

# INDO-PACIFIC PERSPECTIVES

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## The Persian Gulf and the Indo-Pacific





## ***Indo-Pacific Perspectives* series**

The *Journal of Indo-Pacific Affairs'* Indo-Pacific Perspectives series, edited by Dr. Peter Harris, brings to publication roundtable discussions offering answers to complex geopolitical (and “geolegal”) questions. As the name suggests, this new series of will showcase viewpoints from across the Indo-Pacific megaregion (and sometimes beyond). The goal is to facilitate a dialogue between academicians and policy practitioners that will be of great interest to readers, policy makers, and decision makers.

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December 2021

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# 1 Introduction: The Persian Gulf and the Indo-Pacific

Dr. Peter Harris, editor



Where does the Indo-Pacific end? For analysts of international relations, the answer to this question is laden with implications. At minimum, the Indo-Pacific is home to billions of people, some of the world economy's most important nodes, and at least three "resident" great powers in China, India, and the United States. At its maximal extent, the megaregion encompasses no less than two-thirds of the world's population, whose leaders look certain to determine the most important contours of international politics

for decades to come.

Perhaps unsurprisingly, the Indo-Pacific's awesome expansiveness has garnered the attention of national governments across the globe. Indeed, it has become almost *de rigueur* for the leaders of great and middle powers to announce formal strategies for engaging with the world's newest megaregion. Such global attention, however, is only exacerbating a problem that has accompanied the idea of the Indo-Pacific since its inception—namely, a fundamental vagueness over who rightly belongs to the region. Which states and territories should be considered central to the Indo-Pacific? Who ought to be excluded? What is the proper way to go about resolving the region's manifold interstate disputes; who has the authority to make such decisions?

In this *Indo-Pacific Perspectives* roundtable, five expert contributors from across the region analyze an overlooked dimension of this larger puzzle: the place of the Persian Gulf in the emerging Indo-Pacific order. This is an unconventional way to think about the Indo-Pacific as a contested concept, shifting the focus from East Asia and the familiar question of China's belongingness to the Indo-Pacific to the region's westernmost reaches. Do global actors treat the



Persian Gulf as part of the Indo-Pacific? If so, why? If not, why not? What are the practical implications? Who stands to benefit from a framing of the Indo-Pacific that includes the Persian Gulf, and who stands to lose?

The roundtable begins with Angel Damayanti's expert overview of Persian Gulf security from an ASEAN perspective. Is there a potential for the Persian Gulf to develop a set of regional institutions to mirror those in Southeast Asia? What interest might ASEAN states have in exporting their approach to international affairs to the other side of the Indian Ocean? Damayanti points to several areas where the fraught geopolitics of the Persian Gulf region might be tempered if only local actors would emulate their peers in Southeast Asia. In turn, she raises the tantalizing prospect of a pan-Indo-Pacific set of norms and institutions that would truly promote peace, stability, order, and inclusive prosperity.

Shifting to a Gulf perspective, Jean-Loup Samaan provides an analysis of the United Arab Emirates' (UAE) approach to the emerging Indo-Pacific concept. Samaan notes that the UAE has no codified Indo-Pacific strategy yet has clearly begun to upgrade its economic and security ties with Asian

states near and far. As a dynamic regional economy, active participant in regional military affairs, and an aspiring middle power, the UAE's foreign policy is perhaps "one to watch." Will other Gulf states similarly find themselves drawn to Asia, perhaps coming to see an advantage in styling themselves as belonging to the Indo-Pacific? Samaan ends on a pessimistic note, cautioning that the UAE may soon find it difficult to avoid choosing sides in the US-China rivalry—a reality that other small and middle powers in the Indo-Pacific region are similarly struggling to resist.

Mohan Malik squarely addresses the role of China in the Persian Gulf. He provides a masterful overview of Beijing's inroads in the region, as well as a discussion of American apprehension about growing Chinese influence. Not since the Cold War have US officials been accustomed to competing for the favors of the various Gulf states. Yet, as Malik writes, "Washington can no longer insist on exclusive bilateral relationship with its Gulf partners as Beijing comes courting them with bag loads of money, goods, and toys of war." The larger takeaway from Malik's analysis is that the definition of the Indo-Pacific—what it is, who it includes, where it ends—is

not the sole preserve of the United States and its allies. China will have a say on these questions, too.

Drawing on his intimate knowledge of Iran and its complex relations with regional powers, Kouros Ziabari situates the Iran–India relationship in the context of the Indo-Pacific. This case study provides a neat illustration of just how complex the geopolitics of the Indo-Pacific will become if the Persian Gulf comes to be cemented as an integral subregion of the larger whole. While the United States and India might agree on major questions such as the need to contain Chinese influence, for example, leaders in Washington and New Delhi are not in lockstep when it comes to Iran’s place in world politics. Viewed in this light, the Persian Gulf might well be the Achilles’ heel of the US–India strategic rapprochement.

Finally, Kenta Aoki discusses the place of Afghanistan in Indo-Pacific geopolitics. Afghanistan has long been considered part of the Persian Gulf region from the US perspective (it was the Soviet invasion of Afghanistan that prompted Pres. Jimmy Carter in 1980 to declare the Persian Gulf as central to US national security concerns). Aoki, thus, makes an important conceptual point when he insists that Afghanistan ought to be

considered part of the Greater Indo-Pacific by virtue of belonging to the Persian Gulf. The implications of this conclusion are legion but uniformly point in the direction of undermining the conventional wisdom that the Indo-Pacific is headed to become an orderly zone of peace under the stewardship of the United States and its allies.

All world regions are political constructs. There is nothing neutral or natural about how they come to be defined. Regional nomenclature is conjured, accepted, and rejected based upon the ideas and interests of states and their leaders.

Whether the Persian Gulf comes to be regarded as integral to the Indo-Pacific remains to be seen; as the contributors to this roundtable have made clear, regional and extraregional powers have not yet made up their minds on this crucial question.

What seems clear is that, in the short term, extending the concept of the Indo-Pacific to extend beyond the Strait of Hormuz would complicate efforts to cast the Indo-Pacific region as rules-based, stable, and orderly. At present, the Persian Gulf is too riven by territorial disputes, interstate rivalries, inchoate institutions, and uncertain alliances to contribute to such an imagination of the Indo-Pacific. Yet, the eventual inclusion of



Persian Gulf states in the Indo-Pacific project might well be inevitable. Not only is there some evidence that Persian Gulf states themselves are concluding that that their fates are inextricably tied to the future of the Indo-Pacific idea, but also extraregional powers such as China, India, and the United States have their own incentives to conjoin the Gulf with the broader megaregion. How these ideas and interests will be mediated is an open question. ■

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# 2 ASEAN Outlook on the Indo-Pacific and Persian Gulf Stability

Dr. Angel Damayanti



In mid-2019, tension between the United States and the Islamic Republic of Iran in the Persian Gulf region began to escalate. Already poor, their relationship deteriorated when the United States blamed Iran for the attacks on commercial ships and oil tankers near the Strait of Hormuz, a worsening of relations that culminated in the assassination of Iranian general Qasem Soleimani in January 2020.<sup>1</sup> Also around the same time, ASEAN member states revealed

their joint *ASEAN Outlook on the Indo-Pacific* (AOIP) document, which confirmed the mutual understanding of ASEAN countries on the importance of peace, security, and stability for enhancing prosperity in this vast region stretching from the Western Indian Ocean to the Asia-Pacific.

While the Persian Gulf states suffer due to the presence of external powers in their region, Southeast Asian countries enjoy the benefits of expanding their scope of cooperation and partnerships with countries beyond their region. Even when these external parties led to increased geopolitical tensions in the region at times, ASEAN has proven able to successfully prevent them from escalating through dialogues and joint communiques. For example, ASEAN succeeded in encouraging China and Japan to work together in the ASEAN Regional Forum. Despite Beijing and Tokyo being embroiled in sovereignty disputes in regarding the East China Sea, both countries committed to cooperation in the maritime sector. Can ASEAN export its proclivity for partnerships to the Persian Gulf states, helping rival countries to build mutual understanding and pursue cooperation?

The states of Southeast Asia, South Asia, and the Persian Gulf



regions deal with similar challenges in three areas: the struggle for natural resources, particularly at sea; the necessity of freedom of navigation for economic growth, transportation, and trade; and the geopolitical complications brought on by the involvement of external powers to the respective regions. To deal with such challenges, ASEAN might offer important lessons for the states of the Persian Gulf region when it comes to maintaining peace, security, stability, and prosperity for all. The ASEAN-inspired mechanisms may be a prudent way to complement existing regional initiatives, to say the least.

## **The Significance of Persian Gulf to ASEAN**

Collectively, ASEAN member states perceive the Indo-Pacific not merely as a group of countries located in the Western Pacific and the Indian Ocean but also as a unified regional space with common economic and political connectivity. From ASEAN's perspective, four main attributes solidify its belonging to the Indo-Pacific: (1) it is a dynamic area that is closely integrated and interconnected; (2) it is a region that requires a common mechanism to foster dialogues and cooperation in maintaining peace, security, and stability; (3) it has

been a center of economic growth for the past three decades, with the potential to drive and expand economic opportunities; and (4) its maritime security and related regional and international order-building projects are crucial factor that affects future stability of the region and beyond.<sup>2</sup> These prospects of the Indo-Pacific imply that more strategic value may be placed on ASEAN and its role as the network facilitator.

It is important to note that ASEAN and other Indo-Pacific countries such as China, India, and Indonesia have transformed their policies, taking more “outward-looking” approaches since 2014. Such policies across various sectors drive these states to protect their national interests and secure their mutual interests in the region.<sup>3</sup> As Geoffrey Till argues, “In a globalized world, it is less a question of ‘securing’ the sea in the sense of appropriating it for one’s use, and more of ‘making it secure’ for everyone but the enemies of the system to use[.]” the region shows a similar trend.<sup>4</sup>

The importance and interconnectivity of oceanic space and sea power make the AOIP highly relevant to the states of the Persian Gulf. As littoral states of the South China Sea know, stable and secure seascapes are essential to exploiting the ocean’s abundant natural

resources (e.g., fisheries, marine plants, and oil and gas reserves beneath the seabed). National goals are frustrated, however, when boundary disputes and transnational crimes get in the way. This is a well-known issue in the South China Sea, but it also has spillover effects that puts constraints on economic activities in the Persian Gulf. For example, Iran and the Arab states in the Gulf all seek to exploit oil reserves from their waters, but their efforts are affected by political instability, the threat of war, and ongoing maritime disputes.<sup>5</sup>

Persian Gulf states and ASEAN members also have in common the fact that stability in their respective regions is essential to a global sea-based trading system and transportation routes. The importance of the Strait of Malacca to world trade is matched by the Strait of Hormuz, which connects the Persian Gulf to the Indian Ocean through the Arabian Sea and the Gulf of Oman. These waters connect oil-exporting countries with the Asia-Pacific, an area highly dependent upon energy imports. As a transit route for energy, the Gulf is one of the most critical waterways (and the most significant crude oil sea-based trading route) in the world.

According to research compiled by

the Robert Strauss Center at the University of Texas at Austin, the Persian Gulf states export “approximately 18.2 million barrels of oil per day.” Of the amount, nearly “17 million barrels per day transit through the Strait of Hormuz and 15.2 million barrels pass the Strait of Malacca.” In addition, over “3.5 billion cubic feet of natural gas and almost 18% of world shipments travel through the Strait.”<sup>6</sup> Thus, any blockades, piracy attacks, or armed robberies against oil tankers in these waters have the clear potential to disrupt the global economy. Although there have been only five cases of such incidents in the past few years,<sup>7</sup> the impact of these attacks evoked stern reactions from the major powers.

Partly because the Persian Gulf is so vital to global energy market, external powers such as the United States, China, and the United Kingdom have seen fit to deploy their navies to the region, keen to protect their access to energy supplies. Yet, such involvement from outsiders comes at the cost of provoking unwanted tensions, particularly among Iran, its Arab neighbors, and the United States.

## **A Role for ASEAN and the Relevance of the AOIP**

ASEAN might offer its outlook on



the Indo-Pacific to the Persian Gulf region with five rationales. First, there is the possibility of highlighting the value of dialogue. As mentioned above, naval forces from the Gulf States and various external powers keep the Persian Gulf safe in pursuit of their commercial interests, ensuring the flow of oil to the rest of the world. However, the militarization of the Gulf intensifies the tension and the potential for conflicts. Drawing on its own experience with dialogue in South-east Asia, ASEAN could help to build intraregional trust and mutual trust between the Gulf and the United States as well as reduce perceived threats between Persian Gulf states and external powers. Indeed, ASEAN has already attempted to minimize tension in the Indo-Pacific region utilizing various ASEAN-led mechanisms such as ASEAN Regional Forum, ASEAN Plus Three, ASEAN Plus Six, ASEAN Defense Ministers' Meeting Plus Eight, and the Expanded ASEAN Maritime Forum. The principle for international cooperation of ASEAN, as outlined in the AOIP document, could serve as a promising model for promoting win-win cooperation in terms of economic cooperation and development. The possible benefits of fisheries, oil reserves, and other maritime natural resources will be

significantly diminished for Iran and its Arab neighbors if they cannot find strategies and frameworks for cooperation. ASEAN's experience at the other side of the Indo-Pacific may yet provide an inspiration for improving regional governance.

Beyond economics, ASEAN can provide direct leadership when it comes to promoting peace, security, and stability in the Persian Gulf. Certainly, the status quo in the Persian Gulf does not seem to be successful at peacebuilding. From the US withdrawal from the Iran nuclear deal in 2018, the re-imposition of economic sanctions on Iran, to Tehran's decision to enrich more uranium and the problem of military insecurity seems to be worsening in the region. One problem is that there are few security mechanisms to serve as forums for the Gulf States and external powers to foster dialogue. The region could do far worse than consulting the AOIP, given that ASEAN's experience might provide a blueprint for economic growth, mutual respect, and non-interference. The extension of AOIP precepts and principles could help to bring peace, stability, and security to the region.

Since its formation, ASEAN has been successful at maintaining security and stability in Southeast

Asia and promoting such values in the wider Asia-Pacific. More recently, ASEAN has begun to exert greater influence over the incipient Indo-Pacific megaregion. It would not be a break with history, then, for ASEAN to play a role in the Persian Gulf.

Finally, it is worth noting that there are selfish reasons for ASEAN states to seek an extended role in the Persian Gulf and elsewhere in the Greater Indo-Pacific: doing so will enhance ASEAN's status regionally and globally by establishing a foothold and influence in another critical subregion of the larger Indo-Pacific space. Its member states will subsequently enjoy economic opportunities along with enhanced prospects of peace and stability. The region is a promising market for Indo-Pacific countries, with nearly 200 million residents and a relatively young, dynamic population. The Persian Gulf also consists of mostly oil-producing countries that are important to ASEAN's economic development. In all, there are some enormous mutual benefits—at least, potential ones—to be gained from greater ASEAN involvement with its far neighbors on the other side of the Indian Ocean. ■

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Notes

<sup>1</sup> Stanley Reed, “How Tanker Attacks in the Strait of Hormuz Could Affect Oil Prices,” *New York Times*, 13 June 2019, <https://www.nytimes.com/>.

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<sup>4</sup> Geoffrey Till, *Seapower: A Guide for the Twenty-First Century* (London: Routledge, 2018), 7–12.

<sup>5</sup> Pirouz Mojtahed-Zadeh and Bahador Zarei, “Maritime Boundary Delimitation in the Persian Gulf,” *International Studies Journal* 14, no. 2 (2017): 49–66.

<sup>6</sup> “Strait of Hormuz: Assessing the Threat to Oil Flows through the Strait,” Robert Strauss Center, <https://www.strausscenter.org/>. See also Leslie Hayward, “Infographic: The World’s Oil Transit Chokepoints,” *The Fuse*, 2 October 2015, <https://energyfuse.org/>.

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## 3

## The United Arab Emirates and the Indo-Pacific Conundrum

Dr. Jean-Loup Samaan



Over the past decade, the United Arab Emirates (UAE) raised its foreign policy ambitions to become a strategic player beyond the Persian Gulf. In doing so, Abu Dhabi increased its exposure to the dynamics of the broader Indo-Pacific megaregion. At first, the UAE's expanding horizons were the result of its economic ties to Asia. In more recent years, however, the country has widened its strategic outlook, such as by enhancing military cooperation with the United States and initiating significant rapprochements with

the two largest Asian powers: India and China.

Even so, it is uncertain if all these outreach initiatives amount to a coherent and unified UAE regional strategy. As of today, there is no publicly known UAE Indo-Pacific strategy *per se*, and the terminology is rarely used in the local context (either by Emirati diplomats or think tankers). In fact, when it comes to the Indo-Pacific, Abu Dhabi seems uncomfortable elevating strategic rhetoric over major shifts in policy. For instance, the UAE used its rotating presidency of the Indian Ocean Rim Association in 2019–2022 to put on the agenda issues such as the blue economy and women's empowerment but refrained from discussing more politically sensitive topics such as maritime security or counterterrorism cooperation.

Notably, the Emiratis have so far kept investing in their partnerships with both the United States and China, including in national security domains. This twin-track approach creates real risks of being caught in the middle of an ongoing great-power competition. Given the increased tensions between Washington and Beijing, Abu Dhabi might soon find it difficult to avoid choosing sides.

## **The Asianization of the Emirati Economy**

Economic factors are some obvious drivers of UAE policy toward the Indo-Pacific. For more than a decade, Asia has been the source of Emirati economic growth. Asian powers such as China, India, South Korea, and Japan are the primary destinations of UAE's energy exports, for example. Now, however, these exchanges include foreign direct investment as well as trade. For instance, when Abu Dhabi opened a bid for the construction of its first nuclear plant in Barakah in 2009, its leadership favored a South Korean company—Korea Electric Power Corporation—over French and American companies.<sup>1</sup>

The demography of the UAE also anchors the country into the Indo-Pacific geography. The communities of migrant workers in the country are primarily made of South Asian populations, with Indian and Pakistani residents amounting to 3 million and 1.5 million, respectively (out of a total population of 9.9 million UAE inhabitants).

Political ties to Indo-Pacific nations are also strong. The UAE has been a major provider of humanitarian aid to nearby Pakistan, for example, and Pakistani soldiers played a significant role in the

establishment of the Emirati armed forces in the 1970s.<sup>2</sup> This proximity with Islamabad shifted in the mid-2010s as Abu Dhabi got closer to New Delhi, a development that intensified under the premiership of Narendra Modi; UAE investment in India's new infrastructure plans provides important support for Modi's programs to modernize India.<sup>3</sup>

However, it is undoubtedly with China that the UAE's economic relationships in the Indo-Pacific have expanded the most. Following a state visit from Pres. Xi Jinping in 2018, forging close ties with China became a key priority of the Emirati business community. The UAE publicly embraced the Belt and Road Initiative (BRI) and positioned itself as a privileged partner of Beijing in the region. Emirati officials and ministers repeatedly described the UAE's diversification plans as complementary to Chinese investment strategies. To evidence the importance of the matter, Sheikh Mohammed bin Rashid Al Maktoum, ruler of Dubai and prime minister, attended the second BRI conference in Beijing in 2019—the highest-ranking official from the Gulf for the event.<sup>4</sup>

This also led to an increased presence of Chinese companies within the UAE economy. In 2019, Abu Dhabi selected the Chinese

company Huawei to launch the country's 5G telecommunications network, while Alibaba Cloud signed several contracts with local financial institutions.<sup>5</sup> Furthermore, Khalifa Ports in Abu Dhabi sold a 90-percent share of one of its terminals to China's Cosco Shipping.<sup>6</sup>

Finally, the COVID-19 pandemic did not slow down these trends but rather paved the way to an enlargement of Emirati–Chinese economic exchanges by adding a healthcare dimension. Early in the crisis, Abu Dhabi turned to China for the building of its COVID-19 testing capacities as well as the development of a vaccine through a partnership with G42 (a commercial entity linked to the UAE ruling family) and the Beijing Genomics Institute and Chinese Sinopharm. This was a highly political and strategic collaboration, not just a short-term public health initiative. UAE leaders even announced in the spring of 2021 the opening of a plant to produce future vaccine doses (“Hayat-Vax”) that would be destined for developing countries.<sup>7</sup> All in all, this Asianization of the Emirati economy shows a trajectory that goes beyond trade to have concrete strategic implications.

## **The Emirati Strategic Ties to the Indo-Pacific**

Yet, if the UAE initially looked to Asian countries for economic opportunity, political and military considerations were never far away. When South Korea was awarded the contract to build the first Emirati nuclear plan, for example, Seoul also signed a military agreement that involved the deployment of a small Korean special forces unit to the UAE as a show of solidarity.<sup>8</sup> Likewise, the rapprochement with India in the Modi era has involved extensive cooperation in the counterterrorism domain, especially targeting South Asian illicit networks operating from Dubai.

As in the economic sphere, however, it is with China that the strategic dimension of the UAE's Asia policy has been the most obvious. Like Saudi Arabia, the UAE turned to China for the procurement of Wing Loong I and II armed drones. Some of these Chinese-made unmanned aerial vehicles were later deployed by the Emiratis in Libya in support of the forces of Field Marshal Khalifa Haftar.<sup>9</sup> For the 2010–2020 period, the overall amount of Chinese arms exports to the UAE remained small, at just USD 166 million according to the Stockholm International



Peace Research Institute database. By contrast, the United States exports USD 7.1 billion in arms to the UAE, France exports USD 1.04 billion, and Russia exports USD 900 million. However, the very fact that Abu Dhabi may occasionally turn to Beijing for military systems stirs anxiety in Western military circles.

In 2020, the US Department of Defense's annual report on China's military power mentioned the UAE as a potential location for a Chinese naval facility.<sup>10</sup> This followed several years of speculation within Western diplomatic circles that Chinese investment in Abu Dhabi ports might lead to a military move in the same fashion that had been displayed in China's opening of a base in Djibouti. These developments add to concerns in Washington that the management of an Emirati 5G network by Huawei could severely constrain the ability of the United States to conduct military operations from the area without running the risk of communication using civilian networks being compromised. Similarly, after the UAE established its COVID-19 testing labs with the support of Chinese entities, representatives from the US Embassy in Abu Dhabi (as well as from other Western diplomatic delegations) were ordered by their national

authorities not to accept swab tests out of the fear that sensitive information from American government employees might be shared with Chinese operators.<sup>11</sup>

American concerns over these developments are also fueled by the fact that the UAE does not seem to see these developments as problematic. This was illustrated during the negotiations for the sale of the F-35 fighter aircraft to the UAE and the concerns raised by Congress regarding the nature of Emirati security cooperation with China.<sup>12</sup> In fact, Emirati officials like presidential advisor Anwar Gargash and UAE Ambassador to the United States Youssef Al Otaiba have been adamant that there is no contradiction between the deepening of UAE-China relations and the desire of the UAE to remain a key partner of US armed forces in the region.

Admittedly, Abu Dhabi is not playing a zero-sum game and maintains proximity with Western allies against the backdrop of its rapprochement with China. Abu Dhabi is not only a major importer of US arms, but its military forces are also commonly perceived as a credible partner of Western militaries on the battlefield, earning them the nickname "little Sparta" from former Secretary of Defense James Mattis.<sup>13</sup> The UAE hosts the

headquarters of the French Forces in the Indian Ocean in Abu Dhabi and in recent years has been a contributor to the European Maritime Surveillance Mission in the Strait of Hormuz. Moreover, it has been cultivating close ties with Australian armed forces for years, with former Special Forces Commander Mike Hindmarsh playing a major role in the buildup of the UAE Presidential Guard.

## Conclusion

Taken altogether, these developments build a picture that may look contradictory. When compared to Southeast Asian countries, the UAE seems more comfortable with the idea of deepening its ties with both the United States and China at the same time rather than choosing a side. This might be because the UAE perceives itself far away from the power plays of the Indo-Pacific. Either way, the country was able to reap the benefits of this approach for a long time, by expanding economic opportunities and diversifying its foreign policy options; an inclusive foreign policy helped to turn this young federation of tiny emirates into a regional player with close ties to all the major players of the Indo-Pacific.

However, Emirati policy toward the Indo-Pacific is increasingly going against the regional dynamics.

It remains to be seen how far Abu Dhabi's leadership can go without triggering pressures from Washington, perhaps even economic punishments. The announcement of a new US–UK–Australia (AUKUS) agreement in September 2021 further evidenced the polarization of the Indo-Pacific megaregion and the difficulties all the third parties and middle powers will face when trying to avoid aligning themselves with either Washington or Beijing. Thus, the UAE may so far feel confident about its hedging strategy toward the Indo-Pacific (especially in terms of preserving strategic autonomy) but, in the final reckoning, the national security and overall stability of the country remains deeply reliant on the Western military presence. As there is no sign that China would be either willing (or, as yet able) to provide a comparable level of security, the UAE may confront a crude reality: it must slow down or even reverse its ongoing rapprochement with China if it does not want to alienate its Western partners. ■

### Dr. Jean-Loup Samaan

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## Notes

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<sup>6</sup> Jeffrey Becker, et al., *China's presence in the Middle East and Western Indian Ocean: Beyond Belt and Road* (Arlington: Center for Naval Analyses, 2019), 88.

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<sup>9</sup> Bradley Bowman, Jared Thompson, and Ryan Brobst, “China’s surprising drone sales in the Middle East,” *Defense News*, 23 April 2021, <https://www.defense-news.com/>.

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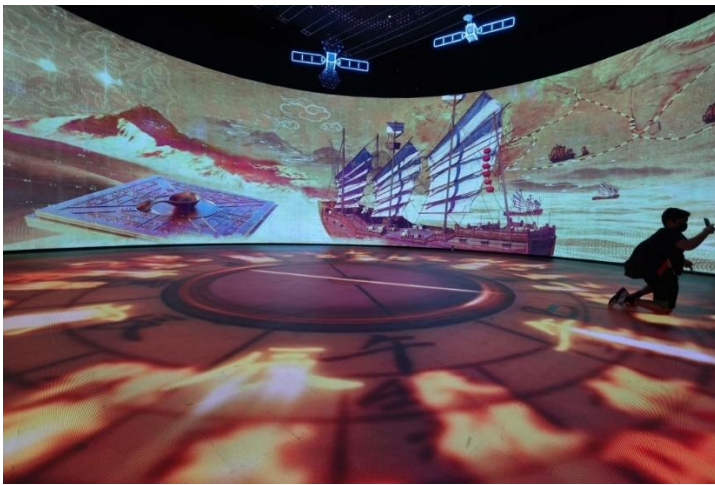
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# 4 | The Gulf: Dragon on the Prowl

Dr. Mohan Malik



The geopolitical sands are shifting in the Persian Gulf. Several regional and extraregional great powers—often with conflicting agendas and rival alignments—jostle for influence.<sup>1</sup> Over the past decade, China has significantly expanded its presence in the Middle East and North Africa (MENA) region in general, and in the oil-rich Gulf in particular. Beijing sees an expanded economic and strategic footprint in the Gulf as critical toward alleviating some of its own vulnerabilities and fulfilling its ambition to be a global superpower on par with the United States. Historically, every major

industrializing power's ascension to global leadership has been driven by overseas expansion—the quest for resources, markets, and bases. China is no exception.

## Economics As Strategy

China's insatiable appetite for natural resources and minerals requires Beijing to pursue ambitious strategic goals. China is the world's largest energy importers, and 40 percent of its oil comes from the Gulf. Saudi Arabia, Iraq, and Oman are the top three oil exporters to China. In 2014, Chinese president Xi Jinping outlined a "1+2+3" (energy plus construction and infrastructure; trade and investment plus nuclear; aerospace, and new energy sources) framework for Sino-Arab cooperation. Since 2005, China has invested roughly USD 101 billion in the Gulf countries, with Saudi Arabia (USD 39.9 billion) and the United Arab Emirates (UAE) (USD 34.7 billion) as the largest recipients of Chinese investment.<sup>2</sup> The conclusion of a 25-year USD 400 billion "oil-for-security-and-growth" pact with Iran is another shot in the arm. Notably, China is the only great power that enjoys close ties with *all* major oil-producing countries.

Along with resources, China seeks new markets to absorb its excess



industrial capacity. The past decade has seen a tenfold increase in China's trade volume (now worth USD 239.8 billion) with the Middle East, even as Beijing is pushing for a free trade agreement with the Gulf Cooperation Council (GCC) to gain even greater access to Gulf markets for Chinese products. Indeed, with its burgeoning young population, investment-friendly environment, and geostrategic location, the MENA region seems like a perfect fit for China in terms of economic cooperation over the next several decades.

Some of America's traditional Gulf allies worry about the repercussions of possible US retrenchment from the region, if not its outright retreat.<sup>3</sup> These concerns are exacerbated by falling oil prices and the looming global energy transition necessitated by climate change. Rhetorically, economic diversification, strategic hedging, pragmatism, and "Look East" are the current era's buzzwords. In practical terms, Saudi Arabia, the UAE, and Oman—the region's largest economies—are actively seeking foreign investment to pursue ambitious port development projects as part of their economic diversification plans.

## **Envisioning the Future**

As a crucial artery for global

energy flows, the Gulf occupies a strategic position as part of the Chinese Belt and Road Initiative (BRI). Designed to secure access to resources, markets, and bases, China's mega infrastructure project aligns well with the Gulf states' development visions.<sup>4</sup> In particular, the BRI's "port-industrial park-city" development model dovetails with the Gulf countries' port and urban expansion plans. It is therefore unsurprising that China figures prominently in the Gulf countries' economic and strategic calculus, keen as they are to tap into Chinese firms across sectors such as oil, construction, artificial intelligence, biogenics, military hardware, healthcare, and renewable energy.<sup>5</sup> Chinese companies such as Huawei are building 5G digital networks in GCC countries. Furthermore, China's arms sales are flourishing as Beijing presents itself as an alternative supplier that stipulates no end-user conditions.

China's top-down governance model of speedy decision making and fast delivery unconstrained by bureaucratic or legal encumbrances resonates well with the Gulf's young and ambitious rulers, who are keen to improve the lot of their people.<sup>6</sup> Interestingly, countries such as Turkey, Iran, Saudi Arabia, Qatar, and Israel may

disagree on almost everything but agree on a greater role for China in the Gulf region—albeit that these states disagree over what that role should be (some Gulf states are keen to wean China away from Iran, for example). Indeed, even nonstate actors—from the Sunni Taliban in Afghanistan to Shi’a militant groups in Iraq and Syria to Hezbollah in Lebanon—court Beijing to counter the United States.<sup>7</sup> From China’s perspective, having better ties with these regional rivals than they have with each other gives Beijing enormous leverage.

China sees relations with the resource-rich Arab world as the key to unlocking its status as a global power. As the United States pivots to Asia and the Pacific Ocean, China is pivoting to the Middle East and the Indian Ocean, challenging America’s hitherto unrivalled power position. Washington can no longer insist on an exclusive bilateral relationship with its Gulf partners as Beijing comes courting them with bag loads of money, goods, and toys of war. Notably—and unlike in some other regions—Beijing has not faced any backlash in the Gulf over the economic downturn caused by its mishandling of the COVID-19 virus. If anything, the pandemic has further consolidated GCC–China relations

through the timely provision of vaccines, expertise, and equipment.

## **American Apprehensions**

Washington keeps a close watch on Beijing’s moves in the Gulf, wary of shifts in relative power and influence. As elsewhere, Chinese economic penetration, multibillion dollar deals, management of critical infrastructure, and cultivation of elites could have the cumulative impact of undermining US primacy. Sure enough, Washington’s missteps in Iraq, Syria, Libya, and Afghanistan have worked to China’s advantage. Beijing has stepped up its portrayal of the United States as a source of instability, conflicts, and disruption. Official Chinese media contrasts America’s “Middle East fatigue” with China’s vigor and vitality as the next great power and economic partner.<sup>8</sup> Chinese strategists credit Beijing’s “partnership diplomacy in the Middle East for dilut[ing] the influence of other great powers, facilitating a multi-polar pattern and . . . ‘soft balancing’ against [US] hegemony.”<sup>9</sup>

The competition between the United States and China is also manifesting itself in the arms market. Though China is still far behind the United States as a supplier of arms, signs of Gulf state—

China military cooperation are evident in arms sales, training, port calls, and joint exercises.<sup>10</sup> More importantly, some Gulf countries seek to benefit from advances in Chinese military research and development, hoping to boost their own defense industry with weapons coproduction agreements. High-tech collaboration with US-sanctioned Chinese companies and security cooperation between the Gulf states and China in recent years have proved contentious. Media reports suggest that concerns over China's military activities have cast a shadow over the USD 23 billion deal, approved by the Trump administration, for advanced US weaponry to be sold to the UAE.<sup>11</sup>

Apparently, Beijing is proactively courting both adversaries and allies of America. China's mercantilist and transactional approach generates concerns about Beijing using infrastructure projects to trap vulnerable countries into debt dependency, thereby increasing Beijing's leverage to shape their choices in its favor.<sup>12</sup> Furthermore, Chinese financial institutions that have a robust presence in the Gulf are edging toward the dedollarization of trade and use of Chinese *yuan* for financial transactions, thus laying the groundwork for internationalization of its currency.

As China's economic and strategic ties to the Gulf grow, Washington is likely to face a well-entrenched Beijing as part of the region's strategic landscape.<sup>13</sup> No doubt, America's old Gulf allies would like to keep their relations with Washington and Beijing on separate parallel tracks, hoping they never intersect or cross each other.<sup>14</sup> However, geopolitics is often zero-sum. It imposes tough choices.

### **It's All about the Bases**

Given China's reliance on energy imports, Beijing's maritime strategy calls for establishing a robust naval presence around key strategic chokepoints including the Strait of Malacca, the Strait of Hormuz, the Bab al-Mandab Strait, and the Suez Canal.<sup>15</sup> Anti-piracy operations off the coast of Somalia and the evacuation of Chinese nationals amid the Libyan and Yemeni conflicts demonstrated China's considerable sea/air-lift capability. From their Djibouti base and the port at Gwadar, Chinese forces are now well-positioned in Gulf security affairs. China would obviously like to have a physical presence on both sides of the Hormuz Strait, and so it is unsurprising that Beijing's much-hyped USD 400 billion deal with Iran grants Chinese navy access to the Jask port on the Gulf of Oman.<sup>16</sup>

Securing such rights to an Iranian port kills two birds with one stone: the move serves as leverage to wrest concessions from the Arab GCC states while simultaneously responding to India's efforts to develop Iran's Chabahar port to create railroad access to Central Asia.

China's current military footprint may be modest and no match for the powerful US military in the Gulf; however, China acts in a piecemeal, quiet, and patient fashion, making a series of low-level coordinated moves before bringing its pieces together at an opportune time to throw its rivals off balance. Two recent studies mention Kenya, Tanzania, Djibouti, the UAE, Pakistan, Sri Lanka, and Cambodia as "focal points" where China is "likely considering planning for additional overseas military logistics facilities."<sup>17</sup> Needless to say, the geostrategic consequences of such military expansion by China would negatively impinge upon America's ties with the Gulf countries.<sup>18</sup>

I have long contended that, armed with the world's largest navy, China aims to be a "resident power" in the Indian Ocean—just like the United States, United Kingdom, and France.<sup>19</sup> Once China's navy establishes a presence on both sides of the Indian Ocean as well as the Hormuz Strait, the establishment of a

Western Theater Command will follow. Poaching a key US ally would send a strong signal to others about the waning of American power in the Middle East, perhaps prompting others to switch allegiance to China.

## **Chinese Checkers**

The Middle East may not yet be the main theater of US–China great-power competition, but the Gulf will remain the fulcrum of great-power competition. America's Asian allies, who are highly dependent on energy imports, fear that any US retrenchment from the Gulf would result in Chinese dominance and jeopardize their access to the region's oil and gas resources. If it came under US pressure in the Pacific, China could also now choose to throw its weight behind anti-American forces in the Middle East. Put simply, the more entrenched China is in the Middle East and Africa, the more potent and belligerent it will be in pursuing its strategic goals in the wider Indo-Pacific. Such an outcome would defeat the very objective underlying the Free and Open Indo-Pacific (FOIP) strategy.<sup>20</sup>

Ironic as it may seem, America's pulling out from the Gulf is thus neither in the interests of its allies nor its enemies, albeit for entirely different reasons. For better or

worse, the success of the FOIP strategy is linked to the resource-rich Gulf dynamics. As the United States finds itself faced with a loosely aligned coalition of six revisionist states—Turkey, Russia, Iran, Pakistan, China, and North Korea—Washington is likely to push back by forging more Quad- and AUKUS-type coalitions with likeminded states. The West Asian Quad comprising the United States, India, the UAE, and Israel is a case in point. About 46,000 US troops are stationed in the Gulf states, along with some 2,000 British and French troops. China's rival India has also taken on a greater share of the security burden in the Indian Ocean.

The logic of geopolitics dictates that China's expansionist moves ought to prevent America's retreat from the Gulf because competition with China now runs through the region. Indeed, Washington is expected to maintain current force levels in the "Wild West" of world politics—both to protect global energy supplies and to deny a rival power resources and influence.<sup>21</sup> Washington is also contemplating recreating the US navy's First Fleet to be assigned to the Indian Ocean.<sup>22</sup> More importantly, each GCC member-state has a bilateral security pact with the United States. This strategic reality is

unlikely to change.

Iran is a divisive issue among the various regional and extraregional players. The GCC's stance on Teheran is in sync with Washington, not Beijing. The UAE and Saudi Arabia do not share China's enthusiasm for reviving the Iran nuclear deal. The GCC expects China to help rein in Iran's support for regional proxies and freeze the Iranian nuclear program, but Beijing often disappoints.<sup>23</sup> Chinese strategists may hope to leverage the country's economic clout for political benefit, but balancing the GCC and Iran is a difficult task. In time, China likely cannot avoid getting caught in the region's tangled web of national and sectarian rivalries given the reality that commerce and security are inseparable.

China must tread a careful path toward Iran. For the foreseeable future, China cannot provide the GCC security against Iran. Only the United States can do this. But while geostrategy might drive Beijing closer to Iran, geoeconomics pushes China toward the GCC: Iranian belligerence diverts American resources and attention away from the Pacific to China's advantage, yet domestic instability, heavy economic sanctions, and the threat of war make Iran an unattractive economic partner. Only about 3 percent of China's oil



comes from Iran, compared to 35 percent of oil imports coming from the GCC countries. China's total trade with Saudi Arabia and the UAE is three to four times greater than with Iran.<sup>24</sup>

China may one day be well-positioned with bases and boots on the ground in the Gulf, but such resources will be there to protect China's own interests and assets, *not* necessarily to provide security to the Gulf states vis-à-vis Iran or Israel. At any rate, the Gulf geopolitics is a multilayered multi-player game: in addition to the United States and China (the world's two largest powers), Saudi Arabia, Qatar, the UAE, Egypt, Turkey, Israel, Russia, and India too strive hard to shape regional choices and policy preferences. As the "base race" for forward presence intensifies among maritime powers, it may well be time to consider a Code of Unintended Encounters at Sea-type agreement in the northern Indian Ocean to avoid incidents or accidents at sea.

Although China's growing engagement helps with the Gulf states' economic diversification goals, it does create some challenges. What Beijing touts as a "win-win" strategy is widely seen as playing both sides to ensure a "double win" for China. There is also some wariness about Chinese business practices.

More often than not, economic interdependence creates asymmetric relationships resulting in dependencies. Besides, Chinese and Arab interests are not always complementary or frictionless. As Karen Young observes, "China is also a competitor in some areas where Arab Gulf states are investing in infrastructure, ports, and political outreach to secure new security partnerships, particularly in the Horn of Africa."<sup>25</sup> The UAE found itself outmaneuvered, for example, when DP World was muscled out of Djibouti's port by a Chinese conglomerate.<sup>26</sup> Likewise, the growing Chinese footprint in the Horn of Africa could undercut Saudi regional leadership aspirations. The Gulf states are also aware of Beijing's prickly and punitive behavior toward others, and its apparent penchant for coercion.

Last but not least, the United States and allies still retain an edge in emerging technologies. The global financial and technological systems are skewed in favor of the United States. The efficacy and popularity of Western vaccines over Chinese alternatives (an effective neutralization of Beijing's first mover advantage in this area) is just one example of this.

## **Conclusion**

The Gulf states' burgeoning

relations with China should be seen in the context of geopolitical and economic power shifts. While promoting trade and investment from China, they want to maintain a strong US military presence. Investments in critical infrastructure allow Beijing to project power, reap financial rewards, secure resources, expand markets, acquire strategic bases, and undermine America's security alliances.

Successive American presidents have tried and failed to pull out of the Middle East. One reason for their failure is that the Gulf remains vitally important to a range of US interests. Wherever America retreats, China advances. Thus, the success of Washington's Indo-Pacific strategy is linked to maintaining its presence in the resource-rich Gulf and not letting China dominate the region. This adds up to a realization that the Gulf is far from insulated from the great-power competition: along with the Strait of Malacca, the Strait of Hormuz constitutes a fulcrum of the US–China rivalry.

The Gulf is a complex geopolitical landscape. A significant improvement in the Gulf-China relationship notwithstanding, China will find it difficult to displace the United States as a security provider in the region. At the same time, for Washington to expect a

monogamous relationship in a region ripe for polygamy with multiple suitors may well be a big ask. ■

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## 5

## Iran and India: Has a Traditional Partnership Been Compromised?

Kourosh Ziabari



India prides itself on being the world's largest democracy. At the same time, however, it has never pivoted away from the principle of nonalignment set out in its foreign policy by the nation's first premier, Jawaharlal Nehru. This means that in addition to maintaining cordial and steady relations with major powers, India does not shy away from cutting its own path on the world stage—including pursuing closer ties with nondemocracies such as Iran.

Ties with Iran have long been a preoccupation for Indian leaders. Aside from extensive historical, cultural, and linguistic commonalities, Iran was India's immediate

neighbor until the Partition of India in 1947.<sup>1</sup> Today, the two countries remain maritime neighbors. Independent India and Iran initiated official diplomatic relations in 1950, and the partnership has been evolving ever since. Unlike Iran's relations with Europe, which have perennially been marked with resentments and grievances on both sides (not to mention a Western perception of Iran as an intransigent "rogue" state), Iran's relationship with India has been much more positive, even if not always one of unbridled harmony. One explanation, of course, is that Iran and India have much stronger cultural and historical bonds than Iran and Europe. However, another reason is that Iran does not have cause to fault India for meddling in its affairs or attempting to impose its political will on Tehran, as has often been the case with the Western powers.

The anti-Western mentality that was bred and irreversibly hardened after the Iranian Revolution was fixated on a conviction that colonial Western powers aspired to hegemony over Iran and wished to contort the nation's cultural and post-revolution religious values. The Islamic Republic buttressed this mind-set over time and grew accustomed to basing its major foreign policy and macroeconomic

decisions on an (arguably toxic) anti-Western animus that, at some junctures, induced the authorities to surrender the nation's economic sovereignty, commodity market, and political independence to Russia and China, in subtle deviation from the revolutionary ideal of "Neither Eastern, Nor Western."

However, with India, these ideological incongruities scarcely crop up. The Islamic Republic would never regard India as a colonial usurper or interloper. Rather, Iranians have relied on India as a long-term partner with the wherewithal to invest money and technology. Not only is India, with a longstanding need to diversify its energy inflows, dependent upon energy imports, but New Delhi is also keen to reanimate Iran's southern ports in the Gulf of Oman due to its strategic goal of bypassing Pakistan in search of connectivity to Afghanistan and Central Asia. As reported by the International Energy Agency, India will account for the biggest share of energy demand growth during the next two decades; by 2030, it will be the world's third-largest energy consumer, surpassing the European Union.<sup>2</sup>

When the landmark Joint Comprehensive Plan of Action (JCPOA) nuclear deal was signed between Iran and six world powers in July 2015, India seized on the opening

to embrace a revival of its trade and energy connections with the Islamic Republic. The value of bilateral trade was USD 9.06 billion in the 2015–16 period, which grew to USD 12.88 billion in the subsequent year and USD 13.7 billion in 2017–18.<sup>3</sup> At the same time, Iran moved to boost its appeal to India as an accommodating and trustworthy energy supplier. By offering favorable terms such as extended credit periods of up to 60–90 days and shorter voyage savings on freight costs, Tehran embarked on a quest to shore up its share of India's energy basket.<sup>4</sup> In the fiscal year ending in March 2017, Iran's oil exports to India reached an all-time high, and refineries shipped in nearly 541,000 barrels per day of its crude, recording a staggering 115-percent increase compared to the previous year.<sup>5</sup> At this moment, Iran was the third-largest supplier of India's oil, a position it had ceded for years to its rivals in the Middle East.

However, the withdrawal of the United States from the JCPOA in May 2018 and the reinstatement of stringent economic sanctions nearly spelled the end of Iran's oil-export resurgence. Despite its great interest in doing trade with Iran, India complied with the US-imposed sanctions on Iran after its waivers expired in 2019. This came



despite the fact that the US abrogation of the JCPOA was a unilateral decision and that the European Union and United Nations continued to reiterate their commitment to conserving the deal. US president Donald Trump's anti-Iran crusade was so intimidating that India found compliance and even overcompliance with the sanctions inevitable. Pledging to bring Iran's oil exports to zero, President Trump went on the record as saying that "[a]nyone doing business with Iran will not be doing business with the United States."<sup>6</sup>

In 2019, India officially imported zero barrels of oil from its Middle Eastern neighbor. Moreover, several Indian-funded projects in Iran that were set in motion after the signing of the JCPOA were abandoned, including the development of the Farzad B gas field. The USD 500 million investment made to develop the strategically important Chabahar Port (which India regards as a vital route for interconnection with Central Asia) was put in jeopardy.<sup>7</sup> Even so, the contraction in Iran–India economic relations did not cause India to take a serious hit. With a diverse set of trading partners, warm relations with the United States and other global powers, and the low base from which Iran–India trade was starting from, India could afford to

forgo commerce with Iran in order to maintain relations with the United States.

The Iranian people, on the other hand, suffered greatly as a result of the sanctions. The government's overpriced nuclear program and Tehran's reluctance to make meaningful concessions have not resulted in any visible benefit to the Iranian populace but has inflicted unspeakable costs on them. Over the years, Iran's leadership has insisted that its work on nuclear power is centered on producing electricity and other dividends for the civilian population, including in agriculture and medicine, but what the majority of Iranians have reaped from their government's race to nuclear power has been the disintegration of their economy, the harrowing devaluation of the national currency, the depreciation of their properties, growing tensions with the outside world, and above all, the involuntarily financing (through taxation) of a USD 500 billion nuclear project.<sup>8</sup>

Iran's nuclear tantrum is now only about muscle flexing with its ideological adversaries in the West. This is despite its traditional partners—including Russia, China, and India—all urging Tehran to sit down and solve this decades-long puzzle once and for all. Iran's main prospective economic partners,

including European Union member states (who stand ready to provide major infrastructural investment to Iran), also desire an end to the nuclear dispute.

Sadly, Iran's sensational pursuit of its nuclear pipedream means that the country is stripped of allies and partners. Its longstanding bond with India is exactly one such relationship that is now compromised: whereas India plots a course based upon the national interest and hard political realities, Iran is content to splurge its resources on nuclear ambitions while leading its people in a merry ideological dance. The two will not fully reconcile and reap the potential rewards of cooperation until Iran's leaders are willing to accommodate themselves to external realities. If they can do this, they will find India to be waiting for them. ■

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# 6 | The Collapse of the Afghan Government: Implications for the Indo-Pacific

Kenta Aoki



**O**n 15 August 2021, the Taliban seized Kabul, and the Islamic Republic of Afghanistan (the US-backed Afghan government) collapsed. The instant disintegration of a political system that the United States and its allies had supported so vigorously over the past two decades came as a shock to observers around the world.

This new development gives rise to many questions. It is unclear, for example, whether the Taliban will readopt its governance style from 20 years ago based on its own interpretation of sharia. Will Afghanistan become a safe haven for international terrorist

organizations once again? What courses of action will China, Russia, India, and other regional powers take?

All the above questions need to be answered, but the critical issue concerns the security challenges facing the Persian Gulf and surrounding region following the Afghan government's collapse. In what follows, I place the Taliban's return to power within the framework of the Indo-Pacific and examine the transformation in the regional balance of power.

## The Fundamental Question of Legitimacy

There is no doubt that the Taliban's sophisticated military strategy and the Afghan National Security Force's weaknesses were the major factors behind the former's military takeover of Kabul. The fact that (now former) Pres. Ashraf Ghani fled the country when Kabul was under siege will no doubt go down in history as a disgrace. Decisions made by two successive US administrations regarding the withdrawal of troops were also critical factors in explaining the collapse of the US-backed government. However, to understand the root causes of Afghanistan's current political crisis, it is necessary to go back to the 1990s.

The early 1990s was a dark period

when various mujahideen (freedom fighters) factions were engaged in a power struggle. At that time, warlords took money from citizens on the street in the form of tolls, and assaults and looting were rampant in the city.<sup>1</sup> The Taliban of this era had the appearance of a political movement. The organization was a combination of mujahideen fighters and students who had studied at madrassas. This coalition began to work under the banner of saving the country from civil war and corruption, and in 1996, they declared the establishment of an Islamic state. Yet after the toppling of the Taliban regime in 2001, the core of the new US-backed Afghan government was composed of former warlords and the technocratic diaspora.

The formation of this new Afghan government, which would last until the Taliban's return to power earlier this year, was not truly endogenous. Rather, it was largely the creation of outside forces. Even the process of electing the head of the interim government in June 2002 was heavily influenced by external pressures: it was on the recommendation of the US and Pakistani intelligence agencies that Hamid Karzai was given the nod.<sup>2</sup> Later, Karzai's and Ghani's tendencies to govern via tribal patronage networks led to widespread

corruption in the country.

Above all, it would be difficult to conclude that nation building in Afghanistan—supported by the United States, NATO, Japan, India, and other allies—has been successful. Rather, there is a sense of helplessness among those involved in this process. The United States has spent USD 2 trillion in Afghanistan since 2001, Japan has spent USD 6.8 billion, while India has spent more than USD 3 billion. Now, all these investments have come to naught.

## **Security Challenges Facing the Persian Gulf and Beyond**

The fall of Kabul poses a threefold security challenge for the countries of the Persian Gulf. First, there is a serious risk of a humanitarian crisis unfolding under the Taliban. Its interim cabinet, announced on 7 September, includes 17 individuals who are on the UN Security Council's sanction list, two of whom are on the FBI's most wanted list. It is highly unlikely that the organization will be able to establish an inclusive government in the future, and democracies will be inhibited from recognizing its interim cabinet as a legitimate government for the foreseeable future. The problem here is that nonrecognition means an asset freeze, which will deplete



Afghanistan's treasury for as long as it lasts. On 18 August, the International Monetary Fund (IMF) said that Afghanistan would not be able to access IMF resources, including a new allocation of Special Drawing Rights reserves, due to the lack of clarity over the recognition of its government.<sup>3</sup> Likewise, the World Bank announced that it was halting financial support to Afghanistan amid worries about the fate of women under Taliban rule.<sup>4</sup> The UN Development Programme has estimated that as much as 97 percent of the population is at risk of sinking below the poverty line by mid-2022 unless a response to the country's political and economic crises is launched without delay.<sup>5</sup> Failure to act would mean a catastrophic humanitarian crisis, one consequence of which would be that countries around the Persian Gulf would see massive inflows of displaced people, illicit drugs, and arms.

Second, whether the Taliban poses a threat to neighboring countries should be assessed carefully. Its fighters managed to capture a large number of state-of-the-art US-made weapons during the course of its takeover; if it gains airpower, that could be a game changer. For now, it is too early to speculate about the threat of Taliban attacks on other countries. As

mentioned above, the organization's main objective was to restore Islamic governance in Afghanistan; thus, it is unlikely that the Taliban poses a threat to neighboring countries—or at least, there would be no justification for such attacks. However, considering that the situation in Afghanistan is volatile, staying alert is advisable.

Third, the heightened threat of terrorism caused by the Taliban's return to power will likely necessitate future counterterrorism operations from outside powers. More than 20 foreign terrorist organizations are operating in the country, including al-Qaeda (AQ), the Islamic State—Khorasan Province (ISKP), and Tahreek-e-Taliban Pakistan. It is particularly notable that many analysts believe that the Taliban has not cut ties with AQ. While it is true that the activities of international terrorist organizations have slowed down in recent years, it would be imprudent to take the increased threat lightly. In the future, the United States may even consider collaborating with the Taliban to counter the ISKP, especially if Washington judges that over-the-horizon airstrikes need a local partner.<sup>6</sup>

## **Transformation in Regional Balance of Power**

Afghanistan has regularly been

subject to the interference of great powers. In the nineteenth century, it was forced to play the role of a buffer state between the Russian Empire and British India; in the latter half of the twentieth century, in the context of the Cold War, it became the stage for a proxy war between the United States and Soviet Union; and in the twenty-first century, it became the front line of the US-led “global war on terror.” Because of its geo-strategic location, Afghanistan is a fault line of world order.

Now that the Taliban has achieved a military victory, it is certain that outside powers—perhaps including China and Russia—will attempt to fill the “power vacuum” created by the US exit. Indeed, both China and Russia have been establishing channels of communication with the Taliban for some time now. In addition, regional powers such as Pakistan, Iran, Qatar, and Turkey are vying to hold the casting vote over the future of Afghanistan. In particular, Qatar, as a host of peace talks, is thought to hold some leverage over the Taliban and is expected to play a crucial role in bridging the communication gap between the new government and foreign countries.

Viewed in a wider Indo-Pacific frame, how India (an existing regional power) and Japan (which

has not been involved militarily) plan to deal the Taliban may be important in shaping the new government’s actions. After all, the political future of Afghanistan will be important not only regarding the lives of its inhabitants but also as a test of the universal values contained within the supposedly “rules-based” regional order. The Taliban’s disregard for basic human rights cannot be tolerated within this framework and must be challenged if the framework is not to be exposed as toothless. At the same time, however, G7 countries and their regional partners have no choice but to continue engaging with the Taliban, perhaps using diplomatic recognition and humanitarian aid as bargaining chips. Alas, it seems unlikely that the most complicated and fundamental issues surrounding Afghanistan’s future will be resolved any time soon. ■

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**Notes**

<sup>1</sup> Ahmed Rashid, *Taliban: Militant Islam, Oil and Fundamentalism in Central Asia* (New Haven: Yale University Press, 2000).

<sup>2</sup> Steve Coll, *Directorate S: The C.I.A. and America's Secret Wars in Afghanistan and Pakistan* (New York: Penguin Press, 2018).

<sup>3</sup> "IMF Suspends Afghanistan's Access to Fund Resources Over Lack of Clarity on Government," *Reuters*, 19 August 2021, <https://www.reuters.com/>.

<sup>4</sup> Matt Egan, "World Bank Halts Financial Support to

Afghanistan, Says It's 'Deeply Concerned' for Women," CNN, 24 August 2021, <https://www.cnn.com/>.

<sup>5</sup> United Nations Development Programme, "97 Percent of Afghans Could Plunge into Poverty by Mid 2022, Says UNDP," 9 September 2021, <https://www.undp.org/>.

<sup>6</sup> Gen. Mark Milley, Chairman of the Joint Chiefs of Staff, said that the United States may coordinate with the Taliban on counterterrorism strikes in Afghanistan. See Robert Burns and Lolita C. Baldor, "Milley: US Coordination with Taliban on Strikes 'possible'," *Associated Press*, 1 September 2021, <https://apnews.com/>.