic dislocation will produce massive internal unrest and political instability.

Cooperative Regional Frame-work

It is the right time for the leadership of Pakistan that it should itself be clear about its geo-strategic concerns and the approach it believes is most feasible and pragmatic in the situation the country finds itself in. Islamabad does indeed need to reshape its policies and strategy on certain matters, which include such issues as our relations with Afghanistan, our undertaking to assist in the current campaign against Al Qaeda. Any incorrect decision on these matters would create negative and unmanageable crisis. Starting from internal insurrection to external pressures and ruthless policies, Take Afghanistan for instance, we find ourselves in an unenviable situation, which is partly our own creation. The seeds were sown in the 1980s when General Zia-ul- Haq led the country into playing the role of a frontline state against the Soviets in Afghanistan.

Next, the ISI chose to involve Islamabad in the Afghan civil war. After the events of September 2001, Pakistan has been trapped in a painful dilemma. Continued cooperation with Washington has provoked the militants, the religious parties and the nationalists in the country, creating problems of a different kind for President Musharraf government. Pakistan and Afghanistan are two brotherly neighbouring countries sharing their cultural, economic, social and political history. The relations, based on confused disagreements, must be rebuilt on the bases of mutual respect and non-interference in each other's affairs. Mutual distrust and animosity seem to be melting on both sides. Events like attacks on Pakistani embassy in Kabul should not be repeated and must not hindered the recent confidence building measures.

Cross- Border Infiltration

Pakistan's role as close and important neighbour is very much important. Fortunately leadership of both the sides has realized the importance of cooperation on bilateral terms. Afghanistan's foreign minister Abdullah Abdullah has expressed satisfaction over the cooperation being extended by Pakistan to restore peace in Afghanistan.³⁴ "We have peace and cooperation from Pakistan and president Musharraf once again has reaffirmed his commitment to make sure that he and his people are doing every thing in their hands to stop people from crossing the borders to disrupt security", Afghan Foreign Minister told this to BBC television. He further added "I can say that infiltration has stopped from the borders, "adding, it will take long term commitment and cooperation from both the side of borders to achieve normalcy.³⁵ It will improve confidence between the two states and will assure the regional security, by taking anti-terrorist and anti-cross border infiltration measures. By discouraging the terrorist elements to enter into the Pakistani territories for their criminal activities.

Joint efforts to curb insurgencies and terrorist network

Taliban and other resistant fighters are establishing themselves into the remote areas, so they want to establish their bases to attack the security forces, coalition forces and to discredit the reconstruction of Afghanistan and political process. For this Pak-Afghan cooperation is very crucial in fighting terrorism in these areas and should work together in order to establish firm control in the unstable areas along border between the two countries.³⁶ President Karzai in his visit to Pakistan on 23rd Augus 2004 said "we

will not allow any nation, including India to sue our land for terrorist activities against Pakistan". There are some element that don't want peace in the region and wish to affect Terrorism constitution and efforts, registration process and development in Afghanistan.³⁷ In order to achieve a regional harmony and stability in the region a combined strategy for ensured peace, security and counter terrorism on regional and extra regional level is fundamentally important. For more strong and healthy relations, efforts towards strengthening bilateral cooperation and promoting regional stability are required. Pakistan, Afghanistan, Central Asian states and China must conduct a joint exercise for combating terrorism. The recent Sino-Pak exercises with the code name "Friendship 2004" are the big and strong move to curb terrorism. a "Tripartite commission,"³⁸ consisting Pakistan, Afghanistan and United States has also discussed this issue and is ready to coordinate for counter terrorism, but involvement of China and Central Asian States in this tripartite commission will be more affected and useful then the United States.

Illegal Trade and Drug Trafficking

Afghanistan must also break out of its vicious cycle of insecurity, informal economy and drugs to end poverty and violence gripping the country for many decades. According to a World Bank report, up to 90 % of Afghanistan is living/ sustaining through informal economy, denying the government of the much needed taxes and other revenue to develop the country.³⁹ The country's future prospects depend on whether the political leadership can free it from a vicious cycle in which a largely informal economy, the opium trade, and violence reinforce each other. "This has hindered state-building activities, and undermined development efforts". Said: William Byrd, World Bank's senior economic advisor.⁴⁰ Afghanistan's economic condition demands regional and extra

regional cooperation to rebuild its economic infrastructure.

Pakistan, Afghanistan, Central Asian States and other countries of the South Asian region must draw a strategy to deal with illegal trade in the region and to adjacent regions. Issue, which is more important in terms of recent development between Pak-Afghan relations, is the issue of illegal trade and drug smuggling. Between "1992-1995" Afghanistan had produced a speedy 2200-2400 metric tones of opium every year, rivalling Burma as the world's largest producer of opium.⁴¹ "It was a regional issue and the Afghan government wanted to eliminate it with the help of the international community". Mr. Jalali Afghan Interior minister stated that his talks with the Pakistan government had been very encouraging and hopeful.⁴² But this area of bilateral cooperation must be enhanced to the regional and extra regional level. United Nation organization for Drugs and Crimes in collaboration with Pakistan Anti Narcotics force has successfully completed a Regional Course on advance drug law enforcement along with their counter-parts from the GCC countries notably Saudi Arabia, Oman, Kuwait, Qatar, Bahrain and UAE.⁴³ In this regard cooperation between Pakistan, Afghanistan and Central Asian countries will further enhance the legal trade ties and eliminate the grounds for illegal trade and drug smuggling.

Options and Choices

Pakistan and Afghanistan are facing similar security challenges but of different magnitudes. For this both must adopt some confidence building measures and, address security issues bilaterally based on mutual trust and commitment for the better outcome, and this process should not be inflamed by the past experiences. For a strong and sustainable cooperation between Pakistan and Afghanistan, there are certain options which must be achieved at the bilateral front.

Political stability

If political stability is not ensured, the Afghan people will be the main victims but the next in line to suffer is Pakistan. It is important to note that stability in Afghanistan can only come if a representative administration, reflecting the demographic, ethnic composition of Afghanistan sustains. From Pakistan's point of view, the need of the hour is a bold decision-making, based on its own thinking and vision. Decisions must not clash with the public sentiment. Clout of military leaders has to be replaced by democratic forces, embodying rule of law, free justice and politics of persuasion. Internal political harmony is the key to sustainable development and cooperation on regional and extra-regional level.

Elimination of Extremist and militant elements

The threat of retaliation by the Militant outfits has risen, and poses a problem for the internal security of both Pakistan and Afghanistan. Recent spate of terrorist violence across Pakistan has confirmed the Pakistani intelligence worst fears regarding Al-

Qaeda's presence as well as its range of activities inside Pakistan.⁴⁴ Attacks on President Musharraf, on Prime Minister and terrible bomb blasts in Sialkot, and Multan are signs of internal security threats. Gen Musharraf reaffirmed the government's commitment to root out terrorism and to provide peace and security to the people. He said that there could be no compromise over the nation's resolve to rid the society of extremism and sectarianism.⁴⁵ Federal information secretary of Pakistan said: "This could be a retaliatory act of terror network after suffering a severe dent in its ranks made by security agencies".⁴⁶

Attainment of Regional Harmony

For the attainment of regional harmony, revival of strong civil society, and abandonment of politics of violence both on internal and external level a grand strategy would definitely help to cement friendly relationship between Afghanistan, Pakistan and other states of the region on multiple fronts that include political, ideological, moral, psychological and also economic. There is a huge need (Pakistan and Afghanistan) to make use of the opportunity that the current events have offered in order to come to some kind of a settlement over the bilateral issues and make region a haven of peace banning terrorism for ever. A comprehensive security in South Asia is very important. For this all seven states of the region move ahead for socio-economic progress and prosperity.⁴⁷ Peaceful and secured environment in the region will not only enhance cooperation between the regional actors, but also catch the attention of extra regional and international actors to play their part in development and Economic cooperation.

Enhancing Corridors and Trade route agreements

Pakistan is pursuing and enhancing its communications network and transport links with Central Asian Republics. The laying of railway tracks from Turkmenistan to

Pakistan via Afghanistan is an important part. There have been various proposals in the past, at the highest level, to establish a trade and communication corridor between Pakistan and Central Asia through Afghanistan. This includes repair and rebuild of Chaman-Kandahar-Herat-Kushka road, fibre optic link and railway connection between Chaman and Kandahar.⁴⁸ Progress has been made so far, but their some factors hindering speedy implementation of this idea. This progress must not be stopped. Pakistan has taken very positive steps towards the completion of such projects. But these projects/developments must not be affected by any irrational policy. The quadrilateral agreement between Pakistan, China, Kazakhstan and Kyrgyzstan, effective from 15 May 2004, provides transit trade facility through Karakoram Highway.⁴⁹ The completion of Murghab Kulma road from Tajikistan to China linking by Karakoram highway to Pakistan is also a welcome development. Once operationalized, it will boost the transit trade between Pakistan and the Central Asia.

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CHAPTER 3

GEO-STRATEGIC & ECONOMIC INTERESTS IN CENTRAL ASIA

Imperatives of Economic cooperation in the Region

Pakistan's geographic position certainly provides a gateway to Central Asia from the south or south-east; but it is not the only gateway from the South. Contrary to the impression our leaders try to create in their enthusiasm to identify themselves with Central Asia and enlarge the extent of co-operation with it. There are many other gateways, which will be discussed in the fourth chapter. The fact is that there is another gateway to Central Asia from the South via Iran, which has done a great deal to develop and improve communications system with Central Asian Republics. Yet another gateway in the south-west is from Turkey. Pakistan's importance to function as a reliable supply route to Central Asia and exit route for its exports has been hindered by the disturbed conditions and the long-term civil war in Afghanistan, which is the only proper trade route between Pakistan and CAR's, for Pakistan borders only with Tajikistan¹ whose geographic location is not suitable for such type of trade activities. As a result there has not been much economic cooperation between Central Asia and Pakistan.

Pakistan, Afghanistan and Central Asian States must in their first stride form a coherent strategic and cooperative framework, giving its first priorities to the Afghan reconstruction, because without the peace in Afghanistan chances of economic cooperation is very difficult. In the next step expand assistance and cooperation in:

- Emphasis must remain on capacity building to improve administration, financial management, planning and project design and implementation.

- Assemble a joint platform or organization like the, Shanghai Cooperation Organization (SCO) and The Organization for Security and Cooperation in Europe (OSCE).
- Formulate a common security plan to counter common challenges such as, Terrorism, Narcotics and drug trade, illegal trade, and Super power's interests in the region.
- Offering the incentives to powerful warlords in Afghanistan as a subordinate role in reconstruction.
- Expansion of ECO Charter
- Promotion of internal stability in CAR's, Afghanistan and Pakistan, with the assurance that these two regions will not be divided into spheres of influences by other external powers.
- Giving priority to the human development and non-traditional security at first place and traditional on second.
- Through engagement of China and Europe in an area of mutual interests.

Pak-Afghan & Central Asian cooperation for Peace and Development

Geo-strategic dynamics of Pakistan, Afghanistan and Central Asian states are linked with each other. Regional cooperation between these states was always not been on the merit. Event of September 11, has affected this region as well. With the end of Cold War and super power rivalry, Pakistan lost its geo-strategic importance, at that particular time USA objectives were to demolish its chief rival, which was achieved after the Soviet disintegration. This time its objectives are not only geo-strategic but geo-economic.

On the other hand the situation in the Central Asian Republics is presently quite fluid. Every Central Asian state has its own aims, ambitions and problems. They are keeping their options open and assessing a wide variety of alternatives available to them including creating an economic union of their own. They have no inhibition in dealing with nations diametrically opposed to each other. Investments from USA and China are both welcome and visitors from Iran and Israel are treated alike. Not necessarily Pakistan and India can both enter the Central Asian market while opportunities for other nations to establish mutually beneficial relations with these newly independent countries exist irrespective of their religious or cultural affiliations. Pakistan, along with a host of other countries, can help in the economic development of the Central Asian States during this transition phase. Presently, however, Pakistan does not enjoy the advantages, which the other two Muslim neighbors have. Pakistan is not geographically linked with them. Until peace and stability, politically strong governments, long term policies returns to the region, Islamabad cannot reach out meaningfully to its northern neighbors.

In this regard Presidents of Pakistan and Afghanistan vowed to enhance the bilateral trade and economic ties and also agreed to step up their cooperation in the fight against terror.² This development will pave the ways for development and will encourage the environment for cooperation between Pakistan-Afghanistan with Central Asian states, for furthering their interests as a main actors for providing transit and trade routes to the Arabian Sea.

The two leaders reaffirmed a strong resolve to fight terrorism and said the steps against this menace would be in the interest of peace, stability and development of both countries and the region at large. Regional peace and harmony is the major objective to achieve economic interests between Pakistan-Afghanistan and Central Asian republics.³ While Pakistan provides sea linkage to Afghanistan with the rest of the world, Afghanistan provides land linkages to Pakistan for Central Asian Republics.⁴ If Pakistan's security apparatus does not realign its policy towards Kabul, Islamabad could find itself isolated. Such isolation could result in Pakistan missing out on the expected windfall from the development of Central Asian oil and gas resources. Ultimately it will benefit the extra-regional and super powers to grab the gigantic energy resources of the region.

Super Power Role

Zbigniew Brezezinski, in his book, *The Grand Chessboard*, endorses American Administration to serve as a virtual caretaker of the world in the Post cold war era:

A world without US primacy will be a world with more violence and disorder and less democracy and economic growth than world where the United States continues to have more influence than any other country in shaping global affairs. The sustained international primacy of the United States is central to the welfare and security of Americans and to the future of freedom, democracy, open economies and international order in the world ...Eurasia is thus the chessboard on which the struggle for global primacy continues to be played⁵

The 'New Great Game'

Russia and Britain were the major players in the 19th century Great Game. The term great game was originally given by Rudyard Kipling for the 19th century Anglo Russian rivalry for hegemony in Central Asia. With the collapse of Soviet Union in 1991, the new Great Game for oil began. Since September 11 and the ensuing war on terrorism, the age old Great Game has entered in a new and more dangerous phase, with new powers, combating over the great oil and gas wealth of Caspian basin and Central Asia. It has been further complicated by the military presence of the United States, whose troops are now stationed in China's and Russia's Backyard.⁶ While both China and Russia the two dominant powers of main-land Asia, regard this region of transitional states as part of their near abroad.

In this replay of the first 'Great Game' players once again position themselves to control Caspian Region, the difference is today, the US has taken over the leading role from the British along with the Russians new regional powers, such as China, Iran, Turkey, and Pakistan have entered the arena and transitional oil cooperation's are also pursuing their own interests. In contrast to the old great game several independent but small states in the region are emerging as big winners.

Role of USA

"The 'war on terror' is being used as an excuse to further US energy interests in the Caspian⁷"

Following September 11, 2001, the Central Asian countries were catapulted into the international spotlight.⁸ US interests radically changed with what the George W. Bush administration identified as the "War on Terrorism," the first stage of which focused on Afghanistan. At the same time, United States increased its presence in Central Asia, when the military campaign against the Taliban regime in Afghanistan was launched in October 2001. The presence of Al Qaeda terrorists in Afghanistan and in other Islamic countries prompted the United States to increase its military position in many regions, including Central Asia. Now, the United States appears to control critical portions of the Eurasian heartland with its presence both in the Central Asia and Caucasus.⁹ Indeed in 1997 Brezezinski's observations reflect the current geo-political situation, and America's role in the region as arbitrator, with no major Eurasian issue soluble without America's participation or contrary America's interests.¹⁰

U.S emerging Profile

Washington is shaping Up its military presence in Central Asia to protect what it describes as its long-term interests in an area Russia and China consider part of their sphere of influence. The move could have dramatic consequences in a region in which some countries are seeking to reduce their dependence on Russia for security reasons.¹¹ This move is not acknowledged by Russia and China, as the two nations traditionally regard Kazakhstan, Kyrgyzstan, Uzbekistan, and Tajikistan as their backyard. Since the beginning of the U.S. offensive against Afghanistan's Taliban militia and Osama bin Laden's Al-Qaeda terrorist network, the Pentagon and its allies have been using Uzbekistan and Kyrgyzstan as a rear base for military operations and as a corridor for humanitarian aid.¹² Kazakhstan and Tajikistan have no Western troops on

their territories, but they have offered their respective airspaces and airfields to U.S. planes for operations in Afghanistan.

"The New York Times" of 10 January, 2002 reported that U.S. military planners are also considering rotating troops in the region every six months, increasing technical support for and conducting training exercises with Central Asian countries.¹³ Washington's aims in the region remain unclear. U.S. analysts say a long-term military presence in the region is needed to avoid a possible comeback of the Taliban and to ensure that all remnants of Al-Qaeda are rooted out. They also argue that U.S. troops are needed to protect the International Security Assistance Force (ISAF) that is being deployed in the Afghan capital, Kabul, to help the new interim government maintain peace.

But there are indications that Washington might pursue broader goals. President George W. Bush's administration hopes a permanent U.S. presence in Central Asia will boost regional economic development and sustain democratic reforms in the region.¹⁴ On contrary United States have something very broad perspectives of its economical interests in the region. These interests are multidimensional and very complex in nature. United States economic interest in the world is not hidden from the international community, every government in past followed policy to take control over the world energy and oil resources. UNOCAL is one of the world's leading energy resource and they are focusing on Central Asian oil and gas reserves and the role they play in shaping U.S. policy. John J. Maresca, vice president of international relations, Unocal Corporation has pointed the importance of the energy reserves in the region.¹⁵

The Caspian region contains tremendous untapped hydrocarbon reserves. Just to give an idea of the scale, proven natural gas reserves equal more than 236 trillion cubic feet. The region's total oil reserves may well reach more than 60 billion barrels of oil. Some estimates are as high as 200 billion barrels. In 1995, the region was producing only 870,000 barrels per day. By 2010, western companies could increase production to about 4.5 million barrels a day, an increase of more than 500 percent in only 15 years. If this occurs, the region would represent about 5 percent of the world's total oil production.¹⁶

Western interests in the Caspian oil increased greatly after September 11. The American move from the Middle East to Russia and Caspian region is a result of the United State's desire to find a less expensive source of oil, its awareness of its dependence on Persian Gulf oil and Saudi Arabia's fiscal support of Terrorism.¹⁷ Excluding Russia, the Caspian region contains the largest oil fields in the post-Soviet Space. Caspian oil reserves could complement the stocks of the Persian Gulf countries, and since the Arab world is unstable, the United States sees this as a viable alternative.¹⁸ "This combination of developments made the Caspian Basin more strategically important for the United States and other members of NATO. Western oil companies became increasingly attracted to the region as well, especially since they continued to be frozen out of new projects in both Iran and Iraq. Energy development came to dominate Western discussion of the region."¹⁹

American oil companies also intend to increase the oil output of western Kazakhstan. The Chevron Texaco Corporation intends to invest about three billion dollars in development of the Tengiz oil field. According to preliminary forecast, the

project will allow the corporation to increase the amount of oil production from 12.5 to 19.5 million tons a year.²⁰ The leaders of this corporation declared their intention to develop the Caspian pipeline consortium further and did not exclude their export possibilities in the case of successful development of the Caspian shelf.²¹ The post 9/11 placement of U.S military base in Uzbekistan, Kyrgyzstan, and Tajikistan represents a direct fortification of U.S interests in the region, and the Kazakh oil industry in particular. Kazakhstan remains an alternative source of energy resources. In the future, U.S foreign policy towards Eurasia will advance Kazakhstan to a stronger position by creating a stable geo-political environment in the Eastern hemisphere.

The following features have attracted the attention of American policy makers:

- The region's vast deposits of good quality oil and gas.
- Due to the region's lack of capital and technology for developing these oilfields independently, American companies, such as Chevron, have considerable investment opportunities.²²
- The USA intends to help the former Soviet Republics to develop their oil and gas industry, guaranteeing their economic growth, while hoping to keep them out of the Russian sphere of influence.
- The US government is actively supporting American companies in Central Asia involved in oil development as well as in the construction of pipeline that could channel the oil to the West. The USA is interested in channeling the oil coming from those countries into international markets, in order to diversify its own sources of supply and keep oil prices low.²³

- The USA wants to see economic growth in the region to promote regional stability and resolution of local disputes, so that its own interests are not affected.
- The US government is interested in bolstering Turkish influence in the region, by supporting proposed pipeline route that will transport oil from Baku to the Turkish Port of Ceyhan while bypassing Russia and Iran. At the same time, it is pursuing the policy of containment and isolation of Iran and China.

Russian Perspective

The Caspian region has generated much interest and has assumed greater importance in world politics since the implosion of the Soviet Union. The Caspian-Caucasus region is emerging as the world's biggest energy producing region, second only to the Persian Gulf in importance, and could become a major supplier of energy resources for the exploitation and utilization of the potential resources.²⁴ Russia remains a major determining factor in any future economic and political dialogue over the Caucasus-Caspian region. The region has suddenly found itself in the midst of one of the greatest geo-political struggle over oil and gas resources. Oil is evidently the key factor. However, Russia intends to exclude outside powers from exercising a dominant political and economic influence in the Caspian region via the Caucasus and Central Asia.²⁵

The great game of the 19th century between Russia and Great Britain over the control of Central Asia seems to have re-surfaced over oil at the turn of the 20th century.

However, this time, the U.S has replaced Great Britain as the chief contender of power in the region. Russia on its part is keen to maintain its historical eminence in the Caspian Sea region. Russia's interests in the hydrocarbons resources focus on acquiring superior access to the Caspian Sea and Central Asian oil, to offset the oil output decline in its Western Siberian oilfields.²⁶ Moreover, Russia is likely to see a huge increase in its oil and gas requirement in the decades ahead, due to its rapidly increasing domestic demands. The Caspian region's oil and gas potential would provide the cheaper and more easily accessible source. As Russia view the U.S as the biggest contender to its deep-seated political influence in the Caucasus and Central Asian region. Oil is evidently the key factor. America as the world's leading oil importer, it has a constant interests and stake in the control of the world's major oil-producing regions. United States has an interest in the Central Asian oil reaching the world market and in investment opportunities for the U.S oil companies. To obtain an economic and political foothold in the Caucasus and Central Asian Region has been and remains a major foreign policy objective.²⁷

This is an alarming danger for Russia as U.S.A its main post cold war rival. Under this scenario, there would be very little room for Asian countries, especially Pakistan to benefit from these rich reserves of oil. International oil companies would prefer other alternative routes available for the pipeline rather than Pakistan.

Russian - U.S oil rivalry

American oil companies have been striving to push Russia from the scene of its traditional influence and domination in the Caspian region, and thus aiming to capture the oil resources of the region. Even back in 1992, Sergei Karaganov, a member or

Russian Presidential Council, introduced the term 'post-imperial policy' and declared that 'Russia is compelled to play an active post-imperial role...Russia must return to its traditional role bribe local princes, send troops to save someone, and so on. It is an ungrateful job, but it is our history and we partially ourselves led us to it.'²⁸ On the other hand American military presence in the region is needed to be counter by the Russia. However, Russia has been successful in retaining its military presence through stationing of its armed forces in the Caspian and Central Asian states and securing access to some important military bases. Moreover, Russia's place in the region is ensured not only because it is of its littoral states, but for reasons of history, and the fact that it offers an important transit route for Central Asian State.²⁹

To conclude, Russian interests in the region include: preservation of traditional influence, safeguarding economic investment and participation in future economic growth; protection of the interest of the large Russian communities living in the region; averting possible security threats from resurgence of 'Islamic fundamentalism';³⁰ preservation of its control over the external borders of the CIS in Central Asia; and the permeability of Central Asian borders for imports from and exports to Russia.³¹

India's emerging influence in the region

There is no doubt that India is continuing to expand its investment in Central Asian states and that it will deepen its connections to the area in terms of economics, diplomacy, and defense cooperation. Therefore it is necessary to understand both Indian policy and strategic trends in Central Asia. India's rising profile in Central Asia has become very vital as comparing with Pakistan role in the region. Undoubtedly, India's

policy towards Afghanistan and the former soviet republics of Central Asia reflects changing perspectives in its long-standing rivalry with Pakistan and the events of September 11, 2001. But India's strategy also reflects major trends in Indian foreign policy that go beyond these considerations. These trends reflect India's growing economic and military power and its policymakers, increased attention to and interest in becoming a major pan-Asian player, not just the dominant power on the sub-continent.³² Economic power, diplomacy, and improved military capabilities constitute India's three main instruments for projecting power and its influence into Central Asia.

India's rising military cooperation with Central Asian states can be well understood by Indian military presence in the CAR's. on the other hand India's increased ability and willingness to sell weapons to Central Asian States parallels Pakistan's similar capability as both are entering the international arms market to find new exports markets and keep defense plants open.³³

India's growing interests and presence in Central Asia is not just its tense relationship and geo-political rivalry with Pakistan but India determination to compete with China's activities as well. India also has persuading economic and trade objectives that can be realized only through peace in Central Asia, goals which include but go beyond to large holdings of their oil and gas. Finally, Central Asia is an increasingly important factor in India's overall foreign policy because it increasingly looks to play a major role across Asia.³⁴ India's growing interests and ambitions in Central Asian states in not confined merely to the linked threats of terrorism, separatism, drug trading and provocation to civil violence. It also has deep and long-standing strategic and economic roots. During the 1990's New Delhi wanted to reduce Pakistan's ability to prevent it from

playing the broader Asian role India carved by reaching out to all interlocutors, including Central Asia.³⁵

India's rising profile: Challenge for Pakistan

India's strategy for projecting its influence and power into Central Asia also derives from many other factors beyond its ongoing rivalry with Pakistan. Soviet collapse opened Central Asia to foreign penetration and created independent states that needed to reach out to others. Pakistan sought to capture preferential economic positions there and appeal to Central Asia on religious grounds but failed.³⁶ On the other hand India's pursuit of energy sufficiency and markets in Asia implies Indian leaders to look seriously at Central Asian states. Central Asian states see India as an essential market, investor and security provider as they confront multiple local threats. Hence, some of them have already announced support for India's membership in the SCO (Shanghai Cooperative organization).³⁷

India's main interest in Central Asia is to counter Pakistan; hence its policy is Pakistan-centered. This policy could be termed 'interest-based confused policy'.³⁸ For instance, soon after the agreement was signed between Turkmenistan, Afghanistan and Pakistan for the construction of gas pipeline, India's ONGC (Oil and Natural Gas Corporation-Overseas) announced a counter-proposal-the 'Energy Highway'-to construct a Russia-China India (RCI) pipeline.

The Government of India is making an effort to create the right kind of atmosphere for companies to enter this market. It has been striving to improve the connectivity. Land route options through Iran and Turkmenistan are also being explored.

There are already existing rail and road lines in Turkmenistan and Iran, except for a few short stretches, between Mashad and Sarakhs on the Iranian side and Tredzen and Sarakhs on the Turkmen side. Three party agreements on international transit of goods between Turkmenistan, India and Iran signed in February 22, 1997 at Tehran is still critical.³⁹

Indian - Iranian Connection

Since then, India has improved ties with China, Russia, Iran, Israel and the United States and has started consolidating key partnerships with many of these countries either in military sales or in trade. Meanwhile, Iran has sought to position itself advantageously in the ongoing struggle over export routes for Caspian Basin energy.⁴⁰

Both India and Iran aim to become major centers of international trade, especially of goods that originate or end up in Central Asia. This spurs both countries to cooperate with Russia - along with some Central Asian states, especially Kazakhstan - in trying to broaden the North-South trade route. As currently envisioned, improvements would aim to speed the flow of goods, especially energy, from Russia via Central Asia to Iran to India. Iranian President Mohammed Khatami visited India on January 26 and signed a protocol with Indian Prime Minister Atal Behari Vajpayee. The document pledges the two countries to collaborate on energy issues and technology investment, anti-terrorist action and "strategic collaboration in third countries." While this last term refers primarily to Afghanistan, the Indian-Iranian economic and diplomatic partnership holds large potential for many Central Asian economies.⁴¹

Iran

With the collapse of Soviet Union, Iran has emerged as a bridge linking the Persian Gulf region to the new republics of Central Asia. Iran does seek close economic ties with the Central Asia, especially Turkmenistan, which will connect all the five central Asian States and Russia to the Iranian network and onward to the Gulf. Tehran plainly seeks to establish a sphere of influence in a region of great importance to its neighbors and competitors.⁴² The west and the USA in particular are opposed to Iranian influence in the region. However, Iran, being ECO's important member plays a major role with regard to the security situation in Afghanistan, will remain important actor in the future evolution of central Asia.

Turkey

Turkey has strong historical, cultural, and economic ties with CAS. Four of the Central Asian States were originally established by the Turks.

Turkey's major interest in the region is commercial. This involves its stake in Central Asian energy production and transportation. Its main interest in Central Asia's natural gas is as a consumer and the Turkish gas market is very large.

Turkish interests in the region can be summed up thus:

- Investment in the oil and gas sector of the region
- Strengthening existing economic ties
- Ensuring secure transportation of oil and gas supplies from new sources to Western Markets via Turkey
- Enhancement of its role as regional power
- Advancement of cultural and political ties with Central Asia.

The European Union

The Central Asian States are looking to the west for financial, technical, and political assistance to reduce their dependency on the Russian Federation. EU interests in the CAR's emerged when the region's energy resources captured the attention of the world, leading to increasing engagement in the exploitation of oil and gas deposits. The EU has a soft corner for the CAR's and aims to ensure a politically and economically stable Central Asia to safeguard its strategic interests.⁴³

The interests are as under:

- To promote democracy and stability in Central Asia.
- To give technical assistance to the Commonwealth of Newly independent states.⁴⁴
- To play a significant role in institution building in Central Asia, along with the OSCE.⁴⁵
- To be a trading partner of the CIS, while exploiting the region's energy resources.

Asian states security umbrella

Tajikistan, Kyrgyzstan, and Kazakhstan are members of the CIS Collective Security Treaty, a Russian-led military alliance that also includes Armenia and Belarus. The speaker of Russia's State Duma, Gennadii Seleznev, in his speech warned Kyrgyzstan and Tajikistan that any decision to allow foreign troops on their territory should not be made without Moscow's consent.⁴⁶ Governments will very carefully analyze what the status of the foreign army units expected to be deployed in Kyrgyzstan or in Uzbekistan will be how they will behave in Tajikistan, on which legal grounds they will be deployed, for which period of time. These, of course, are all issues to which we

cannot remain indifferent. CIS countries that are members of the Collective Security Treaty, including those just mentioned above, cannot take a single decision without consulting each other.

How Moscow could respond to a long-term U.S. military deployment in the region is uncertain, but comments made by regional political leaders suggest that Seleznev's veiled threats are unlikely to deter Central Asian states from allowing Western troops and bases on their soil.⁴⁷

Since the demise of the Soviet Union, Turkmenistan has pursued a policy of stated neutrality. Turkmenistan is not a member of the CIS Collective Security Treaty, and Turkmen leader Saparmurat Niyazov has boycotted most CIS summits since 1992. Turkmenistan refused to open its airspace and airfields to U.S. warplanes during the anti-Taliban campaign. On 7 January 2002, Turkmen president Niyazov rejected a German request to allow military aircraft providing support to the UN-mandated ISAF to use Turkmen airfields.⁴⁸

On 9 January, 2002 President Niyazov held talks with visiting Russian Foreign Minister Igor Ivanov to prepare for his planned visit to Moscow later this month (21 January). A correspondent for RFE/RL's Turkmen Service reports that, during the talks, Niyazov rejected a Russian offer to join the Shanghai Cooperation Organization, an economic and security forum that, besides leading members Russia and China, includes Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. SCO foreign ministers met on 7 January 2002, in the Chinese capital, Beijing. Experts note the assembly produced few concrete results and argue that its future would be seriously challenged if the U.S. maintains a military presence in the region and if Central Asian countries continue to look for an alternative security umbrella. Under this scenario a joint strategy for

alternative Asian states common security alliance is require, which may include, Afghanistan, China, Pakistan and all Central Asian States. Or else this struggle for regional influence and thrust for economic benefit between super powers will change the Geo-political and economical map of the region.

Post 9/11: security insight in South and Central Asia

Ideally, the security paradigm in post-colonial societies should be of a multiple nature including territorial integrity, political consensus, economic progress and peaceful coexistence, though, in many cases, it has been simplistically seen as a territorial precept aimed at militarily countering external threat. In the process, good-neighborliness, good governance, economic progress of the masses and socio-cultural harmony among the populous are routinely compromised to build up strong defense establishments.⁴⁹ South Asia as well as post-Soviet Union Central Asia and Afghanistan already locked in security disparity have been deeply impacted by the terrorist attacks in September 2001 and their revengeful fallout following the retaliatory campaign led by the U.S. The internal tensions and external destabilizing forces have converged with extra regional compulsions. Excepting a few temporary gains by the respective regimes in the neighboring regions, the societies are overwhelmingly dissatisfied, if not bitter, as the former pursue conflictive and non-cooperative policies. In common, the general perception is that 'the Great Game' persists at the expense of societal and popular interests whereby powers like the United States, Russia, China, India and even the European Union, despite their noble promises and moralist postulations, are out for 'a pound of flesh'.⁵⁰

Within Asia new political challenges, realities and opportunities have emerged. For instance, the Indo-Pakistan division further intensified in trying to encourage the Bush administration, at the same time as, their respective projection of Kashmir dispute as a terrorist risk or struggle for self-determination gained a new momentum. Pakistan's General Pervez Musharraf was rehabilitated from its role as a frontline partner as Islamabad off-loaded the Taliban while India sought new opportunities with the Northern Alliance once again ensconced in Kabul.⁵¹ In Pakistan, the religio-political elements felt confused at the scene of Afghans killing fellow Afghans (especially Pushtuns) at the behest of the Americans and the other external elements. Their early emotional outbursts had pushed hundreds of tribal enthusiasts into Afghanistan to fight a Jihad, which never came, and now the military regime campaign in its Southern borders with Afghanistan is a great tragedy. Under this situation the immediate priority is to seek an effective end to the U.S. militarism, and an all-encompassing reconciliation and nation building with a massive reconstruction programme is required. From Afghanistan's development point of view its own safety from external internal threat and influences must be ensured. Furthermore rehabilitation and development is largely dependent upon external forces whose own sustained but sagacious involvement could save this tormented country from further turbulence. A peaceful and stable Afghanistan could be a major socio-economic bridge between Southern and Central Asia minimizing threats to regional security.

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CHAPTER 4

CHALLENGES & PROSPECTS OF
ECONOMIC COOPERATION

Regional and Extra Regional Cooperation: Options and Choices

The emergence of independent states in Central Asia and remarkably rich resources of the region, represents a qualitative change in the geo-strategic and economic environment for the adjoining countries and rest of the world. In the third chapter we clearly studied the competition and rivalry between regional actors along with Super powers influence in the region. This point towards emphasizing role of external elements, having their own agenda and interests in the region. Deliberate attention was given to the role of Super Powers in the region in the previous chapters, in this very chapter the researcher would discuss, the Regional and Extra-Regional cooperation between Central Asia and Pakistan (as a part of South Asia). And the role of Afghanistan as a buffer state and important actor in terms of security and prospects for Pak-Central Economic Ties

The future for both South Asia and Central Asia, like elsewhere, is through democracy and regional cooperation by substituting the single-pursuit security paradigm¹. The respective elite and their external supporters including the European Union have a greater opportunity to support these two prerogatives not only in the larger global interests but also to help these two turbulent regions steer towards a better future. Already we have seen and are rather experiencing the terrible results of policy of sponsor and temporary policies. The support of the jihadi groups and the method use of countries like Afghanistan and Pakistan as launching pads for specific purposes are the root cause of regional hostility between them, are causing pervasive anger. Not only we need to educate our world on plural and bitter realities of the world; we equally need to pioneer a judicious global order. The unlimited powers enjoyed by the U.S. and the EU

can be harnessed towards honest, humanist and egalitarian global policies, which should priorities conflict resolution, regional cooperation, salience of human rights and a persuasion towards unfettered democracy.² As seen time and again, the temporary geo-political gains and even those too through military-centered and partisan policies will not bring any dividends to the world nor to the EU and the U.S. It is not hard to build a collective strategy for the formation of collective and cooperative security environment between Central Asia, Afghanistan and Pakistan.

Pak-Afghan Security as an imperative: in Economic cooperation

Since the government appears to be in no mood to take a soft line against the extremist elements. One foresees a tense struggle may develop ahead between the regime and the religio-political groups, who are perceived as the potential breeding ground of extremists. The connection between the extremist elements and the religious groups is one of the major threats for Pakistan's internal security situation and also tightens its foreign policy constraint vis-à-vis Afghanistan. So the government strives to fight on two fronts within the borders and on the northwestern borders against the extremist elements to pacify the situation in the country and also to improve relations with the Afghan regime.

Now that the Taliban have fled Kabul, the international and diplomatic effort to create a government that represents every ethnic group in Afghanistan is more urgent than ever. But even if the Afghan factions can reach an agreement, it could be a waste of time, given their past inability to keep their word.³ The super powers should urgently seek a regional security agreement between the real power brokers in Afghanistan: Iran, Pakistan and Uzbekistan. Unless these three countries commit themselves to stop using

Afghanistan as their own battleground, all the talk of a long-term commitment to rebuilding the country will prove to be so much hot air.⁴ For the economic cooperation and viability between Central Asia, Afghanistan and Pakistan, the Security situation of Pakistan and Afghanistan is very fundamentally important.

Yet unless there is a regional security agreement in place soon, Afghanistan may in the coming years become a bloodbath again, torn apart by a repetition of the proxy wars that brought the Taliban to power in the first place. Pakistan backed the Pashtun-dominated Taliban, Iran supported its fellow Shiite Muslims, and Uzbekistan armed an ethnic Uzbek militia led by Gen. Abdurrashid Dostum.⁵ On the other hand Talibanization of Pakistani society, drugs and illegal trade, opium and kilashankove culture, has extremely injured the fabric of Pakistani security.

The regional powers, having previously armed and funded the Afghan factions, must now agree among themselves to restrain rather than promote their allies in Afghanistan. If they do not, then the first time there is the slightest post-war dispute between any of the groups in power in Kabul, disgruntled Afghans can simply appeal for external support and renew the civil war.⁶

Pak-Afghan relations have taken a new dimension in the year 2003 -2004. Both the governments are in a mood to help each other in different fields. Afghan Interior Minister Ali Ahmed Jalali has said that Afghanistan and Pakistan are two members of the international coalition against terrorism, and cooperation between the two countries is very crucial in fighting terrorism in this area.⁷ In both the countries there are problems that the administration does not have the capacity to reach to every quarter of the country. Inside the government, outside the government, in the province and in the

remote areas there are some forces that can defy the government security policies vis-a-vis militant groups. Security is a major challenge for building national capacity, development and economic prospects in the region. In order to respond to the challenges that both the countries are facing are trying to manage it.

The international community in this regard can help Afghanistan to accelerate the training and building the national police force, Afghan national army, and also the local capacities, the infrastructure that can help provide security in the country.⁸ "Peace, stability and economic rehabilitation in Afghanistan are collective obligations of all the members of the international community. We urge the international community not to relent in its support to Afghanistan during the current critical phase of transition. Pakistan has committed its fullest support to President Hamid Karazai. We pledged 100 million dollars in support and have already delivered over 10 million dollars of this assistance. We have concluded several agreements with the Afghan Government to accelerate reconstruction. Numerous high level visits between the two countries have laid a solid foundation for future cooperation".⁹

Pakistan needs to level out the security-obsessed nature of its engagement with Kabul. The need is also to counter Indian threats to its legitimate interests inside Afghanistan with the geographical and economic advantages it enjoys over its eastern neighbor.¹⁰ Pakistan has gained nothing by supporting Taliban but some serious security problems, of internal and external in nature, by annoying Russia, Iran, China and Central Asian states. It seems that we are not a nation good at learning from past mistakes or adapting to changing circumstances. Perhaps that is why the broadening of trade and commercial ties has been put on the back burner¹¹

Competition for Pipeline Routes

Oil, as Daniel Yergin in his book, "The Prize", discussed the importance of the hydrocarbon resources of the Central Asian Region, calling it as the "Black Gold".¹² It is not only the super power interest in the new independent states of Central Asian countries, which has emerged in the wake of post 9-11 tragedy. Western and South Eastern community began to show real interest in the region as well. With increasing engagement in the exploitation of oil and gas deposits the support for the Central Asian region grew stronger. As the region is the link between Russia, Afghanistan, China, Iran and Pakistan, strategic interests of the west, too, will constantly rise aiming at a politically and economically stable Central Asia and Caucasus.¹³

The oil and gas potential of these states is sizable. Stretched about 1210 kilometers from North to South, and varies in width from 210 to 436 kilometers, its average depth is 170 meters.¹⁴ It is one of the most potentially energy rich regions in the world. Initial estimations attribute the sea with massive oil reserves that may even compete with the Persian Gulf, which contains 60% of the world's oil reserves.¹⁵ Proven oil and natural gas reserves have been estimated at up to 3% and 4% of the world total, respectively, and analysts expects that by 2010 regional oil production will meet or exceed Venezuela, South America's largest oil producer.¹⁶

Region's Oil resources

Estimate of the Region's proved Crude oil reserves vary widely by source. For this season estimated proven oil reserves as range between 17 and 33 billion barrels, which is comparable to OPEC member Qatar on the low end, and the United States on

High end¹⁷. In 2002, regional oil production reached roughly 1.6 million barrels per day, comparable to annual production from South America's second largest oil producer, Brazil. By 2010, the countries of the Caspian Sea region are forecast to produce between 3 and 4.7 million barrels per day¹⁸, which exceeds annual production from South America's largest oil producer, Venezuela.

Growing oil production since independence (an increase of roughly 7% since 1992) has come primarily from the north Caspian states of Kazakhstan and Azerbaijan. Development of the region's oil resources has been led by two major projects: Combined these two projects produced about 410,000 barrels per day in 2002, one fourth of the regional total, and are expected by the operating companies to produce 1.7 million barrels per day for world oil markets by 2010.¹⁹

Potentials of the Central Asian Republics

The oil and gas reserves of the Caucasus and Central Asia are vital for world's geo-strategic and economic interests. Apart from the Caspian, the five former Soviet Central Asian republics hold enormous amount of Oil and gas resources. There are two types of Oil and Gas resources: Proven Oil and Gas Reserves; Possible Oil and Gas Reserves

The dynamics of the Caspian basin reserves, which contains the highest amount of both proven and potentials of oil and natural gas respectively are best shown in figures below

Figure 1

GAS	The Caspian sea Region's proven natural gas reserves are estimated at 232 trillion cubic feet, comparable to Saudi Arabia.			
Reserves	Country	Proven	Possible	Total
	Azerbaijan	30 Tcf	35 Tcf	65 Tcf
	Iran	0 Tcf	10.5 Tcf	10.6 Tcf
	Kazakhstan	65 Tcf	88.3 Tcf	153.3 Tcf
	Russia	N/A	N/A	N/A
	Turkmenistan	71 Tcf	158.9 Tcf	229.9 Tcf
	Uzbekistan	66 Tcf	35 Tcf	101 Tcf
	Total	232 Tcf	327.8 Tcf	559.8 Tcf
production	Regional Production reached approximately 4.5 Tcf in 2001, comparable to the combined production of South America, Central America and Mexico. In 2010, the governments of the Caspian regions expect their countries to produce a total of 8.7 Tcf, more then 2001 production from the entire Middle east			
	Caspian Sea Region Natural Gas Production (Trillion Cubic feet)			
	Country	1992	2001	2010
	Azerbaijan	0.28	0.2	0.6
	Iran	N/A	N/A	N/A
	Kazakhstan	0.29	0.36	1.7
	Russia	N/A	N/A	N/A
	Turkmenistan	2.02	1.7	4.2
	Uzbekistan	1.54	2.23	2.2
	Total	4.1	4.49	8.7

Source: www.eia.doe.gov/emeu/cabs/caspstats.html

Oil	<p><i>The Caspian sea Region contains proven oil reserves are estimated to be between 17 and 33 billion barrels, comparable to Qatar on the low end, and the Unites states on the high end.</i></p>					
Reserves	Country	Proven oil Reserves		Potentials	Total	
		Low	High		Low	High
	Azerbaijan	7 BBL	12.5 BBL	32 BBL	39 BBL	44.5 BBL
	Iran	0.1BBL		15 BBL	15.1 BBL	
	Kazakhstan	9 BBL	17.6 BBL	92 BBL	101 BBL	109.6 BBL
	Russia	0.3 BBL		7 BBL	7.3 BBL	
	Turkmenistan	.5 BBL	1.7 BBL	38 BBL	38.5 BBL	39.7 BBL
	Uzbekistan	.3 BBL	2 BBL	2 BBL	2.3 BBL	2.5 BBL
	Total	17.2 BBL	32.8 BBL	186 BBL	203.2 BBL	218.8 BBL
production	<p><i>In 2002 Regional oil Production reached approximately1.6 million barrels per day, comparable to South America's second largest oil producer Brazil, by 2010, production is forecast to reach between 3 and 5 million barrels/ day, which exceeds annual production from South America's largest oil producer Venezuela.</i></p>					
	Caspian Sea Region oil production (Thousands Barrels/ day)					
	Country	1992	2001	2010		
				Low	high	
	Azerbaijan	222	318	789	1140	
	Iran	N/A	N/A			
	Kazakhstan	530	939	1617	2400	
	Russia	N/A	N/A			
	Turkmenistan	110	184	374	964	
	Uzbekistan	56	152	205	240	
	Total	928	1,593	3135	4894	

Significance of Pipeline Routs for Oil and Gas Export

The region is virtually isolated form the world market, because of its land lock nature. Increased production had present the existing transportation routs insufficient and in order to maximize exports a number of new export pipelines were proposed by many countries, including U.S.A China, Iran, Russia. These routs are discussed in proceeding paragraphs.

Russia sponsored the western Turkish Pipeline route via Tbilisi as its main export pipeline in 2001. The proposed Turkmenistan-Afghanistan-Pakistan; southern pipeline via Pakistan had U.S backing. On account of its growing energy requirements, China also proposed a pipeline from the Caspian to its Xingjian province. Iran also proposed a rout through its territory, which is comparatively, the shortest amongst all routes.²⁰

All of these proposed routes are not entirely risk-free. Situation in Afghanistan and regional conflicts are adding some complications, regional security environment is unstable. Amongst the most economically viable routs that have been proposed by different countries are:-

1. The Western route (Baku-Tbilisi-Ceyha oil project)
2. Northern route (Russia's Caspian Pipeline Oil consortium)
3. South Eastern rout (Central Asia oil/gas pipeline)
4. Eastern route (xingjiang oil project)
5. Southern route (Iranian Option)²¹

These existing and potential proposed routes can well be understood from the map given below.

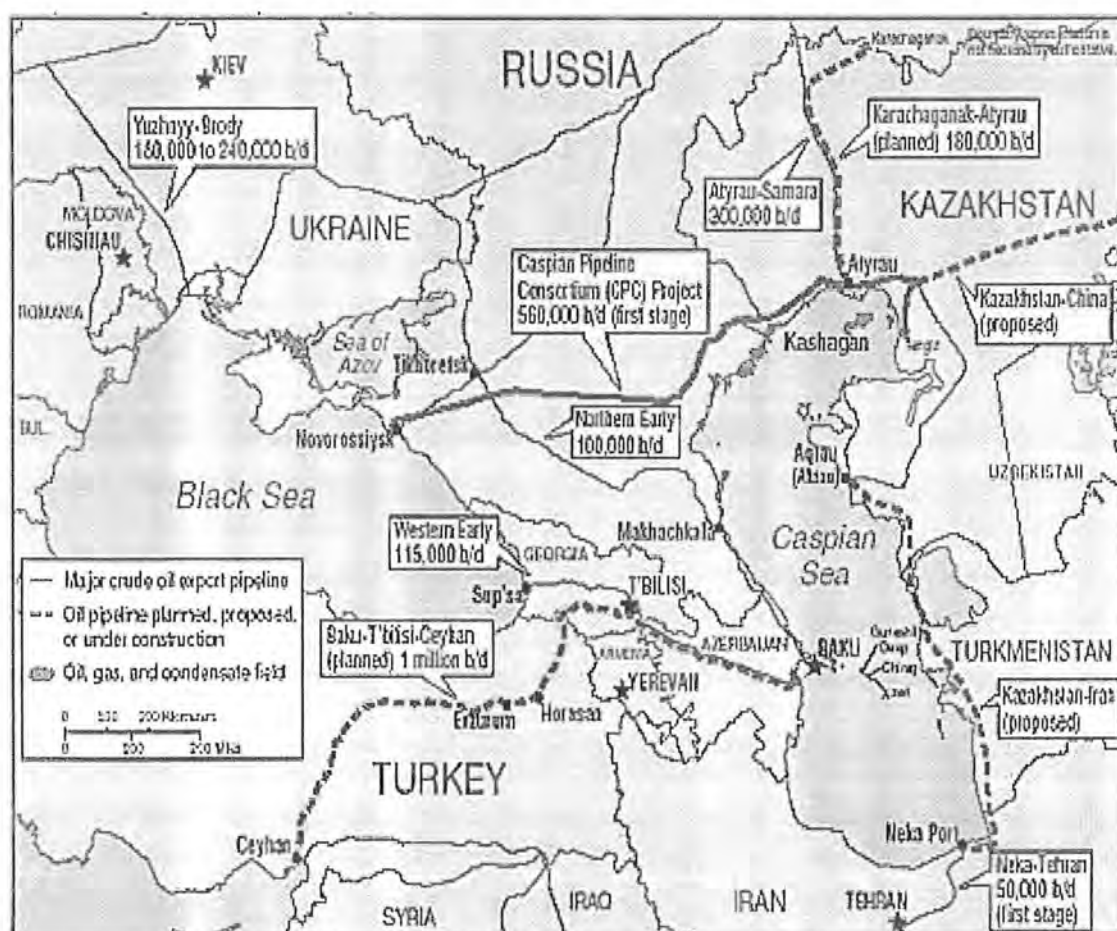
Existing and potential oil and Gas export routes from the Caspian basin



Western Route (Baku-Tbilisi-Ceyhan Project) BTC

This route is very important route of which U.S.A is a staunch supporter. This is designed to transfer oil and gas from the Caspian Sea port of Baku, via Tbilisi in Georgia to the terminal at Ceyhan in Turkey and from here to the rest of the world. *See map 1.*

U.S sponsored Baku-Tbilisi-veyhan Oil Project



Map 1

The project is estimated to transport up to one million barrels of oil per day of crude oil primarily from the Azeri-Chirag-Guneshli, (ACG) field in Azerbaijan.

This pipeline is 1760 kilometers, starts from Baku and ends at a new marine terminal at Ceyhan on the Mediterranean coast in Turkey.²² According to reports of the World Bank, the pipeline is due to become fully operational in 2005. The U.S is fully favoring the BTC as the main export pipeline; its interests to the routs derive from its desire to build an east-west axis of influence in the Eurasian Region.²³ The U.S has also proposed the Trans-Caspian pipeline (TCP) to transport gas from the Turkmen Field to Turkey via the Caspian Sea.²⁴ That may cost about \$2-3 billion but was stalled on account of a deadlock between Azerbaijan and Turkmenistan over pipeline volumes²⁵.

Northern Rote (Russia’s Caspian Pipeline Oil Consortium)

Kazakhstan and Turkmenistan have some of the largest reserves of oil and gas in the world, but Russia cut them off from international markets as all their export pipelines run over Russian territory. The Caspian Pipeline Consortium line is the first big one to be built since the fall of the Soviet Union.²⁶

The Caspian Pipeline Consortium



Source: <http://news.telegraph.co.uk/news/main.jhtml?xml=/news/2001/10/24/wafg124.xml>

An 11 member consortium led by Chevron initiated the project in 1993 and it the largest single US investment in Russia with US companies notably Chevron Texaco and Exxon Mobil contributing one half of the \$2.6 billion investment.²⁷ In 1996 the Russian government bought a 24% share in the project. The project became functional in 2001.²⁸ Russia has been trying to persuade Kazakhstan into signing a long-term contract for the transit of its oil exclusively by means of CPC pipeline. Russia has signaled its intention of economically penalizing Kazakhstan by imposing trade Tariffs on Kazakhs goods passing over Russian territories, it Kazakhstan decides to join the BTC (Baku-Tbilisi-Ceyhan) Project instead. According to media reports, indicators are very strong that Kazakhstan and Russia are "indeed nearing a firm, tangible agreement on crude oil export by means of the Russian system".²⁹ Kazakhstan decision to explore the possibility of exporting its oil through the Iranian and Turkmen route may further damage the economic viability of the BTC.³⁰

Southern Route (Via Iran)

The proposed southern route would pass through Iran and is the most viable both economically and commercially. This is the shortest route, and passes through relatively safe territories as well as posing no major environmental challenges. Despite its merits, the project has not been very successful as the U.S strongly opposes any Iranian routes for the transport of Caspian oil on account of its estranged relations with Tehran. Currently an operational gas pipeline exists between Turkmenistan and Iran. The Korpezhe-Kurt-Kui, which originates in Korpheze (Turkmenistan) and ends in Kurt-

Kui (Iran) is 124 miles long and has a capacity of about 283-350 Bcf/year, which is expected to increase to 459 Bcf/ Year by 2005.³¹

Eastern Route (Via China)

China's Kazakhstan relations are in the process of deepening more strong ties. By signing new agreements on export of oil away from the BTC. In order to achieve its energy security, China signed a deal with Kazakhstan to Xingjiang. On May 17, 2004, China and Kazakhstan finally inked an agreement to build the oil pipeline between the two countries, nearly seven years after China National Petroleum Corporation (CNPC) pledged to invest \$9.5 billion in the project. The project covers the second and longest section of a proposed 3,000 km pipeline across Kazakhstan, which would pump oil from the Caspian Sea to western China. The first section of the project, running 448.8 kilometers from Atyrau to Kenkiyak, was completed at the end of 2002 and came into operation in March 2003.³²

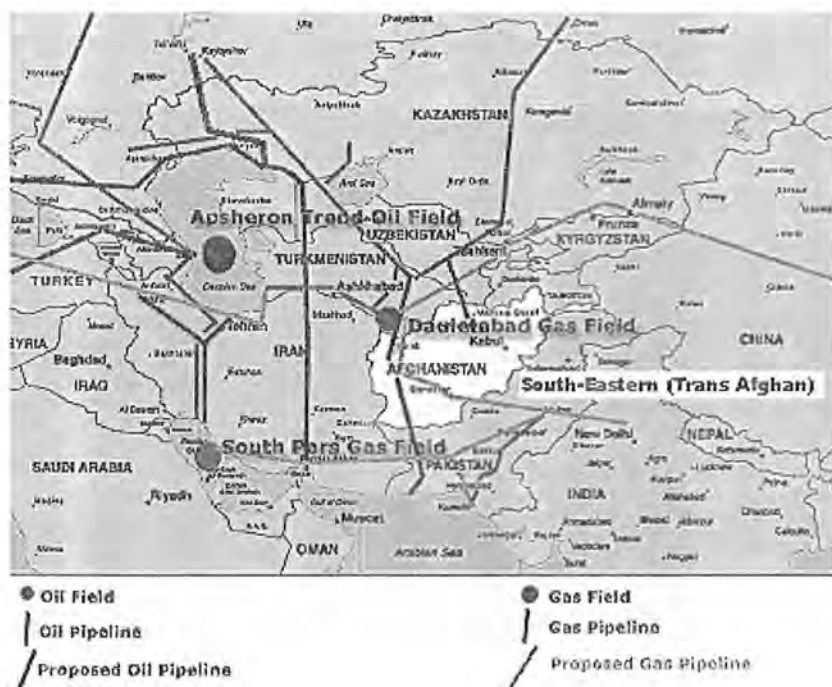
South Eastern Route (Trans Afghanistan Pipeline)

This proposed project was a joint project of Unocal U.S, Saudi Arabia Delta Oil, Pakistan and Afghanistan for the transport of oil and gas from Turkmenistan and Kazakhstan via Afghanistan through Pakistan to India and onwards to the markets of Southeast Asia and beyond. Unocal, however, abandoned the \$2 billion project in 1998 on account of the troubled situation in Afghanistan. Turkmenistan, Afghanistan and Pakistan did not give up on the idea of a transnational project (TAP). After discussion

between the three parties a formal memorandum of Understanding, which was signed in Islamabad on May 30, 2002, for conducting the feasibility study for the construction of the pipeline.³³

In October 2003, the Asian Development Bank submitted the feasibility study of the \$3.2 billion Turkmenistan-Afghanistan-Pakistan (TAP) gas pipeline project to Pakistan. According to the report, the project is technically and economically feasible. Although around 40 companies have showed an interest in the project, unless complete information on the Daulatabad gas fields in Turkmenistan and its reserves are made available by the country, independent lending institutions, banks or project sponsors would be unlikely to join the \$3.5 billion TAP pipeline project.³⁴

Once this project materialize, the 1400 km long pipeline will be beneficial for both India and Pakistan. According to a US energy department report, "Afghanistan's significance from an energy standpoint stems from its geographic position as a potential transit route for oil and natural gas export from Central Asia to the Arabian Sea"³⁵.



Pakistan Oil and Gas Conference 2004:³⁶

Pakistan's Future direction and options in gas field

A Mediators Conference was organized by Petroleum Institute of Pakistan on 4 May 2004 after a gap of nearly four years. Four years is a long time in a dynamic sector such as energy where resource availability is as much subject to the vagaries of nature as to political risks. It can be believe that, the progress that has been made in the last half decade or so in making the dream of transporting energy resources, specifically gas in the Asian region, without hindrances of political borders, a step closer to reality.

This progress should not be delayed because of political differences. Over the last couple of years there has been considerable interest on the development of this Project that can transport 2.5 billion cubic feet of natural gas up to India. The Governments of Turkmenistan, Afghanistan, and Pakistan have formed a Steering Committee comprising the Petroleum Ministers of the 3 Countries to progress the project and the 3 countries

have invited the Asian Development Bank to act as the lead development partner for the project. The ADB has supported a feasibility study through a grant of \$ 1 million that is nearing completion. A Gas Pipeline Framework Agreement has been concluded among the 3 countries confirming their commitment to the Project. In addition the 3 countries have agreed to the following:

- To establish a consortium led by one or more major international oil and gas companies or leading gas transmission companies. The consortium will design, finance, construct and operate the pipeline.
- The 3 governments will provide land and free movement of goods, materials and personnel for the construction and maintenance of the pipeline.
- Each country will confirm the quality of gas it will use from the pipeline for its own consumption. No taxes, royalties, value added tax, duties or other payments will be levied for activities directly related to the Project.

Regarding the demand for gas, it is estimated that Pakistan's shortfall by 2010 will be 0.2 billion cubic feet per day (bcf/d), going up to 1.4 bcf/d by 2015 and 2.7 bcf/d by 2020.³⁷

Iran - Pakistan - India Pipeline Project

In January 2003 the Government of India signed an MOU with the Islamic Republic of Iran to establish joint ventures to invest in oil and gas projects in Iran and India. One of them is the Iran-India natural gas pipeline. There are options to build this pipeline. It can be built over land crossing Pakistan and entering western Rajasthan covering a distance of roughly 2,600 kms. A pipeline can also be built adopting the

offshore route outside the territorial waters of Pakistan. Under Phase I the gas pipeline would be completed from Iran to Pakistan and then under Phase II from Pakistan to India in case of willingness of India. The issue is currently under negotiation between the Governments of Iran and Pakistan.³⁸

Qatar - Pakistan Gas Pipeline

There is a renewed interest by the Government of Pakistan in the Qatar-Pakistan Gas Pipeline Project worth \$2.7 billion, which will deliver Qatar gas through a 1,600-km pipeline to Pakistan. The Project is currently under negotiation between the Government of Pakistan and Crescent Petroleum of UAE. The Project could supply 1.6 billion cubic feet to Pakistan.³⁹

Energy Silk route

In late 1992, the Chinese pipeline company CNPC together with the Japanese trading house Mitsubishi visited Turkmenistan to propose what became known as the Energy Silk route pipeline bringing gas from Turkmenistan to China, Korea and Japan. This proposal is yet to develop further. Again, since the mid 1990s Chinese companies have been active in investments in Kazakh fields with the intention for building oil and gas pipelines to China. The question here is basically whether Central Asian sources can and will present themselves as being cooperative rather than competitive, and win over the Asian markets.⁴⁰

The fact that why they have not yet reached completion, gives rise to the issue that can these proposals be translated into reality or will they remain only just on paper? The reasons why these pipeline projects have not taken off. Is this just because of

political compulsions of the various countries that are concerned, or are there other historical/economic/technical reasons that have possibly delayed these projects. Answer in very simple, the security situation in South Asia, Pakistan differences with India, political and organizational sluggishness, instability in Afghanistan are the contributing factors, slowing the progress. Transnational gas pipelines will play a large role in enhancing regional cooperation and contribute significantly to economic growth. They will provide cheaper and cleaner energy; generate income that can be used for addressing poverty; and promote regional security.

PAK-CAR's: Economic Prospects

After examining the super powers and extra regional actor's interests in the region, the possibilities of economic cooperation between Pakistan and the Central Asian States from the standpoint of political economy are needed.

Another important element of Pakistan's strategic goals in the Central Asia region should be the promotion of regional economic integration within the frame work of the principles of political and territorial sovereignty.⁴¹ In our eagerness to become the economic highway of the new Asian economic order, we must not risk becoming an instrument in the hands of transnational economic forces, especially the drug mafia⁴². Because of its strategic location as a vital point at which China, Central Asia, Pakistan and Afghanistan meet, Pakistan need to initiate new policies in terms of foreign policy objectives, economic viability and development and last but not the least Regional Security, for the better future of our relations with all these states.

The new republics require an access to sea for their growing trade, commerce and industry, which could be easily provided by the ECO frame-work of Pakistan, Iran and Turkey. The use of port of Valdivostok on the Pacific and those of Shanghai and Guangzhou in China by these states becomes a prohibitively expensive proposition in view of the long distances involved⁴³. The most direct route to the West, through Caucasus, may soon be blocked by civil wars. The only other feasible route lies southwards to the sea through Afghanistan. The nearest ports are on the Pakistani coastline.⁴⁴

Silk route promises a bonanza for the surroundings of Baluchistan. Pakistan, therefore, must initiate a determined effort to sustain the peace process in Afghanistan and extend its relations with Kabul on solid and constructive grounds. The future of Pakistan geo-strategic access to Central Asia and Pakistan's security, both depends on it. Security is basic determinant which in future guarantees its trade and economic ties with these enormously rich states.

Kazakhstan is the main wheat producing country in the region and important source of raw material. Uzbekistan is the third largest producer of cotton fabric equipment, heavy machines, textile machinery, etc. it is also rich in oil, gas and hydro-power generation. Turkmenistan is rich in oil, gas, sulphur and potassium.

The Ashgabat Summit & Expansion of ECO

In first summit meeting which was held in Tehran (Iran) on 16-17 February 1992. A landmark decision was taken by which granted membership to five newly independent Central Asian Republics-Tajikistan, Uzbekistan, Azerbaijan, Turkmenistan and Kyrgyzstan. It also gave observer's status to Kazakhstan and Turkish Cyprus⁴⁵, evoking the political and economic development in the world and, especially between the ECO member states. The summit stressed the recognition of ECO's economic infrastructure goals with due regard to the ever-increasing role of the economy in world policy making.

Ashgabat summit May 1992 is vitally important in terms of prospects for economic cooperation between Central Asian republics and the neighboring states of Iran, Pakistan and Turkey. The summit meeting focused on exploring avenues of promoting regional cooperation in the institutional framework of the Economic

Cooperation Organization (ECO).⁴⁶ The first move in this direction was made in February 1992 when ECO ranks were expanded to include Central Asian republics as new members. A wide range of economic, security and political issues pertaining to the requirement for the regional economic development, peace and stability are on its charter.

At this stage ECO provides a convenient framework for strengthening beneficial economic ties and developing and understanding of the outer world. It provides challenging opportunities for discovering commonalities and promoting affinities. Instead of exploring the corridors of historical linkages leaders of ECO must explore the corridors for economic development. The role of this organization is very important in order to achieve its geo-strategic objectives.

The advantages which ECO can offer are summarized as follows:-

- It provides an excellent platform to coordinate economic policies. The volume of trade among member states needs to be expanded and all kind of restriction on trade need to be removed. ECO offers a multilateral forum.
- The land locked members of ECO can get ready access to the sea thereby cutting the distances involved.
- A common multilateral platform to cope with security concerns on regional level.
- It can reduce dependence on Russia and other super power influence in the region.

But for the achievement of all these advantages, hurdles like, economic competition between ECO states, political instability, political and economical clout of Russia and U.S.A, regional insecurity and disputes within ECO are major cause of trouble, which may attribute to a number of factors. If concrete measures are not adopted for checking these trends, it could threaten the future prospects of economic and political cooperation and existence of ECO.

Future directions

The geographical and economical potentials of the region, by itself determine the options and future direction for the ECO and CAR's. ECO has concentrated on economic issues alone, changing regional dynamics of the region after September 11, demands inclusion of some new aspects to ECO agenda, which will not disrupt smooth functioning of this body, Such as:-

- ECO should extend its association with other regional organizations, such as European Union, OIC, etc.
- Inter-state Military and economic cooperation's in order to have more effective relations.
- Abolition of external or super power dependency
- Formulation and transformation of economic ties into politico-military alliance.
- ECO should form an economic bloc, similarly to the European Free Trade Area (EFTA), which is formulating policies for an easy mobility of goods and services among its member states.

- Last but not the least, association of China with the activities of ECO is a fine idea for several reasons.

China is important state having stakes in the region. The impression, that ECO is a Muslim organization must also be dispelled if China agrees to join ECO. Such steps will promote the prospects of peace and cooperation in the region. Aside from inclusion of new members, steps could be taken to consolidate ECO. Inter-dependence is the real key to the success of ECO. Mistakes of the past should be avoided and a new dimension added to the process of regional integration.

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CHAPTER 5

IRRITANTS & CHALLENGES

Pakistan's Interests in Central Asia

Strategically, Pakistan and Central Asia are important to each other, as only Pakistan can provide the CAS with a comparatively cheaper and shorter outlet for its natural energy resources and its trade to the outside world through the Pakistani ports. In return Pakistan's gains range from economic cooperation to strategic advantage. Pakistan's cooperation with these countries will create a progressive image and responsible partner in the Islamic world. Pakistan's interests in the Central Asian region can be categorized as under:

Strategic interests

Pakistan's hostile relations with India compelled it to have some kind of strategic depth on its northern and western borders. For this reason, during the cold war era, it developed friendly relation with Iran and china. After the disintegration of USSR Pakistan found an opportunity to establish good relations with CAS to counterweight the Indian threat. Pakistan's most serious concern is threat to its territorial integrity from its eastern borders. Since country lacks strategic depth, most of its population establishments are within striking distance of enemy weapon systems. Another area of strategic interest in the arms trade and military cooperation with CAS. Central Asian states are in the process of forming their own national armies; Pakistan's military institutions would help in building a closer relationship with the armies of these countries. Pakistan has certain expectations that the new states of Central Asia are able to secure: strategic depth in the area of defense. Beside through bilateral ties and multilateral regional formation like the ECO Pakistan could render technical and economic assistance to Central Asian countries to enhance intra-regional stability¹. Strategic interests can be categorized as:

- Securing maximum strategic depth

- Countering emerging Indian military presence and influence in the region
- Assisting CAR's military institutions, by providing them military technical and professional assistance. CAR's military is going through development process.

Political interests

The Central Asian republics share a feeling of affinity and kinship with Pakistan. They are geographical neighbors of Pakistan, and once stability comes to Afghanistan, Pakistan will expect to provide the most suitable outlet to the sea to these landlocked countries.

Pakistan's political aims are:

- To ensure, construction of pipeline through political as well as financial means.
- To extend its influence in the region by forming new economic and political alliances.
- Promotion of internal stability of these states, with the assurance that the region will not be divided into sphere of influence by other regional powers.
- Engagement of China, Europe, Turkey, USA and CAR's in an area of mutual Interests, like for Aid and Assistance

Economic Interests

For Pakistan, access to wheat, cotton, and natural gas and oil constitute strategic priorities. Pakistan has assigned high priority to economic co-operation in its relations with the CAS. In this regard, Pakistan has taken many steps, including the development

of bilateral trade in raw materials and manufactured goods and the opening up of communication links. Pakistan's economic interests are:

- Development and diversification transportation corridors to and from the region to facilitate trade on a secure basis, especially in energy and minerals.
- An open door policy is in Pakistan's interests in terms of strong economic and political relations.

Obstacles and irritants

One of the major and most common problems between Central Asia and Pakistan is the unstable nature of regional politics, partly caused by the dynamics of the regions itself and because of the multitude of internal and external challenges facing the region². Leadership in Pakistan, Afghanistan and Central Asian need to analyze the situation realistically to assess what potential exists and what resources we should target for this important area in the light of existing realities

On Pakistan part it lacks the comparative advantage of other nations like Iran, Turkey, Russia and China. It also lacks oil resources as well as suffers from bureaucratic shortcomings which do not easily allow its original vision of a responsible state to be translated into reality. Furthermore the continuing disorder in Afghanistan is blocking Pakistan's natural transit route to most of Central Asia.³

Obstacles in Pak-Afghan Relations

Looking into the past attitude of Afghani leadership is not quite certain, some Afghan leaders like Abdullah Abdullah is in habit of accusing Pakistan, they are of the opinion that it is Pakistan that supports terrorist activities and allows terrorists to enter into Afghanistan, but in reality the thing is totally opposite. Most of the terrorist activities in Pakistan are backed by Afghan terrorist segments. Pakistan is victim of terrorist activities; it has been engaged in carry out actions against such elements. So such confusion must be clear in the minds of decision makers of both the countries.

Another obstacle in this regard is the Indian influence with the Afghan interim government. Pakistan must undertake steps to counter the propaganda warfare launched by India. As it portrays Pakistan as a harbor and supporter of terrorists. Mr M K. Bhadrakumar, an Indian analyst called Molana Fazal-u-Rehman a "traditional supporter" of Taliban.⁴ Pakistan remained the training ground as well as the launching pad for the Afghan Mujahideens for waging guerrilla war against the Soviet forces. A heavy price paid by Pakistan for its role in this fight between, USA and USSR. After 9/11 Osama bin laden and his so called terrorist group Al Qaeda were declared the prime suspect for the terrorist attacks in the US. U.S led coalition attacked Afghanistan and was instrumental in installing a new interim Karzai's Government in Afghanistan.⁵ Pakistan again was in state of turmoil, and became the front line actor in this war against terrorism, without provision of Strategic Air bases and sharing of intelligence this drive could not have been thriving. Being major ally and front line actor Pakistan ended up with nothing in its hands, but little encouragements. Irritants between Pak-Afghan relations are categorized as:

- 1) Chaos and lawlessness in Afghanistan due to incompetent government in Kabul which, has been failed to deal with the warlords and Tribal leaders a opposing Pakistan role and are more inclined towards India.
- 2) The country whose role remained very critical in terms of its support to Afghanistan in time of difficulty and turmoil, is now regarded as harbor of terrorist by some hardliners of new interim government
- 3) Issue of the Prisoners of War is again very important and it needs some attentions from both the sides. There are hundreds of Pakistanis, which are in custody of Afghan government and warlords.
- 4) Regardless of all these factors the major hurdle is illegal arms trade and drugs trade across the borders. On the other hand, terrorist activities like bomb blasts and other ethnic violence in Pakistan points towards the engagement of Afghan factor.
- 5) Lack of trust and cooperation is again a very important obstacle. All the bilateral issues related to defense, border security, economic cooperation, rehabilitation and assistance in development, and must be resolve on equal terms. And the resumption of talks must not be based on online negotiations but both the government must arrange by critically analyzing all these developments and efforts waged by the both the countries on international and regional level vis-à-vis with changing geo-strategic and political scenario. Fortunately the interim government has thrown the ball in the United States court, depending on dictated reforms from Washington. On the other hand Pakistan is

lucky to be in United States favor. But the situations in future could take a u-turn, as there are no permanent friends but permanent interests. Looking into historic perspective, the U.S is doing the same what it used to do during Cold war.⁶ Pakistan survivability is uncertain and based on United States interests and contentment. History is the evidence that, how much America is trustworthy for Pakistan. If it could please it would live, otherwise history will repeat itself. Both the countries should also settle their disputes bilaterally and must stop their policy of dependency on super powers, as America declared that current border dispute among both the countries must be resolve bilaterally.⁷

Another factor related to the image of Afghanistan and Pakistan regimes is the western perception and conviction that these two areas are the bases of terrorism must be clear. Although these states have been involved in such activities but are not hub of the Terrorist organization anymore, there are many states harboring terrorist and are involved in direct or indirect terrorist, revolutionist or other insurgent activities, such as: Israeli illegal annexation of territories and violation of human rights is always protected by U.S while Palestinian struggle is regarded as state terrorism. One of the feasible options for Pakistan's in-danger geographic position and its strategic and politico-economical interest rests on Pakistan's good relations with both sides of the bordering countries, i.e. India and Afghanistan.⁸ On the other hand Stable and consensus based political process in Afghanistan would directly contribute to the removal of misunderstandings and irritants between Islamabad and Kabul. Both the countries must not rely on coalition partners but must involve all the neighboring countries including Afghanistan, Iran and China to carve out joint strategy for development and reconstruction of Afghanistan and the region. Both the countries must realize now that,

there is need for building close bilateral relations in trade, communication, commercial and economic sectors on long term bases.

Obstacles in Pak-CAR's Relations

The emergence of CAR's saw a great enthusiasm on Pakistan' side to establish friendly relations, based on geo-strategic and economical cooperation's. However with the passage of time it appears that the initial euphoria is over and Pakistan is still to surpass certain hurdles to realize meaningful and dependable relations with these states. These hurdles/problems have some external and some internal dimensions which will be discussed in the succeeding paragraphs.

External Dimension

Super power Factor. Pakistan has been in the American camp since inception. Moreover Pakistan fought a proxy war against the USSR in Afghanistan. The CAR's have remained under the Communist regime for over seven decades. They have close economic and social ties with Russia. Their economic and military dependence on Russia will take time to go. Russia is well cognizant of the importance of this region and makes constant endeavors to limit the sphere of influence of outside players. Russia is also fearful of the Islamic resurgence in these states. Russia also sees Pakistan as a hotbed for Islamic fundamentalism. Thus Russian factor weighs quite heavily against Pakistan. Another aspect related to this is recent North-South Corridor Agreement between Russia, India and Iran with CAR's⁹, which will directly affect Pakistani influence in the region.

Instability in Afghanistan

The main interest of the CAR's is in finding a short and easy route to the outside world. Pakistan provides such an exit. However this link gets severed because of instability in Afghanistan through which the initial segment of the link has to pass.¹⁰ Thus these states are turning towards other routes to realize their ambitions of access to the outside world. In the past when Pakistan supported Taliban's, it became a major factor in going against some CAR's since Tajikistan and Uzbekistan were actively supporting the Anti Taliban forces. However the new Interim government is not pro Taliban government but Afghanistan is still facing some external threats and resistance from some ethnic groups. Taliban regime is almost wrapped up but the environment is still not conducive for investment. CAR's still facing threat from the insurgent elements. It is only Turkmenistan, which has shown neutrality on the Taliban issue.

CAR-CIS links

The CAR's are member of Common Wealth Independent states (CIS). This ties them economically and to some extent politically to their old bondages, i.e. Russia,¹¹ The mere fact that they are still turning towards north for alleviation of their economic woes is indicative of their preferences for foreign policy options/relations. The dominant position of Russia in this arrangement and her historic animosity towards Pakistan further lend credence to this idea.

Geographical Location

Pakistan does not have suitable geographic contact with the CAR's, as it shares only a few Kilometer long border with Tajikistan. It has to have links either through Iran,

Afghanistan or China.¹² Situation in Afghanistan is still far from being peaceful. China has its own peculiar interest in the region. This serves as a hurdle in establishment of physical road links with CAR's and institution of meaningful economic, political and diplomatic relations. Nevertheless, prospects of such links in future cannot be ruled out.

Internal Factors

Religious Factor

The Central Asia rulers are mostly secular in nature. They fear the 'Islamist' in their countries to be great threat to their power. Thus they have a lot of sensitivities towards such religious movements even in other part of the world. Pakistan though quite liberal in its approach, is yet founded on ideology of being a homeland for Muslims. Moreover the western and India media are also brandishing Pakistan as the sponsors of Islamic fundamentalist fighting in Kashmir. The tone and rhetoric of some of our religious polities also point toward such trends.

Capital and Technology

The CAR's are cash starved; they also lack modern technology to effect rapid economic growth. These two factors are becoming essential determinants of their foreign policy. However one can see that Pakistan always looked towards IMF and World Bank for cash. The existing industry of Pakistan is unable to produce goods at competitive prices. Thus it is not unusual that Chinese and Indian goods are replacing our goods in Central Asia markets.

Lack of Basic Infrastructure facilities

Though at present situation in Afghanistan is baring the physical links with these states. Yet Pakistan's internal infrastructure is also not capable of undertaking the load of massive outflow of vehicles and equipments. Port at Karachi is already working to its full capacity. The railway is suffering from critical financial and infrastructural problems. The storage and docking facilities at the critical points and route are also far from being satisfactory. Though significant progress has been made in road communications, yet it is still fragmented at places thus, its national infrastructure needs a lot of improvements to make it attractive fro the CAR's.¹³

Political Instability

Despite loud claims, Pakistan political institutions are abused to a great extent. Most of our politicians have little or no input in the formulation of our foreign policy. The frequent change of governments has also caused a great drag on our efforts toward friendship overtures.¹⁴ The same has been the case in relations with the CAR's. With the change of governments, the requisite concentration and attention cannot be paid towards this region after our initial euphoria. Apart from this, these states also feel reluctant to enter into long term projects in such Shaky environments.

Lack of People to People contact

There is a lack of people to people contact. Though Pakistan talk of common heritage of culture and religion, yet there are linguistic and cultural gaps, which need to be bridged. Apart from some business entrepreneurs who have traveled to these states,

there has not been a significant exchange of tourists on both parts. Pakistan's educational institutions provide very little in their curriculum regarding the languages and culture of the region. Pakistan's media is also less projective of the region. Thus Pakistan has not been able to establish, unofficial relations with these states with requisite warmth and intensity.¹⁵

Post 9/11 developments and future prospect of Pak-Central Asia relations

Following the dismemberment of the Soviet Union, the official agencies and the private sector in Pakistan took the Central Asian states for granted and relying on the religious affinity felt that the six Central Asian countries would automatically depend on Pakistan least realizing that after 75 years of communist rule the bureaucracy and the political leadership of these countries had to be approached purely from economic angle. Obviously no headway was made to open up trade with Central Asia and the initial euphoria evaporated gradually. This calls for re-orientation in Pakistan's attitudes towards Central Asia. Pakistan enjoys close and cordial relations with the Central Asian Republics, which are rested in shared history, culture and traditions. Since their independence in 1992, Pakistan's relations with these states could not flourish as desired due to divergent views on Afghanistan and Pakistan's relations with the Taliban regime. Therefore, despite many high level visits and agreements signed, we were not able to lay down a solid foundation to intensify our economic and political relationship.

One issue that may confuse the corridor's completion is Pakistan's possible role; Due to Islamabad's strong support for the Taliban in Afghanistan was a source of resistance because of which Pakistan was excluded from North-South trade corridor discussions. Standing antagonism between India and Pakistan also worked against

Islamabad's inclusion. Since the US-led campaign drove the Taliban from power, Pakistan has revealed ambitions of its own concerning the establishment of trade routes through Central Asia. The focus of the Pakistani vision is a trans-Afghan pipeline that would bring Central Asian energy through ruined Afghanistan and terminate at the Indian Ocean port of Gwadar. Pakistan has worked hard to promote the trans-Afghan pipeline, going so far as to announce that India could participate in such a project. Nevertheless, Islamabad's efforts have met with constant resistance from New Delhi. Turkmenistan's unpredictable diplomatic behavior has further undermined prospects for a trans-Afghan pipeline.¹⁶

Strategic scrutiny

Pakistan initiated its relationship with Central Asia in the early 1990s with great hopes. Pakistan took advantage of the fact that it is the only neighboring power sharing the Sunni Islamic faith with Central Asia. More importantly, Pakistan portrayed itself, logically, as the natural trade route for Central Asian states to reach world markets and break out of their trade and economic dependence on Russia.¹⁷ The second government of Benazir Bhutto in the early 1990s made the greatest effort to translate this policy into practice, as it mapped the mountain passes on its northern border to identify the most suitable trade routes. Out of this, partially, was born the idea of creating a major trade route from Central Asia through Herat and Kandahar to Quetta and down to the port of Gwadar in Baluchistan.¹⁸

Pakistan's main problem in establishing a relationship with Central Asia was geographic: while only several miles away from Tajikistan across the Wakhan corridor, it is separated from the region by Afghanistan. The breakup of the USSR coincided with the breakdown of law and order in Afghanistan, and the civil war between rival Mujahideen factions that led to a collapse of central government authority in Kabul.¹⁹

Pakistan defective policy towards Afghanistan

Pakistan's supportive policy for the Taliban has frequently been described in terms of a policy motivated by Islamic zeal. In reality, it served many pragmatic purposes. First, it helped in establishing a pro-Pakistani government in Afghanistan, whereas earlier governments had been hostile to Pakistan and friendly to India. This provided Pakistan with a definite strategic depth in its relation with India. Second, the

Taliban emerged as a new force and the only one that seemed capable of stabilizing Afghanistan after the civil war of the early 1990s. Last, but not least, these two conditions, a stable and pro-Pakistan Afghanistan, were to provide the framework for a Pakistani role in Central Asia as the main artery for trade, and therefore, political influence resulting from increased economic interactions. Unfortunately for Islamabad, this did not happen.²⁰

Pakistan's ability to influence the Taliban has been widely overrated. As a result, Pakistan was unable to prevent the Taliban from pursuing its self-destructive policies. The Taliban providing shelter to rebel Islamic groups from Central Asia such as the Islamic Movement of Uzbekistan and the neighboring Central Asian states feared that they too would be affected by the "spread of the Taliban" movement.²¹ This led Uzbekistan to close its borders with Afghanistan and Tajikistan to serve as the major conduit for military and political assistance to the Northern Alliance fighting the Taliban. Only Turkmenistan, itself increasingly isolated, kept working relations with the Taliban government. The regional backlash against the Taliban also reverberated against Pakistan. With the support of Russian policy and media, Pakistan increasingly became depicted in Central Asia as a country with an Islamic agenda, covertly supporting Taliban-style extremism to subvert the region. This generated large-scale resentment against Pakistan, and led to increasing suspicion against Pakistanis in general, making the task of Pakistani diplomats and businessmen very difficult.²²

Thus, Pakistan's Afghan policy proved immensely counter-productive. Far from making Pakistan a channel of trade, it alienated Central Asian states from Pakistan and

generated suspicion that may take a long time to undo. In retrospect, Pakistani support for the Taliban was a bad idea.

The improved international attention to Afghanistan and to the reconstruction of the infrastructure of Afghanistan also appeared to increase the feasibility of finally understanding Pakistan's role as a channel for Central Asian trade to and from the Arabian Sea.²³ Along with this, Pakistan's international standing benefited greatly from allying with the US, with very tangible benefits. Within four months of September 11, Pakistan secured pledges of \$1,5 billion in direct assistance or grants, signed debt rescheduling agreements with fifteen countries, and secured a number of new loans from International Financial Institutions.²⁴ There has been a complete turnaround in the macro-economic situation in the country, and Pakistan's previously bleeding economy is now stabilizing. In fact Pakistan is "enjoying a measure of economic stability it hasn't seen for decades".²⁵ Its growth rate has increased from 3,6% to 4,5% for the fiscal year ending June 2003; textile exports increased by 19% in the same period; and foreign exchange reserves have jumped from \$3,2 billion in July 2001 to 10,2 billion in March 2003.²⁶

On the other hand, Pakistan faced serious consequences from the events in Afghanistan. First, it no longer had a pro-Pakistan government in Kabul. On the contrary, the vehemently anti-Pakistani Shura-i-Nazar, the dominant Panjsheri Tajik faction of the Northern Alliance, came to heavily dominate the Afghan government after the fall of the Taliban.²⁷ Over a very short period of time, Islamabad had gone from being the main external influence on Afghanistan's rulers (though influence over the erratic Taliban was limited) to a position where most regional players including Russia, Iran and even India

probably exerted a larger influence on Kabul than it did. New Delhi's relations with Kabul developed rapidly in all fields, including the opening of two Indian consulates near Pakistan's borders (in Jalalabad and Kandahar) which were perceived in Pakistan as threatening to its security.²⁸

The war in Afghanistan also carried implications for Pakistan. The US war on the Taliban and American occupation of Afghanistan was highly unpopular in the Pashtun populated border region of the North-West Frontier Province and northern Baluchistan. This was partly due to the fact that it led to the demise of the Pashtun-dominated government. The other reason was that a significant section of the population of the border areas of Pakistan was heavily dependent on cross-border trade and smuggling, which saw a severe downturn with the increased military presence on both sides of the border. In sum, these factors made it difficult for Pakistan to formulate, let alone implement a strategy towards Central Asia.

As of mid-2003, Pakistan has not made significant efforts to lower its tariffs and boost trade with Afghanistan and Central Asia. On the other hand, with Chinese help, Pakistan has made significant progress in the building of the deep-water port at Gwadar in Baluchistan, which is now to be linked with Pakistan's rail and road network as well as with Afghanistan and Central Asia.²⁹ Likewise, important steps have been made at the intergovernmental level to develop the project of building a gas pipeline from the Daulatabad gas fields of Turkmenistan to Multan via Afghanistan.³⁰ The pipeline project nevertheless has doubtful economic feasibility, at least as long as India is unwilling to have Pakistan as a transit country for its energy resources. Pakistan remains the logical trade corridor for Central Asia, and has a great potential to become an important actor in

the region. This will nevertheless require a stable Afghanistan, and a strategy on the part of Islamabad to build relations with its northern border.

Prospects for Pakistan: Recommendations

It is said that there are no permanent friends but permanent interests. Like other regional countries and world powers, Pakistan must make intensive effort to obtain maximum economic benefits. An analysis of the potential of Central Asia and the prospects for Pakistan reveals some hard realities. Conflict over sharing of Caspian Sea oil, pipeline-route politics, and the political turmoil in Afghanistan compel Pakistan to adopt prudent tactics. To turn irritants into opportunities Pakistan's leadership needs to have a comprehensive strategy.

- Pakistan must establish bilateral relations with each CAS on individual bases
- Pakistan must not wait for peace and stability to return to Afghanistan, before providing transit and pipeline routes to the CAS, and can make a start by improving bilateral trade with them.³¹
- Initially Pakistan can offer the CAS trade routes with minimum transit tariff rates. It will strengthen Pakistan's position in trade route competition
- Pakistan should not favor any particular state, neither get involve into any conflict, or side with any party
- Pakistan's policy should be based on friendship with all
- Pakistan does have a comprehensive policy on relations with CAR's. The same must be reviewed periodically in order to keep it afresh. Complementary policies for relations with different republics must also be formulated which should clearly spell out the parameters for ties in public and private sectors in the light of national interests.

- Pakistan should start mutual cooperation programs working groups may also be formed by the parties, which should meet on regular intervals to look for new areas of cooperation.
- Student exchange program and exchange of delegations of scholars, writers and artists must be made regularly. This will help to develop a rapport between the people, institutions and organizations of the two parties.³²
- Most of the CAR's have a strong industrial infrastructure. Pakistan must explore their potential in this regard for import and joint ventures in fields like engineering goods, automobiles, and heavy agricultural/industrial machinery. Pakistan can have a big market for its sports goods. Surgical instruments, ready made garments, sugar and cement plants, fertilizers, medicines and chemical in CAR's which should be ventured by private sector.
- Exchange military delegations, provision of training facilities in military institution on bilateral basis would help establish strong ties.
- ECO is the second largest organization of economic cooperation after the EU. Pakistan being one of the founding members of ECO should play an active role in promoting bilateral links between the member states to gain maximum economic benefits. ECO can be turned into a powerful economic block by bold initiatives³³.
- Private sector in both the countries must be encouraged to invest in such fields as food products, cigarette industry, telecommunications, banking and insurance, textile, pharmaceuticals, fertilizers, garments and food processing. In order to attract CAR's it is necessary to eliminate business restrictions from them in Pakistan.

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CONCLUSION

Conclusion

In this changed geo-strategic environment, Pakistan and Central Asian states are facing serious problems like terrorism, political instability, lack of cooperation and super power role and influence in the region. But the situation in Afghanistan is major matter of concern for both CAR's and Pakistan. The new foreign and security policy should be formulated in a way with the new situation should be more fertile and feasible for the trade and confidence in sustainable agreements. Central Asia's threat perception will depend more on the developments outside the region rather than with-in the region.

The situation therefore calls for statesmanship of the highest order on the part of leaders, on regional level India and Pakistan must first educate their public and start moving away from the brink of disaster and show some movement towards the negotiating table. In the meantime some confidence building measures initiated at the official level would be essential to de-escalate tension that has been built up over the years. Pakistan must realize that it is not only facing problem on its Eastern borders, but also has some conflict on its South-West borders. Islamabad needs to level out the confused security engagement with Kabul. The need is also to counter Indian threats to its legitimate interests inside Afghanistan and Central Asia, with the geographical and economic advantages it enjoys over its eastern neighbor. Before putting all our eggs in one basket once again, Pakistan should step back in time and review the fallout of the disastrous pursuit of that intangible 'strategic depth'. And look for the real "Econo-strategic depth" in Afghanistan and Central Asia. Pakistan must not only consider

Central Asian states important for its economic interests but must also develop its strong strategic relations to counter Indian emerging designs in CAR's. This is essential for the future peace in South Asia. By supporting the Taliban regime, Pakistan had single-handedly managed to annoy other factions in Afghanistan. By practicing an uneven policy of establishing Pashtun fundamentalist hegemony inside Afghanistan, it had all but internal hatred, which is a potential threat for Pakistan's sovereignty. In order to obtain National security and regional coherence Pakistan must convince its neighboring countries i.e. Afghanistan, China, India, and Iran, that Pakistan in future will not follow the policies which it had adopted in past.

Pakistan's security threats are more internal than external and its economic and social challenges are not insurmountable. But, it is never too late. Pakistan still exists, the nation can still step hard on the brakes and take a U-turn before there is complete collapse of order and Pakistan becomes a failed state like Somalia. But in order that good things may happen, it is time that Pakistani leaders, its political and religious elite and people who shape public opinion at national as well as local levels make a sincere attempt to return to the fundamental objective of nation building.

Pakistan must work for the welfare, security, economic and well being of its citizens. Ideological, economical goals and/or geopolitical goals must not be pursued at the cost of internal order and economic and political stability. For too long Pakistan has sacrificed its internal security and welfare in pursuit of external objectives. Its involvement in Kashmir, Afghanistan and its continued conflict with India have served no other purpose but to bleed Pakistan internally. Pakistanis must realize that Pakistan and

its internal order come first and they must pursue them. For the achievement of these goals, Pakistan must set its priorities, for instance:

1. First and Foremost Revival of Democracy
2. Disarming civil society from gun culture, by provision of law and order.
3. Persecution of selfish and self oriented interests
4. Elimination of Sectarian, ethnic, provincial violence and terrorism
5. Focusing on Education and Social Development
6. Enhancing and facilitating dialogue on internal issues
7. Strengthening the economy.

These are the some main concerns, which must be considered deliberately.

The emergence of predominantly Muslim but, in fact, multi-ethnic and multi-religious CAR's has added a new strategic dimension to the geopolitics of the whole of Asia and more so, for the countries located in its immediate neighborhood. Central Asia lies at the strategic junction between two nuclear powers, Russia and China, and at the interface between Russia and the Islamic world. It shares borders with Afghanistan, which is a major source of spreading religious extremism in the region. India has a vital interest in the security and political stability of this region. Obviously given the Kashmir angle, India cannot be walled off from the political developments, which take place in the Central Asian region. On the other hand, instability in Afghanistan has also adversely influenced peace and security in our region. Most countries in the neighborhood are

convinced that extremists consolidating in Afghanistan under the Taliban will destabilize Central and South Asia.

Another point that needs to be highlighted here is that today the Central Asian region has become an area of immense importance to Europe, US, China, and Iran. The US is trying to undermine Russian and Iranian gains; China has committed billions of dollars for the development of Central Asian oilfields to fulfill its future energy demands. Europe wants to extend its influence by means of NATO expansion eastwards and through the Partnership for Peace (PFP) programme. All this is likely to bring in high-stakes power politics in Central Asia.

This obviously has implications and Pakistan must consider whether these developments are desirable or not. The question that concerns Pakistan is that any external influence in CAR's will have serious implications, direct or indirect for the countries of the region.

It is obvious that the vital goal of regional and extra regional countries alike has been the diversification of control over the hydrocarbon resources of the region. This region is rich in its oil and gas resources, new avenues of economical opportunities are very much evident. But at the same time, the littoral states have forged military alliances and are gradually building up their forces in the region. The regional and extra-regional conflicts, situation in Afghanistan, are the main hurdle between the development plans.

Super power's interest and their influence in the region, for their own purpose are the major threat for the regional reserves. They are trying to get more economic benefits, by providing untrustworthy assistance and assurance of security. CAR's urgently need foreign exchange and appropriate technology which is hard to come by in Pakistan. Competition with Iran and Turkey and of course with the industrialize world in assisting the Central Asian States will not be easy. Pakistan has, however, done well in establishing diplomatic relations with most of these countries. But dreams will only come true if Pakistan plays its positive and constructive role for this: Pakistan must put its own political condition in organize form. The uncertain political future is least conducive to entering into long term arrangements with these countries. Every effort must be made to get the Afghan leaders to settle their differences so that a secure route to Central Asian can be assured. 2ndly, Emphasis must be based on establishing mutually beneficial economic relations, 3rdly super power and other regional actors resistance must be kept in mind. Finally In addition to state to state relations greater people to people contacts would prove useful and Building of infrastructure on the Pakistan side must be expedited to give an outlet to the sea to the land locked Central Asian States.

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