



# NEW PERSPECTIVES *in foreign policy*

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## *Letter from the Editorial Board*

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Resource management is one of the most fundamental challenges of governance. Competition over resources can exacerbate political tensions, and access to resources can enable conflicts to bloom and spread. However, resources can also help governments grow economies, achieve prosperity, and improve their citizens' quality of life. In our fifth issue of *New Perspectives in Foreign Policy*, young professionals analyze the challenges and opportunities that different types of resources present in the world today.

How to manage and develop energy resources that support economic growth—and the potential impacts of such development on the environment—remains among the most vital and contentious governance issues. Moreover, the global energy landscape is rapidly changing, in part due to the development of unconventional oil and gas in the United States and prospects for increased exploitation of natural gas worldwide, causing governments to rethink their energy strategies. In Germany, a heavy focus on renewable energy and long-term climate solutions is presenting challenges to economic growth in the short term. How will policymakers rebalance their short-term economic goals with their long-term goal of a low-carbon economy? Can technical challenges be overcome quickly or should Germany recalibrate some of its ambitious goals?

The management and movement of natural resources across borders also hold regional geostrategic implications, and can be sources of conflict or opportunities for collaboration. For example, China and Pakistan are looking to develop an energy corridor between the two countries to feed China's growing energy demand. How might this affect geostrategic and security calculations in the region? In another case, the water basin shared by Uzbekistan and Tajikistan is often cited as a main point of contention between the two nations. However, does a focus on the potential for a "water war" obscure more real and immediate security threats between the two countries?

Finally, diverse resources—financial, military, and humanitarian—are flowing into a country in turmoil: Syria. Some assert that providing limited assistance or only certain types of assistance to Syria's opposition forces can help more desirable parties gain the upper hand. But will this trickle of resources merely prolong the war?

In the pages that follow, we are proud to present the analysis of young professionals at CSIS as they tackle these important questions.

SINCERELY,

*New Perspectives Editorial Board*

# Germany's Push toward Renewable Energy: A Lesson in Moderation

Annie Hudson

## THE FACTS OF THE GERMAN

“Energiewende”—Germany’s reorientation toward renewable energy—are impressive. Today, Germany gets almost 25 percent of its electricity from renewable energy sources (up from 7 percent in 2000). Investment in the clean energy sector has grown by 122 percent since 2004, resulting in an industry that boasts more than 380,000 jobs and one that anticipates adding over 800,000 jobs by 2030. Germany managed to exceed Kyoto Protocol demands, reducing its greenhouse gas emissions by 25.5 percent since 1990, and has set itself the ambitious target of 80–95 percent emissions reduction by 2050.<sup>1</sup>

Scratch below the surface and you get a different picture. Germany’s heavy emphasis on renewables and long-term climate solutions is not only creating impediments to economic growth in the short term, but has also introduced a host of technological challenges, including energy storage and grid expansion, that it must overcome to ensure a stable energy

transition. This raises the question, is this path sustainable?

It is—with a bit of moderation. Germany needs to find a way to balance its ambitious long-term goals with short-term economic reprieves for consumers and industry to allow for a more steady and balanced growth toward a low-carbon economy. To achieve this, Germany should not only allow, but also encourage, the introduction of natural gas as a bridge fuel, while simultaneously limiting its decision to remove nuclear energy from the market. This would provide monetary relief for consumers and industry (as well as government) in the near term, while allowing renewable technology and grid development to catch up.

Although German consumers bear the cost of 35 percent of the renewables subsidies, paying almost triple per kilowatt-hour as in the United States, public polls consistently indicate a willingness

to make the sacrifice for the environment.<sup>2</sup> Nonetheless, public support has eroded—though not disappeared—as a result of the economic slowdown, prompting a temporary government suspension of consumer rate increases. Much more disconcerting is the monetary pressure on industry as a result of high electricity prices that is increasingly forcing companies (such as chemicals and steel companies) to relocate—especially in the face of cheap U.S. gas. The price of energy for industry in Germany is over 15 percent higher than the EU average and some studies are finding that over 4 percent of the industry in Germany is considering leaving the country as a result of the higher energy costs, with little chance for abatement.<sup>3</sup>

Beyond the immediate economic uncertainties lie considerable infrastructure hurdles. Thousands of miles of transmission lines need to be built to connect the renewable energy sources in the East with consumers in the South—a project that comes with a large price tag and that will take a substantial amount of time to complete. Transmission line expansion would provide some assistance in stabilizing Germany’s electric grid, although the instability presents a much larger challenge. The absence of technology to store wind and solar energy has resulted in the grid frequently being either overwhelmed or without adequate energy input. This has caused German industry to seek alternative power generation (either from abroad or through their own power generators), but has also concerned other European nations as an increasingly interdependent grid puts them at risk as well.<sup>4</sup> To compound the situation, utilities are increasingly turning to cheap coal coming across the Atlantic from the United States as opposed to cleaner, more expensive natural gas, to counterbalance the economics of renewables and to ensure supply stability, undermining the ambitious drive for low-carbon energy sources.

These hurdles can be surmounted with a more balanced approach to renewables development. The drive for clean technology can be maintained while slowing down the renewables targets and encouraging the exploration of a compatible pathway that includes



**Instead of derailing the renewables push, German government support for bridge fuels would provide relief to industry as well as time to both restructure the grid and bring new storage technologies online in the short term.**

temporary alternatives to renewables. While there is considerable German public opposition to nuclear energy, it is a good source to act as a baseload while necessary renewable storage and cost-cutting technologies are coming online—especially because the capacity already exists. In the face of consistent opposition to nuclear energy, however, it is

important that the German government support access to other, cleaner fossil fuels such as natural gas. Such support could come in the form of a higher carbon price to disincentivize the use of coal or the reshuffling of energy policy to promote low-carbon energy sources as opposed to a lone emphasis on renewables. While gas is viewed as an energy source that is accompanied by additional import dependence (especially dependence on Russian gas), a growing number of players in the liquefied natural gas (LNG) market will help European countries diversify their dependence and slowly delink the price of gas from oil. Instead of derailing the renewables push, German government support for bridge fuels would provide relief to industry as well as time to both restructure the grid and bring new storage technologies online in the short term, helping to keep Germany on track for its renewables targets in the long run.

Thus, while the ambitiousness of the German renewables push is lauded with good reason, it requires the introduction of moderation to be sustainable. The current singular focus on the use of renewable energy has not only hampered the German economy, but has ironically allowed high-carbon energy sources such as coal to increase their market share. The shift of focus to a future fueled

by low-carbon energy sources as opposed to only renewables would not only ease the fiscal burden on consumers and industry, but would also ensure that Germany stay on track to meet its long-term climate goals. While this rebalancing might not have been politically feasible in advance of the recent elections, it is essential that the incoming German government make it a priority. ■

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# The Other Resource Curse? External Intervention and the Syrian Civil War

*Scott F. Mann*

**AMIDST ITS CONFLICT**, Syria's economy has come to a near standstill. Its industrial and energy sectors are decimated, its agricultural production has been dramatically reduced, and its currency is severely devalued.<sup>1</sup> Yet, as internal resources have dwindled, external resources from foreign backers have flowed into the country in support of both parties to the conflict—the Bashar al-Assad regime and those opposed to it.<sup>2</sup> Whether external backers' goal is to force a settlement or underwrite victory, the trickle of resources is the worst way to go about achieving it. Indeed, the history of limited resource-based interventions suggests that the consequences of outside support will be much larger than the external actors intend. Indeed, it may lower the risk for external actors in the short term, but it risks greater strategic damage and regional instability in the long term.

External resources are entering Syria in a variety of forms. Russia and Iran

are supplying the Assad regime with heavy weapons (such as missile systems) and direct economic backing in the form of loans.<sup>3</sup> The United States and the broader West, by contrast, have been more cautious in support for the opposition movement. In June, the United States pledged to provide weapons to rebels after conclusively confirming the Assad regime's employment of chemical weapons,<sup>4</sup> and reports indicate that some shipments have been made.<sup>5</sup> To date, most U.S. support has been financial, advisory, logistical, and humanitarian in nature. Meanwhile, several Gulf states, most significantly Qatar, have organized major arms transfers in support of the rebels, supplying tons of light weapons, some anti-tank weaponry, and at least two shipments of man-portable air-defense systems (MANPADS) to bolster the rebel cause.<sup>6</sup> Private donors from Saudi Arabia, Qatar, and Kuwait are also reportedly sending funds to rebel fighters. Although



concrete measures of actual numbers are difficult to come by, foreign fighters and non-state groups are present and contributing both manpower and other resources (weapons and funding) to the conflict.<sup>7</sup>

The history of limited resource-based interventions suggests that the consequences of outside support will be much larger than the external actors intend, and many of these unintended outcomes may be negative.

First, rather than either helping a side to victory, or expediting the end of a conflict, external interventions can make wars longer and harder to resolve. By subsidizing conflict, intervention alters the perception

**...external interventions can make wars longer and harder to resolve...intervention alters the perception of the costs of continued fighting, changes the risk/reward calculus, and makes it easier for warring parties to remain on the battlefield.**

of the costs of continued fighting, changes the risk/reward calculus, and makes it easier for warring parties to remain on the battlefield.<sup>8</sup> Achieving a definitive conclusion through victory or defeat becomes harder because a party's resource supply does not necessarily correlate with battlefield performance. Further, negotiated settlements become more difficult with the influx of outside resources.

For negotiations to be fruitful, parties must perceive the potential for a positive outcome through a settlement to be higher than through military victory, and the costs of settlement to be lower than continued fighting. This balance sheet requires all sides to feel enough pain that negotiation becomes the best option.<sup>9</sup> Achieving these "hurting stalemates"<sup>10</sup> is difficult when conflict parties receive external resources. With the costs of fighting reduced, and the perceived pain of the war hidden, the motivation to settle war at the bargaining table is removed.

Second, external interventions rarely lead to the successful settlement of civil war, as numerous examinations of historical data have borne out. For example, one study found that of the 190 external

interventions in intrastate conflicts between 1944 and 1999, “only 57 have led to an end in the fighting.”<sup>11</sup> Further, when wars with and without intervention were compared, those with external interventions between 1960 and 1990 correlated with wars of greater duration.<sup>12</sup> Interestingly, biased interventions tend to lead to shorter wars when compared to neutral interventions; however, “overwhelmingly any intervention tends to increase the expected duration of a conflict.”<sup>13</sup> Importantly, the mix of tools may matter: according to another study, diplomatic and military interventions can be productive when used in a coordinated fashion, but economic interventions alone increased the expected duration of a conflict by 157 percent.<sup>14</sup>

Third, even humanitarian aid, which is supposedly neutral, can prolong, exacerbate, or intensify conflict. Indeed, as cases in Somalia, Rwanda, Liberia, and others have shown, humanitarian relief can become a source of supply, revenue, economic opportunity, and legitimacy for militant groups and governments.<sup>15</sup> By becoming a conduit for aid resources, or by using violence to appropriate and control humanitarian goods, warring parties can seek political leverage and influence over contested populations. Further, such aid can become the mechanism by which warring parties subsist, providing the ability to continue to fight beyond the point of resource exhaustion,<sup>16</sup> and allowing warring parties to shirk their civil and political responsibilities.<sup>17</sup> Humanitarian assistance thus becomes a liability both for civilians caught in the midst of the conflict and for those trying to resolve it.

What, then, are the implications for Syria and the policies of the West toward it? History might prove the best guide. The interventions the West can count as successes—Bosnia, Kosovo, and Libya, for example—were those where considerable military power was brought to bear. Coercion, as well as the communication of the West’s willingness to accept risk to achieve a particular outcome, were essential components of those interventions. Partial or limited interventions—such as Somalia or Rwanda—achieved none of those things. Indeed, a limited commitment and indecisive policies arguably produced worse results in those cases.

Such is the case with Syria. The limited but steady resource supply simply subsidizes a perpetual conflict, avoiding a clear decision for either side. This trap is not easy to escape in the Syrian context, because both sides are receiving outside support from multiple parties, and achieving consensus across the spectrum of external actors to alter resource flows may prove vexing. However, unless the Assad regime or the opposition forces are defeated, or all parties are compelled to go to the negotiating table, a medium-term conclusion to the war is unlikely. Ultimately, resolution of the conflict in Syria will require a more aggressive and determinative approach. Such a shift does not require going “big” in Syria, but it does require a full-throated commitment to a common policy and a strategy. Unfortunately, the current policy of tempered resource supply lacks any discernible end beyond survival, and by extension continued conflict. Ultimately, if resource supplies are deemed the best way to achieve strategic aims, the supply should be sufficient to tip the military balance in favor of a particular outcome—be it victory or negotiated settlement—because continuing with the status quo achieves little more than underwriting an unending civil war. ■

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# Central Asia's Water Woes: The False Threat of a Water War

*Sung In Marshall*

**TENSIONS BETWEEN** Uzbekistan and Tajikistan are high, and access to water is frequently cited as the main point of contention. Transboundary waters, which link countries in a shared system of hydrological interdependence, often lead to friction between the states involved. While this is often depicted in the media as increasing the potential for “water wars,”<sup>1</sup> more often than not, cooperation over shared waters is the norm.<sup>2</sup> As a result, the overemphasis on the threat of “water wars” diverts attention away from other security issues that could be more destabilizing and could even spark armed conflict.<sup>3</sup> The case of Uzbekistan and Tajikistan, and the Rogun Hydropower Station controversy, serves as such an example. The dam obscures deeper tensions over regional power, territorial delimitation, nationalism, and ethnic relations.

Tajikistan relies on gas imports from Uzbekistan to provide energy

in the winter.<sup>4</sup> Since Tajikistan controls approximately 40 percent of the water in Central Asia, it plans to complete Rogun, as it views hydropower as a way to reduce its energy dependence on its neighbor.<sup>5</sup> If completed, Rogun would produce enough energy to meet Tajikistan's demand and generate surplus for export to Afghanistan and Pakistan as well. Uzbekistan opposes the project as its economy is heavily dependent on agriculture (18.5 percent of GDP, based primarily in cotton<sup>6</sup>) and Rogun will drastically reduce the amount of much-needed water from Tajikistan for irrigation purposes.<sup>7</sup> The intractable positions taken by both sides on the issue have further soured Uzbek-Tajik relations, which since the 1990s have been neither friendly nor constructive, largely a product of the deep levels of distrust and personal animosity between the countries' leaders.<sup>8</sup>

However, controversy surrounding the dam masks a more significant

dynamic between the two countries. Underlying Uzbekistan's concern about reduced water flows and Tajikistan's concern over finding a permanent solution for its chronic electricity shortages is a larger worry for both sides about power and leverage. Uzbekistan—with a larger population, larger economy, and greater military capacity—is clearly the superior power of the two.<sup>9</sup> Some claim that Tajikistan, feeling threatened by its more powerful neighbor, is using Rogun as a means of increasing its leverage, as it would give it the ability to cut the lifeline to Uzbekistan's economy.<sup>10</sup> In order to hedge against this threat to its economic security, Uzbekistan has taken measures to marginalize Tajikistan, including cutting Tajikistan's access to natural gas, introducing a visa regime to limit the flow of Tajik citizens—even if they are ethnic Uzbeks—into Uzbekistan, and placing minefields along the shared border.<sup>11</sup> The result has been a series of tit-for-tat measures undertaken by each state as part of the power struggle playing out over the dam.

In this context, water distribution and management is being used as a tool for each side to flex its political muscles.<sup>12</sup> Given these recent measures, exacerbated by historical tension over the border and relatively frequent border skirmishes,<sup>13</sup> it is not entirely implausible to believe that the current situation could lead to conflict.<sup>14</sup> Nevertheless, Central

Asia is unlikely to witness an armed conflict in the near future. Both Uzbekistan and Tajikistan are acutely aware of the human security<sup>15</sup> and domestic stability ramifications of violent conflict<sup>16</sup> and neither side—particularly Tajikistan, as it would likely be swiftly defeated—is interested in resorting to military force to solve their disagreements.

Despite the slim odds of an armed conflict breaking out between Tajikistan and Uzbekistan anytime soon, the focus of the public eye remains on the threat of an impending “water war.”



Despite the slim odds of an armed conflict breaking out between Tajikistan and Uzbekistan anytime soon, the focus of the public eye remains on the threat of an impending “water war” in Central Asia spurred by the development of Rogun.<sup>17</sup> This has shifted the focus away from the critical issues that need to be urgently addressed. Rather than deal with the underlying political tensions between the two states, the negotiation process on Rogun focuses on the potential benefits and risks of the project and its technical, economic, social, and environmental viability.<sup>18</sup> Yet, any real solution for water management must address the power struggle between the two Central Asian neighbors by fostering a positive dialogue that frames the issue not in zero-sum terms but in rational cost-benefit terms.

A continued lack of cooperation between Uzbekistan and Tajikistan on Rogun and other security issues will impede positive progress and undermine Central Asia’s long-term stability. To prevent this, the two neighbors must garner the political will necessary to cooperate on creating a regional water-energy management system that ensures an equitable distribution of resources. This will not be easy to achieve and there is no “quick fix” to the problem. A helpful first step would be to “desecuritize” the issue by focusing less on the potential of a water war as a threat and instead on creating a constructive dialogue that focuses on regional cooperation and conflict prevention. ■

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# China-Pakistan Energy Corridor: Roadblocks and Security Implications

*Nicole White*

**DURING HIS FIRST FOREIGN TRIP** as Chinese premier, Li Keqiang visited Pakistan and underscored the importance of developing the China-Pakistan economic corridor.<sup>1</sup> Li's remarks reflect Beijing's wariness of the current constraints on its resource-import strategy, a plan necessary for sustaining China's unmatched economic growth and executing its ambitious urbanization plans. China's impetus for diversifying oil routes and initiating cross-continental pipeline projects can be largely explained by the fact that 80 percent of Chinese fossil fuel imports currently pass through the narrow and vulnerable Strait of Malacca.<sup>2</sup> Due to the Middle East's dominant capacity to meet China's oil demand, the establishment of an economic corridor from the Middle East to western China has remained on China's agenda for more than two decades.<sup>3</sup> What are the regional security implications of a strengthened China-Pakistan energy partnership?

For his part, newly elected Pakistani Prime Minister Nawaz Sharif reciprocated Premier Li's visit by making China his first post-election trip. During both visits, Chinese and Pakistani leadership focused on increasing energy cooperation and, more specifically, the development of Gwadar Port, which was recently acquired by China Overseas Ports Holding Company Limited, a Chinese state-owned enterprise. Strategically located in Pakistan near the Iranian border at the gateway of the Strait of Hormuz, Gwadar Port could form part of a new energy and trade route, cutting thousands of kilometers from the distance that oil and gas imports from Africa and the Middle East travel to reach China.<sup>4</sup> However, financial constraints, geographic challenges, and security concerns continue to delay the port's operational start date as well as the expansion of the Karakoram Highway, envisioned to connect China's Xinjiang province and Pakistan's Baluchistan province.

Political turmoil and violent extremism in Baluchistan, where Gwadar Port is located, are perhaps the largest obstacles to the success of the China-Pakistan energy corridor. Pipelines are just as vulnerable as sea lane alternatives because they are easily sabotaged by both national militaries and non-state actors. To date, roadside bombings, kidnappings of Chinese engineers working Sino-Pakistani energy projects, political instability, Islamic extremism, and terrorist attacks against outsiders fail to deter China's quest for energy via Pakistan. However, swelling instability could have more serious consequences than just a decelerated pace of highway and railway expansion and a reluctance on behalf of Chinese companies to invest in large projects in Pakistan.

Political turmoil and violent extremism in Baluchistan, where Gwadar Port is located, are perhaps the largest obstacles to the success of the China-Pakistan energy corridor.

The broader China-Pakistan relationship is particularly threatened by armed separatist groups operating in western China and northern Pakistan along the shared 370-mile border. One such threat is a Chinese separatist group, the

East Turkestan Islamic Movement (ETIM), which reportedly trains in the tribal areas of Pakistan and has received minimal funding from al Qaeda. Nevertheless, Beijing overstates the ETIM threat and uses the "War on Terror" as a cover to forcibly suppress Uighurs in Xinjiang. But Beijing takes the Uighur threat seriously, as their potential to destabilize oil and gas transit routes could jeopardize China's access to much-needed gas from Turkmenistan and potential energy from Pakistan.<sup>5</sup>

If the China-Pakistan corridor materializes, Chinese dependence on energy via Pakistan would increase China's stake in Pakistan's internal security climate. However, beyond leadership rhetoric about Chinese-Pakistani counterterrorism cooperation, both nations have pursued a policy of non-interference in domestic issues.

Even if willing to provide more than limited financial assistance, Beijing has little to offer Islamabad in the form of counterterrorism expertise, training, drones, or other technology.<sup>6</sup> Moreover, Pakistani Prime Minister Sharif is unlikely to focus on counterterrorism cooperation with China or the United States at a time when his country is suffering from an energy crisis with sustained power outages and weak economic growth.<sup>7</sup> But Washington's inability to find a reliable partner in Islamabad strains U.S.-Pakistan relations, pushing the South Asian nation even closer to China.

A strengthened Sino-Pakistani energy partnership, on top of already close defense ties, makes both India and the United States uneasy. In attempts to assuage widespread fears that China will use Gwadar Port as a naval base to encircle India or monitor U.S. naval activities in the Indian Ocean, Chinese and Pakistani officials have explicitly stated that the port's purpose is purely commercial. Ethnic tensions, opposition to outsiders, and extreme poverty in Baluchistan inhibit infrastructure development, diminishing the viability of the port becoming economically profitable, not to mention operable as a naval port for the Chinese People's Liberation Army (PLA) Navy.<sup>8</sup> Regardless of China's ultimate intentions, realizing the full potential of Gwadar hinges on the Pakistani government's ability to stabilize Baluchistan.

Despite instability and inadequate infrastructure in Baluchistan, Pakistani and Iranian officials announced plans in March to build an oil refinery in Gwadar. Despite U.S. pressure, Pakistan and Iran also continue discussing the development of the Iran-Pakistan natural gas pipeline—originally the Iran-Pakistan-India pipeline before India decided not to join. Islamabad and Tehran are now looking to Beijing to help finance the pipeline because sanctions on Iran and U.S. threats to sanction Pakistan make it impossible for the two cash-strapped nations to finance the project alone.<sup>9</sup> On August 26, Pakistani and Chinese officials met to discuss the possibility of extending the proposed Iran-Pakistan gas pipeline to China, amplifying U.S. concerns about Iran and complicating U.S. response calculations.

As the United States withdraws from Afghanistan and relations between the United States and Pakistan and the United States and Iran remain tense, China must juggle prioritizing its energy interests, supporting its allies in the region, and managing U.S. criticism of supporting terrorist regimes and nuclear proliferation. Additionally, China is attempting to maintain a positive image in the Muslim world in order to safeguard against attacks on its workers in the region, ensure safe oil and gas imports, as well as dodge criticism about its own harsh treatment of Muslims in Xinjiang. It is important to acknowledge that both immense vulnerability and increased leverage are byproducts of China's energy import-dependence. By opening the energy corridor via Pakistan, China appears postured not only to diversify its energy routes, but also to use its newfound economic and political leverage to keep India in check and hedge against U.S. influence in the region. ■

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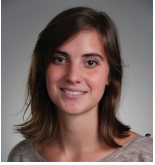
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