

Multi-billion Dollar Mining Boom: The economics of war and empire in Afghanistan.

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On a brilliant sunny afternoon, in July 2007, my research partner Hamayon Rastgar and I climbed Shahr-e Gholghola, a tiny but strategically located mountain that incongruously juts upward in the center of the Bamiyan Valley in Afghanistan's central province, Bamiyan. Our guide was a geologist I'll call Aziz.

Aziz led us through the minefields that guard the approach to Shahr-e Gholghola to reach the strategic lookout above. From the mountaintop we surveyed the incredibly verdant Bamiyan Valley bounded by the famous cliffs of Bamiyan to the north, the snow-capped mountains of the Koh-e Baba Mountains to the south, and looking downstream along the Bamiyan River to the east, the red cliffs of Shahr-e Zohak. A chain-smoking Afghan soldier, posted on sentinel duty to keep watch over the NATO-ISAF airbase below and guard the BBC broadcasting equipment installed atop the mountain, kept us under his bored gaze. But we didn't climb Shahr-e Gholghola just to admire the spectacular view. Aziz wanted to tell us his story of war, empire, and mining in Afghanistan with the Bamiyan Valley as his dramatic backdrop.

Some of the richest mineral deposits in the world, said Aziz, exist within a few kilometres of where we stood. Many more deposits are scattered throughout the rest of Afghanistan. A promotional brochure distributed by the Afghanistan Ministry of Mines claims the Hajigak iron deposit in Bamiyan contains 1.8 billion tonnes of ore with a concentration of 62 percent iron [http://www.bgs.ac.uk/AfghanMinerals/docs/Hajigak_A4.pdf]. There is also abundant coal nearby that can be used for the coking process and to generate electricity making this a world class site for mine development.

Since antiquity, Afghanistan has been a source for gems and semi-precious stones, metals, and marble. Small-scale artisanal mining has always existed to supply jewellers and metal industries. A Soviet geological survey conducted in the 1970s led to some development of large-scale industrial mining, but most of these developments stalled, after 1992, during the upheavals of the American-backed Mujaheddin regime and then the Taliban regime, after 1996. The Soviets also developed natural gas extraction, which helped to fuel the Soviet economy and provided the Afghan economy with a significant portion of its foreign trade.

In 2002, the US Geological Survey (USGS) published a list of more than 1000 deposits, mines, and occurrences in Afghanistan to confirm the country's wealth of mineral and hydrocarbon resources. Among the minerals found in abundance are gold, copper, iron, mercury, lead, and rare metals such as cesium, lithium, niobium, and tantalum. Tantalum, which is also known as coltan, is a rare element essential in the manufacture of cell phones,

computers, and digital cameras. Lithium is necessary for high-tech batteries, specialty glasses and ceramics, and for some high-performance metal alloys. Niobium is used in steel alloys. According to Afghan geology expert, John Shroder, writing in a 2007 GeoJournal article, oil and natural gas reserves identified by the USGS far surpass earlier Soviet estimates.

Aziz said he fears most Afghans could be condemned to even greater suffering if these resources are developed by giant transnational companies. Looking over the Bamiyan Valley, we can see that productive and sustainable agriculture fills every available niche in a delicate balance of nature. It is an extremely fragile environment, similar to the arid American southwest. Building a railway through the valley, spewing toxic waste into the atmosphere during the smelting process, and dumping tons of slag onto the watershed would have an incredibly destructive impact on the delicate ecological balance that has been maintained for millennia by the local farmers. Aziz reminded us of the genocidal slaughter of the Indigenous Peoples of the Americas as they were displaced to make way for economic development and the ecological destruction that resulted from resource extraction. Recognizing that, to this day, resource extraction practices continue to disrupt social and environmental systems, Aziz fears for the future of the Hazara people of Bamiyan and all Afghans throughout his country.* * *As part of its economic liberalization and privatization strategy, the United States Agency for International Development (USAID) is directing the sale of every Afghan state enterprise in transportation, communications, manufacturing, and resource extraction. Any potentially profitable sector of the Afghan economy is overseen by the agency.

In October 2006, the British Agencies Afghanistan Group announced that privatization of the Jawzjan gas field was beginning and that deals had already been signed to privatize the Karkar-e Dodkash coal mine in Baghlan, a fluoride mine in Uruzagan, a gold mine in Herat, a precious stones mine in Nuristan, and cement factories in Ghorī and Parwan.

In November 2007, the huge Aynak copper deposit, which is approximately 35 kilometres southeast of Kabul, was auctioned under the USAID plan. According to an article in online geography journal GeoJournal, the Aynak deposit is estimated to contain more than 11 million metric tons of recoverable copper .

For centuries if not millennia, artisanal copper mining was practiced at Aynak. In the 1980s, Soviet geologists and engineers began exploration and preliminary mine development of the 28 square kilometre Aynak copper field, but the Soviet miners were forced to leave when the Soviet military withdrew in 1989. In August and September 2008, the Afghanistan Ministry of Mines tendered four more mine sites for auction: the Feranjal barite deposits in Parwan; the Da Eman coal deposits in Bamiyan; the Namakab coal deposits in Takhar; and the Ghorian iron deposits in Herat.

While the privatization program is overseen by an office of USAID, the ultimate decision to accept a winning auction bid rests with the Afghan government. However, there are questions about whether the Karzai government has the power to make autonomous decisions. Some Afghan critics complain that American, British, and Canadian diplomatic and military advisors act as Karzai's shadow cabinet.

For example, a team of Canadian Forces advisors called SAT-A (Strategic Advisory Team Argus) is embedded within Karzai's presidential offices. During Karzai's September 2007

visit to Canada, documents acquired under the Access to Information act suggested that Karzai's speech to the Canadian Parliament was written by the SAT-A.

Ironically, Aynak was technically not privatized in accordance with liberalization doctrine — it was sold to a Chinese state enterprise, China Metallurgical Group, for an astounding \$3.5 billion US. The principals of Vancouver-based Hunter-Dickinson, who thought they would win the bidding process with an offer in the neighbourhood of 2 billion dollars, were not pleased by the outcome, according to a Canadian government source. Other bidders on the Aynak deposit were Phoenix-based Phelps Dodge, London-based Kazakhmys Consortium, and a subsidiary of Russia's Basic Element Group. Awarding the Aynak mine deal to the China Metallurgical Group may be a shrewd strategic move from the perspective of Canadian advisors. A considerable portion of the extraordinary Chinese bid is earmarked for constructing a 400 megawatt power plant to feed the mine and its smelters, the development of a nearby coal mine to feed the power plant, and construction of Afghanistan's first railway, which will stretch from Western China through Tajikistan to the Aynak mine and on to Pakistan. The political and commercial risk of investing in Afghanistan makes it unlikely a private company would undertake an infrastructure project of the scale needed to develop the Aynak deposit. The American, Canadian, and British governments operate state-financed insurance schemes to protect investors from political risk in foreign investments, but they will not insure investments of this massive scale. Considering the high degree of influence American, Canadian, and British diplomats and military advisors have inside the Afghan government, it is conceivable that working out the deal with China Metallurgical Group could have been a deliberate strategy designed to shift the burden of infrastructure development to the Chinese state. Private companies from the NATO states can potentially benefit from the surplus capacity of the Chinese coal mine, power plant, and railway to service the many other mines and development sites yet to be sold.

Such a meshing of economic and geopolitical strategies fits with the strategic agenda outlined in the recent US National Defense Strategy (USNDS) 2008. The USNDS 2008 outlines America's strategy to economically engage China and Russia, while still relying on the old Cold War era strategy of containment by NATO forces as a military backup. This latest strategic statement outlines how the US "will develop strategies across agencies, and internationally, to provide incentives for constructive behaviour while also dissuading them [China and Russia] from destabilizing actions". Strategists in the NATO states are concerned with controlling the growth of Russia and China in Central Asia as these two emerging powers increase their level of mutual cooperation through the Shanghai Cooperation Organisation and the Russia China Security Partnership. Allowing China to make a huge and extremely risky investment, for which success is entirely dependent on a continued NATO military occupation of Afghanistan on China's border, may be a cunning tactic as part of the engagement-containment strategy outlined in the USNDS 2008.

Many Afghans—from cab drivers, shopkeepers and day labourers to intellectuals—told us they believe the privatization of Afghanistan's resource wealth is one among many factors in the strategic geopolitical and economic calculus the leaders of the NATO states use to rationalize their war in Afghanistan. Afghanistan's undeveloped resource wealth is no secret to Afghans, even if most Canadians outside the mining industry remain ignorant of the fact.

* * *Like many Afghans, Aziz is sceptical of an Afghan government controlled by warlords that was first established by military force backed by American aid, in 1992, and re-established by American and NATO forces, in 2001. This government cannot survive without the support of foreign military forces. He doubts such an arrangement will protect Afghans

from the destructive practices of foreign mining companies whether these companies are based in the powerful NATO states or elsewhere. Among the many warlords prominent in Afghan politics and business are Rashid Dostum and Ismail Khan. Since 2001, Dostum has held numerous influential positions in government and business including the office of Minister of Defence. Dostum is alleged by Human Rights Watch to have committed numerous war crimes since the 1980s and including while he led the Northern Alliance as the ground forces for the American-NATO invasion, in 2001. Khan was a captain in the Afghanistan National Army when he led the Islamic revolution in Herat, in March 1979. Khan's Islamic revolutionary forces received covert support from the US during that year. Human Rights Watch alleges that Khan committed war crimes and crimes against humanity, since first seizing power in 1979 and throughout his participation in the Northern Alliance. Khan was appointed Minister of Energy and Governor of Herat by Hamid Karzai.

Before the NATO states chose to support the Northern Alliance, in 2001, Human Rights Watch, among other agencies, had repeatedly warned that the Northern Alliance, as well as the Taliban, committed widespread and systematic crimes against humanity that included targeted civilian killings, indiscriminate bombardment of civilian areas, summary executions, torture, rape and sexual abuse, and the use of child soldiers.

As we soaked in the breathtaking view of the Bamiyan Valley, a man I'll call Zahir joined our conversation. Alexander the Great's army, he said, is believed to have occupied the valley for four years after sweeping through the Persian Empire. From here, Alexander moved south to invade India. The Greek legacy can be found in remnants of art and architecture still scattered about the valley. We could also see Shahr-e Zohak to the east. In the 13th century, the grandson of Genghis Khan was killed there. The Khan set his army on a genocidal rampage through the valley in retaliation. We could see, carved into the cliffs north of Bamiyan, the two empty colossal niches that, until March 2001, had housed the largest Buddha statues in the world. The destruction of the Buddha statues is portrayed in the West as an act of religious fanaticism by the Taliban. According to Zahir, however, the destruction was a calculated act of cultural cleansing and ethnic subjugation of the Indigenous Hazara people. This deliberate process of ethnic subjugation began at least as early as the late 17th century when the Mughal emperor Aurangzeb's army first defaced the East Asian facial features of the Buddha statues. Zahir suggests the Buddha statues were defaced because they resembled the features of local Hazaras, although this is a contentious theory.

At the base of the Bamiyan cliffs, we could see the ruins of the famous bazaar of Bamiyan destroyed during battles in the early 1990s between the Hazara Islamic Unity Party and the National Islamic United Front. The United Front became better known as the Northern Alliance when these forces were used as NATO's ground troops to take Kabul, in 2001.

Both Aziz and Zahir told us they are fearful the historical subjugation of the indigenous Hazara will continue and could intensify when mining companies move into Bamiyan. When empires compete over resources, ethnic groups are often enlisted as proxy forces in the fight for wealth.

The Hazara people, Zahir told us, like all the people of the almost two dozen distinct indigenous ethnic groups scattered throughout Afghanistan, have a deep psychological attachment to their land. They know only too well the brutal history of invading armies that threatened their lives, their livelihoods, and their traditional claims to their land. During our travels, many Afghans, from all walks of life and different ethnic groups, told us they regard

the current NATO occupation no differently than previous occupations by the Soviet military, the British military, or any of the other imperial armies that have invaded Afghanistan.

Leaders of the NATO states claim the current occupation of Afghanistan is different from previous imperial occupations. But the question remains as to how the current occupying forces will deal with Afghanistan's natural resources: who will get access, who will benefit, and whose livelihoods and land will be sacrificed to mining? Recognizing the long global history of extractive industries – including the domestic and global practices of Canadian extractive industries – our two Afghan friends told us they are not hopeful that the indigenous peoples who will be affected by mining development will be fairly compensated or that the environment will be adequately protected

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