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The King is Dead: Assassination Rocks Kandahar

By Kavita Bapat

Afghan President Hamid Karzai's half-brother and key power broker Ahmed Wali Karzai was shot dead in the early hours of Wednesday July 12. It has been reported that the assassination was carried out by Sardar Mohammad, a trusted member of Karzai's core security team. At a press conference following the assassination, Kandahar's chief of police Abdul Razeq stated that Mohammad had come to Mr. Ahmed Karzai's residence under the pretense of providing his boss with confidential information. The Afghan Taliban has since claimed responsibility for the killing. However, Mohammad's motives remain unconfirmed. Kandahar politician Khaled Pashtun has pointed out that the Taliban has a history of claiming responsibility for attacks that they likely had no part in. The Taliban, though, did not claim responsibility for the attack at Karzai's funeral service that followed two days later. On July 14, a suicide bomb blast took the life of an Afghan cleric and four others at Kandahar's Red Mosque. At least 15 others were injured in this midday attack. President Karzai was not present at the service, and the Cabinet ministers and relatives of the President on site escaped unharmed. Taliban spokesman Qari Mohammad Yousuf told Reuters he had no information about Thursday's suicide bombing.

Ahmed Karzai served as the head of Kandahar's provincial council for nearly a decade and his death has raised serious questions about the war-torn country's ability to maintain its own security. Although Ahmed Karzai's rank was junior to the Provincial Governor, he was regarded as one of the most powerful political leaders in southern Afghanistan. Ahmed Karzai's killing is the latest in a series of high profile assassinations and terrorist attacks that have rocked the country. This killing comes on the heels of the highly publicized attack on Kabul's Intercontinental Hotel on June 28th. Reacting to the assassination, former Afghan intelligence Chief Amrullah Saleh stated that Mr. Karzai was likely targeted because he had spoken out against al-Qaeda, the Taliban, and other militant groups.

Taliban expert Ahmed Rashid claims that Mr. Ahmed Karzai's assassination is bound to leave a power vacuum in southern Afghanistan, where Ahmed Karzai was basically running the region on behalf of his brother. Additionally, Ahmed Karzai's death will likely have a negative impact on tribal relations in Kandahar. Although Karzai's critics often described him as a corrupt warlord who was openly involved in the opium trade, his supporters viewed him as a defender of Pashtun tribal rights. As a leading power broker in southern Afghanistan, NATO forces have lost a significant ally in their fight against insurgent groups in the region. As the head of Kandahar's Provincial Council, he was one of NATO's strongest allies in southern Afghanistan to the point that western leaders often turned a blind eye to his illicit activities. As one US official has asserted, "(Ahmed Wali Karzai) had his unsavoury side, but he was someone we could work with and he kept a lid on things in Kandahar."

Commander of NATO's International Security Assistance Force, General David Petraeus has condemned the killing and stated that ISAF is committed to working with the Afghan government to bring those involved in the assassination to justice.

Further Readings: [Karzai's Half-Brother Assassinated](#) [Afghan President's Brother, Ahmad Wali Karzai, Killed](#) [Daily Brief: Karzai's Powerful Half-Brother Killed in Kandahar](#) [Influential Brother of Afghan President Killed at Home](#) [Who Killed Ahmed Wali Karzai?](#) [Bomb Hits Mosque During Service for Afghan President's Relative](#) [Turban Afghan Suicide Bomber Kills Cleric, Four Others](#)

US-Taliban Secret Talks Leave Pakistan Tense

By Kavita Bapat

Afghan-Pakistan political experts claim that talks between Taliban leaders and American representatives must be allowed to flourish in order for security to be maintained in the region. Both NATO and the US have recognized that they will be unable to successfully withdraw from Afghanistan or transfer power to the Afghan security sector by 2014 without a resolution between the Taliban and the Afghan government. Pakistani author and Taliban expert Ahmed Rashid has stated "a political settlement between South Asian regional actors, especially Afghanistan and its neighbours is imperative to ensuring sustainable peace in the area."

This month's negotiations between the US and the Taliban marked the third round of talks since last November. However sources claim that the ongoing negotiations process is still in the early stages of confidence-building. For his part, Afghanistan's President Hamid Karzai has shown a great willingness to cooperate with the Taliban, recently releasing several Taliban prisoners in an apparent attempt to appease insurgent leaders. The Taliban has also requested that the US release selected Taliban leaders that have been held at Guantanamo Bay since 2001. The Afghanistan High Peace Council – a 70-man organization established by President Karzai to negotiate with the Taliban – has stated that the release of these individuals is critical to ongoing peace negotiations. However, legislation recently passed by Congress which prevents the transfer of those accused of terrorist from the Cuban detention center has complicated matters.

In light of this difficulty, the US has made considerable efforts to facilitate other means of appeasement. On June 17, the United Nations Security Council (UNSC) accepted a request from the US to treat al-Qaeda and the Taliban distinctly regarding the UN's list of global terrorists which it has maintained since 1998. The decision yielded two separate lists, meaning that UN sanctions against members of al-Qaeda will not necessarily be applicable to members of the Taliban. It is hoped that this concession will help improve negotiations. Simultaneously, many prominent American political figures such as President Obama, Secretary of State Hillary Clinton, and outgoing Defence Secretary Robert Gates, have made positive statements about recent negotiations. The US has also granted safety guarantees to Taliban negotiators traveling to Europe and the Gulf for the purpose of talks.

In Afghanistan, President Karzai has been fully briefed following each round of discussions and has supported the Taliban's wish to maintain separate negotiations with American representatives. Pakistan's political leadership has also been kept abreast on the negotiations, though most have expressed sharp reservations about being excluded from much of the discussion. At present, Pakistan and Afghanistan are initiating separate negotiating processes, in which Kabul expects Islamabad to permit the Taliban's Pakistani contingent to participate.

Despite these efforts however, recent discussions have yet to yield promising results as Pakistani leaders remain unwilling to allow Afghan government officials to meet with the Pakistani Taliban. Pakistan is also reluctant to meet Taliban demands such as freeing the co-founder of the Afghan Taliban, Mullah Baradar, in order to further negotiations.

Complicating the situation further, the July 10 decision by US officials to withhold military aid to Pakistan has drawn the ire of Pakistani leadership. In short, while analysts agree that negotiations between various parties are critical, a lasting peace agreement remains distant and uncertain.

Further Readings: [The Death of Strategic Depth? Afghan Leader says US in Contact with Taliban](#) [US in Secret Talks with Taliban, says Karzai Taking a Risk with Taliban Negotiations](#) [Afghanistan: Tense Times for Delicate US-Taliban Talks](#) [US Cuts Aid to Pakistan Military](#) [Taliban Refute Claims of Peace Talks with West](#)

June 12th Turkish Elections

By Richard Mabley

On June 12, the results of the national Turkish vote did not surprise anyone. The Justice and Development Party (AKP) led by Recep Tayyip Erdogan won another major victory, amassing 326 of 550 seats in parliament. Since the start of multi-party politics in Turkey, this is the first time a party has won a third consecutive term. The results do not, however, give Mr. Erdogan the 330 seats needed to draft a new constitution without parliamentary consultation. As a result, Mr. Erdogan's plans to establish a Presidential system in Turkey have taken a serious hit. Yet, he has reassured Turks that his party seeks to reach a consensus with opposition parties on related constitutional reforms.

The failure to obtain 330 seats was partly due to the fact that the National Movement Party (MHP) was able to obtain 54 seats despite widely-publicized sex scandals involving many of its leaders. Appealing to the Kurdish movement, an additionally 36 independent candidates were also voted into parliament.

The party that has disappointed the most is the (CHP) Republican People's Party, the former party of Turkey's Mustafa Kemal Ataturk. The party was renewed under its new leader Kemal Kilicdaroglu who replaced its discredited former leader Deniz Baykal. The CHP, a party with traditionally doctrinal Kemalist roots, recently re-defined its platform, now based on greater individual freedoms and rights for individual minorities such as the Kurds and the Alevi, in an effort to present itself as a true social democratic party. Kilicdaroglu is an Alevi and led his party in campaigning in the southeast. The CHP has attempted to fill the void in Turkish politics that left secular upper-middle-class Turks without any credible representation, but without success.

The CHP came second and will be the official opposition party with 135 seats (26%) of the vote, having campaigned on a platform of greater individual freedoms and democracy, supported and publicized by Turkish secularists. The CHP, divided as a result of its recent history, is a broad coalition but was not able to attract new supporters. Kilicdaroglu, despite some good and innovative policies, found it difficult to broaden its appeal and satisfy his party base.

On major issues, the CHP seems to be relatively on the same page as the AKP concerning: constitutional reforms, adherence to the EU, progress on the Kurdish issue, the demilitarization of certain zones and a new governmental opening toward the Kurdish situation.

For both parties, constitutional reform is imperative, not only for greater democracy and modernity, but to find a peaceful solution to the Kurdish situation. Kurds would prefer a greater degree of autonomy within Turkey to a unified transnational Kurdistan. But they demand, as the basis for progress to a resolution of the conflict, that comprehensive changes be made to the constitution, keeping a strong reference to Turkish identity but that this new constitution be inclusive of values such as democracy and citizenship. Only then would the Kurdish population be willing to move towards a demilitarization of the Kurdish Workers Party.

On the European Union dossier, the CHP has put the EU adhesion at the very top of their agenda, a complete change from previous CHP policy, even if the process is in almost total deadlock since the beginning of 2011; "but

whether or not we are accepted, we are determined to achieve EU norms," Kilicdaruglu said, during his press release after the elections.

From a foreign policy point of view, the CHP shares the neo-Ottoman stance attributed to the AKP regarding Turkey's expanding relations in the Middle East and North Africa (MENA) region. However, it seeks to rebuild these relations not only on the basis of faith and ethnicity but on the new democratic face of MENA. In fact, the CHP criticizes the AKP for focusing only on faith and ethnicity.

Economically, the CHP called the AKP's government's rescue of the economy in 2002 as lucky, viewing it only as an unexpected bounce back. In addition, they were very critical of the elevated unemployment rates and the current account deficit that reached 7.7 billion in April, which is relatively unexceptional within the European standards. Yet the economy under the AKP has proved remarkably resilient in the aftermath of the global financial crisis. In 2010, Turkey grew faster than any other big economy with the exception of China and India and is now the world's 17th biggest economy, the 3rd largest army in NATO, a leading member of the G20 and has widened its business and trade reach becoming a major player on the global scene.

Short of making a constitution that is considered as politically, legally and morally obligatory for the political elites of Turkey, it will be difficult to assume that Turkish democracy is fully consolidated. The stage seems to be set for a start of negotiations for a civilian made democratic constitution in Turkey. The governing AKP needs the support of at least five more deputies from other parliamentary groups. The Turkish political elites are good at confronting and fighting each other, but they do not seem to be as capable or intent upon working together as government and opposition. The summer months may produce a period of cooling off for the political elites and for the Republican People's Party and Nationalist Action Party to settle their intra-party accounts before October.

Further Readings: [Turkish Elections: Key Issues](#) [Turks Vote in Parliamentary Elections](#) [A Triumph for Turkish Democracy](#) [Turkey's June 12 Elections](#)

Frontier Markets and Relationship between Investment and Security

By Opher Moses

Brazil, Russia, India and China – more affectionately referred to by investors as the BRIC nations – are losing some of the luster they acquired in the post-financial crisis era. Investors are therefore turning to other immature frontier markets in order to maximize their return on capital. Although this might be somewhat of a gamble for investors, if these frontier markets realize their potential gains the opportunities could be substantial.

Chinese consumer inflation hit a 34 month peak in May at 5.5% and further credit tightening is on the way. This is creating a great deal of uncertainty for investors. Furthermore, electricity shortages in China are a huge hindrance to companies looking to expand production capacity as the use of generators is increasing operation costs. Meanwhile, in India corruption scandals have sent mutual funds specializing in that country to the bottom of the performance tables. Both Brazil and India's government yield curves are inverting, meaning investors are temporarily accepting lower-rate long-term bonds in anticipation of a decline in yields, an action that invariably precedes recession. Market strategist Richard Bernstein has warned that "If you look at inverted yield curves around the world, the most inverted yield curves are Greece, Ireland and Portugal, and then comes India and Brazil. There is your warning sign that no one is talking about." Inflation has also been creeping up in Brazil, and India, where central banks are expected to raise interest rates.

So where are these immature frontier markets that investors are turning to? A brief list includes but is not limited to Iraq, Mongolia, Pakistan, Turkey, Colombia, Zimbabwe and Bangladesh. These markets show some resemblance

to the BRIC nations, exhibiting fast growth, resource wealth, and young populations with disposable income. Rudolf Apherbrink, Chief Executive Officer at HSBC Global Asset Management specializing in Europe, the Middle East, and Africa claims: "In the long term, what we see in these countries is quite promising. Some may be a bit shaky now but maybe it is exactly the point in time to look at it and build position." Allan Conway, head of emerging markets at UK-based fund manager Schroders, who oversees \$27 billion in assets under management, also echoed these sentiments and reiterated that "[w]e have to be careful about assuming that political risk per se means you shouldn't invest." Standard Bank has said it was an ardent fan of Zimbabwe and Goldman Sachs has launched a fund investing in Pakistan. A report penned by Citi International Financial Conglomerate that was published this year estimated that over the next five years Mongolia and Iraq will grow at double-digit rates, both driven by resource extraction.

Capital investment in these countries could surely have the ability to create better quality jobs. This, in turn, could have tremendous social benefits on these lesser-developed countries by helping to drive down poverty and crime rates. Robert Crutchfield of the University of Washington uses dual labor market theory which distinguishes between primary sector jobs and secondary sector jobs to co-relate employment and crime. When Crutchfield used data of 18-24 year old youths, he noticed that people employed in the secondary sector jobs spent more time out of the labor market than those in the primary sector and time out of the labor force significantly predicted criminal involvement. This is particularly important when looking at countries like Iraq, Bangladesh and Pakistan which have large populations under 25 years of age that are seeking employment. Analysts argue that youth in these countries are more vulnerable to religious fundamentalism and local militia recruitment.

An influx of foreign direct investment in these frontier markets could decrease unemployment and, as a result, contribute to peace and security in the region. This is particularly true in countries like Iraq and Pakistan as well as various South American states that have struggled to deal with a growing global drug trade. Although some of these countries may be volatile, the opportunity that they represent for investors could bring economic growth as well increased security.

Further Readings: [Money Managers Look Beyond the BRICs](#), [Monstrous Risks seen in Emerging Markets](#), [Herd Starts to Turn from Emerging Markets](#), [Labour Markets, Employment and Crime](#)



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