By By Shukria Dellawar and Antonia Juhasz

From Foreign Policy in Focus | Original Article

Violence escalated daily in Afghanistan with the approach of the 10-year anniversary of the U.S. invasion on October 7. At the same time, a little-noted energy agenda is moving rapidly forward that may not only deny Afghans the much needed economic benefits their energy resources could provide, but may also exacerbate insecurity and instability, ensuring a prolonged U.S. and foreign military presence. It is an agenda remarkably similar to one well underway in Iraq.

Eight years of war in Iraq succeeded in transforming the country's oil industry from a nationalized model, largely closed to American oil companies, into an all but privatized industry open to foreign oil companies. ExxonMobil and BP, among other companies, are today producing oil in Iraq for the first time in over 30 years under some of the most corporate-friendly terms in the world. However, opposition from Kurdish leaders, Iraqi unions, civil society organizations, and some parliamentarians — who worry that the terms would grant undue benefit to foreign companies, to the detriment of Iraq's economic stability and security — has kept the Iraq Oil and Gas Law, written to lock in this access, from passage.

But while the effort to transform Iraq's oil sector has played out on a fairly public international stage, no such attention has been focused on Afghanistan. Compared to Iraq, Afghanistan's populace remains poorly educated, its civil society and public sector workforce underdeveloped, and its government not only weak and challenged by corruption, but also lacking in both energy sector expertise and infrastructure. Under such circumstances, a radical redesign of the nation's energy development model cannot take place in a manner that ensures fairness, equity, sustainability, or safety.

Suspect Intentions

Afghanistan's known hydrocarbons are primarily located in the North. Its approximately 1.6 billion barrels of crude oil and 15.7 billion cubic feet of natural gas are minor in comparison to the resources of its neighbors (Iraq's oil reserves are estimated at 115 billion barrels), but are comparable to those in nations such as Chad and Equatorial Guinea —and may be considerably larger, as there has been no significant exploration in decades.

Unknown to most Afghans, in January 2009 the government implemented a new Hydrocarbon Law that transforms its oil and natural gas sectors from fully state-owned to all but fully privatized. In April 2011, the Afghanistan Ministry of Mines launched the first of what it expects to be " several tenders for Afghanistan's oil and gas resources over the next few years."

As in Iraq, the contracts include production-sharing agreements. These agreements are the oil industry's preferred model, but are roundly rejected by all the top oil-producing countries in the Middle East because they grant extremely long-term contracts (45 years or more, including the exploration phase, under Afghanistan's law) and greater control, ownership, and profits to the companies than other models. They are used for only approximately 12 percent of the world's oil. The Afghanistan contracts, moreover, would not require foreign companies to invest earnings in the Afghan economy, partner with Afghan companies, or share new technologies.

The Kabul-based nonprofit watchdog, Integrity Watch Afghanistan, found the Ministry of Mines severely lacking in the capacity to implement sound oversight, including to protect impacted communities and the environment, and found that this, "combined with reported endemic corruption in Afghanistan," means that the Afghan government will not be able to ensure the good management of these resources.

The Norwegian government recently concluded an analysis of Afghanistan's hydrocarbons, finding that "most Afghans express a high level of suspicion about the motives and intentions of neighboring countries and, increasingly, also of the international community. Further, "[M]any Afghans point out the risk of a lack of political willingness to ensure that such benefits [from hydrocarbon development] will have a fair distribution."

Pipeline Politics

Afghanistan is not only an energy producer, it is also a potential "energy conveyer." And negotiations for the creation of a Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline are progressing at a rapid rate. Just last month, Afghanistan Minister of Mines Wahidullah Shahrani

reported
, “The implementation of the TAPI project will begin in 2012 and will be completed in 2014.”

The pipeline would carry natural gas from Turkmenistan through Afghanistan and Pakistan to India. It has been an objective of United States and western energy companies (and their governments) that have invested in the land-locked but energy-rich countries of the Caspian region since the mid-1990s, when companies including California-based Unocal began negotiating with the Taliban. Sanctions imposed on Afghanistan in 1998 made it impossible for U.S. companies to do business there, so negotiations stalled until 2001, when sanctions were lifted.

The Bush administration made completion of the TAPI a core part of its Afghanistan war strategy. As then-U.S. Assistant Secretary of State Richard Boucher said in 2007: “One of our goals is to stabilize Afghanistan, so it can become a conduit and a hub between South and Central Asia so that energy can flow to the south.”

This March, U.S. Assistant Secretary of State Robert Blake, Jr. reiterated the importance of the TAPI before a Congressional Committee, and in July Secretary of State Hillary Clinton urged completion
of the TAPI while in India.

In April, upon the Afghanistan Parliament’s approval of a TAPI gas pricing agreement, parliamentarian Mohammad Anwar Akbari said that "we will have support of a U.S. company” for its construction. In the past year, Minister of Mines Shahrani has been pushing the benefits of both the pipeline and natural resource development in Afghanistan to private companies in London and New York.

The Price for Entry

The primary obstacle to construction of the pipeline and to foreign oil companies actively seeking oil production contracts is, and always has been, security. In response, Minister Shahrani announced plans for a 7,000-person Afghan “pipeline security force.” Yet across Afghanistan there is enormous skepticism about the present capacity of the Afghan National Army and Police, who are considered no match for the Taliban or local warlords.

Yet, if the pipeline is constructed and U.S. companies begin producing in Afghanistan, its importance to the West will only intensify, as will the desire to keep Afghanistan “open for business.” If Afghanistan does not have the internal capacity to provide this “openness” itself, the Untied States and other foreign governments may feel forced to do so on its behalf – utilizing their own troops.

The focus on Afghanistan’s entry into the “Great Game” of energy politics must not be only on generating profits or for the interests of external actors, but also on the long-term stability, independence, and strength of Afghanistan. Otherwise, the price for entry may be far higher than Afghans – and Americans – wish to pay.

Antonia Juhasz is an oil industry analyst and author of *The Tyranny of Oil: the World's Most Powerful Industry--and What We Must Do To Stop It*
.
She is an Associate Fellow with
the Institute for Policy Studies
and a National Advisory Committee member of
Iraq Veterans Against the War.
Shukria Dellawar, an Afghan American, is an independent researcher and Afghanistan security specialist. Both women were in Afghanistan in August as part of a fact-finding mission.