AFGHANISTAN AND THE NEW GREAT ENERGY GAME

John Foster

Summary: Afghanistan has become the major focus of Canadian defence, aid and foreign policy. Why? Official answers omit Afghanistan’s strategic importance in the geopolitical rivalry for control of the oil and gas resources of Central Asia – the New Great Game. At stake are pipeline routes to get energy resources to market, and power and wealth in the region. Afghanistan’s role as an energy bridge – a geographic link between Central and South Asia – has long been recognized, but rarely talked about in Canada. Intelligent decisions on Canada’s future role in Afghanistan and NATO require attention to energy issues.

John Foster is an international energy economist with 40 years of worldwide experience in energy and international development. This paper is based on a presentation he gave to the Group of 78 in Ottawa on January 29, 2008.

Why has Afghanistan become the major focus of Canadian defence, aid and foreign policy? Canada’s stated objective is to help Afghanistan become a stable, democratic and self-sustaining state.¹ Over the years, government officials have identified other reasons such as Afghanistan’s development needs, the poppy problem, preventing a failed state, and spreading democracy.²

Recently, Stein and Lang wrote that Canada went to Afghanistan to placate the Americans.³ Then, why are the Americans in Afghanistan more than six years after 9/11? Their reasons too have evolved over the years – but they beg for more explanation, given the massive resources being allocated to Afghanistan.

Some light on US motivation was newly shed (January 30, 2008) by US Ambassador Thomas Pickering, co-author of the new Afghanistan Study Group Report.⁴ Interviewed on CBC’s As It Happens, he said: "Afghanistan is of strategic importance: a failed state in the middle of a delicate and sensitive region that borders on a number of producers of critical energy."

In Canada, official explanations have omitted discussions of energy. Looking at Afghanistan in its regional setting offers a broader explanation for the Canadian mission. Afghanistan has a role in the New Great Game, a quest for control of the immense gas and oil resources of Central Asia.⁵
Afghanistan’s Neighbours

Afghanistan’s position between Central Asia (immediately to the north) and South Asia (Pakistan and India) enables it to serve as a link between the two. To the north, Afghanistan borders three of the five countries that became independent upon the break-up of the Soviet Union – Turkmenistan, Uzbekistan and Tajikistan.

Turkmenistan, its immediate neighbour to the northwest, has immense reserves of natural gas; and Kazakhstan, just north of Turkmenistan, has huge reserves of oil. [Oil and gas data in this paper are drawn from the BP Statistical Review of Energy 2007.] Afghanistan offers a route to the south for the immense energy resources of Central Asia.

Until 1991, Turkmenistan and Kazakhstan were part of the Soviet Union. Along with three other countries – Uzbekistan, Kyrgyzstan and Tajikistan – they became independent in 1991 when the Soviet Union broke up. These five “Stans” of Central Asia are sandwiched between the Caspian Sea to the west, Russia to the north, China to the east, and Iran and Afghanistan to the south. When the countries of Central Asia were within the Soviet Union, their oil and gas flowed only to the north through Soviet-controlled pipelines. After 1991, competing world powers began to explore ways to tap these enormous reserves and move them in other directions.

Turkmenistan and Kazakhstan border the Caspian Sea, as do three other countries – Iran, Azerbaijan and Russia. As the world’s largest inland body of water, it is nearly 20 times the size of Lake Ontario. All these countries are looking for their share of the oil and gas riches under the Caspian Sea. That makes it a prime target for rivalry among competing world powers.

Pipelines

Central Asian countries are far from the world’s oceans and tankers, so they must rely on pipelines to get their oil and gas to market. Pipelines are fixed and inflexible. Without a pipeline, the oil and gas remain locked in the ground. And the pipeline route is critical. The oil or gas can only go where the pipeline goes.

Pipeline routes are important in the same way that railway lines were important in the 19th century. They connect trading partners and influence the regional balance of power. When a pipeline crosses more than one country, each country becomes a stakeholder. The countries are bonded together physically, economically and diplomatically. Pipelines provide revenue to transit countries. And they may be
vulnerable to sabotage and blackmail. That’s why they are critical in understanding the geopolitics of the region.

The regional geopolitics of energy and pipelines are openly analyzed in US think tanks, such as Brookings Institution and Johns Hopkins University’s School of Advanced International Studies.

**The New Great Game**

The term Great Game dates back to the 19th century when it was popularized by Rudyard Kipling in his novels of British India. At that time, the rivalry was between the British and Russian empires. The epicentre of conflict was Afghanistan where the British fought and lost three wars. Tribal loyalty in Afghanistan trumps all, making life difficult for invaders.

The New Great Game started in 1991 when the Soviet Union broke up. It too involves the Great Powers – USA, China and Russia. It also involves regional powers, such as Pakistan, India, Turkey and Iran; and NATO countries, including Canada. It’s a game for control of the giant oil and gas resources of Central Asia. Turkmenistan has the world’s fourth largest reserves of natural gas. Kazakhstan has the largest oil reserves in Central Asia; they are said to be three times those of the North Sea. One discovery alone – Kashagan in the Caspian Sea – may be the world’s most important oil find in 40 years since Alaska.

Until recently, these resources only flowed north through Russia. Thence there are several routes to Europe. The New Great Game is among countries who want energy to flow in directions under their control: north to Russia; west to Europe (bypassing Russia); east to China; and south through Afghanistan.

Since the early 1990s, the United States has vigorously promoted new pipelines from Azerbaijan to Europe that bypass Russia – and Iran. Two are now open for business. One is the Baku-Tbilisi-Ceyhan (BTC) crude oil pipeline. It curves down to the Mediterranean instead of taking the short cut to the Black Sea. The other is the South Caucasus gas pipeline. It follows the same route as far as central Turkey – there it joins the Turkish gas grid. Amid much fanfare, it was extended in November 2007 from Turkey to Greece – a symbol of friendship between two ancient enemies.

The rivalry continues with plans for new gas lines to Central Europe. The Russians plan to bring gas to Italy and Central Europe under the Black Sea to Bulgaria. This is the South Stream project. It would bypass Turkey and Ukraine.

The EU is backing a rival plan to bring gas from Turkey to Central Europe. This is the Nabucco project. It would connect to the line from Azerbaijan. But Azerbaijan can’t supply enough gas. So Turkey has initialled an agreement to get additional gas from Iran.
On the east side of the Caspian, Washington is pushing hard for plans to build pipelines under the Caspian Sea from Kazakhstan and Turkmenistan to Azerbaijan. They would link with the recently built pipelines to Turkey. The Russians oppose that, but the Americans are persistent. In January 2008, three high-level US officials visited the Turkmen President. In turn, they were Senator Lugar, senior Republican on the Senate Foreign Relations Committee; Admiral William J. Fallon, commander of US Central Command; and Ambassador Mann, Coordinator for Eurasian Energy Diplomacy. Their agenda included discussions of economic and energy sector cooperation.10

Meanwhile, there’s a new pipeline bringing oil east from central Kazakhstan to China. Eventually, it will link to Caspian Sea fields. And China is planning to import gas from Turkmenistan via Kazakhstan – a huge undertaking.11

**Afghanistan as an Energy Bridge**

In the New Great Game, Afghanistan is an energy bridge to move natural gas from Central Asia to South Asia. For more than a decade, the United States has been working towards a pipeline to move natural gas from Turkmenistan through Afghanistan to Pakistan and India. When the Taliban was governing Afghanistan, two consortia vied for the right to take on the project, one led by Unocal (an American firm) and the other by Bridas (an Argentinean firm). The US Government supported the Unocal consortium. It was negotiating with the Taliban regime from 1997 to August 2001 through the Clinton and Bush presidencies.

The Bush Administration saw the Taliban regime as a source of stability for the proposed pipeline. It demanded that the Taliban form a government of national unity. This is how Unocal was thinking – they wanted a secure working environment. Bridas took a different approach – they were negotiating separately with different tribes.12

US negotiations with the Taliban broke down in August 2001, just before 9/11. Just after, the US ousted the Taliban, with the assistance of the Northern tribes. Pipeline planning continued under President Karzai. The pipeline project is well documented in the Asian press. It’s called the TAPI pipeline, TAPI being the initials of the four participating countries – Turkmenistan, Afghanistan, Pakistan and India. The United States strongly supports the project and has expressed willingness to assist in pipeline security.

Within Afghanistan, the proposed pipeline route passes through Helmand and Kandahar – provinces where security is a problem and where British and Canadian forces are supporting Americans under the NATO umbrella.

The Asian Development Bank is helping develop the project.13 14 The Bank presented a feasibility study in 2005.15 The four participating countries have regular
steering meetings with the Bank as facilitator. Canada is an active member of this regional development bank.

In November 2006, there was a major donor meeting on Afghanistan in New Delhi, at which the pipeline through Afghanistan was high on the agenda. Countries promised to accelerate planning of the pipeline and help Afghanistan become an energy bridge. They used that phrase: “energy bridge.” Canada had a high-level delegation at the meeting. It included Canada’s High Commissioner to India, the Parliamentary Secretary to the Minister of Foreign Affairs, and the Afghan Task Force Director at Foreign Affairs.

Kandahar has been at odds with Kabul for ages. It’s one of the major cities of the Pashtun people. There are well over 25 million Pashtuns – a substantial ethnic group. Pashtuns live on both sides of the Afghan-Pakistan border. It’s an artificial border – the so-called Durand Line that was imposed by British India. It was drawn intentionally to break up the Pashtun tribes. In fact, local tribespeople move freely back and forth. Pashtuns in Kandahar have been independent form Kabul for ages. And similarly, Pashtuns in Pakistan are relatively independent from Islamabad.

News of TAPI pipeline planning is prominently displayed in the Asian Press. But in Canada nobody talks about the pipeline. Politicians have remained silent. So has the press. Even a major report on Afghanistan, presented in February 2007 by the Standing Senate Committee on National Security and Defence, failed to mention the pipeline. In fact, there was no mention of energy, oil or gas either.

Yet, if the pipeline goes ahead, it could be Afghanistan’s largest development project. It could provide revenue to the Kabul government to help pay for teachers or infrastructure. It could help meet the energy needs of Pakistan and India, and possibly other countries. It could link Afghanistan with Pakistan and India in a way that requires cooperation. So it’s potentially good for peace.

Leaders in Pakistan and India speak publicly about their concerns. The Prime Minister of Pakistan admitted in February 2007 that the Afghan pipeline “would have to pass through strife-torn Kandahar.”

**Iran, China and Russia offer Alternatives**

Meanwhile three countries – Iran, China and Russia – have separately offered alternative solutions to the route through Afghanistan.
Iran is negotiating with Pakistan on a deal to supply Iranian gas along a relatively secure route. The two countries have finalized a contract and plan to sign it in March 2008 after the Pakistani elections. That’s despite US heat on Iran and the political turmoil in Pakistan. India says it’s committed, but has avoided the latest planning meetings. Iran and Pakistan say they’ll go ahead regardless. Russia’s Gazprom says it’s willing to help build the line. BP has said the same. But the US is squeezing India and Pakistan to abandon the project and go for the line through Afghanistan.

China and Russia are tapping into Turkmenistan’s energy treasure. In 2007, China reached agreement on building a 2,000-km gas pipeline from Turkmenistan east through Kazakhstan to China’s western province Xinjiang. There it would join a proposed west-east pipeline, stretching to Shanghai in the east and Guangzhou in the south. The combined length of both lines will exceed 7,000 km – the world’s longest.

In 2007, Russia signed an agreement with Turkmenistan and Kazakhstan to build a new gas pipeline that would parallel an older one and add to the network.

In June 2007, the Turkmen President said: “We will proceed with new gas pipelines to China; to Pakistan and India via Afghanistan; and to Europe via the Caspian Sea.” These are all multi-billion dollar projects extending thousands of kilometres. Are the Turkmen gas reserves big enough to supply the pipeline through Afghanistan as well? That remains to be clarified in future meetings. In November 2007, the Steering Committee of the four participating countries was mysteriously postponed at the last minute. The agenda was crucial. Turkmenistan was to make a presentation on the amount of gas reserves available for export to Afghanistan, Pakistan and India. And formal agreements were to be signed.

World Energy Imports

The world’s increasing dependence on energy imports makes energy resources a concern of countries around the globe. There’s also concern about ‘peak oil’. That’s when new oil discoveries no longer keep up with demand.

The Middle East is a sensitive region – strategically, economically, politically, culturally and religiously – not least because of its oil and gas. Countries are increasingly dependent on Middle East oil. And the United States is by far the world’s single largest oil importer. It imports more than 60 percent of its oil needs.

Europe is the world’s largest gas importer. It imports more than 70 percent of its gas needs, in part from Russia. Its dependence on Russian gas will grow, as North Sea fields decline. Energy imports by Asian countries too are fast expanding. China has become the world’s second largest oil importer.
Consolidation of Control in the Middle East

In the Middle East, the West has already achieved dominance – except over Iran. This consolidation of control and power in the Middle East gives insight into what’s happening in Central Asia.

The United States has acknowledged its vital interest in Middle East oil since the 1940s. The British have done so since before WWI. But the Bush Administration has put a new twist on the Game. They pushed for global domination through overwhelming unilateral power and sought to reshape the Middle East by force. We are witnessing the results.

There may be more than one motive for the US invasion of Iraq and for its bellicosity towards Iran. But a major reason is oil. The Middle East accounts for 60 percent of the world’s proven oil reserves and 40 percent of its gas. It is of vital importance. A brief look at Iraq and Iran reveals ongoing strategies.

Iraq

Iraq has 10 percent of the world’s oil reserves. It has long memories of conquering armies that fail to leave. They date back to the carve-up of the Ottoman Empire, right after WWI. British influence, and military bases, extended forty years – until 1958; and a foreign oil consortium – the Iraq Petroleum Company – operated until the 1960s. Then a military government took over and created a national oil company to produce Iraq’s oil. So for the forty years from the 1960s to the US invasion, Iraq’s oil was under public Iraqi ownership. Some foreign firms were unhappy about that.

Vice-President Cheney formed an Energy Task Force in 2001 – just two weeks after coming to power. Its deliberations were never disclosed – only a few maps and documents were released. One of the maps was of Iraq’s oil infrastructure. Cheney didn’t want the public to see it. Its release required a court order appealed right up to the US Supreme Court. It’s a significant map. The meetings and the map’s preparation took place well before 9/11.

During the invasion in 2003, US forces seized the major oilfields and refineries and protected the Oil Ministry in Baghdad. Left un guarded were all other government ministries, hospitals and cultural institutions – they were promptly looted and burned. Asked about the looting of Baghdad’s National Museum – one of the greatest in the world, Donald Rumsfeld said: “Stuff happens!” At the well-protected Oil Ministry, no stuff happened.

A word about the draft Iraq oil law. It’s easy to understand why an oil law is fundamental for Iraq. Oil is the main driver of its economy. But the draft law has a long history in the USA and a short one in Iraq. Work started at State Department in 2002. The law was reviewed in 2006 by oil companies, IMF and World Bank. Only in 2007 did a final draft reach the Iraqi Cabinet and then Parliament.
So it took five years for the Iraqi Parliament to see the law. Now it appears the Parliament is stalling. The reasons appear obvious. It’s a Made in USA law. The law would offer exceptionally favourable terms to foreign oil companies. And the Iraqis are told they have to pass this law. It’s a US benchmark of Iraqi performance.

The White House has scoffed at any suggestion that the US occupation of Iraq has anything to do with oil. But Washington insiders are starting to admit the Iraq war is largely about oil. For example, General Abizaid, former commander of US forces in the Middle East, said in December 2007: “Of course it’s about oil, we can’t really deny that... Oil fuels a lot of geopolitical moves.” He predicted the US military might be in the Middle East for 25 – 50 years.\textsuperscript{36}

A University of Michigan poll in 2006 found that 75 percent of Iraqis think one of the main reasons for the war was to control the oil.\textsuperscript{37}

\textbf{Iran}

Iran is a regional player in the New Great Game – a place of enormous strategic importance. Iran has 10 percent of the world’s oil reserves. That’s the third largest of any country in the world. Iran is rich in natural gas too, the second largest in the world.

And where are Iran’s oil and gas reserves? Some are in the Persian Gulf – heavily patrolled by the US navy. But 90 percent lie just across the Shatt al-Arab River from Iraq. Think of the Ottawa River between Quebec and Ontario. Saddam Hussein crossed the river in the Eight-Year War and tried to seize Iran’s oil. He destroyed the Abadan refinery, once the largest in the world. Could an invasion happen again?

Iran sees itself encircled – and it is. The Iranians remember that the US has interfered for regime change once before. Iran had a democracy in 1952. And that government nationalized the oil industry – the Anglo-Iranian Oil Company. Foreign companies blackballed Iran; and no oil flowed for 18 months. Then the CIA engineered a coup in 1953. Democracy ended, and the Shah was reinstalled in power. A foreign oil consortium came in; and oil flowed again.

In 1979, the foreign oil companies were thrown out. Since then, US oil firms have remained out of Iran – about thirty years. Iran reopened the door for investment after its crippling war with Iraq; and European and Asian companies signed huge contracts. But the White House blocked American companies from Iran.\textsuperscript{38} Now the US has imposed new sanctions. Is the stand-off truly about nuclear energy?

What’s been going on in the Middle East involves increasing control over energy resources. This gives us insight into what’s going on in Central Asia as well. Central Asia and the Caspian are at the northern end of the so-called Oil Corridor that runs from the Gulf States through Iraq and Iran to the Caspian Sea. The New Great Game is a serious competition for energy resources. It’s a ruthless game. It’s about power. Control of energy brings wealth and power in the region and globally.
Energy Security

Energy Security is the current buzzword. No country talks about playing the New Great Game. What leaders talk about is achieving energy security. These two words have crept into the mission statements of governments and international agencies, for example, Canada, the United States, International Energy Agency and NATO. At the 2007 EU-Canada Summit, Prime Minister Harper referred to energy security as requiring “unprecedented international cooperation, ... protecting and maintaining the world’s energy supply system.” What does he mean? NATO’s heightened interest in energy security casts light on the matter.

Energy security was prominent at the NATO Summit in Latvia in 2006. The US made several proposals to commit NATO to energy security activities. But the Summit reached no decision. The Europeans were wary of tasks they might come to regret. However, these proposals could be on the agenda again for the NATO Summit this April (2008) in Bucharest, Romania, and they merit scrutiny.

NATO Proposals

One proposal is that NATO guard pipelines and sea lanes. Would that apply to the Afghan pipeline? If so, NATO troops could be in Afghanistan a very long time. Pipelines last until they’re decommissioned – that may be 50 years or more. Would guarding sea lanes apply to the Persian Gulf and the Strait of Hormuz? Would our Navy become an Oil Protection Service?

Another proposal is that energy security be a NATO Article V commitment. Article V states that an attack on one member is regarded as an attack on all. Imagine Iran accused after an incident in the Persian Gulf – or even a false flag incident as happened in the Gulf of Tonkin. The NATO country involved could invoke Article V – and Canada would be at war with Iran. So far, these are just proposals.

Canada and Afghanistan

Efforts to convince Canadians to stay in Afghanistan are enormous. With taxpayer dollars, a public relations firm conducted focus groups across Canada to find out how to get Canadians to be more positive about the Afghan mission. Their advice was: use positive words and images; emphasize Canadian role in development; emphasize NATO; downplay violence and US involvement.

But there seems to be an effort to convince Canadians there is no energy issue at all. Talking heads on television have said there’s no pipeline. That’s literally true. But companies follow what’s going on and they come out of the woodwork ready for action once the enabling environment is ready. Talking heads assure us: “It’s not about oil.” As regards Afghanistan, that’s literally true. There, the game is about another three-letter word, gas. And at donor meetings Afghanistan is talked about as an energy bridge – a pipeline corridor.
In 2007, the Government of Canada created the Independent Panel on Canada’s Future Role in Afghanistan (Manley Panel) to decide among four options for Canada’s ongoing role in Afghanistan. The first three focus on military activities – training Afghan army and police, protecting civilians engaged in development work (while another country takes over military duties), or moving Canadian military and development efforts to another, presumably less dangerous region of Afghanistan. The fourth option was to withdraw all Canadian military forces from Afghanistan after February 2009, except those required to provide personal security for any remaining civilian employees. The exception clause raises many questions. Who are these civilian employees? Who employs them? Why are they there at all? Is it, in fact, to provide security for pipeline construction and operation?

Notably absent from the options was detailed consideration of how a political settlement might be achieved. War can go on for years and years – but, in the end, diplomacy and negotiation are essential to build a future for Afghanistan. Blind allegiance to military solutions diverts attention from geopolitical realities.

The Manley Panel released its findings in January 2008. It expressed the view that a “premature withdrawal from Afghanistan, whether full or partial, would imperil Canadian interests and values.” But it also noted that Canadian governments have failed “to communicate...the reasons for Canadian involvement,” and called for a “comprehensive and more balanced communication strategy of open and continuous engagement with Canadians.” The Manley report ignored regional geopolitics and energy issues, albeit at least one submission (my own) brought these matters to their attention. Geopolitical and energy issues are crucial in the impending parliamentary debate on Afghanistan.

Conclusion

Public discussion of energy issues is important to any assessment of Canada’s future involvement in Afghanistan and NATO. Afghanistan must be seen in its geopolitical setting and in terms of the huge rivalry for the oil and gas of Central Asia. Afghanistan’s future role as an energy bridge may involve long-term commitments of troops and vast sums of taxpayer money. Are such expenditures in Canada’s interest? Canadians deserve an opportunity to debate their own involvement in the New Great Energy Game.
Endnotes


13. 2007 Fact Sheet on Turkmenistan (page 2), *ADB is coordinating the Turkmenistan-Afghanistan-Pakistan-India Gas Pipeline Project*. http://www.adb.org/Documents/Fact_Sheets/TKM.pdf


17. Turkmenistan RU, Gas pipeline project Turkmenistan-Afghanistan-Pakistan-India approved, Turkmenistan, 20 Nov 2006. 
http://www.turkmenistan.ru/?page_id=3&lang_id=en&elem_id=8859&type=event&sort=date_desc


http://www.indianexpress.com:80/printerFriendly/227070.html

http://uk.reuters.com/articlePrint?articleId=UKDAH53558120070505


http://web.mit.edu/CIS/pdf/Audit_09_07_Maleki.pdf


27. AFP, Russia, Kazakhstan, Turkmenistan sign Caspian pipeline accord, Moscow, 20 Dec 2007. 
http://www.servihoo.com/Aujourd'hui/kinews/afp_details.php?id=185178&CategoryID=47


Judicial Watch, Iraq Oil Map, Washington DC. 
http://www.judicialwatch.org/IraqOilMap.pdf


41. NATO, *Summit Declaration*, Riga Latvia, 29 Nov 2006. [http://www.nato.int/docu/pr/2006/p06-150e.htm](http://www.nato.int/docu/pr/2006/p06-150e.htm)


