

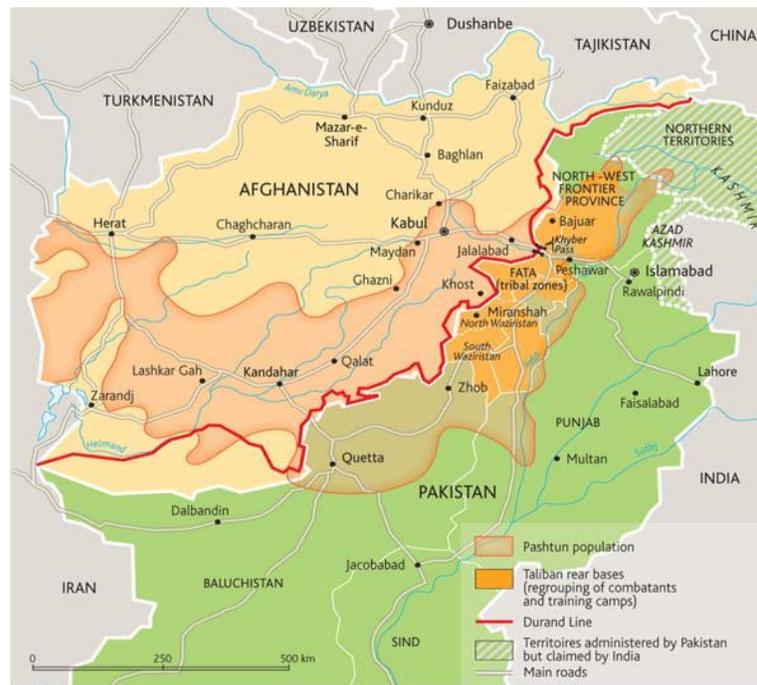
# SILK ROAD JOURNAL ®

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BY ABDULLAH CRAIG WALKER

## THE GREAT GAME AND AN INTERNATIONAL BORDER THAT DEFIES COMMON SENSE

Arguably the most contentious international border in the world today is one that defies common sense. I am referring to the Durand Line, the 2,640 kilometer-long border that, *de facto*, divides Pakistan and Afghanistan. It was drawn in up in 1893 by the British Colonial Office to serve the geopolitical interests of the British Crown at the time. With no intrinsic geophysical distinctions, it appears to be another arbitrary “line in the sand”, similar to how the Middle East was partitioned by British and French colonial powers in the 19<sup>th</sup> and 20<sup>th</sup> centuries. Comparable to volatile national boundaries in the Middle East, the Durand Line has been a catalyst for violent ethnic and tribal conflicts for more than a century.



REGIONAL MAP OF THE DURAND LINE

The Durand Line was created in an agreement between Sir Mortimer Durand, representing British India, and the Amir of Afghanistan, Abdur Rhaman Khan. It demarcated their respective spheres of influence, and also established terms of trade. Although the British controlled Afghanistan’s foreign relations, it was considered a “princely state”, a nominally independent political entity indirectly governed by the British through a local ruler. The Durand Line, surveyed in 1894, also defined the buffer zone in the so-called *Great Game* between Britain and Russia.

Today, the Durand Line demarcates Khyber-Pakhtunkhwa, the Federally Administered Tribal Areas (FATA), Balochistan, and Gilgit-Balistan in northern and western Pakistan from Afghanistan's northeastern and southern provinces. The area through which the Durand Line runs has been inhabited continuously by the indigenous Pashtuns dating back to 500 B.C., and is layered in conflicting political narratives and scenarios. The line effectively divides the ethnic Pashtun-speaking population in half – the Baloch tribes and ethnic Baloch people who live on both sides of the border. While it makes no cultural sense, the border facilitated British colonial control in the region by dividing the Baloch tribes. Today, the geopolitical consequences of the Durand Line haunt the ancestors of its creators.<sup>1</sup>

Hitting fast-forward, following three wars with the British Empire, the region became independent of colonial rule in the 20<sup>th</sup> century, and its Princely states ceded to the newly created nations of Afghanistan and Pakistan.<sup>2</sup> The British did not allow the Princely states in the region the choice to govern themselves, but only whether to join India or Pakistan. Independence was not an option. This decision lies at the core of the violent separatist movements and ethnic conflicts along the Durand Line, particularly in Balochistan, and also in Kashmir, which continue to this day.

Pakistan inherited the Durand Line following independence from the British in 1947, and recognizes it as its international border with Afghanistan. While the international community has accepted the Durand Line as the *de jure* international border separating the two countries, Kabul has not, nor have the tribes and ethnic groups residing in the region. Separatist movements and anti-state militancy along the Durand Line are rooted in the refusal of these tribes and ethnic groups to acknowledge the paramountcy of the nation-state system itself, let alone the legitimacy of political decisions concerning their indigenous lands made in Kabul and Islamabad. As a consequence, neither Pakistan nor Afghanistan has been able to establish its sovereignty in the region.

## THE GREAT GAME

The “Great Game” referred originally to the strategic rivalry between the British and Russian Empires for supremacy in Central Asia between 1813 and 1907. In the post-colonial period following World War II, the term was resurrected to describe the Cold War conflict-by-proxy between the U.S. and the Soviet Union in Afghanistan. Today, the Great Game references the geopolitical competition among the dominant world powers – the U.S., Britain, Russia, Saudi Arabia, India, Iran, and China -- for hegemony in the oil, gas, and mineral-rich geo-strategic region of the former Silk Road.

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<sup>1</sup> Similarly, Iraq's imbroglio is rooted in Britain's seizure of Baghdad in 1917, and the haphazard reshaping of the

<sup>2</sup> There were 13 autonomous *Princely States* within newly created Pakistan in 1947. By 1972, they all had acceded to Pakistan.

The game -changer in the Great Game was the Soviet invasion of Afghanistan in 1979. The Cold War conflict played out on Afghan soil in the 9-year war that followed between the Soviet Union and multi- national Muslim insurgent groups known as the *Mujahideen*. Consistent with Russia’s historic policy of maintaining hegemony over countries along its borders, the Soviet government became militarily involved in Afghanistan in support of its proxy government in Kabul. The move was opposed by Afghan independence movements, as well as Pakistan, the U.S., England, Iran, and Saudi Arabia. A number of Muslim countries sent insurgents to Afghanistan to wage *jihad* against the Russian “atheist communists.”<sup>3</sup> The U.S. Central Intelligence Agency, together with Saudi Arabia, essentially underwrote the Mujahideen, providing arms and money through Pakistan's Inter-Service Intelligence Agency (ISI).<sup>4</sup>

U.S. involvement in the war began under President Carter, and was expanded significantly under President Reagan. The infamous “Reagan Doctrine” was designed to oppose the global influence of the Soviet Union, and “roll back” Soviet-backed communist governments, which included Afghanistan at the time. However, in Afghanistan, the backstory was not about anti-communism.

Following the Soviet Union’s withdrawal from Afghanistan in 1989, the focus of the Great Game shifted to oil, and intense competition for access to oil and gas in the Middle East and Caspian Sea Basin. President George H. W. Bush’s advocacy for an oil and natural gas pipeline from the Caspian Sea Basin, running through Turkmenistan, Afghanistan, and Pakistan to the Arabian Sea, led to deepening U.S. involvement in the volatile region of the Durand Line.



The proposed oil -natural gas pipeline from the Caspian Sea Basin to the Arabian Sea

<sup>3</sup> Notable among the Arab jihadists fighting in Afghanistan was Osama bin Laden, a Saudi whose fighters evolved into the al-Qaeda terrorist organization.

<sup>4</sup> Pakistan promoted the Taliban, a Mujahideen faction in Afghanistan that supported its interests, and which also participated in Pakistan’s embroilment with India over Kashmir. The Taliban later became allied with Al-Qaeda.

## THREATS TO REGIONAL SECURITY AND PEACE

On the Afghan side of the Durand Line, the prevailing threats to regional peace that are playing out today include: the absence of the state's writ in most areas of the country, violent religious extremism, tribalism, communalism, sectarian insurrection, corruption, opium production and the drug trade.

On Pakistan's side of the porous border, volatile relations with Afghanistan, the ongoing insurgencies in Balochistan and Kashmir, tribalism and communalism, religious extremism and terrorism, the opium trade, and pervasive corruption have undermined Pakistan's writ in its northern areas, as well as in parts of Sindh, including Karachi. The problems accruing in the region of the Durand Line are spilling over now into all of Pakistan, constituting an existential threat to the nation's sovereignty.

## TERRORISM

The obdurate threats of terrorism to the region – and the world – that originate in Afghanistan and Pakistan are continuing, despite Pakistan's launch of a 20-point *National Action Plan* to eliminate the scourge of religious, sectarian and separatist violence. In 2014 in the province of Sindh alone, 1,723 people were killed and 3,143 injured in 1,206 terrorist attacks, including 26 suicide hits! Terrorist sanctuaries continue to thrive in the two countries, undermining the states' writ over their own territories, and destabilizing the entire region, including Iran, Iraq, India, Uzbekistan, Dagestan and Chechnya in Russia, and Xinjiang in China where Uyghur Muslim ethnic separatists are involved in anti-state terrorist activities.<sup>5</sup>

The historic irony of Muslim religious-based terrorism is that it evolved out of the Cold War battle between the Soviet Union and the U.S. and its allies that took place in Afghanistan between 1979 and 1988. The Soviet army and its Afghan forces fought against multi-national insurgent groups -- the Mujahideen -- composed primarily of two alliances. Sunni insurgents received military training in Pakistan and China, and were supplied with weapons and billions of dollars in aid by the U.S., England, and Saudi Arabia. Shia insurgents received their training and support from the Islamic Republic of Iran. Pakistan-sponsored insurgents fighting against India in Kashmir were deployed to the Afghan war, as well. In both theaters of war, the Muslim insurgents believed that they were fighting a religious war – *jihad* – against infidel non-believers. Following the war, the Mujahideen morphed in anti-state jihadists intent upon forcing Islamic political-religious governance upon Afghanistan and Pakistan. The religious-based terrorism and Shia-Sunni communalism that is terrorizing the region today is a direct consequence of the war between the Soviets and the western-backed Mujahideen in Afghanistan.

The ideology that underlays jihadist terrorism along the Durand Line is derived mainly from the teachings of Indo-Pakistani Imam Abdul Ala Maududi, regarded as the ideological father of *Islamism*. In his reinterpretation of the Qur'an, Maududi hypothesized that the Qur'anic injunction

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<sup>5</sup> The Islamic Movement of Uzbekistan claimed responsibility for the recent assault on Karachi airport that killed at least 36 people, illustrating the increasing threat posed by cross-border terrorist insurgents.

to worship Allah and shun *taghoot* (i.e. Arabic for evil or idol worship), actually meant rejecting any non-Islamic form of governance, and establishing Sha'ria-governed states. In 1941, Ala Maududi founded the Jamaat-i-Islami (JI), a religious-political movement in British India to promote Islamic values and political practices. Upon partition, Maududi redirected the JI to fight for an Islamic state in Pakistan, arguing that *violent* jihad was justified in a “war of liberation” to establish an independent Islamic state. Maududi’s writings comprise the religious ideology of the Pakistan and Afghan Taliban. Nevertheless, the JI is regarded as a *legitimate* political party in Pakistan, and operates openly to this day.

Extremist jihadist groups such as al-Qaeda and Da'ish adopted the teachings of Egyptian fundamentalist scholar Sayyid Qutb, who was the Muslim Brotherhood's primary ideologist. *Qutbism*, as his teachings are known, calls for “offensive jihad” and “armed jihad”, i.e. to wage jihad for purposes of conquest to establish hegemony of Shar'iah law in Muslim and non-Muslim societies. Qutb is considered “the architect of worldwide jihad.” His ideas were promulgated by Osama Bin Laden, and constituted the ideology behind the 9/11 terrorist attacks. His ideas also were adopted by Taliban leader Mullah Omar in Afghanistan.

## **SAUDI ARABIA**

Saudi Arabia's contribution to this ideologic *witches' brew* is twofold. Saudi clerics fund and support Islamist *madrassas* (i.e. religious seminaries) in Pakistan and Afghanistan that propagate *Wahhabism*, a puritanical and intolerant version of Islam that condemns Shia, Suffi, and Ahmadiyya Muslim sects as apostates, and non-Muslims as infidels. The ideology promulgated by these madrassas underpins Sunni religious extremism and communalism. The madrassas are an important source of manpower for the militant religious movements that threaten Muslim communities on both sides of the Durand line. Reportedly, they also are a breeding ground for so-called “martyrs”, who are taught – some from childhood -- that an act of violent jihad against “infidels” is an act for which they are promised “eternal reward” in heaven. In practice, the consequences of this perversion of the Qur'an and the sunnah have resulted in assassinations and suicide bombings targeting anyone -- Muslim and non-Muslim -- identified as apostate or infidel by the terrorist groups that sponsor the attacks. This has included large-scale attacks on mosques, churches, schools, shopping bazars, and entire neighborhoods, as well as Pakistan's military facilities and personnel.<sup>6</sup>

The magnitude of the madrassa problem has become increasingly evident over the past four decades, dating from the period of the Zia military dictatorship. Today, approximately 1.8 million children – nearly a tenth of all students enrolled in school in Pakistan – study in religious madrassas. The consequence has been a radical transformation of Pakistani society and politics. This “Arabization”, so-called, of Pakistani society is fueling extremism by excluding all other interpretations of Islam that are contrary to the Wahhabi narrative. The Wahhabi narrative underlies recent violent protests in Islamabad and elsewhere in Pakistan ostensibly concerning the “finality of the Prophet” narrative. *Wahhabism* also has become a vexing global problem. The xenophobic ideology has spread throughout the Middle East, and has been exported via the Mosque subculture to Muslim communities throughout the world.

<sup>6</sup> The region's Muslim governments, judiciary, and some religious leaders are only now beginning to expose and reinterpret these horrific acts for what they are -- madness and blasphemy. In the words of John F. Kennedy, “*The great enemy of the truth is very often not the lie — deliberate, contrived and dishonest, but the myth — persistent, persuasive, and unrealistic.*” Such is the case with the ideology of religious-based violence.

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Saudi Arabia's deepening rift with Iran, which is undermining Shia and Sunni Muslim relations throughout the Middle East, is the Saudis' other destabilizing contribution in the Durand Line region. Essentially, the rift is about the pricing and marketing of oil, political hegemony in the Middle East, and the long-term survival of the House of Saud monarchy. Nevertheless, the stage set is the doctrinal Sunni-Shia schism rooted in Islam's history. Today, this historic religious conflict has resurfaced in the form of proxy-driven communal violence in Iraq, Syria, Yemen, Bahrain, Afghanistan, and Pakistan. Along the Durand Line, the focal point of Sunni-Shia communal violence is Peshawar, the capital of Pakistan's Khyber Pakhtunkwa province, and the administrative center for the Federally Administered Tribal Areas (FATA). The civil war in Yemen, the insurrection in Iraq and Syria led by the *Islamic State of Iraq and the Levant* (ISIS), or *Da'ish* (the Arabic acronym for the group), and the recent Saudi-U.A.E. boycott of Qatar. are manifestations of the deepening Sunni-Shia confrontation.

## OPIUM

The metaphoric *elephant in the room* is Afghanistan's multi-billion dollar opium trade. According to the United Nations Office on Drugs and Crime (UNODC), Afghanistan produces over 90% of the world's illicit opium supply, and is at risk of becoming a "fragmented criminal state."<sup>7</sup> Opium production in Afghanistan plays a dual role of funding anti-state tribal "war lords" and jihadist terrorist networks, while simultaneously fueling massive government corruption in both Afghanistan and Pakistan. The consensus among western counter-narcotics officials is that the global war on terrorism cannot be successfully prosecuted until the terrorist-opium connection is severed. Nor will it be possible to establish political stability and develop viable democratic institutions in the Durand Line region given existing narco-state conditions.

The obvious question, of course, is how Afghanistan's opium trade has been allowed to proliferate in the context of the U.S.-NATO war against Al-Qaeda and the Taliban insurgency? It is common knowledge that Afghan tribal warlords control most of the country's opium trade. Some of them have cooperated with U.S.-NATO forces. They do so by keeping their own territories free of terrorists and insurgents, providing local intelligence, and even taking part in military operations. A consequence of this codependent practice has been a four-fold increase in opium poppy cultivation in the years following the period of Taliban rule.<sup>7</sup>

According to UNODC estimates, more than half of Afghanistan's GDP is generated by the drug trade, and nearly 10 percent of the population are involved in opium production.<sup>8</sup> UNODC has identified Afghanistan's provinces on the southern border with Pakistan as the epicenter of the drug trade.

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<sup>7</sup> The Guardian, 6 January 2014

“There is no rule of law there -- bullets rule. Drug traffickers have a symbiotic relationship with insurgents and terrorist groups such as al-Qaeda and the Taliban. Instability makes opium cultivation possible. Opium buys protection and pays for weapons and foot soldiers, and these in turn create an environment in which terrorists, drug lords, and insurgents can operate with impunity. Opium is the glue that holds these murky relationships together.”<sup>9</sup>

When the global logistics and marketing infrastructure of the multi-billion dollar opium trade are factored into the narrative, along with the immeasurable social costs to the societies where the drugs are consumed, it becomes apparent that poppy cultivation in Afghanistan is a highly complex geopolitical problem of enormous magnitude.

## **WATER**

Barely noted among the more sensational threats in the region are severe water shortages in Bangladesh, India, and Pakistan. Climate scientists predict ever-increasing water shortages in the Punjab due to climate change, threatening agricultural productivity and, in turn, regional political stability. In fact, water wars already have begun in the region. India has aggressively diverted Himalayan water runoff from Bangladesh and Pakistan to its over -populated northeast region, precipitating severe seasonal water shortages in the both countries.

Lying at the base of the vast Himalayan mountain range, the Punjab agricultural region stretches across northern India and Pakistan. The Punjab’s rich soil feeds much of southeast Asia and the Middle East, and is an important food source for China, as well. A report prepared by the London School of Economics in collaboration with Lahore University of Management Sciences (LUMS) found that there will be an 8-10 per cent loss in agricultural productivity in Pakistan by 2040. The finding is based on scientific estimates that there will be a 0.5 degree Celsius increase in average nationwide temperatures by then.

Anticipating a major water crisis in the wake of extreme weather conditions due to climate change, Pakistan’s Indus River System Authority has requested the national government to freeze the country’s entire development program for five years, and divert all available funds for construction of “mega water storages on a war footing.” However, Pakistan’s national and provincial governments so far have taken no steps to develop climate adaptation policies.

<sup>8</sup> Afghanistan is also the world’s largest producer of hashish, which is made from cannabis.

<sup>9</sup> “An Opium Market Mystery”, Antonio Maria Costa, Washington Post, April 25,2007

## **POLIO**

In 2015, Africa was declared polio-free. In India, with a population seven times larger than Pakistan, the disease has been eradicated entirely. However, Afghanistan and Pakistan report a very different narrative. This past year, 86 per cent of the cases of polio reported worldwide – 306 out of 356 new cases of polio -- have originated in Pakistan. According to the World Health Organization (WHO), Pakistan poses a considerable risk of spreading the disease around the world, and consequently has declared that the spread of polio in Pakistan constitutes a *Public Health Emergency of International Concern* (PHEIC). When WHO placed travel restrictions on Pakistan, all travelers exiting the country were required under international law to show evidence of a recent polio vaccination prior to departure. This restriction technically is still in place.

The drive to rid Pakistan -- the sixth most populous country in the world -- of polio began in 1994. Since then, an assortment of government medical authorities, NGOs, and international donor agencies have spend hundreds of millions of dollars to combat the polio epidemic, and have conducted more than a hundred vaccination campaigns, each usually lasting about three days. Nonetheless, the polio epidemic persists.

The current *National Polio Campaign* is seeking to insure vaccination of 35.5 million children under the age of 5. However, thousands of families are still refusing to allow their children to be vaccinated. In addition, the campaign has been postponed in parts of Balochistan and the northern areas due to security concerns. In the Federally Administered Tribal Areas (FATA) on the border with Afghanistan, a *Jirga* (i.e. a local governing body of tribal elders) made the decision to not allow their children to be vaccinated. The decision resulted in failure to launch the campaign in parts of the province.

WHO has reported that the porous border region between Afghanistan and Pakistan constitutes an “epidemiological block”, due to evidence of *wild poliovirus* being exported by Afghan refugees into Pakistan. However, efforts to inoculate refugees at various border crossings so far have had limited results.

Conspiracy theories concerning the polio vaccination campaigns have proliferated. Instead of being seen as a cure, polio drops and vaccinations have been cast as part of a Western conspiracy to *sterilize* Muslims. This rumor gained traction during a brief period when polio vaccinators wore the same jackets used by workers in a family planning campaign. Clerics have played a role in advancing conspiracy theories, with some alleging that the vaccine contains ingredients derived from pigs, which are forbidden to Muslims.

The Taliban began assassinating polio workers the year after the American CIA used a vaccination program for hepatitis B – not polio – to identify Osama Bin Laden's hideout in Abbottabad. In 2012, a Taliban anti-state terrorist coalition issued a *fatwa* declaring that polio drops were "poison", and banned all vaccination programs in areas under their control. This included the lawless tribal areas along the Afghan border, and in the Pashtun slums and neighborhoods of Karachi and Peshawar, precisely where the disease was most virulent.

To back up their fatwa, the Taliban actively pursued a campaign to assassinate polio workers. Over the past three years, 63 health workers and members of the security forces assigned to protect them have been killed, and attacks against polio vaccinators in the Khyber tribal region and Balochistan are continuing.

Ultimately, the problem at the heart of the failed anti-polio campaigns is the absence of *state writ* -- the power and authority of the governments of Pakistan and Afghanistan to implement and enforce their national laws and provide security to their citizens in the Durand Line region, which includes Balochistan as well as Pakistan's largest city, Karachi.

## **NATURAL RESOURCES**

Competition and conflict over the region's natural resources plays heavily into the geopolitical narrative of the Durand Line. Oil and natural gas reserves in Iran and the Caspian Sea Basin continue in play, of course. Of growing significance are the untapped mineral resources in Afghanistan and Pakistan's Sindh province, which are being targeted by state and multi-national interests in India, Europe, the U.S., and particularly China. It has been widely reported that huge metal and mineral deposits exist untapped in Afghanistan and Pakistan estimated at trillions of U.S. dollars. They include iron, copper, cobalt, gold, and industrial metals essential to modern industry, including lithium (the mineral used in Laptop and Cell phone batteries), and niobium (a soft metal used in producing superconducting steel). Reportedly, the strategic deposits are so large that they could transform Afghanistan and Pakistan into the most important mining centers in the world.

Balochistan is unique unto itself. Pakistan's largest province by landmass -- 44% -- possesses considerable untapped natural resources. However, development and trade have been blocked by separatist violence, which dates back to the colonial period. Balochistan's geophysical location outweighs in importance its size, and the fact that just 4% of Pakistan's citizens live there. The province has been the object of competing global interests for all of recorded history due to its location on the Indian Ocean. Situated at the mouth of the Strait of Hormuz, Balochistan's ports provide the shortest sea route to the Middle East and Central Asia. Currently, Balochistan's land borders pose the most immediate threat to regional security. Falling along Balochistan's north-east border are Pakistan's three other provinces -- Punjab, Sindh, and Khyber Pakhtunkhwa, as well as the Federally Administered Tribal Areas. Iran lies on its south-west border. Balochistan's northern border with Afghanistan is the Durand Line.

## **CHINA**

China is emerging as the biggest player in the Great Game. China's planned multi-billion dollar *China-Pakistan Economic Corridor* (CPEC) initiative will connect China by land and sea to Central and South Asia, West Asia and Europe. CPEC proposes to create land and sea transportation routes from Pakistan and Afghanistan to China, as well as underwrite crucial energy and infrastructure projects in Pakistan and other countries impacted by CPEC. The superpower is developing Balochistan's Gwadar Port on the Indian Ocean to establish a naval foothold in the Arabian Gulf region. The port will facilitate the eastward flow of oil, gas, and mineral resources from Iran, Afghanistan, and Pakistan that are crucial to China's modern industrial economy. China also has initiated planning for a high-speed railroad, along with oil and gas pipelines that will run from Iran through Pakistan along the old Silk Road routes.

China already has upgraded the Karakoram Highway, and recently launched one of the world's longest railways, an 11,000-kilometer modern-day "silk road" linking Chongqing, an industrial megacity in the heart of China, with Duisburg, the world's largest inland port located on the Rhine river in Germany.

To help finance CPEC's mega projects, China has set up a Silk Road Investment Bank, and has invested \$50 billion in its new Asian Infrastructure Investment Bank (AIIB), with 47 countries having joined already as founding shareholders. The essence of CPEC is to enable Chinese companies to build the roads, railway lines, ports, and power grids that are urgently needed in many parts of Asia, Africa, and the Middle East. These infrastructure development projects, in turn, will involve loans and *swap* deals<sup>10</sup> that will position the yuan to become a global currency, which is China's overarching strategic foreign policy objective.

Predictably, the U.S. Has been apprehensive concerning the potential threat posed by CPEC and the AIIB to American hegemony in the region. In fact, the Obama administration reproached China for trying to "write the rules for the world's fastest-growing region." The Great Game continued with the U.S.-led Trans-Pacific Partnership (TPP), in effect an AIIB competitor. With just 12 member countries, including Japan and Australia, the TPP accounts for 40 per cent of the world's Gross Domestic Product (GDP), and one-third of total world trade. However, now that the Trump administration has withdrawn from the TTP, the future of the TTP is in doubt. The Trump move, left unchecked, will effectively cede hegemony over Asian trade to China.

## **THE UNITED STATES OF OIL**

Last to be mentioned, but certainly not least, are the geopolitical priorities and related policies of the United States in the region. The vast economic and military power of the world's remaining empire factor into virtually every issue and event mentioned, and underlay America's recent foreign policy "tilt" toward Asia. Undoubtedly, the most important near-term goals for the U.S. in the Durand Line region are to facilitate the drawdown of its forces from the Afghan theatre and to support Afghanistan's newly elected government, while continuing to root out anti-state secular and religious-based terrorists along the Durand Line.

The U.S. launched its war against the Taliban in October 2001 immediately following the September 11<sup>th</sup> Twin Tower attack. The declared objective of *Operation Enduring Freedom* was to dismantle al -Qaeda and deny it a base of operation in Afghanistan by removing the Taliban from power. However, the backstory was about oil.

<sup>10</sup> *Swaps* are financial agreements to exchange cash flows based on interest rates, foreign currency exchange rates, and commodities prices. Swaps are used to hedge risks of various kinds, including interest rates and currency fluctuations.

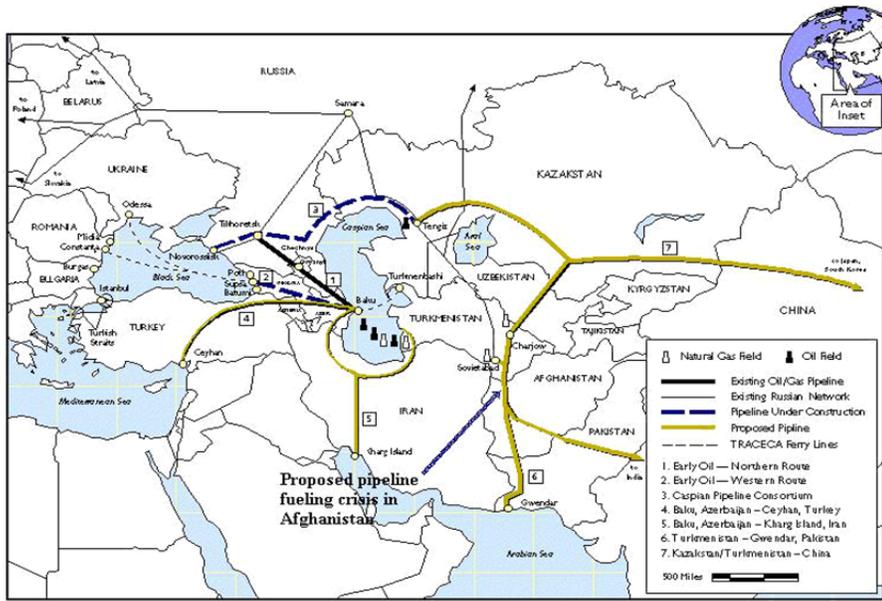
The Caspian Sea Basin, located northwest of Afghanistan, is reported to contain the world's largest natural gas reserves, as well as oil reserves rivaling those of Saudi Arabia. During the 1990s, U.S. oil companies spent hundreds of millions of dollars in planning a Caspian Basin-Arabian Sea oil and natural gas pipeline project. Concurrently, the U.S., having supported the Taliban's rise to power in Afghanistan, facilitated negotiations with the ruling Taliban government concerning the pipeline, which was to run through Afghanistan. The U.S. also condoned Pakistan and Saudi Arabia's financial and military support for the Taliban during this period. For the U.S., the Taliban's intolerant expression of Islam held the added advantage of being openly hostile to Iran's Shia-dominated government.

In 1997, six international companies, led by Unocal and Delta Oil of Saudi Arabia, formed an international gas pipeline consortium known as *CentGas* -- Central Asia Gas Pipeline, Ltd. CentGas signed an agreement with the Government of Turkmenistan to develop a natural gas pipeline linking the country's natural gas reserves with the growing markets in Pakistan and India.

Notably, Enron had obtained approval from the Indian government to build the Dabhol power plant located on the west coast of India. Enron invested \$3 billion and owned 65% of Dabhol, which was the largest single foreign investment in India's history. The liquefied natural gas-powered plant was supposed to provide India with one-fifth of its energy needs. However, the plant was built without an immediate source of energy to run it, on the expectation that gas would be secured through the Afghanistan pipeline system.

At the end of 1997, Unocal hosted the Taliban leadership in Texas to negotiate the pipeline deal. Reportedly, \$600 billion in contracts were at stake in the negotiations, which also included Enron, Texaco, Mobil, Chevron, and Delta Oil. In addition to Afghanistan, four other countries located on the eastern side of the Caspian Sea Basin were involved in the negotiations -- Uzbekistan, Turkmenistan, Kazakhstan, and Azerbaijan.

The project ended abruptly in August 1998 when American embassies in Nairobi and Dar es Salaam were bombed under the direction of Osama bin Laden. When Afghan Taliban leader Mullah Mohammad Omar announced the Taliban's support of bin Laden, all pipeline negotiations were halted, and Unocal withdrew from the consortium. Later, in testimony before the U.S. House of Representatives, a Unocal Vice President stated that the pipeline through Afghanistan from the Caspian Basin had the potential to produce twenty percent of all non-OPEC oil in the world, but that it could not be built until a unified and friendly government was in place in Afghanistan. It is no coincidence that three years later, *Operation Enduring Freedom* was launched to remove the Taliban from power in Afghanistan.



Oil and Natural Gas Export Infrastructure in Central Asia and the Caucasus

Source: U.S. Department of State.

In the present geopolitical context, with a U.S.-friendly government in place in Kabul, the U.S. has been advocating for construction of the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline. At the same time, the U.S. is opposing the creation of a gas pipeline that Iran and Pakistan have been planning for nearly two decades. The official reason given for U.S. Opposition to the Iran-Pakistan pipeline is that it violates the economic sanctions imposed upon Iran over its nuclear program.

However, the overarching factor that frames America's involvement in this energy-rich region - - which also includes the Middle East -- is the preeminent role of the U.S. dollar in the international monetary system. The dollar is the principal currency in which oil is priced and marketed. Accordingly, the dollar is the world's primary reserve currency and medium of exchange in world trade. The countries of the world must maintain dollar reserves to purchase oil and to engage in international trade, thereby creating nearly unlimited demand for the dollar. Up until 1971, the value of the dollar was linked to the price of gold. Today, the dollar's value is, de facto, pegged to OPEC oil. Given America's exorbitant national debt, the relative value of the dollar would fall precipitously if not for global demand in consequence of its role as the medium of exchange in the world's oil markets.

Credible Middle East observers have hypothesized that the "oil wars", so-called, in Kuwait, Iraq, and Afghanistan, had as much to do with the maintenance of petrodollar interdependence as with hegemony over oil supplies. In 2000, Saddam Hussein attempted unsuccessfully to market Iraq's oil in euros. The 2003 war in Iraq that followed became known as the *Petrodollar War*. When Iran tried to market its oil in a "basket of currencies" other than the dollar, the world's fifth largest oil producer suddenly became an international pariah. Following this hypothesis, the Sunni-Shia schism, which has pit Saudi Arabia and Iran against each other in the Middle East and in proxy hostilities along the Durand Line, can be more fully understood when the petrodollar paradigm is factored in.

## **A GEOPOLITICAL GORDIAN KNOT**

For western diplomats, the challenges posed by Iran's nuclear development, the Sunni-Shia schism, China's Indian Ocean port and aggressive economic incursions into the region, Afghanistan's calamitous opium trade, jihadist terrorism, incendiary communal conflicts, and separatist insurgencies along the Durand Line are daunting, if not flat-out unmanageable. It is an irony of history that has placed the Durand Line at the heart of this geopolitical *Gordian knot*. Kabul and Islamabad have been unable to establish their writ over the territories that comprise their countries. The ethnic and tribal alienation at the root of this dilemma empower the anti-state narratives of religious militants, further contributing to the volatility and anarchy that prevail in the region. The conflated imbroglio not only threatens the sovereignty of Pakistan and Afghanistan, but also jeopardizes stability and security throughout the west Asian region.

Herein lies the nut of the problem: governance, or the absence thereof, in one of the most volatile and ethnically diverse regions in the world. Viable nation-states monopolize the use of force to ensure the safety and security of their citizens. While in failed states, criminals and anti-state elements expropriate the use of violence for their own nefarious purposes with minimal consequences. Such is the state of affairs today in the Durand Line region.

In effect, the state of Pakistan is facing a crisis of legitimacy. Few countries in the world today experience such a morass of complex and intractable problems that threaten their very existence, and over which they have minimal control and few options. The multiple crises are compounded by the fact that Pakistan is a nuclear-armed state surrounded by three other nuclear powers, and a fourth – Iran, which most likely will become one in the foreseeable future. The lack of legitimacy of the Durand Line, and the vacuum of power and sovereignty in the two conflicted, strategically located countries, rank with the gravest geopolitical problems of the 21<sup>st</sup> century, right up there with climate change, nuclear weapons proliferation, and overpopulation.

## **EPILOGUE**

The common denominator in this geopolitical Gordian knot is the Durand Line, where virtual anarchy reigns and the proverbial Dark Force is positioned to ignite a conflagration with the potential to burn down the world. In an environment overlain with conflicting vital national interests, multinational corporate greed, violent religious and sectarian extremism, anti-state insurgencies and terrorism, counterfeit political-religious narratives, and pervasive corruption, doomsayers looking for a front-row seat for the prophesied “end of the world” need look no further than the Great Game being played out along the Durand Line.

Pulitzer Prize winning poet Robert Frost's metaphoric poem, *Mending Wall*, published over one-hundred years ago, speaks with simple eloquence to the Durand Line conundrum:

*Before I built a wall I'd ask to know What I  
was walling in or walling out, And to whom I  
was like to give offense.  
Something there is that doesn't love a wall,  
That wants it down!*

My question is an existential one. Would a good fence – a credible international border – impede the flow of drugs and terrorists, or help to resolve any of the impending crises in the Durand Line region? Perhaps, but then I'm a diehard optimist. As a general principle, good fences -- viable boundaries -- *can* make good neighbors, but only upon the condition that they are supported by mutual good will and effective governance. This hypothesis, however, veers from the domain of *realpolitik* and ground realities to that of metaphysics, which probably is where this Gordian knot ultimately will be undone.

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