

NATO and the South Caucasus: The Impact of the Northern Distribution Network

Zaur Shiriyev

The Soviet Union fought in Afghanistan for nearly a decade and left behind an unstable country; ironically, since 2001, under US/NATO forces, various post-Soviet countries have taken a role in the global war on terror. The particular role played by some of these countries has been greater than that of others, and this will remain the case as they continue their involvement in the post-2014 period, with the aim to bringing stabilization to Afghanistan. The three South Caucasus states represent important strategic considerations in NATO's operations in Afghanistan, including logistical access to Afghanistan, participation in coalition stability operations, hydrocarbon infrastructure security, and humanitarian concerns.

Since the early stages of their participation in the International Security Assistance Forces (ISAF), Azerbaijan and Georgia have seen their integration into NATO accelerate, though they are pursuing different paths in terms of this integration. In a similar vein, the increasing US interests in Afghanistan have had a significant impact on the South Caucasus, where Washington presence has provided a counterbalanced to Moscow's pressure on the region.

The 2008 Russian-Georgian war altered the geopolitical picture of the South Caucasus, serving the interests of Russia. Additionally, decreasing US interest in the region following Obama's election and his administration's 'reset policy' with Moscow caused an economic and

political setback. In this context, the launch in 2009 of the Northern Distribution Network, enabling Azerbaijan and Georgia to play an important role in the work of the Alliance has been key to revitalizing the region's political impetus, as well as providing economic benefits.

Undoubtedly, the participation of Azerbaijan and Georgia in the Afghan peacekeeping mission following 9/11 strengthened their sovereignty and independence; forging links with major powers outside of the neighborhood has proved extremely valuable in this geopolitically complex environment. The Northern Distribution Network (NDN) South, which has been in operation since 2009 and runs from Georgia and Azerbaijan to the Afghan-Uzbek border, was the main humanitarian supply route to Afghanistan. In addition to this, both countries have peacekeeping missions in Afghanistan; as an aspiring NATO member, Georgia actively contributes to NATO-led operations and cooperates with the Allies. It is currently the largest non-NATO troop contributor to the ISAF in Afghanistan and continues to serve as a transit country for ISAF supplies. The country has also indicated its willingness to participate in the post-2014 follow-up mission to train and assist Afghan security forces, when full responsibility for security is handed over to the Afghans¹²³.

All of NATO's combat troops are scheduled to leave Afghanistan in 2014. In June 2013, the Afghan military took responsibility for the regions that were still under NATO's control, and military convoys could be seen leaving the country, heading to ports in Pakistan from where heavy weapons and equipment would be shipped back to United States¹²⁴. As only a small NATO mission will stay to train and assist Afghan security forces, the logistical challenge of withdrawing personal and equipment has long been a key focus in the protection of Afghanistan's prosperity

¹²³ NATO's relations with Georgia,

http://www.nato.int/cps/en/natolive/topics_38988.htm

¹²⁴ Strategic Survey 2013, The Annual Review of World Affairs, Routledge Publication, The International Institute for Strategic Studies (IISS), September 2013, 296.

and security; for this reason both US and NATO forces are highly sensitive to any threat to the transit process.

Thus, the US is looking for more help from the Afghan supply spur in the Caucasus; Azerbaijan and Georgia will play a key role in supporting the stabilization process in Afghanistan as well as providing transit routes. The current contributions of Azerbaijan and Georgia include humanitarian aid, educational opportunities for Afghan civil servants, and participating in anti-drug trafficking initiatives as part of stabilization efforts. Regarding the withdrawal of NATO troops from Afghanistan, the support of Azerbaijan and Georgia will become critical, as the Baku-Tbilisi-Kars railway looks like the best exit route for NATO forces.

This paper will assess the role of the South Caucasus countries and their contribution to both the ISAF mission and the NDN. It will also analyze the impact of this involvement in NDN and ISAF mission on the region's integration with NATO. On a country-by-country basis, the paper will outline the specific ways in which their contributions have shaped the future trajectory of their relations with NATO.

Azerbaijan: An Active Participant in the ISAF and a crucial node of the NDN

In the wake of the 9/11 terrorist attacks, the US became more involved in the South Caucasus region, in particular by assisting both Azerbaijan and Georgia to modernize their armies, which in turn strengthened the focus of NATO alliance countries on Azerbaijan and Georgia. One of the immediate consequences of 9/11 was US military intervention in Afghanistan, which became a 'game changer' for the South Caucasus countries, especially Azerbaijan.

Washington obtained quick pledges of support for Operation Enduring Freedom (OEF) in Afghanistan, including over flyover rights and offers from Azerbaijan and Georgia for airbases along with other types of support. Azerbaijan has contributed troops to the ISAF since 2003. The country increased its contingent from 45 to 94 personnel in 2009,

including medical and civil specialists. Currently, 94 Azerbaijani servicemen are serving under the Turkish contingent in ISAF¹²⁵. In comparison with Georgia, and with Armenia as a later participant of ISAF mission, Azerbaijan has contributed less in the military realm.

Azerbaijan's assistance to Afghanistan has supported the development of its national interests, namely to strengthen bilateral ties with major powers in order to gain support for its energy projects. The situation in Afghanistan has also become a serious security challenge for Azerbaijan, for several reasons:

First, in the wake of the Afghanistan operation, the role of the US role in the region has increased. Its temporary partnership with Moscow during this period has seen the acceptance (albeit grudging) of the realization of the Baku-Tbilisi-Ceyhan (BTC) oil project. Initially this existed only on paper, with Moscow demonstrating strong disapproval. The turning point was the May 2002 U.S.-Russia summit, where the two presidents issued a joint statement endorsing multiple pipeline routes, implying that Russia was not opposed to plans to build oil and gas pipelines from Azerbaijan to Turkey that do not transit Russia.

Secondly, after the Afghanistan operation, Azerbaijan gained security assistance from US, which required the US to temporarily lift Section 907 of the Freedom Support Act (P.L. 102-511). This Act prohibited most U.S. government-to-government assistance to Azerbaijan; Washington approved an annually renewable presidential waiver (P.L. 107-115)¹²⁶. Since then, Azerbaijan has received more financial support from Washington, and due Baku's participation in the ISAF mission, US has provided military equipment for this purpose. Aside from that, Washington has followed the OSCE's 1992 decision to ban sales of military equipment to Azerbaijan.

¹²⁵ Next unit of Azerbaijani peacekeepers to leave for Afghanistan tomorrow, News.az, 30.09.2013, <http://news.az/articles/politics/82986>

¹²⁶ Jim Nichol, Azerbaijan: Recent Developments and U.S. Interests, Congressional Research Service, 30.08.2011, <http://www.fas.org/sgp/crs/row/97-522.pdf>, 1.

Lastly, stabilization in Central Asia has become increasingly important, year-on-year. In fact, after the realization of the BTC project and the Russia-Georgia war in August 2008, Baku sought to diversify its energy routes. Now, major projects like Trans Adriatic Pipeline (TAP), the terms of which were finalized in June 2013, will transport Azerbaijan gas to Europe, leaving open the possibility that the pipeline could one day carry Turkmen and Kazakh gas too. These possibilities stem from the post-2001 geopolitical changes enabled by US involvement in the region.

Along with these opportunities, the security concerns have also arisen. The main concern for Azerbaijan, despite not sharing a border, even given its geographical distance, is drug trafficking from Afghanistan to Europe. The geographical location of Azerbaijan, i.e. between the drug producing countries of Asia and Europe, with efficient land, air, sea and railway networks, attracts dealers and leads them to use this area as a transit passage for illegal drugs. The result of this is continued 'drug trafficking' to Azerbaijan, especially from its southern border. The annual *International Narcotics Control Strategy Reports* prepared by the U.S. Department of State frequently states that Iran and Afghanistan are the main transit countries in delivering drugs to Europe. Azerbaijan shares a 611km frontier with Iran and its law enforcement agencies face difficulty in the fight against illegal trafficking of drugs because of the inability to control the occupied regions (132 km of the border)¹²⁷. At the same time, the report notes that 95 percent of drugs originating in Afghanistan are transported through Iran and uncontrolled areas in the conflict zone. Nagorno-Karabakh, which is identified as an "uncontrolled area" in most international reports, is an open space for the transit of drugs. It has already been confirmed that these "uncontrolled" zones refer to the 132 km border between Azerbaijan and Iran, which is under the *de facto*

¹²⁷ Vusal Gasimli and Zaur Shiriyev, eds., *Iranian-Armenian Relations: Geopolitical Reality versus Political Statements*, Baku, 2011, 34-35.

control of Armenia. This area has been actively used for production, transit of and trafficking of drugs.

In this respect, Azerbaijan has increased its focus on Afghanistan, as will be discussed further in other parts of this paper. The security concerns outlined above were not the primary reason that Baku chose to become involved, though it is an important element. Azerbaijan's involvement in the NDN, crucially opened up important opportunities. Baku's contribution to this network is far more significant than its participation in the ISAF mission.

Azerbaijan: A Critical Node of the Black Sea portion of the NDN

Azerbaijan is a critical node along the NDN route, which bypasses both Russian and Iranian territory en route to Afghanistan. For time being, there is no declassified data on the exact percentage of cargo delivered on the leg that transits Baku, but it is likely to be more than 40 percent.

Given its sensitive neighborhood, Azerbaijan was never going to advertise what is being transported via the NDN. For the delivery of military equipment by air, official Baku allowed flyovers of US military aircraft, but NATO's Airborne Warning and Control (AWAC) was stopped several times, which created security concerns – specifically regional reactions from Moscow and Tehran. Baku is committed to pursuing humanitarian issues in Afghanistan, and does not want to be known as the US's partner in intelligence and security issues, due to the fragile situation in the region.

Nonetheless, through its involvement in the NDN, Azerbaijan has gained many opportunities:

First, being part of NDN stimulated the improvement of Azerbaijan's transport infrastructure capacity. Azerbaijan's Alat seaport, which is key to the NDN, as, reflected in WikiLeaks, is a dry goods cargo terminal at

which roughly 96 percent of traffic is NDN related.¹²⁸ Construction of a new international trade seaport in Alat started in 2010, and expecting to be finished in 2015. In the three stages of construction, the port are increases its capacity every year. It is expected that after the first stage, the port will ship 15 million tons per year, and after the realization of the second and third phases, this figure will reach 25 million tons. The former capacity of the port was limited to 5-10 million tons per year. Further, as a part of increasing the capacity of transport infrastructure, especially in terms of transporting goods for ISAF, a new international terminal at International Airport in Baku commissioned in 2010 was completed in October 2013. The new 60,000m² terminal has 13 passenger boarding bridges and is designed for annual traffic of six million passengers.

Second, there have also been significant economic benefits since joining NDN, which marked an increase in the capacity and flow of transport from Azerbaijan. The data from the World Trade Organization (WTO) shows that trade in commercial services (including transport) is a growing industry in Azerbaijan and, as indicated below, since the realization of the NDN South, Azerbaijan has seen not as a great an increase in import (in millions of USD, excluding government services) as Georgia¹²⁹ (*editors' note – see tables 3 and also 4*).

Table 3.

Reporter	Flow	Indicator	Partner	2008	2009	2010	2011	2012
Azerbaijan	Exports	Transportation	World	794	662	644	769	740
	Imports			683	801	801	959	967

¹²⁸ Azerbaijan's Contributions To Northern Distribution Network, <http://www.cablegatesearch.net/cable.php?id=09BAKU943>

¹²⁹ Trade in commercial services – Azerbaijan, World Trade Organization's Database, <http://stat.wto.org/StatisticalProgram/WSDBViewData.aspx?Language=E>

But the significance of the NDN was the increasing import coming from the NDN line, and it is expected that after the realization of a new seaport, the economic benefits will further increase. This NDN participation also increased demand among local business circles to produce the products to international standards, which is important for trade far beyond just the Afghanistan route.

Third, an issue less discussed, is the NDN's effect on Azerbaijan's relations with US. Recall, the Turkish-Armenian rapprochement process was politically supported by Washington during the 2008-2009 period, and this damaged Azerbaijan-US bilateral relations. During the normalization, Washington had concerns about the political risks to the NDN. The worries of American are reflected in WikiLeaks; they urged Washington to consider the risk to the NDN: "the hazard to NDN would increase if the Turkey-Armenia process motivated Azerbaijan to pursue closer cooperation with Moscow as a way to punish Ankara and cut Turkey out of the development of its natural gas sector"¹³⁰.

Baku-Tbilisi-Kars railway: More than a route for NATO's forces withdrawal

The South Caucasus region as a whole has taken on an increasingly significant role in transportation. The region's geo-strategic location has paved the way for ideas to rehabilitate several transport projects, serving as land bridge between Europe and Central Asia, situated on the historical Silk Road.

However, using Azerbaijan's capabilities in the NDN South network was important issue. Most countries recognized that the real benefits of being involved in the NDN are not the transit fees, but rather the leverage gained in their foreign policy towards US/NATO. Azerbaijan, with its aim to become a transit hub connecting Central Asia to Europe with Georgia

¹³⁰ Azerbaijan's Contributions To Northern Distribution Network, http://www.wikileaks.org/plusd/cables/09BAKU943_a.html

and Turkey, saw opportunities because the NDN stimulated progress on renovating current transport structures; for instance, building a new airport, a new sea port (Alat), along with other projects.

The Baku-Tbilisi-Kars railway remains the crucial missing link; this is a route that could eventually connect the railway systems of China-Central Asia-South Caucasus, beyond Turkey and Europe. Action towards its realization began on 7 February 2007, when Azerbaijan, Georgia and Turkey signed a deal, and the presidents of the three countries inaugurated the construction of the BTK railway line, in Marabda, South Georgia on 21 November 2007¹³¹. The 29 kilometer-long railway will be constructed on Georgian territory from Akhalkalaki to the Turkish border, and a 192 kilometer portion of the existing railway infrastructure, also in Georgia, will be rehabilitated within the framework of this project.

Despite the inauguration of construction, work has been delayed for several reasons. Environmental problems, along with the August 2008 War, have caused delays. Currently the estimated date of completion is by the end of the first half of 2014.

The BTK railway project has also been officially offered to NATO. In light of the post-2014 plans for the withdrawal of equipment from Afghanistan and from a political point of view, as well as economic, the Baku-Tbilisi-Kars railway looks like the best exit route for NATO forces. At a practical level, the following things have been accomplished:

- At the Batumi trilateral meeting, the Azerbaijani, Georgian, and Turkish Foreign Ministers produced a Joint Communiqué emphasizing “the necessity of the timely conclusion of the construction of this railway as a “central route”, the shortest and the most effective route for reverse transit of the ISAF forces and cargoes from Afghanistan in 2014”¹³².

¹³¹ Azerbaijani, Turkish Presidents Visit Georgia, Civil Georgia, 21.11.2007, <http://www.civil.ge/eng/article.php?id=16384>

¹³² Joint Communiqué of Azerbaijani, Georgian, Turkish FMs, Civil Georgia, 28.03.2013, <http://www.civil.ge/eng/article.php?id=25902>

- Separately, Azerbaijani, Georgian, and Turkish high-level officials are lobbying for the use of the BTK railway for transport of NATO forces. As the Georgian Foreign Minister declared¹³³, “we offer the Baku-Tbilisi-Kars railway, which is the shortest, and cheapest way out of Afghanistan after 2014.” This statement indicates that all parties have agreed to promote this issue on NATO’s agenda.
- The technical aspects of using BTK for the NATO withdrawal have been prepared, and Azerbaijan, Georgia and Turkey presented the technical and procedural details of the Baku-Tbilisi-Kars plan to top NATO officials in December 2012¹³⁴.

Azerbaijan’s approach is not limited to taking part of NATO’s forces withdrawal; in future-oriented terms it fits in with the US’s exit strategy from Central Asia and Afghanistan, via the so-called New Silk Road, which aims to stabilize Afghanistan by putting at the center of trade routes. As taking part in ISAF mission and NDN have increased Azerbaijan’s interest in Afghanistan, Baku supports the idea of making the country at the center of new economic network, built upon the foundations of the military logistics supply route.

Azerbaijan’s Role and Investment in Afghanistan’s Future

Azerbaijan’s desire to establish a new economic route based on the foundations of military logistics supply route has increased its interest in the stabilization efforts of the international community in Afghanistan. Taking Afghanistan as a focal point, Azerbaijan would like to increase its ties with Central Asian countries. In addition, the realization of this new economic route offers opportunities to place Azerbaijan in the spotlight in

¹³³ Georgia, Turkey and Azerbaijan are lobbying NATO to use Baku-Tbilisi-Kars railway – FM, Journal of Turkish Weekly, 30.04.2013, <http://www.turkishweekly.net/news/149735/georgia-turkey-and-azerbaijan-are-lobbying-nato-to-use-baku-tbilisi-kars-railway-fm.html>

¹³⁴ Head of Azerbaijan’s permanent mission to NATO: Baku has prepared a legal base for the use of Baku-Tbilisi-Kars railway to withdrawal of NATO troops from Afghanistan, APA, 03.04.2013, <http://en.apa.az/news/190407>

terms of helping NATO and the US in their future stabilization efforts in Afghanistan. This vision described was at the International Foreign Ministers' Conference on Afghanistan held in Bonn, Germany on December 5, 2012. The Azerbaijani Minister of Foreign Affairs Elmar Mammadyarov emphasized Baku's new strategies in the Afghan stabilization mission: "Azerbaijan is contributing to the non-military cooperation with Afghanistan. Practical projects are being implemented to train civilians and servicemen in Afghanistan." Azerbaijan, as a non-permanent member of United Nations Security Council, has adopted a resolution concerning international security mission in Afghanistan¹³⁵.

In this direction, Azerbaijan maintains a few particular interests in supporting Afghanistan's stabilization:

- Investment policy – contribution to economic stabilization of Afghanistan. The Azerbaijani Ambassador to Afghanistan and Pakistan Dashgin Shikarov said that Azerbaijan is among the top five countries investing in Afghanistan¹³⁶. The close political relations between Pakistan and Azerbaijan, as well as taking part in financial projects, help to improve Baku's relations with Islamabad. Azerbaijani policymakers would like to improve relations with Pakistan and make efforts toward the stabilization of Afghanistan also take into account the suggestion of the former US Special Representative to Afghanistan and Pakistan that "there is no solution in Afghanistan unless Pakistan is a part of the solution¹³⁷." Azerbaijan plans to invest about 1-2 billion US dollars in Afghanistan through different private and public sector plans. The Afghanistan Reconstruction Trust Fund (ARTF) – supported by over 30 bilateral donors – could potentially provide up to 800 million US dollars per year for the development of Afghanistan.

¹³⁵ Security Council presidency was a challenging exam for Azerbaijan – spokesperson, News.az, 05.11.2013, <http://news.az/articles/politics/84007>

¹³⁶ Azerbaijan, Afghanistan to sign agreement on coop in energy field – envoy, Azernews, 28.08.2013, <http://www.azernews.az/azerbaijan/58662.html>

¹³⁷ Holbrooke: Pakistan Must Be Part of Regional Solutions, Pakistan News, 22.10.2010, http://www.pbs.org/newshour/bb/asia/july-dec10/pakistan2_10-22.html

According to the World Bank (WB), Afghanistan has sustained GDP growth at an average of 9.2% between 2003 and 2012. The WB forecasts that the share of mining sector in aggregate output in Afghanistan will increase in the upcoming years, and so Azerbaijan's plans toward midstream, upstream and downstream activities in the Afghan energy sector appear increasingly plausible¹³⁸. Azerbaijan and Afghanistan are planning to sign a memorandum of understanding in the sphere of energy in Kabul in November 2013, comprising of an instruction book for cooperation between the two countries. The US Energy Information Administration (EIA) acknowledged in 2008 that as northern Afghanistan is a southward extension of Central Asia's resource-rich Amu Darya Basin, Afghanistan has proven probable and possible natural gas reserves of about 5 trillion cubic feet. Azerbaijan has effective experience in the extraction, processing and sale of oil and gas. Therefore, Azerbaijan with its excess funds might implement successful projects in the energy field of Afghanistan. This policy coincides with the World Bank's Afghanistan Interim Strategy, which implies "Resource Corridors" to attract investments in Afghanistan's huge natural resources.

The trade turnover between Azerbaijan and Afghanistan increased from 11.7 million USD in 2005 to 119.9 million US dollars in 2012; in other words, it increased more than ten-fold¹³⁹.

- Improving business and energy cooperation. Beyond its investment in Afghanistan's economy, Azerbaijan is pushing business circles to take part in Afghanistan business opportunities in different sectors, prioritizing the energy sector. For example, investments realized by Kam Group Companies with an Azerbaijani company have jointly invested in an oil refinery named "Kam International Oil Company"

¹³⁸ Author's interview with Vusal Gasimly, chief economist, head of Economy and Globalization Department at the Azerbaijani Center for Strategic Studies, 21.10.2013, Baku, Azerbaijan.

¹³⁹ The data is from Azerbaijan's State Statistics Committee.

with USD 30 million of capital in 2011, with the capacity of refining 45,000-ton raw oil per month. This is its first factory in Afghanistan. Considering the existence of the huge natural reserves in Afghanistan and demand for oil and gas and marble in Azerbaijan, it is anticipated that part of the budget will be invested on Afghanistan's mines and petroleum. To increase energy cooperation, Azerbaijan and Afghanistan will sign a memorandum of understanding (MOU) for energy cooperation in November 2013.

Regarding the increase in business opportunities, the first Azerbaijan-Afghanistan Business Forum was held in Baku in August 2013, and frequent visits of the delegation from Afghanistan are aimed at finding the sectors in which the two sides can work. To improve the business environment, Afghanistan is getting increasingly interested in using the resources of Azerbaijan, specifically Azerbaijan's first telecommunications satellite Azerspace. Furthermore, Azerbaijan's Ministry of Communication and Information Technologies is constructing an 'e-government' programme in Afghanistan.

- Non-military and humanitarian programs. Azerbaijan has also undertaken to support humanitarian affairs in Afghanistan; in this respect educational programs are the priority.

In cooperation with NATO, the Azerbaijan National Agency for Mine Action (ANAMA) has removed huge numbers of landmines in Afghanistan¹⁴⁰. Within the pilot project financially supported by the Azerbaijani Government, 10, 000 books for students and 500 manuals for teachers were produced and delivered to the ministries of Education and Afghanistan National Disaster Management Authority (ANDMA)¹⁴¹.

¹⁴⁰ NATO Secretary General Anders Fogh Rasmussen at the Azerbaijan Diplomatic Academy, in Baku, Azerbaijan, 07.09.2012,

http://www.nato.int/cps/en/natolive/opinions_89779.htm

¹⁴¹ Azerbaijan Mine Risk Education Programme, http://anama.gov.az/index_en.htm

Another effective non-military contribution from Azerbaijan is the organization of training courses for Afghanistan officials at the Azerbaijan Diplomatic Academy (ADA) and Border Guard Academy. The Azerbaijan Diplomatic Academy has conducted a course titled “Good Governance: Managing Transitions” in collaboration with the Geneva Center for Security Policy, and has completed a two week-training program for officials from Afghanistan.¹⁴² The government in Baku has also announced its readiness to participate in projects such as anti-drug trafficking.

Georgia under NATO’s sphere: ISAF Mission and role in NDN

Georgia has greatly benefited since the US launched the global war on terror. As a direct consequence of the international counter-terrorism strategy, the region previously seen as Russia’s ‘backyard’ has attracted significantly more Western interest, which in turn has led to increased efforts toward the realization of regional energy projects, in particular the Baku-Tbilisi-Ceyhan oil pipeline. Both economically and politically, this project played a key role in attracting Western attention to the region.

As expected, the increased level of Western involvement irritated Russia. Moscow accused Georgia of allowing terrorists with links to global Al Qaeda networks – who would later join Taliban troops – to use its territory¹⁴³. Russia’s aim was to discredit Georgia with its Western allies. However, despite Moscow’s (unfounded) allegations, Georgia successfully negotiated integration into Euro-Atlantic structures, and declared its membership aspirations at NATO’s Prague Summit (21-22 November 2002).

¹⁴² Azerbaijan Diplomatic Academy and Geneva Centre for Security Policy Completed a Training Program for Officials from Afghanistan, ADA, 26.05.2011, <http://biweekly.ada.edu.az/news/20110528022146233.html>

¹⁴³ Russia Tries to Qualify Georgia as a Terrorist Country, Civil Georgia, 20.09.2001, <http://www.civil.ge/eng/article.php?id=226>

In general, since it became involved in ISAF in 2003, Georgia found ways to increase its tactical capabilities and to train its armed forces to NATO standards. Further, in regard to bilateral relations, Tbilisi has developed the necessary legal avenues for its cooperation with the Alliance. The legal aspects of using of Georgian air space, and road and rail infrastructure as a transit route for supplies for NATO forces in Afghanistan were finalized in a transit agreement between NATO and Georgia in March 2005¹⁴⁴. The agreement also provided the framework for Host Nation Support for NATO operations, although Georgia is not yet sanctioned to receive arms shipments. The updated *Host Nation Support* agreement signed in May 2006, which concerns all NATO-led operations, enlarged Georgia's role in conducting operations, and the transit of NATO forces through the territory during peace, crises, emergencies, and conflicts¹⁴⁵.

Georgia makes the largest non-NATO-member contribution to ISAF. Following the 2008 August War with Russia, some alliance members were skeptical about Georgia's membership aspirations, but launch of NDN has bolstered Tbilisi's credibility, helping it to reap economic benefits via transportation, to increase its cooperation with the Baltic states, and to move at the tactical and strategic levels towards further integration with NATO. The impact of ISAF and NDN's on Georgia-NATO relations will be analyzed below.

ISAF mission: a path to membership?

There was an expectation that active participation in the ISAF mission would consolidate and hasten Georgia's NATO integration, but this has not

¹⁴⁴ NATO and Georgia sign transit agreement, NATO Press Release (No.026), 02.03.2005, <http://www.nato.int/docu/pr/2005/p05-026e.htm>

¹⁴⁵ Georgia, NATO Sign 'Host Nation Support' Treaty, Civil Georgia, 23.05.2006, <http://www.civil.ge/eng/article.php?id=12623>

yet happened¹⁴⁶. But the Georgian leadership has indicated that it will continue to support the mission even after 2014, and this contribution stands to change things for Georgia's NATO bid. Meanwhile, the links between Tbilisi's participation in the ISAF mission and the membership procedure have both positive and negative aspects.

The positive side is that ISAF offers a good means to gain moral and eventually political support from NATO members – especially Georgia skeptics (such as Germany, France, etc) – in order to win votes for Georgia's next Membership Action Plan (MAP) bid. The skeptics base their views on the argument that NATO is not prepared to challenge Russia, and/or doesn't need any kind of confrontation with Russia. In fact, they believe that Georgia's NATO aspirations were one of the factors that led to the outbreak of war in August 2008. These worries lead them to oppose Georgia's membership. At the same time, Georgia is trying to bring itself to NATO standards. It is expanding the number of NATO trained battalions for a rapid response force that NATO is developing beyond Georgia's current contributions in Helmand [Afghanistan]. Georgia, while not a member of NATO, is being treated as if it was a member with regard to future missions, such as this rapid response unit. The other important contribution is that NATO now has a greater role in monitoring Georgia's democratization commitments. The NATO-Georgia partnership means that the alliance is closely examining Tbilisi's pledges to democratic credentials, especially since the 2012 Parliamentary elections. Some of NATO's concerns¹⁴⁷ are related to the arrests of former officials in the context of the overall democratization process. The skeptics of Tbilisi's NATO membership believe that Georgia wants to join NATO to gain 'protection', rather than for "sociopolitical" reasons, entering a "liberal,

¹⁴⁶ Author's interview with Kornely Kakachia, professor at Tbilisi State University in Georgia, 21.10.2013, recorded.

¹⁴⁷ James Appathurai: Georgia must address some of NATO's concerns, Tabula Magazine, 09.07.2013, <http://www.tabula.ge/en/story/72783-james-appathurai-georgia-must-address-some-of-natos-concerns>

rules-based system,” or advancing “international freedom”¹⁴⁸. For instance, Germany which has formally declared its opposition to Georgian membership. Since the Obama administration came to power in 2008, and the decreased antagonism with Russia and less interest in South Caucasus regional issues, Washington has also become more skeptical, although it compensates for this in other ways, like financial aid or joint military exercises.

The *negative* side is that all this is very costly for such small state, and it is not entirely clear that its contributions will lead to a MAP in the near future. A total of 29 Georgian soldiers have died in Afghanistan since the country started participating in ISAF. Especially following the tragic loss of Georgian soldiers serving in Afghanistan, (three soldiers on May 13th 2013, and seven on 6th June 2013) the public has expressed concerns about Tbilisi’s further contribution. In addition, the loss of seven Georgian soldiers in a suicide attack on a Georgian base in Helmand Province in Afghanistan on June 6 2013 coincided with a video by Taliban Jihadists posted on social a networking site¹⁴⁹, containing threats against Georgian soldiers serving in Afghanistan. This has increased public opposition, and students organized an anti-war protest in the capital. Later, however, the discovery the jihadist video was posted from Georgia¹⁵⁰, raised questions about the possible involvement of some parties [Russians] who would like to damage NATO’s public image of NATO. Indeed, the detention of a suspect (in relation to the video) who works for a Russian mobile-phone operator in Georgia’s breakaway region of Abkhazia supports the theory that pro-Russian forces have interests in destabilizing NATO-Georgian ties in the eyes of public. But despite concerns, the loss of Georgian soldiers

¹⁴⁸ Doug Bandow, No, NATO Shouldn't Let Georgia In, The National Interest, 23.08.2013, <http://nationalinterest.org/commentary/no-nato-shouldnt-let-georgia-8932>

¹⁴⁹ Interior Minister: 'Jihad Threat' Video Uploaded from Georgia, Civil Georgia, 11.06.2013, <http://www.civil.ge/eng/article.php?id=26513>

¹⁵⁰ Georgians demand to know who posted video threat, Democracy and Freedom Watch, 07.06.2013, <http://dfwatch.net/georgians-demand-to-know-who-posted-video-threat-96845>

did not cause public opinion to turn: a September 2013 poll commissioned by the National Democratic Institute revealed that 73 per cent of respondents continue to support Georgia's stated goal of entering NATO, and 81 percent support entering the European Union (EU).¹⁵¹

Georgia's role in the Northern Distribution Network

Aside from its participation in the ISAF mission, Georgia is a part of the Northern Distribution Network, via its sea port in Poti. This supply route has carried a significant proportion of non-military supplies out of Afghanistan since 2009.

Georgia is motivated to participate in the NDN beyond its immediate concerns about the threat of terrorism and drug trafficking from through Afghanistan, which propel Tbilisi to cooperate with NATO, the US and other regional countries who also face these threats. Here are the strategic motivations from the Georgian point of view:

A tribute to joining NATO: Joining the NDN South, and the redeployment of forces in Afghanistan after the war with Russia, demonstrated that official Tbilisi is determined to lead the country toward the West. The NDN provided a further opportunity for Georgia to prove its commitment. Tbilisi essentially views its logistical participation in the Afghanistan campaign as an advance payment for NATO entry.

Increasing military ties with the US: as part of joining the NDN South, Georgia gained an additional chance to increase its military ties with US, which was important after the 2008 Russian-Georgian war. It did not sit well with the Kremlin that after a year after the 2008 war, Tbilisi had found a way (the NDN) to increase its importance and leverage with NATO. In addition, in the same year of the launch of the NDN, the US and Georgia signed a charter for strategic partnership, and Washington contributed to surveillance systems for air and sea defense and other

¹⁵¹ Public Attitudes in Georgia: Results of a September 2013 Survey, National Democratic Institute, 23.09.2013, <http://www.ndi.org/node/20641>

military equipment for Georgia. High-level US diplomats sought to reassure Russia, explaining that the shipment was “because [Georgians] have been so willing to make a contribution of considerable importance to our efforts in Afghanistan.”¹⁵² Certainly, during first three years of the Obama administration, Washington provided less military equipment than under the George W. Bush Administration, but that changed on December 31, 2011, when President Obama signed into law the National Defense Authorization Act for fiscal year 2012, where called for the Defense Secretary to submit a plan to Congress for the normalization of U.S. defense cooperation with Georgia, including the sale of defensive weapons¹⁵³. The importance of this act is that it not only calls for the sale of U.S. “defense articles and services” but also encourages “NATO member and candidate countries to restore and enhance their sales of defensive articles and services to the Republic of Georgia as part of a broader NATO effort to deepen its defense relationship and cooperation”.

Economic significance to Georgia's economy and infrastructure: Viewed through the prism of its potential impact on economic development and creation of links with Central Asian countries, the NDN offered numerous economic benefits. Put simply, the NDN accelerated the building of regional infrastructure; at as first it was planned with the aim of improving the logistical support for the Afghanistan operation, but later the idea of the New Silk Road gathered pace. Azerbaijan and Georgia's mutual commitment to the Baku-Tbilisi-Kars railway – a way for Tbilisi to expand its role in communications and logistics at the East-West crossroads – will diminish Russia's railway monopoly in Eurasia. The Baku-Tbilisi-Kars railway is scheduled to open in 2014, and its first test will be as one of the modes of transport for withdrawing NATO forces

¹⁵² Robert Gates: I'm impressed by breadth and degree of Russian military reform, Interfax, 14.09.2010, <http://www.interfax.com/interview.asp?id=189125>

¹⁵³ Obama May Treat Georgia Section of U.S. Defense Act as Non-Binding, Civil Georgia, 03.01.2012, <http://www.civil.ge/eng/article.php?id=24329>

from Afghanistan in 2014. The other aspect is economic interest; more traffic through the NDN South route could benefit Georgia economically. Data from the World Trade Organization (WTO) shows that trade in commercial services (including transport) is a growing industry in Georgia and, as indicated below, since the realization of the NDN South Georgia has seen an increase in import and export transportation (millions of USD, excluding government services).¹⁵⁴

Table 4.

Reporter	Flow	Indicator	Partner	2009	2010	2011	2012
Georgia	Exports	Trans- portation	World	622	695	797	848
	Imports			491	554	692	801

In the future, the opening of the BTK railway will open a new chapter for the Caucasus region and for Georgia. According to the former Georgian Foreign Minister, Ekaterine Tkeshelashvili, “we all sent this message to the rest of the world about what it says on the importance of our region in terms of transit routes, in terms of economic activities and it will be hugely important to be very persistent on this project.”¹⁵⁵ The BTK railway is expected to transport 1.5 million passengers and 3 million tons of freight per year in its initial stages of operation. Forecasts predict that by 2034, it will transport 3 million people and more than 16 million tons of goods per year.

The opportunity to increase ties with Baltic States: Given their common Soviet history, the achievements of the Baltic States in terms of

¹⁵⁴ Trade in commercial services – Georgia, World Trade Organization’s Database, http://stat.wto.org/StatisticalProgram/WSDbViewDataPrintableVersion.aspx?Language=E&TOPIC=BP&SUBTOPIC=BC&PAGEINDEX=1&ROWSCNT=30&STARTYEAR=2009&ENDYEAR=2012&MSTR_QUERY_TYPE=PRINT

¹⁵⁵ Russian railway in Caucasus a threat to Baku-Tbilisi-Ankara initiated projects, Today’s Zaman, 27.03.2013, <http://www.todayszaman.com/news-310915-russian-railway-in-caucasus-a-threat-to-baku-tbilisi-ankara-initiated-projects.html>

membership in NATO and the EU have always been good models for both cooperation with Euro-Atlantic institutions and regional integration. In the case of Georgia, the country's leadership acknowledges the value of the Baltic States experience, and sees their support as invaluable in helping to Tbilisi to reach its goal of Euro-Atlantic integration¹⁵⁶. Estonia, Latvia and Lithuania are the key supporters of Georgia's NATO membership; furthermore the Baltic states are the founding members of „New Friends of Georgia” which consist of officials from the Foreign Ministries. This organization was formed in 2004 to provide support and assistance to Georgia on its route towards integration with the EU and NATO.

Links with Baltic States via NDN developed Georgia's relations with particular Baltic States in new ways. The post-2008 War period was an important time for Georgia in terms of keeping on track with its NATO aspirations and gathering support from alliance members – here the Baltic States helped. With Estonia, defense cooperation was strengthened, and in a bilateral defense agreement signed in September 2012, Estonia's support for Georgia's NATO aspirations is highlighted¹⁵⁷. Common security interests are stimulating cooperation on defense related issues, and over the past three years, bilateral contacts for improving trade have been developed. It is expected that when Georgia signs A Deep and Comprehensive Free Trade Agreement with the EU, it will also boost trade relations with Baltic States. More importantly, the architecture of Georgia's Pro-Western foreign policy direction is dependent on integration with NATO and the EU, and Baltic States are strong supporters of this path.

¹⁵⁶ Ivanishvili highlights Baltic support, Baltic Times, 08.09.2013, <http://www.baltictimes.com/news/articles/33365/>

¹⁵⁷ Estonia and Georgia concluded a defense cooperation treaty, Estonian Ministry of Defense, 24.09.2012, <http://www.kmin.ee/en/estonia-and-georgia-concluded-a-defence-cooperation-treaty>

Future Trajectory of Georgia's NATO relations and plans for post-2014 Afghanistan

The timeline for Georgia's aspirations to join NATO are not clear at the moment, but Georgia is using its participation in NATO-led operations to look like a NATO member. As outlined earlier, the bilateral agreement with NATO on the use of Georgian territory and air space provide future opportunities for cooperation. Strategic documents, such as Georgia's national Strategic Defense Review for 2013-2016¹⁵⁸, clearly state the Georgia's vision: "[Tbilisi] continues to improve its capabilities to participate in international operations and increases NATO interoperability" and states its readiness to take part in the post-ISAF mission.

Thus, being a supporter rather than consumer of security, Georgia has declared its readiness to participate in the NATO Response Force (NRF). The NRF is an advanced multinational force, which will become more important post-2014, after the NATO-led ISAF has completed its mission in Afghanistan. NRF will demonstrate operational readiness and act as a 'test bed' for the Alliance in Afghanistan. Georgia's bid to be involved with the NRF was accepted; as declared by NATO Secretary General, Anders Fogh Rasmussen, on October 10 2013, the Alliance expects Georgian troops to be available for NATO's rapid reaction force in 2015¹⁵⁹. This is important for Georgia from several points of view: a) being in the scope of NATO's attention; b) taking part in NATO's joint military exercise; c) raising the capacity of its armed forces to NATO standards.

Georgia received the status of an aspirant state in December 2011, and the statements at the Chicago Summit in May 2012 indicated that at the next Summit (in 2014) NATO should expand on this. Despite its progress outlined above, Georgia was close to its main goal of getting a

¹⁵⁸ Strategic Defence Review for 2013-2016, Ministry of Defense of Georgia, <http://mod.gov.ge/documents/yzqhgsgsreeng.pdf>

¹⁵⁹ Rasmussen: NATO Accepted Georgia's Offer to Join Response Force, Civil Georgia, 10.10.2013, <http://www.civil.ge/eng/article.php?id=26537>

Membership Action Plan (MAP) for 2014 at the 2008 Bucharest Summit, but this objective has not yet been achieved.

In the near future, Georgia's main strategic focus will be on obtaining a MAP. This will stimulate the country's membership aspirations as well as future commitments at the tactical level, i.e. participation in international peacekeeping missions under the Alliance.

Armenia and NATO: Balancing the political costs and benefits of involvement

Unlike Azerbaijan and Georgia, Armenia has been a passive participant in the International Security Assistance Force (ISAF) operation in Afghanistan. By contrast, its neighbors have both achieved the strategic goals entailed in their participation in the Afghanistan peacekeeping mission in 2001. Both, via their role in NDN, have gained value in the eyes of US/NATO. There are several contributing factors to this passive position: Yerevan's overdependence on Russia's security strategy; the ongoing Nagorno-Karabakh conflict with Azerbaijan, which has isolated Armenia from regional integration; and finally skepticism- specifically, concerns about building a partnership with NATO in the face of Russia's likely disapproval.

Following the September 2001 terrorist attacks, Armenia was confronted with a dilemma. Its neighbors immediately pledged support for U.S. efforts to fight terrorism. Yerevan, as a member of the Russian-led Collective Security Treaty¹⁶⁰ required the Kremlin's approval¹⁶¹ to take part in the Afghanistan operations. As expected, Moscow's response was that all CST members would be part of the anti-terrorism campaign, but they should coordinate their foreign policy decisions and military and

¹⁶⁰ In 2003, the Treaty became an organization – CSTO.

¹⁶¹ Armenia Sends Contradictory Signals On Use Of Its Airspace, Radio Free Europe/Radio Liberty, 27.09.2001, <http://www.rferl.org/content/article/1097546.html>

technical cooperation together.¹⁶² As approved in a meeting at end of November 2001 of CST foreign ministers, Armenia adopted the official CST position on Afghanistan. Since then, Moscow has more openly been delivering arms to Armenia; the Kremlin has tried to deter the United States from getting involved in regional issues in the South Caucasus. Certainly, the more pro-American stances of Azerbaijan and Georgia at that time increased the importance of the Moscow-Yerevan axis. On the one hand, Washington's military aid to Yerevan was increased from this period, a move designed to quell Armenian concerns over the suspension of the decade-old U.S. economic sanctions against Azerbaijan. On the other hand, the effects of Washington's strategic calculations regarding Armenian case have been twofold: first, sending more military aid to Yerevan quieted the activity of pro-Armenian lobby groups in Congress; second, the US built its second-largest embassy (after Baghdad) in Yerevan, positioning them to monitor Iran. The reason that Azerbaijan opposed this same request¹⁶³ was that Baku feared Iran's reaction. Iran has more influences in Azerbaijan than in Armenia, and Baku did not want to be at the center of any potential US-Iran controversies.

Within calculations by Washington and Moscow on Armenia's position vis-à-vis the Afghanistan operation, Azerbaijan's position was key. For Armenia to open its airspace to the US, Baku's approval was required. Due to the ongoing Nagorno-Karabakh conflict, this approval could not be granted. Also related to the Nagorno-Karabakh conflict was the US' close cooperation with Turkey; the US used NATO's Incirlik Air Base, which is located in Turkey. But Yerevan and Ankara do not have diplomatic relations, and so from this angle, Armenia's participation was also made impossible.

¹⁶² CIS Collective Security Treaty Members Meet Over Afghanistan, Terrorism, Radio Free Europe/Radio Liberty, 29.11.2001, <http://www.rferl.org/content/article/1098124.html>

¹⁶³ Author's interview with former senior diplomat at the Azerbaijani Ministry of Foreign Affairs, who agreed to speak on condition of anonymity. 20.10.2013.

Unlike Azerbaijan, which saw participation in ISAF a way to improve relations with the US, Armenia already enjoys a strong bilateral relationship with Washington, due to the huge Armenian diaspora in the US. Yerevan understood that expectations for assistance were more symbolic than substantial,¹⁶⁴ but sought to underplay Azerbaijan's importance in other ways, such as sustaining cooperation with NATO outside of Afghanistan, notably in Kosovo. It was relatively easy for Armenia to give substance to its relations with NATO within the Partnership for Peace (PfP) program, and prior to the Afghanistan situation, the peacekeeping mission in Kosovo bolstered Yerevan-NATO cooperation. Armenian peacekeepers gained direct experience under Western command. Armenian decision-makers understood that Yerevan was not an important player for either ISAF or NDN, failing some kind of a major collapse of Georgian and/or Azerbaijani support. Later on, Armenian experts claimed that the decision to delay its involvement in ISAF had been to do with tactical considerations around the experience of its armed forces, rather than political. In reality, however, the NDN played little part in either Armenia's strategic calculations or its tactical considerations.¹⁶⁵

Further, other factor that Armenia considered in relation to its non-involvement in Afghanistan was that the country was not directly exposed and did not have concerns about insurgency and terrorism originating from and sustained through safe havens in Afghanistan. The only security concern that Armenia shared with Azerbaijan and Georgia was the high volume of drug trafficking from Afghanistan through the South Caucasus. But the closure of its borders with Turkey and Azerbaijan and the resulting limitations on transport options make the country less attractive to drug trafficker. Regarding Armenia, Azerbaijan expressed concerns

¹⁶⁴ Author's interview with Gerard Libaridian, former senior adviser (1991-1997) of Armenia's first president Levon Ter-Petrossian, e-mail correspondence, 24.10.2013.

¹⁶⁵ Author's interview with Richard Giragosian, Director of Regional Studies Center (RGC) in Yerevan, Armenia, e-mail correspondence, 23.10.2013.

over its inability to secure international borders in the occupied territories where Azerbaijan shares a 611 km frontier with Iran. Azerbaijani law enforcement agencies face difficulties in the fight against drug trafficking because of it has no jurisdiction to monitor the occupied regions, where 132 km of the Azerbaijan-Iran border lies. The final thing that deterred Armenia from involvement in Afghanistan is that due to geographical constraints, Yerevan sees no economic possibilities in Afghanistan, peaceful or not. And with no economic stake in Afghanistan's future, Yerevan saw little to gain by getting involved in its political-military affairs.

Unexpected Turn: the reasons of Armenia's participation in ISAF

A shift in Armenia's strategic calculations in 2009 led it to get involved in the ISAF. This was largely – though not exclusively – the result of geopolitical developments in the South Caucasus, in the wake of the Russian-Georgian war in August 2008. From Armenia's point of view, several factors contributed its decision on ISAF:

First of all, as acknowledged by the President of Armenia, Serzh Sargsyan, the Armenian economy has suffered greatly as a result of the Russian-Georgian war, because 70 per cent of Armenia's trade passes through Georgia¹⁶⁶. After the August 2008 War, Russia and Georgia severed diplomatic relations and closed their borders; consequently Yerevan lost its link with Russia. The only remaining alternative was Iran – but given Tehran's poor relations with the West, as well as its geographical location (not providing a route to Europe as Georgia does), Iran cannot replace Georgia. Thus Yerevan was forced to see alternative ways to ameliorate its isolation. Washington and/or the West were simultaneously anxious about the possibility of Yerevan becoming

¹⁶⁶ Sargsyan: Armenia joining NATO is not on the agenda, Euronews, 10.11.2008, <http://www.euronews.com/2008/11/10/sargsyan-armenia-joining-nato-is-not-on-the-agenda/>

dependent on Iran, and the US-supported attempt to broker a Turkey-Armenia rapprochement in 2009 sought to prevent this.

Secondly, Armenia's participation was directly approved by Moscow. Moscow thought that the war with Georgia had served as a 'lesson' to all regional countries on how to balance a partnership with NATO. Ultimately, the lesson was that increased integration with NATO entails other strategic losses, as in Georgia's case – Russia's *de jure* recognition of the breakaway republics. Furthermore, after the August War, Moscow's harsh stance irritated the West; its occupation of Georgian territories also damaged Moscow's international image. Allowing Armenia to join NATO's ISAF force was part of Russia's attempt to boost its image with the West. During autumn 2008, Russia tried to establish army units within the Collective Security Treaty Organization, an ambitious plan to set up an 11,000-strong regional army in Central Asia that would have troops deployed in the vicinity of NATO forces in Afghanistan.¹⁶⁷ This was interpreted as a response to Washington's decision to deploy an antimissile defense system in Central Europe. Although Russia's plans to create a military force (to be stationed just kilometers from NATO forces in Afghanistan) ultimately failed to materialize, it nonetheless affected Moscow's decision on Armenia's participation in ISAF.

Third, Armenia's effort towards NATO integration is seen as an attempt to counterbalance support for Azerbaijan's territorial integrity by NATO; NATO's Bucharest Summit Declaration emphasized member states' commitment to the principle of territorial integrity in resolving the conflicts of the South Caucasus¹⁶⁸. Baku attended the Summit due its importance to NATO/US in Afghanistan. This trend continued, and at the 2010 Lisbon Summit and the 2012 Chicago Summit, the Armenian

¹⁶⁷ Eurasian Grouping Plans Regional Army Near Afghanistan, Radio Free Europe/Radio Liberty, 19.09.2008,

http://www.rferl.org/content/CSTO_Regional_Army_Afghanistan/1201509.html

¹⁶⁸ Bucharest Summit Declaration, NATO official website, 03.04.2008,

http://www.nato.int/cps/en/natolive/official_texts_8443.htm

leadership did not participate, in protest against the language of the NATO joint communiqué, which emphasizes the principle of territorial integrity in resolving the conflicts of the South Caucasus, favoring Azerbaijan's position in the Nagorno-Karabakh conflict.

Following Armenia's decision to join ISAF in 2009¹⁶⁹, in February 2010 one platoon [30 soldiers] of Armed Forces has been under the ISAF Northern Command. In 2011, the number of soldiers was increased to 121.

Behind the various geopolitical considerations, there are other reasons that Armenian experts deem more important. The Afghan mission offered Armenian peacekeepers a degree of unique experience in the field, while also allowing them more direct experience operating under Western command. The sections of the Armenian military that trained with US assistance form the contingents participating in international peace-keeping operations.¹⁷⁰

Second, the ISAF mission was a concrete affirmation of Armenia's commitment to supporting international security, and a demonstration of Armenian support to the broader ISAF mission.¹⁷¹ Furthermore, there was little risk entailed by the operational commitment in terms of relations with Moscow – similar to Kosovo and Iraq – and indeed the Armenian-Russian military and security relationship has not suffered. Moreover, the minimal loss of life and low casualty rate also made the operation generally acceptable. In the context of the NATO-Armenia partnership, at both the official level and combat level, the experience gained from KFOR

¹⁶⁹ Armenia To Send Troops To Afghanistan, Radio Free Europe/Radio Liberty, 09.11.2009,

<http://www.rferl.org/content/Armenia-To-Send-Troops-To-Afghanistan-/1873439.html>

¹⁷⁰ Davit Tonoyan: "Armenian-U.S. defense cooperation grows impressively", Mediamax News Agency, 09.08.2011, <http://www.mediamax.am/en/news/interviews/1985/>

¹⁷¹ Author's interview with Richard Giragosian, Director of Regional Studies Center (RGC) in Yerevan, Armenia, e-mail correspondence, 23.10.2013.

and ISAF missions was praised in Individual Action Plans as well as in other official strategic documents¹⁷².

Future Trajectory of Armenia's NATO relations and ISAF

Nevertheless, the Armenian troops' mission will end on December 2014, and there is no plan for further commitment. Yerevan does not belong to any regional forum except CSTO, which focuses more on the perspectives of Central Asian countries as far as the Afghanistan policy goes. Thus, Yerevan lacks a Western-oriented platform to discuss a common post-2014 strategy

It is important to point out the possible negative trends, which could damage the NATO-Armenia relationship in the future, and shut down the Armenian mission in Afghanistan before it is scheduled to end. This is because in September the Armenian leadership declared its plan to join the Russian-led Customs Union, suddenly abandoning all the works towards integration with the EU via the Eastern Partnership Association Agreement. Armenia has ended its "either-or" dilemma between the EU and the Russian-sponsored CU and Eurasian Union. One of the more fundamental implications of this policy shift is the limits that are immediately imposed on Armenia's foreign policy options. More specifically, this move only bolsters Armenia's existing over-dependence on Russia, while also threatening to derail Armenia's hard-won success in maximizing its strategic options, based on the imperative to overcome a deeper threat of isolation. Moreover, Yerevan's abrupt strategic U-turn has triggered new fears that Moscow may impose a similar "line in the sand" regarding Yerevan's long-standing embrace of Western-style defense reform. Despite being a part of Russian security umbrella, Armenia has realized some defence reforms under the umbrella of its NATO partnership.

¹⁷² Armenia-NATO: IPAP, Ministry of Defence of Armenia, <http://www.mil.am/1298096798>

The fear is well-founded, as Moscow may now seek to halt the deepening of Armenia's ties to NATO, and hinder its reform and modernization efforts. It may exert greater pressure on defense reforms by specifically targeting Armenia's pro-Western reformers. At the same time, Russia may also seek to constrain Armenia's Western-oriented NATO-supported military education reforms and even seek to block the country's operational contribution to peacekeeping deployments abroad, which have included missions under Western command in Kosovo, Iraq and Afghanistan. The net loss for Armenia would be an obvious setback to defense reforms, and a weakening of the position and power of pro-Western team, and the strengthening of the "old guard" of conservative pro-Russians within the Armenian Ministry of Defense¹⁷³.

Conclusion

The South Caucasus countries, on different levels and via diverse tasks have taken part in NATO's ISAF mission and the Northern Distribution Network. Each country has gained different political and economic advantages, and this cooperation has had largely positive affects on their respective relationships with NATO.

From Azerbaijan's perspective, participation in the ISAF has helped with the tactical training of Azerbaijani army officers and increased their international experience. In the strategic realm, following the global fallout of 9/11, the US has become more involved in the South Caucasus region, in particular by assisting both Azerbaijan and Georgia to modernize their armies, which in turn strengthened the regional engagement of NATO alliance countries. By being politically active in the region, Washington contributed significantly the realization of large-scale energy projects relating to the Caspian basin. In comparison with Georgia, and Armenia as a later participant in the ISAF mission, Azerbaijan

¹⁷³ Strategic Setback: Armenia and Customs Union, Regional Studies Center's Working Paper, Yerevan, Armenia, 28.10.2013, <http://www.regional-studies.org/en/publications/analytical/296-281013>

contributed less in the military realm, but took a strong contributing role to non-military and humanitarian programs.

Azerbaijan has been – and remains – a critical component of the NDN, which bypasses both Russian and Iranian territory en route to Afghanistan. Baku has improved its foreign relations since joining the NDN, as well as gaining significant economic benefits, raising the capacity and flow of transport from Azerbaijan. The NDN's particular significance was that increasing the flow of imports coming from the NDN line, and it is expected that after the construction of a new sea port with activation capacity, the economic benefits will further increase. This also increased demand among local business circles for products produced to international standards, which is important beyond the Afghanistan context.

By taking an important position in stabilization projects in Afghanistan, and in the current transport routes, Azerbaijan has offered its territory NATO/US forces. The BTK railway project has also been offered officially to NATO, considering the post-2014 plans for withdrawal of equipment from Afghanistan. From a political point of view, as well as the economic perspective, the Baku-Tbilisi-Kars railway looks like the best exit route for NATO forces from Afghanistan. Taking part in the ISAF mission and NDN has increased Azerbaijan's interests in Afghanistan, and Baku fully supports the idea of making Afghanistan the center of new economic network, built upon the foundations of military logistics supply route.

In terms of its relationship with NATO, while Azerbaijan puts importance on integration to NATO, the country has not gone as far as Georgia. For Georgia, the official declaration of desire to join NATO sparked a harsh reaction from Moscow, but in reality, for Baku, this was not a barrier to improving its relations with Alliance and does not preclude Azerbaijan's possible future bid for NATO membership. In the post-2014 period, as NATO military experts will work out the details of the alliance's new Resolute Support mission in Afghanistan from 2015, which will train, advice and assist the Afghan security forces after 2014. Azerbaijan was amongst first countries to declare its readiness to take

part in this mission¹⁷⁴. It is also possible that Azerbaijan will make Azerbaijan's troops available for NATO's rapid reaction force beyond 2015.

Georgia's contribution to the ISAF mission and NDN was significant for the country's relationships with NATO and the US. Georgia makes the largest non-NATO-member contribution to ISAF and has declared its readiness to be part of NATO's missions in Afghanistan beyond 2014.

Aside from the ISAF, which also helped with the modernization of Georgia's army and its combat readiness, the NDN has had important impacts both politically and economically. Following the 2008 August War with Russia, some alliance members were skeptical about Georgia's membership aspirations, but launch of NDN has bolstered Tbilisi's credibility, helping it to reap economic benefits via transportation, in particular to increase cooperation with the Baltic States, and to move at the tactical and strategic levels towards further integration with NATO. By joining the NDN South, and with the redeployment of forces in Afghanistan after the war with Russia, Tbilisi has demonstrated that it is determined to maintain a Western-oriented foreign policy. The NDN has provided a further opportunity for Georgia to prove its commitment. Tbilisi essentially views its logistical participation in the Afghanistan campaign as an advance payment for NATO entry; and clearly the other facet of this is economic gain. More traffic through the NDN South route has benefited Georgia economically.

Unlike its neighbors, Armenia has remained a passive participant in the ISAF operation in Afghanistan. Armenia, as a member of the Russian-led Collective Security Treaty (later known as the CSTO), required the Kremlin's approval to take part in the Afghanistan operations. Predictably, Moscow's response was that all CST members would be part of the anti-

¹⁷⁴ Author's interview with Khazar Ibrahim, Head of the Mission of Azerbaijan to NATO, 29.10.2013, Baku, Azerbaijan.

terrorism campaign, but that they should coordinate their foreign policy decisions and military and technical cooperation.

It was not until 2009 that Armenia became involved in the ISAF by sending a military contingent. The main factor that prevented Armenia from getting involved in Afghanistan is that given its geography, Yerevan sees no economic possibilities in Afghanistan, peaceful or not. With no economic stake in Afghanistan's future, Yerevan saw little to gain by getting involved in its political-military affairs. In general, Armenian decision-makers were well aware that Yerevan was not an important player for either ISAF or NDN, failing some kind of a major collapse of Georgian and/or Azerbaijani support. Retrospectively, Armenian experts claimed that the decision to delay its involvement in ISAF had been to do with tactical considerations around the experience of its armed forces, rather than political.

The Armenian troops' mission will end in December 2014, and there is no plan for further commitment. Yerevan does not belong to any regional forum except CSTO, which focuses more on the perspectives of Central Asian countries as far as the Afghanistan policy goes. Thus, Yerevan lacks a Western-oriented platform to discuss a common post-2014 strategy.

What can be concluded from this review, ultimately, is that the mid to long term effects of the ISAF operation and the construction and maintenance of the NDN will proceed independently of the situation in Afghanistan in all its unpredictable complexity.

The NDN: Perspectives of India, Pakistan and Afghanistan

Gulshan Sachdeva

Introduction

Due to historical linkages, economic association between Europe and South Asia was very strong at the time of independence. A major portion of South Asian trade was either with Britain or its colonies and allies. This pattern continued for some years after independence. However, a critique of colonialism later formed the basis for the policy of “self reliance” in the region. As these countries established their independent relations with other countries, economic relations got diversified. In later years, the former socialist bloc countries also became important economic partners, particularly for India. Despite all these changes, economic linkages between South Asia and Europe remained strong and important. India and Pakistan were among the first few countries to establish diplomatic relations with the European Economic Community (EEC) in 1962. The EC also granted the Generalised System of Preferences facility to South Asian countries. There is an extensive diplomatic, business and cultural presence of Europe in the region, which has resulted in strong economic linkages. In the last two decades, the process of European economic integration and the process economic liberalisation in South Asia have created tremendous new opportunities for renewed economic interaction. Since the late 1980s, FDI has become an important element of reform strategies throughout the South Asian region. In this environment, Europe is emerging as an important trade and investment partner for India and Pakistan. Since 2000, India and the EU have established annual summit meetings. The summits have resulted in an *India-EU Strategic Partnership*

and *Joint Action Plan*. With Pakistan, the EU has launched initiatives such as the EU-Pakistan Five Year Engagement Plan and the Strategic Dialogue. Similarly, the EU and its member states are also playing an important role in the reconstruction of Afghanistan. Almost all trade from India and Pakistan to Europe is via sea lanes. This is due to instability in Afghanistan as well as difficult India-Pakistan relations. To diversify transport linkages, in cooperation with Iran and Russia some major initiatives were launched by India such as the International North South Trade Corridor (INSTC). Due to its limited success so far, Indian policy makers are making a renewed push for the INSTC. It is hoped that both the Chinese controlled Gwadar port in Pakistan and Indian-Iranian jointly developed Chabahar port in Iran would facilitate transport linkages in the coming years. With the successful implementation of the Northern Distribution Network (NDN) and Afghanistan's emergence as a potential major hub for trade and transit, there are tremendous possibilities for significant trade volumes reaching Europe from India and Pakistan via alternative trade routes, including the NDN.

India as an Emerging Economic Power in the Region

India is making the successful transition from an excessively inward-oriented economy to a more globally integrated economy. As a result of new policies, it has become one of the fastest growing economies of the world. Despite some serious challenges like the global slowdown, energy security, poverty, infrastructure, regional disparities and internal security, there are strong indications that rapid growth will continue. Apart from expansion, the Indian economy has also diversified significantly in the last decade. Traditionally, the economy was dependent on markets in Europe and the US. In the last two decades, however, there has been rapid integration of the Indian economy within Asia, which has been reinforced by India's Look East policy, which was initiated in the early 1990s. This is clearly evident from rapidly increasing India-China trade as well as India-ASEAN trade. Studies have shown that India's qualitative and quantitative

engagement with the Asian economies is far deeper than commonly perceived.

Despite liberalization, the broader Indian development strategy is still guided by long term plans prepared by the Indian Planning Commission. The 12th Five Year Plan (2012-2017) targets faster, more inclusive and sustainable growth. The focus is on creating human, physical and institutional capabilities to achieve a targeted 8.2% growth in the next five years. Although rapid growth in the last 10 years has raised expectations, domestic and global circumstances are less favorable today. Still, the overall aim is to bring 9% growth back by the end of the 12th plan. As a result of these changes, India is adapting itself simultaneously to economic globalization and to the emerging balance of power. Changes in India's internal and external economic policies also coincided with the end of the Cold War. The strategic consequences of its economic performance are clearly evident. Accelerated growth and policies promoting trade and investment liberalization have also influenced its foreign policy. Growth and outward orientation has helped India to forge new relationships with its neighbours in Asia and with major powers.

It is becoming clear that along with China and Japan, India will play an important role in an evolving Asian economic architecture. However, India will not be effective if its economic relations with Pakistan, Afghanistan and the Central Asian region remain marginal. Therefore, India is working on a strategy to construct an economic policy framework, whereby Pakistan, Afghanistan and Central Asian republics view the partnership as benefiting them too. This policy framework will also improve India's energy security as it may finally get access to some of the energy resources in the Eurasian region. It could also fundamentally change India's sea-based continental trade. Simultaneously, it could generate tremendous trade and transit opportunities for Pakistan, Afghanistan and Central Asia. Indians could find tremendous investment opportunities in Afghanistan and central Asia, which in turn could transform their small and medium industries as well as agriculture. The

growing realization of these opportunities has influenced policy makers not just in India, but also in Pakistan and Afghanistan. Many developments, viz., Afghanistan's membership in the South Asian Association for Regional Cooperation (SAARC), the signing of South Asian Free Trade Area (SAFTA), Regional Economic Cooperation Conferences (RECCA) on Afghanistan, the Istanbul process under the "Heart of Asia" initiative, the US New Silk Road Strategy initiative, India's new Connect Central Asia policy and continuous interest in Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipelines, have provided enough input to Indian policy makers to shape their newly emerging 'Look-West' policy.

It is clear that compared to China, India's economic exposure to ASEAN is still limited. One of the major reasons for this is its physical connectivity with the region. Although FTAs in trade, services and investment is central to India's strategy, it is realized that infrastructure challenges could hamper growth in linkages. The emerging nodes of India-ASEAN connectivity, Myanmar and Northeast India, are both weak in infrastructure. At the same time, this is also an area which has difficult landscapes and many insurgencies. In the last 15 years, the Indian government has given a special emphasis to economic and infrastructural developments in the northeast with many positive results. The new opening in Myanmar will definitely help with building connectivity further. Therefore, economic development strategies within Myanmar as well as the Indian Northeast could have a significant impact on India-ASEAN connectivity in the coming years. To enhance India-ASEAN connectivity, currently two main routes are identified which would need further improvement by gradation – the sea route as the west link of the Mekong-India Economic Corridor (MIEC), and the land routes, with various optional routes, along the trilateral highway between India, Myanmar and Thailand. The MIEC enhances connectivity between Ho Chi Minh City, Phnom Penh, Bangkok, and Dawei by road, and further to Chennai in India by sea route; and the trilateral highway improves connectivity between the Indian Northeast and ASEAN. So one of the

major thrust of India's policy in the last two decades has been economic, which has led to further political and strategic closeness with ASEAN nations. With already strong economic linkages with Europe, if India is able to connect on the western side with Pakistan, Afghanistan and Central Asia, there is a huge connectivity corridor from ASEAN to Europe via Afghanistan and Central Asia, with India playing a central role both as a connector as well as generator of trade volumes.

India, Pakistan, Afghanistan Economic Linkages

Most recent reports on Afghanistan indicate that in the post-2014 phase, the country is going to face three major challenges – security, political and economic. In all three areas, enhanced regional engagement in Afghanistan could help the country meet these difficult challenges during its decade of transformation.

At the Bonn and Istanbul conferences, both the international community as well as regional players re-affirmed their long-term commitment to the future of Afghanistan, which goes much beyond 2014. The Bonn Conference of December 2011 was attended by 85 countries and 15 international organizations. At the conference, all participants dedicated themselves to “deepening and broadening their historic partnership from Transition to the Transformation Decade of 2015-2024”¹⁷⁵. The final declaration talked about mutual commitments in the areas of governance, security, the peace process, economic and social development, and regional cooperation. Earlier, in November 2011 at the Istanbul Conference, which was attended by the so-called “Heart of Asia” countries consisting of Afghanistan, China, India, Iran, Pakistan, Russia, Saudi Arabia, Turkey, the UAE and all Central Asian republics, participants reaffirmed their strong commitment to a “secure, stable and prosperous

¹⁷⁵ Bonn Conference Conclusions, Afghanistan and the International Community: From Transition to the Transformation Decade, 5 December 2011, http://www.auswaertiges-amt.de/cae/servlet/contentblob/603686/publicationFile/162662/Konferenzschlussfolgerung_engl.pdf

Afghanistan in a secure and stable region.” Among other things, in the context of Afghanistan, the regional countries also agreed to respect the territorial integrity of states, non-intervention in the internal affairs of other states, dismantling terrorist sanctuaries and safe havens, disrupting all financial and tactical support for terrorism and support for stability and peace in Afghanistan, as well as respect for Afghanistan's sovereignty, unity and territorial integrity. At the Tokyo conference in July 2012, donors agreed to provide \$16 billion over the next four years. Moreover, the American officials also talked about working toward a New Silk Road Strategy for Afghanistan.

Last year, the Joint Coordination & Monitoring Board (JCMB), which is responsible for overall strategic coordination between the Afghan government and the international community, reached an agreement to increase the Afghan National Police Force from 134,000 to 157,00 and the Afghan National Army from 171,000 to 195,000. Although these numbers have already increased significantly, the security forces will need much more mentoring than has been provided so far. Due to higher rates of desertion, many more also need to be trained on regular basis. So far, Americans have provided a major share of the resources for training. In fact, about 50% of their committed and disbursed resources for reconstruction and development in Afghanistan have gone only to train security forces. Europeans have also contributed to police training. Apart from a lack of socio-cultural understanding on the part of new Afghan soldiers, the western training has also been very expensive. If India is able to share some of their burden, a significant amount of resources can be freed for other development programs. This will also provide a major role for India in any future security scenario. Although details are not known at the moment, it is likely that a major portion of the training agreed on in the strategic partnership agreement will be conducted in India itself.

Although there is lot of media focus on the security situation and issues concerning a “negotiated settlement”, the economic challenge facing Afghanistan is equally serious. With declining Western interest, the

amount of resources available for development projects in the next decade is likely to be significantly lower than the past decade. Experience suggests that withdrawals of international troops in other parts of the world have reduced civilian aid, with implications for economic growth and fiscal sustainability. Therefore, potential financing gaps in the budget could threaten security and recent progress made on the developmental front. According to the World Bank, actual aid to Afghanistan in 2010-11 was about \$16 billion, about the size of the nominal GDP¹⁷⁶. According to the *Asian Development Bank Outlook 2011*, the planned foreign troop pullout by 2014 may lower growth by at least 2-3 percentage points¹⁷⁷. Any rapid decline in aid will severely affect growth performance and employment in the country.

To offset these trends, Afghanistan has to concentrate on two things. First, it has to attract private foreign investment, particularly in sectors like mining, hydrocarbons, infrastructure, telecommunications, agriculture, education, health services, etc. Secondly, for long term sustainability, it ultimately also has to play its traditional role of facilitating trade and commerce through its territories. In both these areas, India and Pakistan could play a very significant role. The Delhi Investment Summit on Afghanistan (which was perhaps the first major summit organized by a regional country on its own initiative) emphasized precisely on these points. The choice of India for investment summit was also important as many Indian companies have already decided on making big investments in Afghanistan. A consortium of seven Indian companies led by the state-owned Steel Authority of India (SAIL) have won a \$10.3 billion deal to mine three iron ore blocks in central Afghanistan. Some Indian companies are also planning to bid for copper and gold projects. There are also reports that India is planning to build a

¹⁷⁶ Transition in Afghanistan: Looking Beyond 2014, Washington DC: The World Bank, 2011.

¹⁷⁷ Asian Development Outlook, Manila: ADB, 2011, 157.

900 km railway line between Iran's Chabahar port and the Bamiyan province, where Indian companies are planning large investments.

Despite a difficult security situation, post-2014 uncertainties and limited capacities, Afghanistan could emerge as an important player in regional economic cooperation. All international and regional players have appreciated its approach towards regional cooperation. This has major implications for regional peace and stability as well as India's linkages with the Eurasian region. High economic growth in both the Central and South Asian regions is also pushing policy makers to work on integration strategies. Policymakers in Afghanistan believe that after decades of war the country now has a unique opportunity to realize its potential as a "land bridge" between Central Asia, South Asia and the West Asian region. Increasingly it is pointed out that with enhanced cooperation, land-locked and energy-rich Central Asia could be connected to energy deficient South Asia. Similarly, Afghanistan could also realize significant revenue in transit fees and improve its economic activities in the process. So far Afghanistan has been able to market itself as an important player in regional cooperation. The country is already playing an important role in various regional organizations like the Economic Cooperation Organization (ECO), the South Asia Association for Regional cooperation (SAARC), the Central Asia Regional Economic Cooperation (CAREC), etc. It has also initiated an institutional mechanism called the Regional Economic Cooperation Conference on Afghanistan (RECCA). Through various declarations, countries in the region have accepted the centrality of Afghanistan for economic cooperation.

The strategic location of Afghanistan will always be important for India, particularly in the context of difficult India-Pakistan relations. However, the importance of Afghanistan for India is much bigger than is normally perceived in this narrow context. Once Afghanistan becomes stable, trade through Pakistan and Afghanistan could also alter India's continental trade. In 2010-11, India's total trade with Europe, the CIS

countries, Afghanistan, Iran and Pakistan amounted to about \$147 billion (see table 5).

Table 5. India's Trade with Europe, the CIS Countries, Afghanistan, Iran & Pakistan (millions of US dollars)

	2007-08	2008-09	2009-10	2010-11
Exports				
EU-27	34535	39351	36028	46819
Rest of Europe	2752	2724	2494	3839
5 Central Asian Republics	232	258	269	293
Rest of CIS	1508	1666	1418	2569
Afghanistan	249	395	463	411
Iran	1943	2534	1853	2742
Pakistan	1950	1439	1573	2333
Total Exports	43,169	48,366	44,098	59,006
Imports				
EU-27	38450	42733	38433	44539
Rest of Europe	13127	14528	17279	26640
5 Central Asian Republics	112	260	212	193
Rest of CIS	3675	6367	5891	5471
Afghanistan	109	126	125	146
Iran	10943	12376	11540	10928
Pakistan	287	370	275	332
Total	66,703	76,760	73,755	88,249
Total Trade				
EU-27	73075	82084	74461	91358
Rest of Europe	15879	17252	19763	30479
5 Central Asian Republics	344	518	481	486
Rest of CIS	5183	5183	8033	8040
Afghanistan	359	520	588	557
Iran	12887	14910	13394	13670
Pakistan	2238	1810	1849	2666
Total Trade	109,965	125,127	117,845	147,256

Source: Author's calculations based on data from Department of Commerce, Ministry of Commerce & Industry, Government of India.

Just before the global economic crisis of 2008-09, India's trade with this region was growing very fast, particularly with Afghanistan, Pakistan and Iran. Within a few years, India's trade with Europe, the CIS plus Iran, Afghanistan and Pakistan would be about \$500 billion annually. Even if 20% of this trade is conducted by road, \$100-120 billion of Indian trade would pass through Afghanistan and Central Asia¹⁷⁸. With the improvement in India-Pakistan relations, an important portion of Indian trade (particularly from the land-locked northern states, including Jammu and Kashmir) will be moving through Pakistan and Afghanistan. With the possibility of this trade passing through Afghanistan and Central Asia, most of the infrastructural projects in the region will become economically viable. These linkages will also transform small and medium industries and agriculture in Central Asia and Afghanistan. A major impediment to realizing this potential is the existing difficult relations between India and Pakistan. While looking at the regional economic dynamics, it is clear that both India and Pakistan would pay huge economic costs for not cooperating in the Afghanistan. If trade stops in Pakistan, many roads and other infrastructural projects will never become viable because of low volumes. Direct linkages between Central Asia and India will also give a huge boost to all economies in the region, particularly to Afghanistan. Similarly, in 2010, roughly one third of Pakistan's total trade of about \$54 billion was with the countries of Europe and with the South and Central Asia region.

For many of these things to happen, various big and small projects discussed at different meetings in the last few years need clear prioritization. A few studies have clearly outlined some concrete immediate and long term measures that can soften the economic impact of the

¹⁷⁸ For details see Gulshan Sachdeva, "Regional Economic Linkages" in Nirmala Joshi, ed, *Reconnecting India & Central Asia: Emerging Security & Economic Dimensions*, Washington DC, Washington: Central Asia-Caucasus Institute & Silk Road Studies Program, 2010, 115-79.

military drawdown and create conditions for self sustained growth¹⁷⁹. Earlier, it was thought that Afghanistan has very limited resources. The Afghan government in 2010 claimed, however, that the country has huge untapped mineral resources worth at least \$3 trillion¹⁸⁰. Afghan and American officials have now repeatedly talked about the New Silk Road Strategy. Since 2005, the idea has been discussed at many academic and policy forums. This strategy is a long term vision of an international trade, transit and energy network that links Central and South Asian economies through Afghanistan¹⁸¹. This was a good blueprint for Afghanistan, but unfortunately has been mixed with regional geopolitics and exit strategies from Afghanistan. Still, Afghanistan has no other option but to continuously work toward this strategy. Many analysts have pointed out difficulties in implementing this strategy, particularly in the context of difficult India-Pakistan as well as Pakistan-Afghanistan relations.

It is true that it is difficult to imagine the implementation of this policy in the present tense political environment. However, some positive developments have taken place. The Afghan-Pakistan Transit Trade Agreement (APTTA) has been reached after years of negotiations and active US encouragement. Under the agreement, both Afghanistan and Pakistan have agreed to facilitate the movement of goods between and through their respective territories. Pakistan has allowed Afghan exports to India through Wagah and to China through Sost/Tashkurgan. Similarly, Afghanistan has allowed Pakistani trucks to reach Tajikistan, Turkmenistan, Uzbekistan and Iran through its territories. Afghan trucks can carry Afghan transit export cargo on designated routes up to the Pakistani sea ports of Karachi, Qasim, Gwadar and the Wagah border. At the moment this is only a partial agreement, as Afghan cargo is offloaded onto Indian trucks back

¹⁷⁹ S. Frederick Starr et al., *Finish the Job: Jump-Start Afghanistan's Economy - A Handbook of Projects*, Washington: CACI, 2012.

¹⁸⁰ Mining in Afghanistan, <http://goo.gl/GUqhg>

¹⁸¹ See S. Frederick Starr and Andrew C. Kuchins, etc., *The Key to Success in Afghanistan A Modern Silk Road Strategy*, Silk Road Paper, Washington: Central Asia-Caucasus Institute & Silk Road Studies Program, 2010.

to back at Wagah and trucks on return are not allowed to carry Indian exports back to Afghanistan. Despite its limited nature and serious initial problems in implementation, the agreement can be seen as a major development in regional economic cooperation¹⁸². It has also generated interest beyond Afghanistan and Pakistan. Recently, both Pakistan and Afghanistan have decided, in principle, to also include Tajikistan in the APTTA. To make this initial small project into a serious regional economic force, it is imperative to include Turkmenistan, Uzbekistan (and perhaps Iran) in the broader agreement. However, the project will be of very limited interest to Central Asian countries if traffic to India is not allowed in both the directions. Once Central Asian states and India are included in the expanded APTTA, the region will be ready to take advantage of the emerging Eurasian Customs Union space within a few years.

Despite tensions at the political level, there are positive developments between India and Pakistan on trade matters. Recently, both have agreed on three agreements, viz., the redressal of trade grievances, mutual recognition and custom cooperation. Pakistan will allow bilateral trade through Wagah for all goods (presently restricted to 137 items). India has agreed to reduce the number of items on the restricted list by 30%. Pakistan will provide MFN status to India soon. While India gave Pakistan MFN status in 1996, Pakistan has been refusing to do so. Once that happens, India will bring the SAFTA sensitive list to just 100. Pakistan will do so in the next five years. By 2020, the peak tariff rate will not be more than 5%. Both have also agreed to cooperate on investment, banking, electricity and gas trade, railways and better air connectivity. In addition, they have signed a new liberalized visa regime.

Within the broad context of increasing regional economic cooperation, India continues to support both the Regional Economic Cooperation Conference on Afghanistan (RECCA) as well as the „Heart of Asia”

¹⁸² Gulshan Sachdeva, Afghanistan and Pakistan Sign Trade and Transit Agreement, *Central Asia Caucasus Analyst* 12, No. 6, 2010.

processes. In the Istanbul process, India also leads in two Confidence Building Measures, viz., the Commercial Opportunities CBM and the Chambers of Commerce CBM. Uncertainty concerning post-2014 Afghanistan has also added a new dimension to India's relations to the Central Asia republics. The failure of the Afghanistan project poses common security challenges, but any positive outcome will open tremendous economic opportunities to both India and Central Asia. These two factors have increased the strategic significance of the region considerably and are perhaps reasons for announcing a 12 point new "Connect Central Asia" policy¹⁸³. Apart from other things, the new policy initiative emphasizes stepping up multilateral engagement (SCO, the Eurasian Custom Union), reactivating the International North South Trade Corridor, and strengthening strategic and security cooperation (military training, joint research, counter-terrorism cooperation, and close consultations on Afghanistan). Immediately after the announcement of this new policy, Tajik president Emomali Rahmon visited India in September 2012 and signed six agreements. India also helped build the Ayni air base in the country. Both the countries have now agreed to deepen counter-terrorism cooperation and elevate their relations to a „strategic partnership“. As the SCO may play a bigger role in Afghanistan in any post-2014 situation, India is also hoping to get full membership soon. Overall, these developments indicate that compared to other western nations, which are planning to reduce their engagement after 2014, India is preparing for enhanced engagement in the country. This enhanced role is based on the assessment that international support to Afghanistan will continue much beyond 2014 and there is little scope for any "negotiated settlement" in the near future.

¹⁸³ For details see Keynote Address by E. Ahamed at First India-Central Asia Dialogue, 12.06.2012, <http://goo.gl/lo5ah>

Conclusion

High economic growth in both the Central and South Asia regions is pushing policy makers to work for integration strategies. As a big fast growing economy, India is an attractive market for both the regions. Regional economic integration is also important for sustainability for Afghanistan, as ultimately it has to play its traditional role of facilitating trade and commerce through its territories. Overall, compared to modest trade in South and Central Asia, continental trade is going to be much more important for India. As a result, plans for linking India with Europe through Afghanistan and Central Asia will be much more valuable than just thinking in a regional or sub-regional context. UNESCAP plans for an Asian highway perfectly fit within the Indian framework. Different infrastructural plans, like the SAARC multi-model transport linkages, CAREC action plans, the NDN and the INSTC, are all in a way different pieces of this grand design. Ultimately South Asian trade from India and Pakistan will be reaching Europe through these different schemes. Although all these plans have been under discussion for some time, the success of the NDN within a limited time has given new impetus to South Asia-Europe transportation plans. This shows that positive results could be achieved even when negotiations involve strategically competitive nations. Overall, the message for the South Asia region is that although there may be an element of competition between the INSTC and the NDN, and also between the Chabahar and Gwadar ports, all these plans will ultimately facilitate South Asian economic linkages with Europe.

Latvia, NATO, the EU and the Reemerging North-South Belt Corridor Across Eurasia's Heartland

S. Frederick Starr

At no time in the last half-millennium have changes in the patterns of transport and trade across the expanses of Eurasia been more extensive, or occurred more rapidly, than at the present moment. So far-reaching are these changes that they are making even the political and economic collapse of the USSR appear not as a turning point in itself but as a necessary precondition for the transport-driven revolution now taking place.

Given this, it is all the more surprising that in most, but not all, affected countries it has taken a decade or more for either the governments or business communities to embrace what is happening before their eyes. Instead, the process has been by driven by short-term considerations arising from the redeployment from Afghanistan and by international financial institutions working with technically-oriented ministries of transportation. Politicians and even business leaders have rarely looked beyond the specific practical concerns that are immediately before them and almost never confronted the larger economic and strategic realities of which these myriad practical issues are but the building blocks.

The purpose of this book is to address these bigger concerns as they are manifested in just one of the emerging transport corridors, the so-called "Northern Distribution Network" (NDN) extending from the Baltic at Riga, Latvia, via Russia, Kazakhstan, and Uzbekistan to Afghanistan. This route arose out of dire necessity. When Pakistan closed what had been until then the principal supply route to Afghanistan via the Pakistani port of Karachi, the NATO coalition partners urgently explored all

alternative routes and decided that the NDN held the most promise. Its successful development was celebrated in the summer of 2013 when the 100,000th container passed through the port of Riga. However, by late autumn 2013 Pakistan had reemerged as the main corridor for removing assets from Afghanistan. This by no means reduced the importance of the NDN but it should remind us of the need, in planning Latvia's long-term role in transport, to look beyond the present.

The three emerging East-West corridors

What is the future of this transport corridor cutting across the belt of Eurasia, and what are its economic and geo-strategic implications for Latvia and for NATO and the EU? Neither question can be addressed if the NDN and its successor on the same route are treated in isolation, and without close reference to the other corridors with which it is, or should be, connected.

Three of these are of special importance. The first, dating from the 1890s, is the Russian trans-Siberian railroad and associated spur lines. This connects directly to St. Petersburg and, with the new fast rail line across Finland, to Helsinki. A separate connection exists with Riga. The second, dating from the 1990s, connects China with Europe via Kazakhstan. Russia, as the builder of the first modern corridor spanning the entire continent, strongly resisted the opening of this direct east-west route across Central Asia, and tried strenuously to divert this traffic to its own more northern route by means of a connection between Urumchi and the Russian Altai Republic. China resisted and instead paid the Asian Development Bank to open a direct link to Europe, unmediated by Russia. Russia's trans-Siberian rail line and China's new road and rail lines across Kazakhstan can be called the Northern and Middle Continental Corridors.

If these corridors date from the 1890s and the first two post-Soviet decades, the very idea of the third did not move out of the realm of pure abstraction until after 9/11 when NATO coalition forces defeated the Taliban government in Afghanistan. Only then did it become possible to

conceive the possibility of a more southerly land-bridge, this one linking Europe and India and extending eastward clear to Vietnam. Beginning in 2002, planning for separate parts of this “Southern Corridor” commenced in many quarters. As of this writing, more than \$100 billion has been spent on its realization on projects in India, Pakistan, Afghanistan, Turkmenistan, Uzbekistan, Iran, Azerbaijan, Georgia, and Turkey. Indeed, the current use of Karachi as a principal port for the export of military equipment from Afghanistan is a living example of the use of a part of this “southern corridor” in the present.

It is common to lump all these east-west land routes under the 19th century term “Silk Roads.” In fact, only the Middle Corridor (China-Europe) was ever a “silk road”, and even then most of the silk reaching the West came from Central Asian producers, not China. The precursors of the Northern Corridor (Russia-Pacific) date only to the 16th century. By far the oldest east-west route across Eurasia was the Southern Corridor (India-Europe), which began as early as 2,000 BC as a route for shipping lapis lazuli from Afghanistan eastward to India and westward to Egypt. Over the centuries this Southern Corridor was by far the most heavily traveled of the three, and also by far the most international character. As the late Joseph Needham pointed out, the Chinese took their goods only to their western border, whence Central Asians took over the trade. By contrast, every nation whose territory the Southern Corridor crossed engaged actively in the trade. And where the Central Corridor rose and fell with the waxing and waning of Chinese dynasties, trade across the Southern Corridor was constant, at least down to the outbreak of conflict between India and Pakistan in the second half of the 20th century.

NDN and the emerging East-West corridors

How does the NDN fit into this emerging (or reemerging) Southern Corridor? In answering this question it is important to look beyond the present NATO-related concerns. Both geography and economics suggest that this route should be the most significant north-south link connecting

all three corridors and permitting goods to begin their journey on one of them and end up on another. It should become Eurasia's main "North-South Belt Corridor." However, this is not inevitable. Only if detailed plans are made and implemented to permit easy linkages between the NDN and the Middle and Southern Corridors will its full potential be realized. Otherwise it will remain, as it is today, a valuable but secondary component of Eurasia's emerging transport web.

To date, nearly all discussion and planning concerning the NDN has focused on operationalizing the core route from Riga to Mazar-e-Sharif in Afghanistan. But the NDN has as yet no connection with the Southern Corridor that would link it with India and Southeast Asia. This is due in part to the absence of railroad lines through Afghanistan. Current plans call for this vital connection to be open within a decade. This is due also to the non-implementation of the important Afghanistan-Pakistan Transport and Trade Agreement and to unresolved political blockages at the Pakistan-India border.

Even more striking is the absence of an efficient and internationally acceptable link between the NDN and Southeast Asia via the Arabian Sea. A glance at the map shows that the most direct and hence cheapest route for connecting the NDN to the southern sea lanes would be via either Karachi or, better, Gwadar in Pakistan. But at present the former route to the sea is hampered by the non-implementation of the Afghanistan-Pakistan agreement, while short-sighted planning by NATO has led to the utter neglect of the latter. Only in late 2013 did relations between the United States and Pakistan improve to the extent that Karachi port could once again be used for goods coming from Afghanistan. Pakistan has yet to implement the Trade and Transport agreement, although the government has promised to do so.

As a consequence, over most of the past decade the only sure way for goods on the NDN to reach the southern sea lanes is via Iran's old port at Bandar Abbas or its newer facility at Chabahar. To be sure, UN and US sanctions on trade with Iran limit access to both these ports. In spite of

this, NATO's failure to open links to the sea via Pakistan means that for a decade it has grandly subsidized Iran. But even if sanctions were lifted, these Iranian options will always be longer routes to the East than their Pakistani counterparts.

An important dimension of the NDN's non-access to the southern sea lanes is that two of the main options – Gwadar and Chabahar – are championed by China and Russia, respectively. So far, Russia has outmaneuvered China in this important competition. This has negative consequences for the NDN, since Russia has long been committed to a rival route across Kazakhstan and Turkmenistan to Iran, separate from the NDN. By its passivity on Gwadar, NATO has lent support to the Russian NDN alternative and unwittingly hampered the development of the more efficient NDN corridor. Failure to develop and execute a plan to open road and rail traffic via NDN to Gwadar or Karachi will significantly reduce the NDN's future prospects.

The inaudible voice of the private sector

This point underscores an important aspect of the NDN's development: to date, it has been driven more by military concerns and the geopolitical interests of large states than by practical economic and business considerations. This is scarcely surprising, since it is only in the past two years that the voice of the private sector has become audible in planning for the NDN and its link with the Southern Corridor. The change can be credited in part to the Government of Latvia, which has engaged major logistic firms like Maersk in its discussions, and to India, where the Confederation of Indian Industry has summoned its members to begin planning for direct overland commercial links with Afghanistan and Central Asia. However, this engagement by the private sector has barely begun. End users in Europe (especially the Nordic countries, Poland and Germany), Pakistan, India, and Southeast Asia have yet to gain the place at the negotiating table that is rightly theirs. Unless and until they are drawn fully into the planning process, the NDN will never move beyond its

geopolitical origins to achieve its destiny as Eurasia's major North-South Belt Corridor.

Competition: no route is irreplaceable

There exists an even more compelling reason for drawing the private sector more centrally into the NDN planning process. For every part of every corridor there exists an alternative. If any corridor or section of a corridor does not exist and function efficiently, commercial freight forwarders will turn immediately to an alternative. This is true for all three of the main east-west land corridors. Russia's rail lines will soon be competing with newly opened shipping lanes through the Arctic, as well as with the China-based Middle Corridor; the Middle Corridor will suffer if Chinese and European firms decide instead to expand their use of existing and new sea-lanes; and the Southern Corridor will remain a pipe dream if the principal impediments are not removed, forcing producers in India and Europe to make use of whatever more efficient channels are at hand. No governmental diktats will prevent manufacturers from availing themselves of the quickest and most reliable routes.

This is not to say that the private sector is passive everywhere. Over the past year many former Pakistani military officers have established private logistic firms which are already functioning across Afghanistan and throughout Central Asia. If this trend continues the north-south corridor will be dominated by southern truckers, marginalizing their European counterparts. These same firms are poised to take advantage of rail routes when they become open.

Impact of the Eurasian Economic Union

All of these concerns will affect the future viability of the NDN and the North-South Belt Corridor. But even if all relevant infrastructure is built and existing impediments at borders alleviated, the NDN will be gravely affected by a further development along its route, namely, the appearance of the Russian-sponsored Eurasian Economic Union. With Kazakhstan

already a member and Kyrgyzstan and Tajikistan under formidable pressure to join, this will leave the NDN with two unattractive alternatives. Russia will seek at any cost to punish Uzbekistan for non-membership. This could result in high tariffs and slow processing at the Kazakhstan-Uzbekistan border, or a diversion of NDN traffic to the new Kazakhstan-sponsored rail line linking Kazakhstan, Kyrgyzstan and Tajikistan. Either alternative will slow traffic along the route and leave the NDN at the mercy of Russia's aspirations to create an economic (and political) union to rival the EU.

How, then, should the NDN develop? Obviously, the NDN (and Latvia) must continue to build and maintain productive relations with Russia and its Ministry of Transportation. But this alone will not suffice. It must also reach out directly to Russian producers and indicate to them the benefits of an efficient north-south corridor to Pakistan, India, and Southeast Asia. It must also enlist both Kazakhstan and Uzbekistan as champions of the existing route across Uzbekistan. And it must use all means at its disposal to assure that the Eurasian Economic Union does not become an impediment to the free movement of goods across its external borders.

WTO, and the role of intra-Baltic coordination

The NDN and its European friends are not without tools for advancing these objectives. All of the transit countries (including Uzbekistan and Afghanistan) are already members of the World Trade Organization or aspire to become so. Wherever possible, WTO norms should be invoked and applied to the NDN, even during the period when transit countries are still in the application process. Beyond this, Latvia needs to make clear that the NDN itself has a competitor in the Viking Railroad from Klaipeda to the Black Sea. Up to now, Latvia has tended to view this solely as a competitor and not as a possible ally. A northern connection between the NDN and the Viking Railroad would become a kind of insurance policy for the NDN, enabling it to point out that if high tariffs or delays are imposed on the NDN route much of the traffic could be shifted, if only temporarily,

to the Viking Railroad. This would impose an opportunity cost on any country on the NDN route that threatens to impede the smooth transfer of goods along the corridor.

This will require a region-wide approach on the part of the Baltic countries, even as they compete with each other. In most respects, after all, the NDN and Viking Railroad system are complementary, serving different countries and markets to the south. Candid and close coordination of the two within the EU and Baltic frameworks will bring benefits to both parties, increasing their leverage when necessary.

If the Baltic countries – and the other Nordic countries as well – identify their common interest in becoming the northern end of crucially important transport routes bisecting Eurasia, they will reopen a window to the south that existed for half a millennium but closed when Europe reoriented much of its trade towards the Atlantic. Archaeological finds along the entire NDN route attest to the antiquity of this north-south corridor, which culminated at the Baltic shores. It is hard to imagine today, but the Baltic region long maintained closer economic ties with Central Asia and the Caspian region than did all of Central Europe, France or Britain. Reestablishing these links will have the inevitable effect of making the Baltic and Nordic countries the European Union's natural window to the Caspian, Central Asia, and beyond.

The question is whether these countries, and the European Union as a whole, embrace and develop the Nordic countries' new economic and geopolitical role. Will logistics firms, insurance companies, warehousing companies, and other transport-related industries from Latvia and the Nordic countries seize this new opportunity and establish themselves as major players along the emerging corridors, or will they instead leave this role to others? It is too facile to say that because northern European logistic companies dominate the world market today that they will continue to do so in the heart of Eurasia, especially when less risk-averse companies from India, Pakistan, China, and Russia emerge as active competitors.

The NATO dimension

The reopening of transport and trade along the NDN route will affect NATO and its relationship with the East. With respect to European security, it is of paramount importance to engage Russia in a business-oriented transport corridor, in the management of which it has an important voice but which it cannot dominate. To be sure, this was the hope of many when the first gas pipelines between Russia and Europe were being discussed. But the rail and road systems associated with the North-South Belt Corridor differ from pipeline systems in two important respects. First, they cross the territories of many countries, all of which have equal power to sever trade ties. Second, every producer who uses the corridor has at hand alternative transport routes. Even if these alternatives are less efficient than the North-South Belt Corridor, they exist and can be quickly accessed if the main corridor is threatened.

The expansion of the NDN, or North-South Belt Corridor, will bring Central Asian countries and Afghanistan into a much closer relationship with Europe and hence with NATO countries. Just as it will encourage Russia's Eurasian Economic Union to open its doors to global trade in accordance with World Trade Organization norms, it will remind members of Russia's Collective Security Treaty Organization that they are free, as sovereign states, to enter into security relations with other countries and groupings of countries as well. Indeed, they do this now, both with their ongoing relationship with NATO and with the anti-terror program of the Shanghai Cooperation Organization.

During the 1990s NATO's Partnership for Peace (PFP) played an active and constructive role in modernizing the Soviet-type armed forces which the new states of Central Asia and the Caucasus inherited from the USSR. Thanks to this effort, armies that had earlier served the will of the ruling Communist Party began transforming themselves into defense forces for open and more democratic societies. Thousands of officers from Central Asia and the Caucasus have received training at NATO's Marshall Center in Germany. The expansion of the NDN and related corridors will foster

the revival of PFP. In so doing, it will also advance interoperability in many spheres and what might be called an *a la carte* relationship with NATO.

Putin's tsarist dream

President Vladimir Putin's conception of the future of Central Asia, Afghanistan, and the Caucasus strikingly recalls the geographical views of Sir Halford Mackinder, who proclaimed in his famous 1904 address before the Royal Geographical Society that whoever controls what he termed the Eurasian "heartland" would *ipso facto* control all Eurasia. Mackinder's analysis sprang from the age of imperialism, so it is not surprising that his schema turned on the crucial notion of "control." For Mackinder, as for Putin today, control meant exclusive influence over political, legal, economic, and security matters, i.e., sovereignty. But the nature of the continental transport and trade emerging on the three main east-west corridors and the NDN and Viking Railroad is that "control" must be collaborative, and cannot spring from any one political or economic center. The same principal applies to the security of participating countries. Indeed, as has been pointed out, since each country has what amounts to a veto over the route, such collaboration is inevitable.

It may be possible to fence off a country or group of countries from the new corridors and the economic and security relationships they foster. But the economic, political and psychological cost of doing so will be high, and will eventually threaten whatever power seeks to impose it. Stated differently, the NDN and related new corridors cannot coexist with 19th century notions of sovereignty and power. Eventually, Russia and other aspiring hegemonic powers, as well as transit route countries themselves, will have to choose how much control they are willing to forego in order to participate in the new arrangements.

The NDN's next phase: eight practical steps

What concrete steps should be taken to transform the emerging NDN into the continent's main North-South Belt Corridor and how should this development be integrated into the European economic and security systems? And in which of these initiatives should Latvia and the Nordic countries play a leading role? Eight specific areas call for immediate and longer-term attention:

1. The NDN will never become the continent's principal North-South Belt Corridor until it is closely linked with both the Middle and Southern Corridors. The Middle Corridor is nearing completion and the connection can be easily effected. Indeed, it is already partially operable. The Southern Corridor requires serious attention and commitment from the United States, Europe, the Nordic countries and Latvia if it is to be completed and opened. The link between the NDN and the port at Gwadar is a particularly important objective. Even if it is initially simply a truck route, the opening of this "window to the sea" will stimulate the development of the entire Southern Corridor.
2. Working with other transit countries, Latvia should immediately take the lead in establishing in Riga a monitoring body to issue up-to-the-moment information on the speed and cost of all border crossings and transport conditions generally along the NDN and relevant parts of the Middle and Southern Corridors. Such a body would require the cooperation of all transit countries, and would have to function on the basis of precise measurement, honest reporting, and full transparency.
3. Latvia, the Nordic countries, and the EU should join with the US to insist that all trade-related issues along the NDN be resolved in accordance with WTO principles, and that this should be done even before all transit states are actually members. Waiting until all transit countries are members will invite the imposition of other, less market-oriented principles.
4. Latvia and the Nordic countries should take the lead in bringing private firms into a central role in all future deliberations regarding the NDN

and continental transit. These should include firms from the transit countries themselves but also from more distant lands. Latvia and the Nordic countries should move immediately to engage end user firms – from Scandinavia and Germany to Pakistan, India, and beyond. In the end, the NDN will rise or fall on the basis of judgments made by the leading manufacturers and logistics firms of all Eurasia.

5. Latvia and other NATO countries should urge the revision of the Partnership for Peace Program and the reinvigoration of its activities throughout Central Asia and the Caucasus. They should also include Afghanistan among the participants.
 6. In order to demonstrate that PfP can indeed lead to full NATO membership, complete the accession process of at least one transit state in the region. Georgia, with its central involvement in both the Middle and Southern Corridors and its links both with the NDN and the Viking Railroad, as well as its progress to date along the path to NATO accession, is a good candidate.
 7. Latvia and the Nordic countries should call for a more formalized EU approach to both the Caucasus and Central Asia. This can be achieved either by revising and extending the EU's existing Eastern Partnership program or by developing what have been up to now its vague institutional arrangements for partners that are further afield.
 8. Revise the existing cooperation agreements between the European Union and Central Asia to include a more active program in the field of security. At present this involves nothing more than annual consultations, which to date have been superficial and inconsequential.
- As of this writing it is not clear how much of existing Europe-Asian trade will ever be carried along the emerging continental land corridors, including the NDN. Those promoting the cause of land transport as a force for development and peaceful interchange should not expect that the titans of the existing sea lanes will be passive. Stiff competition can be expected both from shippers along the southern sea lanes and,

significantly, from new transport firms that will emerge along the rapidly developing Arctic Sea corridors.

In this competition the four decisive factors will be speed, cost, security and reliability, as well as conformity with international practices. All of these touch the concerns of Latvia, the Nordic countries, NATO and the EU. It is not intended that the suggestions affecting the issues that are set forth above should exclude initiatives arising from elsewhere, and especially from other transit countries and end users. The danger is, rather, that others will come forward with plans affecting all major NDN issues and that Latvia, the Nordic countries, the EU and NATO have none. One must only hope that a program along the lines advanced above will prevent that, and assure that the new corridors respect, and are supportive of, European values and European security. Since Latvia, its Baltic neighbors, and the Nordic countries (along with Germany and Poland) have developed particularly active relations with Central Asia, the Caucasus and Afghanistan, it is natural that they should take the lead in advancing the initiatives set forth herein.

Wrap-Up: Challenges, Opportunities and Prospects

Diāna Potjomkina

One definite conclusion that arises from this book is that the Northern Distribution Network itself, and its future prospects, escape definition. As the chapters and the wide range of maps in the annex show, there are many different transportation routes stretching across Eurasia. Some of these are possibly more functional than others, but all can be combined in many different ways, creating a complex mosaic of the NDN and complementary (or rivaling) channels. Each segment of the NDN in each transit country is influenced by numerous factors, both internal and external, many of which are of a political nature; the stakeholders pursue different, sometimes vaguely defined, goals. This also gives rise to sometimes contradictory assessments, which have also appeared in this publication. Those NATO states that are interested in the NDN and its further commercialization – including Latvia – face the formidable task of identifying all these aspects and trying to broker the most advantageous deals. And these deals must be future-oriented, going beyond the NDN itself as it is narrowly understood and taking hold of broader opportunities for regional cooperation post-2014.

The general strategic outlook: beyond 2014

In 2014, the redeployment of NATO forces from Afghanistan is going to be completed, so the NDN has already started to operate in reverse. However, even as large a project as the NDN is forms only a part of the broader NATO-used transportation network, and of course transportation by NATO is only a part of the broader processes in Eurasia. Currently, the NDN is sometimes considered to be one of many competing routes, with

the others being the Southern route through Pakistan and the Central route through Turkey (see these described in, e.g., the chapter by Heidi Reisinger). However, we can also adopt a long-term approach, seeing the NDN as one alternative, or as part of the broader Europe-Asia transport system – this actually has been considered before and will remain topical after the transit of NATO cargo becomes redundant. And then one has to look beyond Afghanistan, on to India, China and other states in Asia.

As Gulshan Sachdeva writes, Europe and South Asia have a long history of trade and economic cooperation. If the situation in the region develops favorably, we could see trade among India, on the one hand, and Europe, the CIS, Afghanistan, Pakistan and Iran increase over three times the current amount, bringing benefits to all sides involved (see the chapter in this volume). Andrei A. Kazantsev additionally notes that the NDN has the potential to become a modern “integrated international transport corridor”, bringing not only transportation itself but also e.g. electricity transfer and data traffic. Indeed, the NDN has already been considered as a part of the US Modern (New) Silk Road Strategy (MSR), promoting regional economic cooperation and connecting Europe, South Asia, East Asia, Central Asia and the Middle East. S. Frederick Starr (this volume) also comes to the conclusion that if the NDN is to overcome its secondary position in the Eurasian transport network, it must be expanded to the south. In the long term, the instability in the alternative Pakistani direction can be disadvantageous to the NDN.

At the same time, such an ambitious project will inevitably meet with not only support but also resistance. There are specific factors pertaining to particular transit regions (these are reviewed later), and there are broader strategic issues. A. A. Kazantsev in his chapter points to specific Russian goals regarding transportation in Eurasia – it actually champions a “North-South” transportation corridor which would include, among others, not only India and Pakistan, but also Iran. Cooperation with Iran is of course politically charged. China also has its own priorities in Central Asia, and as Guli Yuldasheva (this volume) states, “The Chinese routes [...]

provide CA states with a more secure and shorter transport link to Europe, South-Eastern Asia and Russia and look more viable for CA states in comparison to other routes.” The MSR and these alternative developments may or may not be compatible. Both Russia and China may prove tough competitors – as S. F. Starr notes, NATO’s reluctance in developing the Pakistani port of Gwadar has actually promoted Russian interests and hindered the development of the NDN. And G. I. Yuldasheva also rightly points out that Afghanistan is not an indispensable transit state for Eurasia. Thus, in order to achieve Afghanistan’s stabilization and mutually beneficial economic ties, complex strategic puzzles have to be solved. The NDN and future transport endeavors demand political attention.

The future commercial and technical viability of the NDN (and other MSR trade routes) is yet another issue. In this volume, S. F. Starr points out that the NDN until now has been mostly driven by military-political rather than economic and business interests (although Māris Andžāns, also here, testifies to the contrary). In any case, trade can only flow in an economically prosperous environment, so additional resources must be committed to the stabilization of Afghanistan and the region at large. Investments in transport infrastructure are also vital. And it is necessary to engage all stakeholders closely – be they from the government or from the private/non-governmental sector.

The NDN and NATO

The NDN provides a comparatively secure and stable alternative to the Southern route via Pakistan, and it is also less expensive than the Central Line of Communication (LOC) (H. Reisinger notes that the Central LOC may still turn out to be popular, but it remains to be seen whether it will become truly “the best” as mentioned by Zaur Shiriyev here). Of course, an international endeavor of this scale can hardly be unproblematic. The work itself is “a logistic nightmare” (H. Reisinger), and coordination among different stakeholders is complex – especially because the

redeployment is primarily carried out by separate troop contributing nations, while NATO acts as a coordinator. The three Baltic nations are in fact competing for the NATO cargo. Lithuania is evidently trying to take part of it from Latvia, which could be one reason for Vilnius's attempts to step up cooperation with Minsk. (Although S. F. Starr in his chapter actually invites Latvia to adopt a broader view, establishing partnership with the Viking Railway from Klaipeda to the Black Sea in order to increase the overall attractiveness of the Northern route). Still, as H. Reisinger writes, generally the NDN has served as a stimulus for separate troop contributing states to cooperate, "overcome national reflexes" and increase interoperability. Such common logistics solutions are indeed considered to pertain to Smart Defence. The NDN has also brought political benefits to transit states and to NATO at large. Speaking about Latvia, its constructive role in the NDN has earned international acclaim, strengthening the country's prestige and publicity. Speaking about NATO at large, the necessity to transport cargo has led it to devote even more attention to Central Asia and other transit partners.

Some of the next challenges for NATO would be to streamline its general strategy regarding the NDN transit states and alternative transportation networks; to commit sufficient resources to the project; and to establish a closer partnership with the EU on this issue. The conclusion from Farkhod Tolipov's and Andrei A. Kazantsev's chapters is that the EU is both relatively uncontroversial in the eyes of the Russian leadership, and is interested in promoting transport links with Central Asia (exemplified first and foremost by the Transport Corridor Europe-Central Asia, TRACECA).

The NDN and NATO's partners

The NDN has led NATO to establish/redefine partnerships with numerous countries situated between Afghanistan and the Alliance. Along with transit permission, each partner has brought in own priorities and concerns, creating a generally beneficial but also rather fragile

environment for NATO activities. To start with, Russia – as A. A. Kazantsev’s chapter vividly shows – has not formulated a definite stance on the NDN route and is rather inclined towards supporting an alternative system of Eurasian transportation, which would serve its own narrow interests. There are certain players in Russia who endorse a more “liberal”, positive sum view of international trade. This group could, in principle, agree to support commercialization of the NDN and to incorporate it into the country’s overall international transportation strategy (although attempts to reduce dependency on Baltic and Finnish ports should not be excluded in this scenario). However, the current leadership seems rather to prioritize political influence in neighboring regions and to perceive the NATO-led transit and commercialization efforts as competing initiatives. Depending on which current of thought prevails in Russia, the NDN, and the MSR more broadly, could encounter new hardships. S. F. Starr rightly notes that a significant effort must be invested in bringing Russian stakeholders, and Moscow’s partners such as Kazakhstan, to the NATO’s side.

Secondly, the situation in Central Asian states has been highlighted by several authors in this volume, sometimes with contradictory evaluations. On the one hand, expanded regional cooperation may indeed bring economic benefits. Central Asia, notably, is the world’s least economically integrated region¹⁸⁴, and as both G. Yuldasheva and F. Tolipov note, the states of this region need (and generally appreciate) diversification of their trade, transport and political connections. They have different national priorities and compete among themselves; however, the NDN has provided an additional push for further regional cooperation. On the other hand, similarly to the case of Russia, geopolitical considerations (and, additionally, external geopolitical influences) remain high on the agenda. Transportation itself is sometimes securitized, in a negative way.

¹⁸⁴ Stephen Kaufman, “New Silk Road” Vision Offers Afghanistan a Brighter Future, 28.10.2013, <http://geneva.usmission.gov/2013/10/29/new-silk-road-vision-offers-afghanistan-a-brighter-future/>

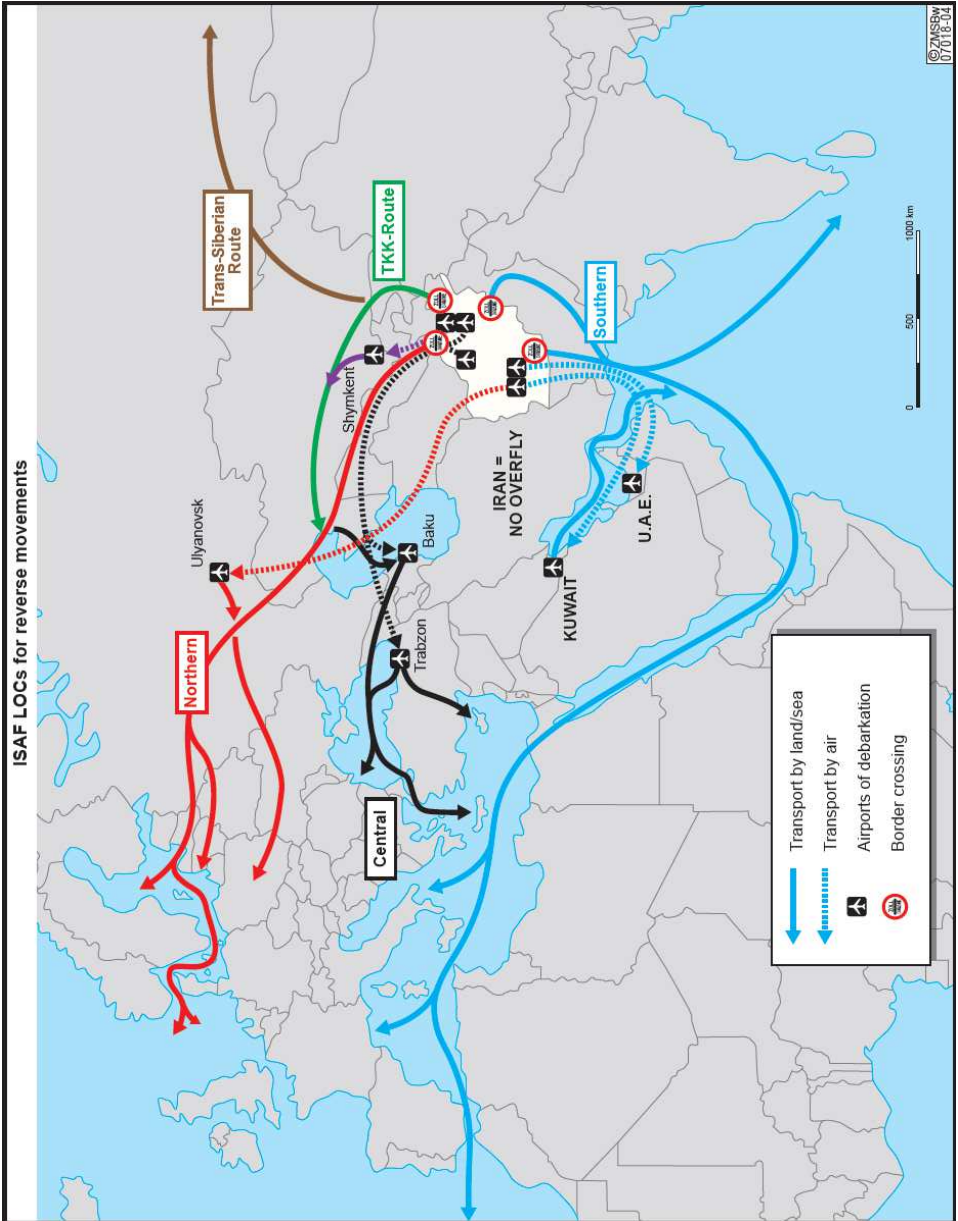
Uzbekistan, the major regional transit country, actually creates a few challenges for the Allies and is especially resistant towards reverse transit from Afghanistan. In fact, the country currently tries to pursue its own narrow goals through bilateral politics, not multilateral cooperation (see the chapters by H. Reisinger and F. Tolipov). In addition, the commercialization of the NDN may indeed hold positive prospects, but in the short-term, participating countries may face domestic political opposition and not-so-obvious benefits. Investment into infrastructure, overall stabilization and development remain necessary preconditions for the successful long-term development of transit and trade. And, of course, Afghanistan itself needs stabilization, development and an easing of its geopolitical concerns in order to become a truly cooperative member of the broader regional framework.

To sum up, NATO's commitment to the region has created new challenges but also opened new possibilities. Despite all the caveats, most if not all the authors of this book seem to agree that in principle vast and yet untapped opportunities for cooperation and trade exist in Eurasia. In this context, the further development and commercialization of the NDN could bring benefits not only to NATO but also to its current transit partners and to other Asian states. Latvia has been one of the main beneficiaries so far (and with opening an embassy in India in 2014, it will hopefully contribute even more to NATO's strategic outlook in this direction). At the same time, the long-term goals and priorities of NATO still have to be further defined and clarified. Some factors lie beyond the Alliance's control, others can be readily managed, and the chapters of this volume offer practical recommendations in this regard, starting from forming a transit monitoring center to be established in Riga, up to closer cooperation with the transport initiatives promoted by the EU. The NDN, indeed, keeps redefining partnerships both within NATO and beyond, in so many different ways.

Annex: Cartographic Materials

Editors' note: this annex contains maps offered by the authors in order to make comparisons easier. A map provided by our partner, the Latvian Railway, is also included.

Map 1 (Heidi Reisinger's chapter). ISAF LOCs for reverse movements



Map 2 (Andrei A. Kazantsev's chapter). The map of Russian railroad transportation corridors

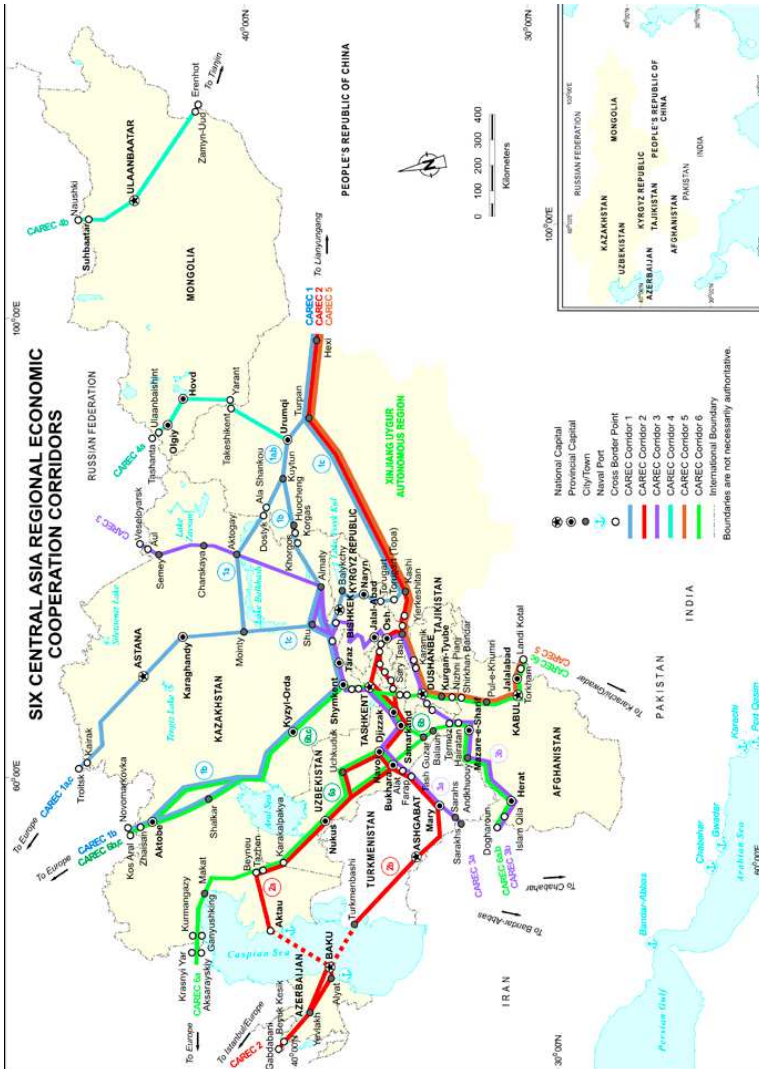
- In red: the “West – East” corridor
- In purple: the “North – South” corridor
- Dotted lines: railroads still under construction



Source: Russian Railroads' Annual Report,

http://annrep.rzd.ru/reports/public/ru?STRUCTURE_ID=4267&layer_id=5184&refererLayerId=5183&print=1

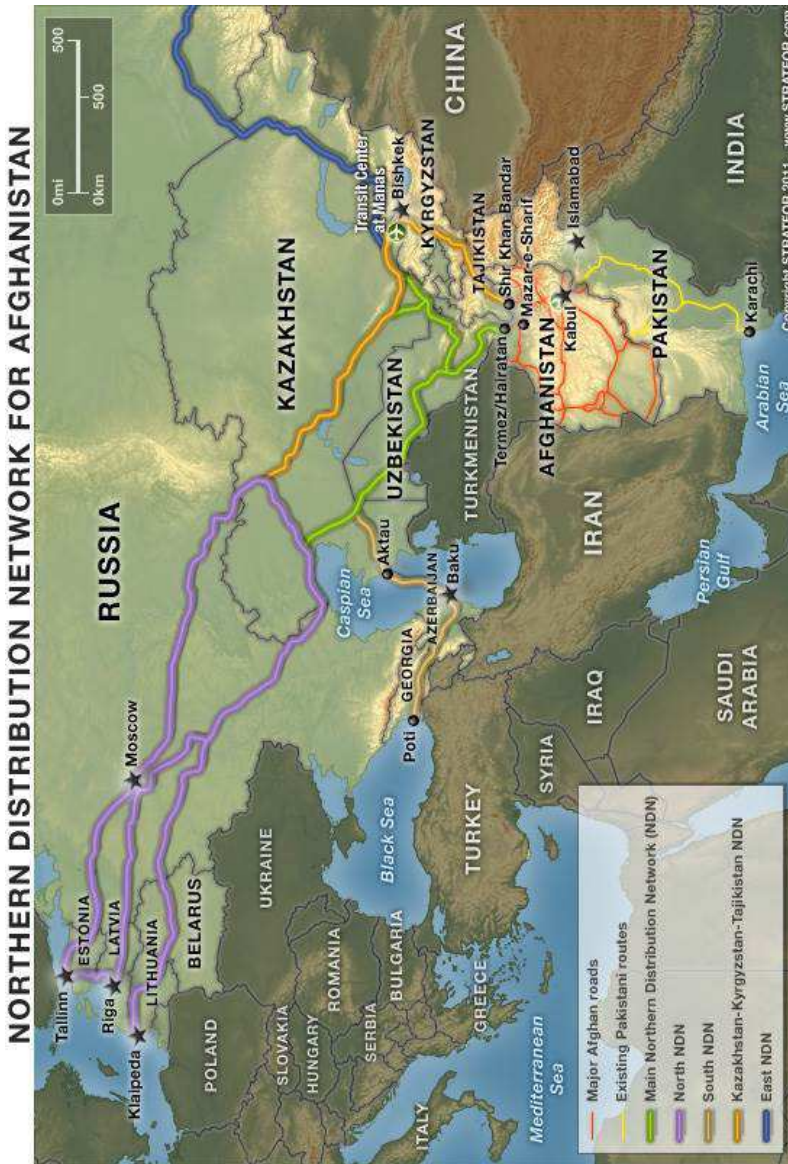
Map 3 (Guli I. Yuldasheva's chapter). CAREC Central Asian regional transport corridors



Source: Michael Emerson and Evgeny Vinokurov, Optimisation of Central Asian and Eurasian Trans-Continental Land Transport Corridors, EUCAM Working Paper 07, EUCAM EU-Central Asia Monitoring, December 2009,

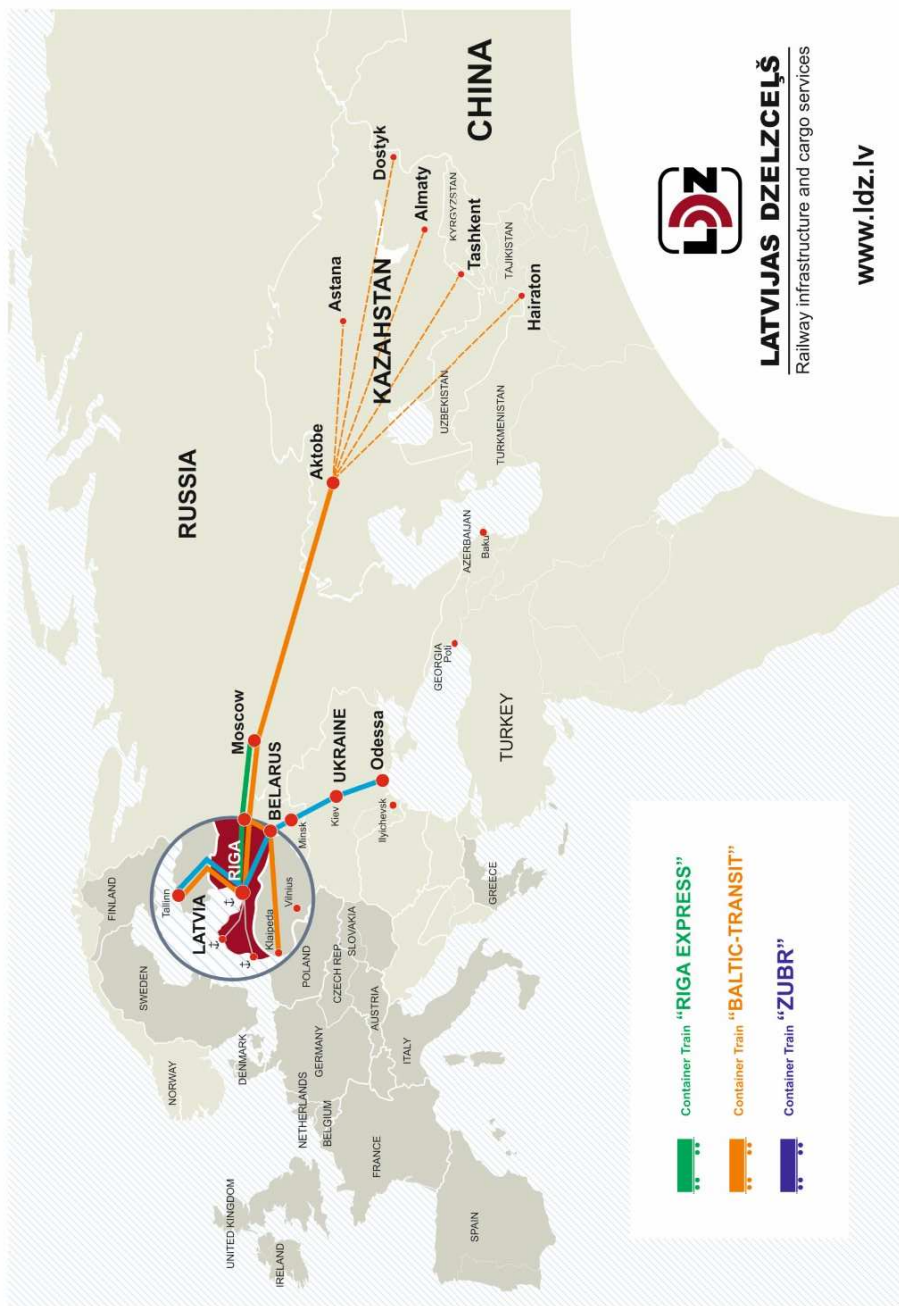
<http://www.eucentralasia.eu/publications/eucam-publications/working-papersreports/2009.html#.UnVCLBAY2T8>

Map 4 (Guli I. Yuldasheva's chapter). The Northern Distribution Network for Afghanistan



Source: The Aldwych Cable, <http://aldwychcable.wordpress.com/>

Map 5. Latvian Railway linkages



Notes on Authors

Māris Andžāns is a PhD candidate in political science at Rīga Stradiņš University and a research fellow at the Latvian Institute of International Affairs. He has acquired master's degree in international relations and bachelor's degree in political science from Rīga Stradiņš University.

For several years he has served as a civil servant and during this service one of his spheres of responsibility was cargo transportation to and from Afghanistan through Latvia. As a part of those duties, he has visited the transit countries of the NDN and Afghanistan itself.

Andrei A. Kazantsev, PhD, Dr. Sc., is a Director of the Analytical Center of the Moscow State Institute of International Relations of Russia's Foreign Ministry (MGIMO). He is an expert on the Russian International Affairs Council. He was Jean Monnet Fellow at the European University Institute (Florence, Italy) in 2009-2010 and a Fellow at the George C. Marshall European Center for Security Studies (Garmisch-Partenkirchen, Germany), 2012-early 2013. He is originally from Turkmenistan; currently he has Russian citizenship. He has been the principal investigator or co-investigator on multiple projects on Russian-American and Russian-European relations concerning new security threats in Eurasia, Central Asian geopolitics and energy geopolitics.

Diāna Potjomkina is Research Fellow at the Latvian Institute of International Affairs and has also served as expert for three opinions of the European Economic and Social Committee. She holds Master's degree in international relations (with distinction) from Rīga Stradiņš University and specializes, inter alia, in Latvia's foreign policy, Latvia's relations with

the USA and CIS/Eastern Partnership states, as well as external relations of the EU and the USA.

Heidi Reisinger is a Research Advisor and Analyst at the NATO Defense College in Rome. Her area of expertise includes Russia and Central Asia, and NATO's Partnership Policy. She has in the past led the Russia desk at the German MoD and served on the staff of the Foreign and Security Policy Advisor to German Chancellor Angela Merkel. Her articles and commentaries have also appeared in *Zeitschrift für Aussen- und Sicherheitspolitik* (ZFAS), *Cicero*, *Süddeutsche Zeitung* and the *Washington Post*.

Gulshan Sachdeva is a professor at the Centre for European Studies, School of International Studies, Jawaharlal Nehru University, New Delhi. As a regional cooperation advisor, he headed the ADB and The Asia Foundation projects at the Afghanistan Ministry of Foreign Affairs in Kabul (2006-2010). He has been visiting professor at the University of Antwerp, the University of Trento, Corvinus University of Budapest and Mykolas Romeris University in Vilnius. He holds a Ph.D. in Economic Science from the Hungarian Academy of Sciences, Budapest.

Zaur Shiriyev is a leading research fellow in the Foreign Policy Analysis Department at the Center for Strategic Studies (SAM) and Editor-in-Chief of *Caucasus International*, a foreign policy journal that examines policy-making and the role of the Caucasus region in the international arena. He writes a weekly column for *Today's Zaman*, one of Turkey's two main English language newspapers and is a contributing analyst for the Jamestown Foundation's *Eurasia Daily Monitor*. His areas of expertise include security issues and EU policy in the Black Sea region, conflict resolution in the post-Soviet space, Turkish foreign policy, and the foreign and national security policies of the South Caucasus states, with an emphasis on the domestic determinants of such policies.

Mr. Shiriyev is the author of more than one hundred professional articles and commentaries and is co-editor of the book *The Geopolitical Scene of the Caucasus: A Decade of Perspectives* (Istanbul, 2013).

Andris Sprūds is the director of the Latvian Institute of International Affairs. He also holds the position of professor at Riga Stradins University. Andris Sprūds has an MA in Central European History from the CEU in Budapest, Hungary and in International Relations from University of Latvia. He has also obtained a PhD in Political Science from Jagiellonian University in Krakow, Poland. Andris Spruds has been a visiting student and scholar at Oxford, Uppsala, Columbia and Johns Hopkins University, as well as the Norwegian Institute of International Affairs and Japan's Institute of Energy Economics. His research interests focus on energy security and policy in the Baltic Sea region, the domestic and foreign policy of post-Soviet countries, and transatlantic relations.

S. Frederick Starr is the founding chairman of the Central Asia-Caucasus Institute/Silk Road Program at Johns Hopkins' University's School of Advanced International Affairs in Washington and the Institute of Strategic and Development Studies in Stockholm. He is the author of 23 books, of which the most recent is *Lost Enlightenment: Central Asia's Golden Age from the Arab Conquest to Tamerlane* (2013).

Dr. **Farkhod Tolipov** is a Director of the „Bilim Karvoni” Non-Governmental Education and Research Institution in Tashkent, Uzbekistan. He holds a PhD degree in political science. In 1997 and 2013 he was a Research Fellow at the NATO Defense College in Rome. He was also a visiting Fellow at Harvard in 1999 and a Visiting Professor at the University of Georgia (USA). Dr. Tolipov is the author of more than 100 articles and a monograph, *Grand Strategy of Uzbekistan* (in Russian) published in 2005.

Guli I. Yuldasheva is a doctor in political science, a research Professor of international affairs and a member of the Expert Council of the "Central Eurasia" analytical project, www.ceasia.ru, Tashkent, Uzbekistan. She teaches political science at the Tashkent State Institute of Oriental Studies (on a part time basis). She is an IREX (1998-99) and Fulbright alumni (2001-02).

Latvian Institute of International Affairs
Address: Pils street 21, Riga, LV-1050, Latvia
www.liia.lv, liia@liia.lv