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Policy Brief

The Need for Haste on Pakistan-occupied Kashmir: China Pakistan Economic Corridor Needs a Counter Strategy

P. Stobdan

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S*ummary*

While Pakistan has effectively sustained its Kashmir agenda for seven decades, India has been defensive and sporadic in its claim over Pakistan-occupied Kashmir (PoK). The nature of developments taking place around PoK is too serious for India to ignore. India needs to fully grasp the motivation, significance and implications of the growing Sino-Pakistan nexus particularly in the context of the China-Pakistan Economic Corridor (CPEC). India needs to work on its own counter strategy. An India-China Silk Route Corridor (ICSRC) could have multiple advantages for both countries without at the same time compromising their security concerns.

Snubbing Pakistan for sponsoring terrorism and calling upon Pakistan to vacate the portion of Kashmir that remains under its illegal occupation is not new to the Indian policy approach. What is new is the assertion by the Narendra Modi Government on the need to reverse the game by shifting the discourse on Kashmir. New Delhi's new move is accompanied by the sudden sprouting of videos showing Pakistani atrocities in Gilgit and Baltistan (GB).

While Pakistan has effectively sustained its Kashmir agenda for seven decades, India has been defensive and sporadic in its claim over Pakistan-occupied Kashmir (PoK). Hopefully, the rhetoric this time is not a propaganda stunt and the policy shift will gain traction. As a step to wreck Pakistan's agenda, India has correctly proscribed the Hurriyat factor from the NSA-level talk – denying Pakistan any leeway on both terror and political dialogue.

While changing the Kashmir narrative is important, India needs to pay serious attention to the changing nature of power play that has brought PoK to the forefront of China's geopolitical calculations. The region came under spotlight after Xi Jinping announced plans for developing the China-Pakistan Economic Corridor (CPEC) and pledged USD 46 billion for building transport and energy connectivity to link Pakistan with China's ambitious flagship project 'One Belt, One Road' (OBOR). The August 2015 "Karamay Declaration" detailed Pakistan's role in China's global scheme. Lately, even Russia has indicated its interest in joining the bandwagon to prop up Pakistan's strategic significance for Eurasian integration.

While the Sino-Pak axis in PoK is nothing new, the sheer magnitude of the CPEC plan makes it clear that it is not confined to the single limited objective of boosting Pakistan's prosperity. On the face of it, CPEC signifies the laying of a crucial bridge for China to access the Indian Ocean and conversely for Pakistan to access Eurasia. While the need to capitalise on their political and geographical proximities explain this logic, this is not the entire truth. There is far more to China contemplating heavy investments in a country as perilously poised as Pakistan is.

Significance and Implications of CPEC

India needs to grasp the motivation, significance and implications of this new China-Pakistan nexus. First, CPEC implies a further deepening of the Sino-Pak alignment which began to intensify after the Osama Bin Laden episode. Moving from "all-weather friendship" to "iron brother" status, China began to liken its ties with Pakistan to the US links with Israel. Xi Jinping considers Pakistan as a frontline state in the war against terror and is of the view that "its sacrifices can't be forgotten" by China. China expects the CPEC to yield far-reaching economic benefits, and regional security is instrumental for this purpose.

Second, and related to this, is the strategic intent of besieging India. The alignment of Karakoram (land) with Gwadar (sea), both having commercial and military utility, could serve as strategic chokepoints vis-à-vis India. As *Andrew Small notes in his book The China-Pakistan Axis: Asia's New Geopolitics*, "Pakistan is both a Chinese pawn (against India) and platform for power projection.....a long history of secret deals between their two armies – overrides the problems with Islamic extremism."

Third, China is mindful of Pakistan's vulnerabilities and the latter's links with terror that could result in unpredicted consequences. The possibility of the Af-Pak belt becoming a safe haven for Uighur militants once the US troops leave is very much on Chinese minds. Beijing's eagerness for Afghan reconciliation talks explains that. Yet, Beijing will shield Pakistan while trading on terrorism with terrorists (jihadists, the Taliban and al-Qaeda), all of whom receive arms in exchange for refraining from exporting terror into Xinjiang.

Fourth, some analysts view the CPEC in the context of offsetting the growing US-India intimacy as well as China's *quid pro quo* to counter India's "Act East" policy. Although such a comparison is nothing but hyperbole, Pakistan does have utility to China for keeping India always edgy. This is a China's nuanced strategy to deter any possible India-US direct prying in Tibetan and Uighur issues. In reality, China would prefer not to bail out Pakistan in moments of its peril.

Finally, against this backdrop, Beijing is keen to employ its *prêt-à-porter* domestic-external interwoven strategy that had been earlier tested in the Xinjiang-Central Asia frontier to fix problems at home and abroad. Therefore, CPEC is a perfect counter-offensive defence strategy for dealing with threats emanating from the Af-Pak region.

Concerns for India

India needs to be concerned about China attempting to replicate in PoK the well-perfected policy it has applied earlier in Tibet, Xinjiang and across Central Asia. *Beijing would be seeking* a historic opportunity to fill up gaps where India has largely failed. Considering PoK's strategic location as a connecting point of South, West, Central and East Asia, China's move has implications for limiting India's outreach to the critical Eurasian region.

India failed to see the writing on the wall when Pakistan carried out a series of steps to manipulate the legal and demographic profile, the last being a change of nomenclature from Northern Areas to Gilgit-Baltistan under the Empowerment and Self Rule Order (2009). An option for incorporating GB to make it as the fifth province of Pakistan is gaining serious consideration. There is also speculation that Pakistan could lease additional areas of GB to China. The opening a Chinese Consulate in PoK is in the offing. One should not be surprised by Beijing working on a plan to grab the entire GB along with the 5,000 square kilometre Shaksgam Valley held by China since 1963. Academic writings draw historical antecedent for China's claims over the Hunza Valley.

For Islamabad, GB's assimilation would mean quelling popular sentiment while also deflating India's objections to Chinese activities. But this has not gone well with the Kashmiri separatists including the Hurriyat who are against GB's incorporation into the Pakistani constitution.

Meanwhile, Chinese activities in GB are in full swing including the building of hydropower projects at Neelum-Jhelum, Kohala and Chakothe-Hattian that will generate 2,569 MW of power by 2020. The China Road and Bridge Corporation (CRBC) recently completed five tunnels over the Attabad Lake in Hunza Valley. Widening of the Jaglot-Skardu Road is in progress. At the other end, China has taken 923 hectares on lease in Gwadar for developing a special economic zone (SEZ).

None of these developments stirred up an adequate Indian response. In fact, Beijing justified the CPEC as a "livelihood project" when concerns were raised by Prime Minister Narendra Modi during his May 2015 visit to China.

Clearly, India's unhurried stance on PoK explains its unwillingness for changing the status quo. New Delhi has been making sporadic and pro forma protests on the PoK issue only for the purpose of countering Pakistan's raising of the K word at the UN. And while Pakistan used global forums as the stick to beat India with on Kashmir, India remains loath to play the United Nations Security Council Resolution 47 of August 1948 that implicitly recognised Indian "sovereignty" over J&K and urged Pakistan to vacate territories under its "illegal occupation".

The nature of developments taking place around PoK is too serious for India to ignore. With CPEC coming into effect, Pakistan has gone on a diplomatic spree offering to shape a "New Central Asia" through CPEC, asking the landlocked Shanghai Cooperation Organisation (SCO) members to use Pakistani ports. Pakistan is gaining greater credence in Eurasia as a possible partner. Kazakhstan has already expressed its desire to join the corridor. Renewed efforts are being made to reboot the Quadrilateral Traffic in Transit Agreement (QTTA) with Central Asian states. Pakistan joined the Central Asia Regional Economic Cooperation (CAREC) in 2010 and it separately seeks Transit Trade Agreement (TTA) with Afghanistan for access to Central Asia. To further boost intra-regional connectivity, Pakistan has recently acceded to the TIR Convention.

Involving Iran in the corridor is another ambition. With the current financial down turn in China, it is hard to predict whether CPEC will actually come to fruition. However, the trajectory and even a partial success would be consequential for limiting Indian influence in BRICS and SCO.

Opportunity for India

Modi's government is apt in retrieving the PoK agenda. Placing GB along with Ladakh (82 per cent of J&K) on the political centre stage could easily undermine the Pakistani rhetoric on the Kashmir issue. Mere murmuring is not enough; India needs to start working on

Pakistan's domestic resistance i.e. in Baluchistan, Khyber Pakhtunkhwa and GB over CPEC. The "Modi effect" is already working after he offered help to the people of PoK during the 2014 floods. GB is now abuzz with pro-freedom slogans as the people are fed up with decades of Pakistani atrocities, terrorism, and sectarian killings.

Options for India

India should stop making intermittent and tentative overtures and instead adopt a robust policy on PoK. A counter strategy should go beyond building partnerships with the US in the Asia-Pacific. Quite clearly, India's non-endorsement or indifference to China's Silk Road proposal appears to be short-sighted thinking, perhaps stemming from suspicion and insecurity.

In any case, India's options are limited. In contrast to the Asia-Pacific, the US is not alarmed at Beijing's push; instead it has been seeking convergence with China perhaps necessitated by the need to share the burden of containing terrorism in Afghanistan. In fact, Washington's own New Silk Route initiative has fallen short perhaps due to shifting priorities and its inability to commit adequate funds. Geopolitically, China too is not risking a zero-sum game with the US in Eurasia. To be also sure, China also knows that the current priority of the West is to break Russia's ambitions in Eurasia rather than to counter China's move.

Additionally, if Russia moves closer to Pakistan, India's reliance on Moscow for protecting its interests would become less salient. Against the looming threat of terrorism and extremism, any prospect for joining the Silk Route dynamics could open up an opportunity for India to cooperate in soft political areas including greater understanding of the Uighur problem that we know little about. Another equally important challenge is to break the current tight geopolitical spot India finds itself in, wedged between a wall of Pakistani hostility and the fear of cooperating with China.

Also, India can do little to stop OBOR or scuttle the CPEC. Almost all the countries in the subcontinent are excited about the project. India's non-participation would lead to isolation and loss of clout at the regional level.

Being the world's second largest economy and India's largest trading partner, New Delhi is unable to ignore China anyway. To be sure, OBOR may be carrying security undertones but India also requires massive infrastructure investment and only China seems to have the surplus capital. Without partnering with China, India's integration in Asian regionalisation would be less than smooth. Chinese companies are building infrastructure in India and there is little difference whether one gains by helping or limiting China's influence. It cannot be in India's interest to support the project and not reap all the economic benefits of those projects. It is important to establish a fine balance between economics with security.

India also cannot ignore the significance of the symbolism of history. After all, it was the Silk Route on which Indian trade and philosophy (Buddhism) travelled to the rest of Asia. Modi himself showed an inclination towards and confidence in dealing with China for building an Asian century. At Ufa, Modi displayed pragmatism by seeking convergence with China and Russia. As China is fast transforming internally, the imperatives of cultural affinity will demand closer propinquity between India and China.

Thus, staying outside cannot be to India's advantage. New Delhi needs to re-conceptualise and seek new realities on the ground. China has called upon India to join the Silk Route and India should respond positively while accepting a trade-off here and there.

A wise approach would be to join the regional networking process just as India joined the Asian Infrastructure Investment Bank (AIIB). There is nothing wrong in exploring OBOR as an alternative as long as India's security interests are not compromised. Remaining disconnected would only instil greater insecurity and fears of Chinese encirclement. What Modi requires is a policy that would help to overcome predicaments that have thus far stymied India's role in Asia.

A Counter Strategy

India needs to work on its own counter strategy by offering a plan for a direct India-China Silk Route Corridor (ICSRC) that could run along the traditional Ladakh-Xinjiang axis. A shift in thinking can no longer be put off, for it would mean not just about breaking the connectivity bottlenecks but about finding interlocking economic interests between its northern states and the Eurasian growth story.

The ICSRC could provide an alternate transport, energy, trade, fibre optics and communication highway that could originate from a port in Gujarat run across northern India to connect with Kashgar in western China through the Indus Valley in Ladakh. The initiative would have multiple advantages for both India and China without compromising on their respective security concerns. These include:

- (a) The corridor could bring massive Chinese investments for building infrastructure in India that would boost the economy and generate greater employment opportunities.
- (b) India could earn billions as fee from pipeline transit.
- (c) An energy corridor would help India gain a durable guarantee against any Chinese misadventure across the border.
- (d) There could be a trade-off here in terms of India possibly getting long-distance transport and energy pipelines from Russia through western China.
- (e) ICSRC would blunt the impact of the CPEC.

- (f) For China, ICSRC would be more reliable and less hazardous than risking investments in terrorism-plagued Pakistan.
- (g) ICSRC would open a historic opportunity for India to physically connect with markets in China, Eurasia, Europe, and beyond. And,
- (h) India could offer several other alternate outlets for China through the Northeast or Sikkim that are nearer to Chinese growth centres.

If the idea were to be pushed forward, it could become a grand announcement indicating India's willingness to deepen economic engagement with China and would be something akin to how Russia and China started two decades ago. ICSRC could help revive the shared legacy of a common history and culture enriched by the trade in silk and spices. The development could pave the way for strengthening trust between the two countries and eventually contribute to the solution of the boundary problem.

ICSRC could prove to be a masterstroke of a counter-strategy in India's long-term domestic and foreign policies. It would be a *coup de maître* for India in dealing with multiple challenges of countering an expansive Chinese foreign policy, aggressive Pakistani designs, the growing threat of extremism, and addressing the connectivity issues.

About the Authors



P. Stobdan is Senior Fellow at Institute for Defence Studies and Analyses, New Delhi.

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Institute for Defence Studies and Analyses
1, Development Enclave, Rao Tula Ram Marg
New Delhi 110 010 India
T +91-11-2671 7983 F +91-11-2615 4191
contact.idsa@nic.in www.idsa.in
Twitter @IDSAIndia
www.facebook.com/InstituteforDefenceStudiesAnalyses