

Editor's Note

Dear Colleagues and Friends,

At this time of year, the winter has reached much of China and Eurasia but the region seems to be more sizzling than ever. The Taliban has increasingly asserted its presence in Afghanistan's southern provinces, and launched an insurgency of a magnitude unprecedented since the fall of the regime. Kyrgyzstan has adopted a new constitution following increasing pressure on Kurmanbek Bakiyev, and the competition over energy in the Caspian is intensifying. The strategic partnership between China and Russia has been further consolidated throughout the year, and they form a joint front on Iran. China's interest in forging deeper ties with India, after the two signed a strategic partnership 18 months ago, was also reconfirmed with the latest bilateral summit in late November where 13 agreements in the trade and energy sectors were signed. Most notable was the deal on civilian nuclear cooperation which comes amidst the U.S. Congress' ratification of a similar agreement.

Meanwhile, Uzbekistan continues to present a formidable challenge to both the U.S. and the EU, although two different strategies towards the country have been pursued. U.S. Assistant Secretary of State Richard Boucher visited Tashkent in August to heal the wounds of deteriorating U.S.-Uzbek relations, while the EU recently extended sanctions on Uzbekistan. Kazakhstan, moreover, is trying to deepen ties with both the U.S. and the EU, and has also been well received on both sides. Dick Cheney, on his visit to Astana in May, called Kazakhstan a regional anchor while President Nazarbayev's visit to Washington in October further strengthened these ties. The EU, in turn, has come to appreciate the importance of Kazakhstan for its future energy security, and as recent as December 4 it signed a Memorandum of Understanding on energy cooperation with Astana.¹ In sum, there are great security-dynamics and much at stake in Eurasia today. Both the European Union and the United States are deeply enmeshed in all of these interrelated issues, highlighting the importance of coherent, encompassing, and effective strategies towards the greater region.

The EU's and the U.S.' coinciding interests in the region could not be more obvious than today. Not only in relation to the promotion of democracy and market economy in Central Asia and the Caucasus, but also in sharing responsibility for the counterinsurgency in Afghanistan. NATO's ISAF mission has now taken over command of most parts of Afghanistan, and is jointly, together with Operation Enduring Freedom fighting the Taliban insurgency. The importance of its success can

¹ See, "EU to Enhance Energy Cooperation with Kazakhstan," *IRNA*, December 4 2006.

scarcely be understated, both because Afghanistan is approaching a turning point, but also because it represents a testcase of NATO's global capabilities outside of the Euro-Atlantic space. Apart from the increased level of violence in Afghanistan, the UN recently released a report which revealed that poppy cultivation had increased with 59 percent over the previous year—a major setback for counternarcotics efforts, and, indeed, Afghanistan's long-term success.²

In the midst of these negative developments a glimpse of hope has emerged. The Afghan population seems to support ongoing efforts which represent the most important asset for ISAF's engagement there, even if support for U.S. forces has waned. In November, the *Asia Foundation* published a nation-wide survey of Afghans' attitude towards the current situation in the country. It revealed that 44 percent of the Afghan population thought the country was heading in the right direction while only 22 percent stated the opposite. Moreover, 77 percent were satisfied with the democratic development in the country while few cited security as being a significant problem.³

Due credit should go to the commitment and patience shown by the Afghan people, and the courageous conscripts that serves in the Afghan National Army and Police Force. Yet, there are few reasons to believe this patience to be unlimited, and there should not be any doubt that the current situation in Afghanistan will prove a major obstacle to reconstruction efforts and Afghanistan's integration into the regional economy. The Delhi conference on Afghanistan's Reconstruction held on November 18-19 which brought together the heads of states throughout the region laid particular emphasis on the importance with trade and transports and its key role for long-term security. The flipside of the coin is that the deteriorating security situation will have adverse effects on both political consolidation and economic development. It will undoubtedly increase transaction costs and decrease the possibility for Afghanistan, in the short term, to act as a transit route for oil, gas and other consumer goods to and from India, Pakistan, China, Iran, and the five Central Asian states. Increased instability in Afghanistan will also create further tensions in the region at large, and impede integration of Greater Central Asia and the Eurasian region.

Increased regional cooperation and integration is necessary to resolve or at least manage the threats spilling over from Afghanistan, or, in the best of cases, assist Afghanistan in resolving its political instability. All neighboring states are well aware of the security interdependence that they share with Afghanistan. The primary manifestation of this is

² UN Press Release, "Afghan opium cultivation soars 59 percent in 2006, UNODC survey shows,"

<http://www.unodc.org/unodc/press_release_2006_09_01.html> (November 3 2006).

³ The Asia Foundation, *Afghanistan in 2006: A Survey of the Afghan People*, 2006.

perhaps the establishment of the Shanghai Cooperation Organization and its extension of observer status to the neighboring states of Iran, Pakistan and India. But the omission of Afghanistan presents a gaping hole in the organization that prevents its abilities to counter the threats from terrorists/political or religious militants. Not to mention that the SCO so far has demonstrated limited success to act as a security provider for the region. Moreover, much of the problems that the region faces are of trans-regional and polygonal character that calls for multilateral solutions.

Nowhere is the lack of cooperation more evident than in the economic field. Eurasia has failed to utilize its full economic capacity, much due to weak economic institutions, poor transportation networks, and high trade barriers between the different states in the region. Greater Eurasia could very well become the trading hub it once was as soon as oil, gas, electricity, and consumer goods starts to flow across borders; through Central Asia, Afghanistan and Kashmir on the north-south axis, and from China via Central Asia to Europe on the east-west axis. If trade impediments are surmounted, this would reduce existing transaction costs due to the comparative advantage in distance that Eurasian overland trade has. These issues have not been appropriately addressed by the different governments, and much more political will in capitalizing on these gains through regional cooperation needs to be displayed.

This is however not to say that no progress has been achieved. The second Euro Asia landbridge running from China's east coast to Europe is developing rapidly, where the recent completion of the Wushaoling Tunnel in China, together with the recent launch in early November of a container train from China to Europe are two steps in the right direction.⁴ The container train promises to cut transport time between China and Europe to 15 days from the current 40 days by sea. Moreover, although the security situation in Afghanistan is impeding the north-south transport corridor from Almaty to Islamabad and Delhi, improvements on the Karakorum highway are giving much needed infrastructural support for the further development of this route. The same goes for the rapid pace that bridges over the Pyanj River connecting Afghanistan with Tajikistan are constructed and restored. All of this is however dependent on political will, something which is more of an exception than rule.

It should be acknowledged that some political cooperation has been achieved, but much of this is simply back patting to guarantee each others security and political survival. The non-interference in domestic policy principle has formed the backbone of much cooperation among the regional states and within SCO even constructive criticism has been

⁴ "China-Germany Container Train Begins Formal Operation", *Xinhua*, November 2 2006.

absent. To be sure, the West has not fared much better. Failure to engage with reformist forces in the governments and parliaments of the region from the EU and the U.S. has give a *de facto* carte blanche for such states as China and Russia to influence political practices. Needless to say, this inadvertently will play in favor of the authoritarian forces at the expense of the reformists' potentials. The EU, having no more than a dozen diplomatic representatives in the Central Asian region, has so far demonstrated a meager interest and willingness to support *incremental* democratic progress.

The recent political developments in Kyrgyzstan that forced President Bakiyev to delegate more power to the parliament and rewrite the constitution has been positive in terms of political engagement, but shows the continuing weakness of the Kyrgyz political system. This latest political development, together with the Rose Revolution, the Orange Revolution, and the Tulip (Poppy) Revolution has had effects that go beyond the states concerned. Most governments in the region have become wary of being next in line to be overthrown by internal dissatisfaction. In much, many of the Eurasian governments have a greater fear of the internal opposition than external threats, i.e. the most evident signal of being a weak state.

In the energy field, tensions are becoming more and more frequent and a watershed is emerging in Eurasian energy relations. This is both for good and bad as it increases the options and opportunities for some states, while others find it almost impossible to break out of the Russian fold. Here, Azerbaijan and Georgia are further tilting towards the West. Not least as Azerbaijan will terminate export of oil to Russia through the Baku-Novorossiysk pipeline on January 1, and the South Caucasus natural gas pipeline running from the Shah Deniz field in the Caspian to Turkey is set to come on-stream the same day. As serious talks have been getting going between the U.S., EU on the one hand, and Kazakhstan on the other, on the construction of a trans-Caspian pipeline, this will make these two actors reach further inland Eurasia. Not least so if the Kashagan oil-field in the north of the Caspian is successfully developed. There should be no doubt that this greater presence will increase the ability of the West to promote its values in the region. It should neither be doubted that those states that are able to escape the sole Russian option could benefit from it—Azerbaijan's double digit growth rates are perhaps the primary example. But it will simultaneously spur a competition which is set to become more politically intense, where some states will have a harder time than others in balancing external interests.

The contributors to this issue will further explore the issues touched upon in this brief note, and I am confident that you will find their articles of great interest. I would also like to remind you that Dr. Erica Marat will guest-edit the next issue of the China and Eurasia Forum Quarterly

which will be released in February 2007. The entire issue will be devoted to military institutions and civil-military relations. Most articles for the issue have been solicited but authors are encouraged to send in articles for potential publication to emarat@silkroadstudies.org.

Finally, on behalf of the CEF team, we hope you enjoy this issue!

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