

## AFGHANISTAN

# The pledges; then what?

*As the main organiser of the International Conference on Reconstruction of Afghanistan, Japan has an added responsibility to see that the meeting's conclusions are implemented so that the Afghans can at last see an end to their sufferings, writes Monzurul Huq from Tokyo*

THE Tokyo Conference on Reconstruction Assistance to Afghanistan ended with pledges from different countries of the world to assist the devastated nation regain its economic and political potentials that would ensure an end to the sufferings of the Afghan people. All parties involved in the conference are now satisfied with the outcome as the meeting had seen pledges of as much as \$4.5 billion, including \$2 billion to be provided in the first year.

All these generous pledges have been made despite the fact that a number of traditional leading donor nations are facing severe economic difficulties these days. The conference was jointly chaired by the host nation Japan, the United States, European Union and Saudi Arabia. The four parties alone made joint pledges amounting to more than \$1.8 billion for time frames ranging from one to five years. In addition, unexpected pledges also came from countries that are in no way considered conventional donors. Iran, for example, pledged \$560 million over five years. Both India and Pakistan, on the other hand, made similar commitments to provide \$100 million each, India within the current calendar year and Pakistan over five years period.

As far as pledges are concerned, the conference can no doubt be branded as quite a successful one. The interim report prepared and distributed jointly by the World Bank, the Asian Development Bank and the United Nations Development Program prior to the conference suggested that Afghanistan would need \$4.9 billion for the first two and half years for country's recovery programs. Pledges for the same period did fall short of that need, but the shortage is well within the possibility of overcoming easily by additional pledges form different quarters during the period, which analysts predict would not be difficult to ensure. The United States, for example, pledged \$296 million for the US fiscal year ending in September and hinted that further aid is to flow once it becomes clear how successfully the new administration would perform the responsibility of ensuring a proper handling of much needed financial assistance coming from overseas.

The same note of caution was also seen in the remarks made

by the Japanese participants at the conference. At a press conference after the end of two day's meeting in Tokyo, Japanese Foreign Minister Makiko Tanaka, despite noting with satisfaction the outcome of the conference, did not hesitate to remind the gathering that the world community from now on has an additional responsibility to keep watch over the use of donated funds to ensure they were being used effectively for the purpose of country's reconstruction.

In fact, the world's attention by now has already been shifted over the activities of the interim administration in Afghanistan. It's still too early to conclude if this additional burden coming with the financial assistance would pave the way for the Chairman of the interim Afghan government, Hamid Karzai, and his still-to-be-tested group of advisors in performing their responsibility with a sense of moral accountability. The huge amount of economic assistance coming from ordinary taxpayers of various nations has indeed made the new administration morally accountable to the people of the world. Any failure in restoring peace in Afghanistan and ending the sufferings of the Afghan people during this interim period might put an effective end to further international commitment for Afghanistan in the near future. Hence, restoring peace and order and ensuring rule of law must be considered responsibilities of utmost important for Afghanistan.

Any failure in fulfilling that obligation can not only jeopardize the whole effort of the international community; but there is also the grim possibility that, despite the goodwill and sincere gesture of the people all over the world, the recovery programs for Afghanistan might be destined to end up in futile. The progress made so far in that particular side of the functioning of the new administration is unfortunately not so optimistic.

The Northern Alliance, which is the main component and driving force behind the new interim administration of Afghanistan, is in fact a loose coalition of different ethnic groups who were fighting against the Taliban regime for last five years. Except having a common enemy in the past in the form of the Taliban, they share little common ground with each other. In addition, the position of country's majority ethnic community,

the Pashtoons, is also far from clear.

Hamid Karzai has been chosen as the chairman of the new interim administration not because of his popularity among the Pashtoons, least of all among the entire population of Afghanistan. His inclusion in the administration was a tactical maneuver to convince the Pashtoons of the important role they are destined to play in shaping country's political future. Moreover, he was more a choice of Washington than of the different ethnic leadership of the country.

For Hamid Karzai and his administration to be successful in governing a difficult country like Afghanistan, ensuring the loyalty of different tribal leadership, particularly those of the Pashtoons, is essential. Here comes another important factor of how far Afghanistan's once powerful neighbor Pakistan is willing to accept the new reality of a loyal subordinate suddenly turning into a dihard enemy, and offer a helping hand to the new ruling elite in Kabul.

The Tokyo conference did not have much scope to focus on issues going beyond the simple concept of humanitarian assistance. But the conclusions of the conference has taken into account of the goals agreed in Bonn and reaffirmed the concerned parties' determination to pursue the process of reconciliation, reconstruction and development of Afghanistan according to the Bonn agreement.

As the main organizer of the International Conference on Reconstruction of Afghanistan, Japan has an added responsibility to see that the meeting's conclusions are implemented so that the people of Afghanistan can at last see an end to their prolonged sufferings. Policymakers in Tokyo are not hesitant to express that they are happy to see that their hopes has finally been realized. To move further along the road, Tokyo is actively trying to involve various non-governmental organizations in the process of Afghanistan's recovery.

As the Tokyo conference can be termed successful at least in providing some form of stimulation to the Afghans in the shape of aid packages, hopefully people of Afghanistan would be in a better position now to understand the real meaning of the term 'peace dividend' much better than at anytime before.

## China

# Building a wall or a bridge?

BRUCE GILLEY *In Hong Kong*

IN THE DAYS OF Mao Zedong, China defended its economic security by burrowing factories deep in mountainous regions, stockpiling grain and stationing soldiers at bridges and dams.

It has come a long way since then, opening its economy to foreign goods, capital and management and shifting from a defensive, war-like economic footing to one based on closer ties to the outside world. Joining the World Trade Organization will accelerate that process.

But the faster opening has sparked a debate about how China can defend its economic security-safeguarding its ability to generate wealth in the face of external threats-as it becomes more inter-

twined with the rest of the world.

Some policymakers, harking back to Maoist days, advocate the construction of a "new Great Wall" to protect China against everything from rapacious foreign investors to dependence on world petroleum and grain markets. Others, pointing to the "new economic security concept" employed by successful open economies, urge a more proactive reliance on strong trade ties, competitive industries and a strong currency to backstop economic security.

The debate goes to the heart of China's opening, touching on the highly emotive interplay between a desire to open and grow strong and lingering fears of damage to national security.

Few countries-except those with little choice like Hong Kong and

Singapore-shake off fortress-style approaches entirely. All in the name of economic security, the United States stockpiles oil in former salt caverns, Japan protects inefficient rice farmers and Taiwan hassles its companies trying to invest in China.

But nowhere are the tensions as deep or stakes as high as in China. While it's too early to say who will triumph, there are signs that those urging faster opening will win. That could be the key to China emerging over the next decade as an economic superpower instead of an economic has-been.

While China's decision to enter the WTO is a sign that the new economic security concept has the upper hand, old notions die hard. Even in the WTO, key sectors of the economy-like telecoms, financial services and power-will remain

restricted for foreign investors in the name of economic security. Meanwhile, Maoist ideals of food, energy and technology self-sufficiency heavily influence official policy.

China's crude-oil imports are expected to exceed half its total usage by 2015-20, up from 30% today. The conservative State Economic and Trade Commission is advocating the creation of a U.S.-style "strategic oil reserve" of 15 million tonnes, a month's supply, arguing that growing imports "pose a threat to the nation's economic security."

Yet economists opposed to the plan say such a stockpile is unnecessary and damaging. As the U.S. shows, such reserves-costly to acquire and store-are unlikely ever to be needed and, worse, are typically used for nonstrategic reasons like raising revenues and lowering prices during election campaigns. They also lessen pressures to curtail fossil-fuels use.

Food security raises the same issues. China's grain imports are expected to rise to 10% of total consumption by 2020, up from 3% today. Some government advisers argue for continued food-security policies, forcing farmers to grow grain and limiting imports through special opt-outs available under the WTO. But as with oil, economists argue that a better strategy

would be to rely on foreign-exchange reserves as security against domestic shortages, especially given the diversity of supply from world markets. "In a modern economy, strong purchasing power is better than bursting silos of grain," says a book on WTO entry published by China's trade ministry last year. Or as Garnaut notes: "Hong Kong and Singapore have little domestic supply of food or oil and no issue of food or energy insecurity."

In both cases, the triumph of the new approach over self-sufficiency would have a profound impact on world markets and China's economy.

WTO entry goes some way toward meeting the goals of supply security by making it virtually impossible for foreign countries to impose supply embargoes on China. Its active overseas diplomacy, especially in Southeast Asia, does likewise.

The tensions between the old and new approaches are highly visible. Despite two decades of foreign investment, many officials remain very suspicious of foreign firms.

China will open its banking sector completely by 2004. But other aspects of the financial sector will stay closed.

This piece first appeared in this week's Far Eastern Economic Review.

# Salvaging 'Shanghai Six'

PROF. KHALID MAHMUD

THE foreign ministers of Shanghai Cooperation Organization (ECO), now popularly called the 'Shanghai Six', met in Beijing in early January to review its progress and set the agenda for its next summit meeting scheduled to be held in June in the Russian city of St. Petersburg.

While the ECO foreign ministers pledged support for global efforts to fight terrorism, they also reaffirmed their own plan of action to deal with the threat of home-grown religious extremism and ethnic separatism. The coming summit is expected to adopt a formal charter of the ECO as well as documents on setting up a 'regional counter-terrorism agency' and a 'mechanism for emergency response'.

The fall of the Taliban regime in Afghanistan, accompanied by the destruction of Osama bin Laden's Al-Qaeda network for sponsoring Islamic warriors of various hues, including a large contingent of recruits from Central Asia, has brought about a dramatic change in the regional scenario.

The threat of sponsorship of 'cross-border terrorism' has been, at least for the time being, effectively countered. The Americans who have declared war on Islamic militants have made it known that their campaign will not stop at Afghanistan. The Central Asian countries may have to, under the circumstances, review their threat perception and chart a new course of action to deal with their security problem.

On the face of it, all members of the SCO pledged support to the US-led coalition as its stated objectives were in consonance with their own agenda. But some were more willing than the others to let the Americans set the rules of the game. The Chinese kept their distance, expressing reservations about indiscriminate bombing, arbitrary actions and extending the war to targets beyond Osama bin Laden's apparatus.

They did not at any stage endorse the US plan to topple the Taliban and install a regime of its own preference in Kabul. The Russians were actively involved in funding and arming the Northern Alliance, as they gave their open support to its claim as the alternative to the Taliban regime.

The upshot of the Russian manoeuvres was to secure a share in the spoils of war in terms of gaining political influence. Uzbekistan went the whole hog to identify itself with the American designs. It was the only country among Afghanistan's immediate neighbours which allowed the US to station troops on its soil and use its territory as an operational base for military action in Afghanistan.

The US military presence in Uzbekistan, however limited or transitory, is an ominous signal that neither China nor Russia can afford to overlook. The precedent may have far-reaching implications for the balance of forces in Central Asia while it has already raised questions about the viability of the SCO's mechanism for joint action. That China, Russia and Uzbekistan did not pursue a common line on an issue which has been a priority matter on the agenda of the Shanghai process underscored the failure of the SCO to rise to the occasion.

Whether or not the SCO will be able to salvage the authority or relevance of its own security apparatus is a little too early to say, but one cannot rule out the possibility that the Uzbek model may well be followed by other Central Asian countries. The fear is that the temptation to do business with the US rather than relying on an auto-

mous collective security system in the region may be too great to resist for the Central Asian states.

The Chinese do not envy the prospect of being seen as a US camp follower in fighting 'international terrorism', while the Russian have been vacillating, partly because of their bondage to the IMF and partly due to confusion in their 'post-Soviet' foreign policy dispensation. Nevertheless, if the Americans were to use their presence in Afghanistan as a stepping stone to making advances into Central Asia, both China and Russia will have reasons to feel concerned, and hence the need for active collaboration to contain the US influence. Conspiracy theories have been attributing a sinister design to the US military operation in Afghanistan.

The Taliban regime, they say, was toppled to secure a safe passage to Central Asia, since the Americans have set their eyes on the huge oil and gas reserves there which they would require to lessen their dependence on the Middle East for energy. Uzbekistan, it is being said, has given the Americans the foothold they needed in Central Asia to carry out their agenda for control over the exploration and outflow of energy resources.

Whatever is their 'hidden agenda' in Afghanistan, or even if there is none beyond destroying the so-called terrorist network, the US offensive in the region poses a serious security threat to both China and Russia. The Sino-Russian partnership in Central Asia will be under great stress, as the co-sponsors of the Shanghai process will be required to hold their allies together in the SCO, notwithstanding their divergence on the question of dealing with the Americans.

The future of SCO hinges on many variables. The US war against terrorism, initially seen as a 'blessing in disguise' for Central Asia, has created a sense of anxiety and uneasiness in the SCO, as observers see its fallout as a set-back for the regional alliance. The liquidation of the Islamic fundamentalist forces' base in Afghanistan has inflicted a heavy blow on the militant groups operating in Central Asia, more so in terms of isolation and demoralization.

The ruling elites in the Central Asian republics need safeguards against foreign interference to preserve the political order in their countries. One reason why these countries refrain from seeking outright US patronage was the stringent terms set by the Americans for the good behaviour of states. Neither democracy nor a free play of the market forces is in the scheme of things in Central Asia.

Ironically, separatist elements, termed 'dissidents' in American idiom, were known to have at one time or the other a western connection, including the Chechens in Russia and the Uygurs in China's Xinjiang province. Little wonder some observers do not rule out the possibility that the Americans may once again deem it necessary to use the 'dissidence' card in Central Asia. The SCO security mechanism will therefore have a long-term relevance for the security concerns of the Central Asian states.

As most observers agree, SCO's economic viability will, above all, determine its future. China's shifting of developmental activity to western China, including the Xinjiang province, will have a spillover effect on these neighbouring countries. Cementing of economic ties in areas of mutual benefit and enlarging cooperation from trade to investment and technological assistance will offset the looming temptation in

Central Asia to look up to the West, in particular the US, for leadership and patronage.

Before the SCO was formally set up in June 2001, some countries had shown a certain interest in the Shanghai Five mechanism. Among them were Pakistan, India and Iran. The SCO is an open partnership and new members are welcome to join in as Uzbekistan did on its founding. But a consensus among all the members is required to admit new entrants so as to pre-empt chances of factionalism and polarisation within its ranks. Pakistan was the only country to have formally applied for the membership of the Shanghai Five in January 2001. However, no decision was taken regarding Pakistan's membership. A Russian analyst said, the "complicated question of Islamabad joining the Shanghai Five is unlikely to be answered in the near future." According to him, Tajikistan had given a 'flat no', even though the Tajik president did not give his reasons for opposing Pakistan's induction.

It goes without saying that Pakistan's Afghan policy was the stumbling block. However, opposition to its membership was led by Moscow, which had reasons other than the Taliban factor to blackball Pakistan. Moscow was said to have been more enthusiastic about India joining the alliance than the Indians themselves.

According to some Chinese critics, the Russians were trying for a 'package deal' to allow admission to both India and Pakistan simultaneously. In the wake of the fall of the Taliban regime in Afghanistan and Islamabad distancing itself from the Islamic extremists, it may now be easier for Pakistan to pursue SCO membership, albeit the Russian response would still be largely determined by the India factor. Nevertheless, the Chinese have every reason to resist any Russian move to sponsor India's membership to preserve what has been termed the "delicate equilibrium of power between the participants."

Under the circumstances the SCO will have to concentrate on deepening its partnership rather than expanding the organization. The only country likely to join in without any hassle is Mongolia which is a natural ally of all the participants and which will be accepted into the SCO without opposition from any quarters. The building of the Gwadar sea port with Chinese assistance may open up new avenues for Pakistan to do business with Central Asia, in particular for the outflow of oil and gas from the landlocked Central Asian countries via the shortest and the cheapest route. But to what extent it will facilitate Pakistan's entry into the SCO is a little too early to say. In any case, the question of enlarging the SCO is not central to its growth as a significant alliance for regional security and development.

The six countries that constitute the SCO cover 30 million square kilometres - 60 per cent of continental Europe and Asia - and have a combined population of 1.5 billion - about one quarter of the world population. From a strategic perspective, a Sino-Russian axis is a formidable combination. Central Asia added to it makes the alliance a serious contender for power and influence in the evolving global scenario.

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