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Regional Change

How will the rise of China and India shape Afghanistan's stabilization process?

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Summary

The brief examines how regional developments in Central/South Asia may affect the stabilization process in Afghanistan. Given that regional security dynamics played an important role in aggravating the conflict in Afghanistan in the 1990s, the report juxtaposes the situation in the 1990s with the present state of affairs.

The brief argues that the regional dynamics in 2010 are very different from the 1990s and puts forward four arguments to that effect. First, the improved India-Pakistan relationship is crucial for regional stability. In assessing prospects for positive developments between India and Pakistan, it is necessary to factor in broader regional concerns, especially the now cordial, yet tense relations between the rising powers India and China. Second, with its new economic and political weight, the stage is set for China to take the role as regional hegemon in the wider Central/South Asia region, although it is uncertain if or when it will choose to enact this role. Third, regional energy projects might in the long-term increase cooperation and build confidence, but developments are slow. By contrast, improved transport networks and increased trade have positively affected the region. Fourth, Iran's nuclear program poses an indirect, but serious challenge to regional stability.

Take together these four arguments highlight the increasing salience of India and China. Moreover, the brief illustrates how regional affairs in 2010 are a mix of inter-state rivalry and insecurity together with patterns of economic cooperation. The risk still exists that regional insecurities could aggravate the internal rivalries in Afghanistan and the regional environment certainly creates additional challenges to Afghanistan's stabilization process. However, the regional environment looks less prone to feed into and augment internal rivalries when compared with the 1990s.

Introduction: Four arguments on regional change[1]

What are the prospects for stabilization in Afghanistan if or when international security forces pull out? This question has gained relevance since President Obama announced the withdrawal of US troops starting July 2011 in his address on a new strategy for the war in Afghanistan (New York Times 2009). Taking as our starting point the regional dimension of the ongoing conflict and the history of neighbourly involvement in Afghanistan in the 1990s, we examine how regional dynamics might affect the country after the withdrawal of NATO forces. Will there be a repeat of the scenario from the 1990s, when neighbouring states significantly exacerbated the conflict?

Our aim is not to give a complete overview of regional developments, nor provide a full outline, or prediction, of how regional affairs may shape Afghanistan after 2011.[2] Instead, in order to stimulate creative thinking on Afghanistan's regional context, we challenge conventional conceptualizations of the region, developing four arguments related to the following issues : i) the India–Pakistan relationship; ii) the rise of India and China, and its impact on regional affairs; iii) economic cooperation in the region, and iv) the role of Iran.

A basic perspective here is that regional affairs today are significantly different from the situation in the 1990s: it is important to acknowledge these changes and factor them into assessments of how a post-withdrawal Afghanistan might develop.

1 This policy brief is a shortened version of the authors' NUPI report *Regional Change: How will the rise of India and China shape Afghanistan's stabilization process?*

2 For a useful overview see Harpviken (2010).

Argument 1: There is more to the India–Pakistan relationship than Kashmir and the quest for 'strategic depth'

The effects of the troubled Indian–Pakistani relationship on the Afghan conflict are well known. It was Pakistan's quest for strategic depth in Afghanistan in the face of the perceived security threat from India that motivated Pakistan's support to the Taliban. A friendly regime in Kabul has long been a key security goal for military strategists in Pakistan, and the Taliban was seen as a helpful ally in this quest. After the events of 9/11, Pakistan's new political leadership declared its support to NATO. Nevertheless, accusations continue to be levied that Pakistan's intelligence service, the ISI, maintains close ties to the Taliban. The recent release of classified US security documents provides additional evidence of substantial ISI support (Mazzeti et al. 2010; Wiki leaks 2010).

It has been argued that Afghanistan, like Kashmir, has become a proxy war between India and Pakistan (Dalrymple 2010). India's large-scale economic and diplomatic support to Afghanistan and President Karzai has further exacerbated Pakistan's longstanding security fears that Afghanistan may become a launching pad for Indian presence and dominance in the region. This provides continued incentives for Pakistan's national security strategists to maintain support to militant Islamist groups that can help thwart Indian control in the larger South Asian region.

While it is correct to say that the India–Pakistan relationship continues to serve as a primary source of instability in the region, and, indirectly, of instability in Afghanistan, analysts tend to overlook the broader dimensions of this relationship. It is increasingly unhelpful to analyse the India–Pakistan relation solely with reference to the historically wrought bilateral relationship, the Kashmir issue and Pakistan's quest for strategic depth. With the recent accelerated rise of India and China, regional relations have become more complicated. Pakistan–China and China–India relations are important considerations for Pakistan and India when they formulate their foreign policy, not least as regards their bilateral relations.

Policy implications

The improved India–Pakistan relationship is of crucial importance for the stability of the region and hence for the stabilization of Afghanistan. In assessing the prospects for positive developments between India and Pakistan, it is necessary to factor in broader regional concerns, particularly Pakistan–China and China–India relations.

Argument 2: China is the regional hegemon, but is reluctant to play its part

China has established comprehensive economic and political ties with all of Afghanistan's neighbours, and holds key levers of potential influence in these countries. China has also expanded its involvement in Afghanistan. With substantial Chinese engagement, the region differs markedly from that of the 1990s when China was scarcely present, aside from its historically close ties with Pakistan. Moreover, no power held substantial influence in all of Afghanistan's neighbours during the 1990s, as is the case with China today.

However, despite its potential weight, China has been defining its interests in Central and South Asia relatively narrowly. Chinese engagement in the region reflects Beijing's traditional foreign policy goals – internal stability, energy security and good-neighbourly relations – which are constrained by two concerns: i) the awareness that the regional and global rise of China could spark a backlash of anti-China policies and alliances; and ii) the principle of non-interference in the internal affairs of states. This rationale, alongside Beijing's longstanding foreign policy principles of risk aversion and gradualism, may explain the low level of security engagement in Afghanistan.

No such limitations, however, are imposed on economic policy. Chinese investments and global economic expansion are usually explained with reference to two factors: proximity and abundance in natural resources. Afghanistan shares a border with China; in addition, the country is rich in copper and iron and has large deposits of industrially important minerals like mercury, sulphur, chromite and talc (USGS 2007). As such, it seems set to become a key recipient of Chinese investment. The China Metallurgical (Group) Corporation (MCC) has already invested heavily in the Aynak copper mine; this may serve as an indicator of a larger investment flow that could be released, following stabilization in Afghanistan.

China seems set to become a major economic and political force in Afghanistan in the medium to long term, with likely positive impacts on its development and reconstruction. In the short term, however, China will be no game-changer. Beijing has no plans to assist NATO-led anti-Taliban efforts. It is in China's interest to wait for the situation in Afghanistan to stabilize, and then start with greater investment activity.

Policy implications

China's economic and political weight constitutes a solid basis for adopting the role of a regional hegemon. When and to what extent Beijing will take on this role is not yet certain. However, China's engagement in the affairs of Central/South Asia needs to be considered in relation to its global role. Political engagement in the region will be shaped by how Beijing (re)defines China's global position: a more active and assertive China globally will entail a more proactive Chinese factor in the politics of the region.

Argument 3: Energy developments are slow but trade is booming, and this fosters cooperation

There is a nascent, yet significant, liberal element to regional affairs. Substantial increases in trade and

transport, with associated positive effects on economic growth, create incentives for interstate cooperation. Key domestic constituencies in several countries have an interest in maintaining the status quo – or a further improved and stabilized version of it. The scale of the increase in trade and infrastructure is a major factor that distinguishes regional affairs of the 2010s from the 1990s. Economic cooperation, according to the liberal perspective, has positive side effects; it may also serve as an important counterweight to the structural rivalry and insecurity that characterize many interstate relations in the region (Hirschman 1997; Keohane and Nye 2001). We briefly discuss the implications of regional cooperation in trade, transport and energy.

Trade patterns in Central and South Asia have undergone important changes. With the growth of China, India and Iran, key regional export markets have emerged and intra-regional trade has grown, in particular between Iran and China, China and Pakistan, and China and India. Moreover, exports from the key regional economic powers to wider international markets are on the increase. With the planned improvements in transit networks, some 20% of this global trade could transit the region, resulting in substantial transit fees (Sachdeva 2007: 376). These are powerful economic arguments for the liberalization of regional trade (Joshi 2010: 14). Thus far, however, trade flows have faced serious barriers, due mainly to the animosity between India and Pakistan.

Energy relations in the region are shaped by the fact that the countries of Central Asia have a great surplus in oil, gas and hydropower, whereas the South Asian states suffer from major energy deficits and are searching for stable supplies. This has spurred the development of several plans for energy generation and export routes, some of these transiting Afghanistan's territory. Most ambitious is the proposal for a unified electric grid (the CASA 1000), alongside the gas transportation projects Turkmenistan–Afghanistan–Pakistan–India pipeline (TAPI) and Iran–Pakistan–India. These are important and positive plans, but most of them are unlikely to be realized in the short to medium term due to security concerns in Afghanistan, as well as disagreements between India and Pakistan.

Policy implications
The proposed energy projects will have positive implications for regional development, adding a constructive and cooperative element to the Pakistan–India relationship and providing both powers with a stake in peaceful development. Crucially, however, many of the larger projects in the hydropower, oil and gas sector have been postponed and seem likely to be realized only in the medium to long term. This implies that these grand projects cannot bring immediate positive benefits to the region or to Afghanistan. By contrast, transport investments and trade increases have already delivered substantial regional benefits. If these continue to grow, important counterweights to inter-state insecurity and competition will be created. The focus should therefore be directed to bottom–up developments in trade and associated infrastructure that have immediate and tangible impacts.

Argument 4: Iran: the nuclear stand-off complicates Afghanistan's stabilization process
Iran is perceived as playing a double game in Afghanistan. On the one hand, Tehran offers significant support to Afghanistan's stabilization process – from facilitation of the Bonn agreement through substantial aid and reconstruction programmes, to trade and the fight against drug trafficking (Chopra 2007; Gavrilis 2009). On the other hand, the Iranian government is accused of supporting the Taliban and other insurgent groups (Gates 2007; Bruno and Beehner 2009). Substantial evidence has been provided to support these allegations; nonetheless, Tehran denies its involvement while experts continue to disagree whether the Iranian government is directly involved in undermining US interests in Afghanistan.

This contradictory strategy seems to be informed by two concerns: 1) Iran's security and commercial interests in having a stable Afghanistan as its neighbour; 2) Iran's relationship with the USA and the related threat of retaliation against nuclear proliferation. Given the history of a strained relationship with Afghanistan under the Taliban, Tehran has a clear interest in cooperating with the anti-Taliban coalition, which could have led to 'a genuine strategic opening' between Iran and the United States (Bruno and Beehner 2009). However, the failure of the G.W. Bush administration to acknowledge Iranian peace efforts in Afghanistan, its labelling the country as a 'member of the axis of evil', and Iranian fears that tensions with the USA over its nuclear programme could exacerbate may have played into Iranian calculations, resulting in 'a strategy of managed chaos' in Afghanistan (ibid.).

This strategy simply aims to destabilize Afghanistan by strengthening the insurgents. The underlying rationale is to signal Washington of Iran's central role for the stability of Afghanistan, thus enhancing its bargaining position vis-à-vis the United States. In that way, Tehran raises the bar for the US decision-makers wishing to respond militarily to Iran's nuclear programme. At the same time, it is important to bear in mind that pursuing this strategy entails serious political, economic and security risks for Iran, indicating that Tehran may pursue such a strategy only out of extreme necessity (New York Times 2007).

Policy implications
Iran's role in the region remains a difficult issue – perhaps even more difficult than in the 1990s, despite significant improvements. This development is related mainly to the threat of retaliation against nuclear proliferation. In addressing Iran's nuclear challenge, the following considerations are important: 1) any further exacerbation in US–Iranian relations is highly likely to have a negative effect on Afghanistan; 2) Iran–US cooperation in Afghanistan has great

potential for the stabilization of Afghanistan, as well as for improving bilateral relations; 3) involving China would create a potential lever, since China is an increasingly central player, both as a permanent member of the UN Security Council and an importer of Iranian energy.

Conclusion: the regional environment of Afghanistan has improved since the 1990s, but remains a challenge

The four arguments presented in this policy brief communicate forcefully the substantial changes in Afghanistan's regional environment in 2010 as compared with the 1990s. While interstate competition and security fears dominated regional affairs in the 1990s, in 2010 we see a mix of interstate rivalry and insecurity together with patterns of economic cooperation. The risk remains that regional insecurities could aggravate the situation in Afghanistan in the years ahead as internal politics continue to be fragmented and highly competitive. However, the regional environment now appears considerably less prone to feed into and exacerbate these internal rivalries than it did in the 1990s. The considerable traditions of diplomatic dialogue, China's tacit influence throughout the region and the increasing economic incentives for maintaining regional stability are important counterweights in this respect.

Whether these new features will prove strong enough to uphold a stable trajectory in further tests on the region remains to be seen. What is certain, however, is that these liberal aspects represent major new developments in regional affairs – and it is crucial that these be factored into the analysis of regional affairs.

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