

**CHINA PAKISTAN ECONOMIC CORRIDOR: STRATEGIC  
AND SECURITY IMPLICATIONS FOR INDIA**

**A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE DEGREE OF DOCTOR OF  
PHILOSOPHY**

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**DEPARTMENT OF POLITICAL SCIENCE  
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**CHINA PAKISTAN ECONOMIC CORRIDOR: STRATEGIC AND  
SECURITY IMPLICATIONS FOR INDIA**

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**In partial fulfillment of the requirement of the Degree of Doctor of Philosophy  
in Political Science of Mizoram University, Aizawl.**



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**Certificate**

This is to certify that the thesis entitled “China Pakistan Economic Corridor: Strategic and Security Implications for India” submitted by Ajay Kumar Tomar for the award of the degree of DOCTOR OF PHILOSOPHY is a research work, done under my supervision and guidance. The thesis submitted by him has not formed the basis for the award to the scholar for any degree or any other similar title and it has not yet been submitted as a thesis or dissertation in any University. I certify that the thesis represents the objective study and independent work of the scholar.

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## **LIST OF ACRONYMS AND ABBREVIATIONS**

AIIB	Asia Infrastructure Investment Bank
BLF	Balochistan Liberation Front
BRI	Belt and Road Initiative
CCP	Chinese Communist Party
COPHC	China Overseas Ports Holding Company
COPHL	Chinese Overseas Port Holdings Ltd
CPEC	China–Pakistan Economic Corridor
CPIC	China-Pakistan Investment Corporation
EWS	Early Warning System
FC	Frontier Corps
FDI	Foreign Direct Investment
GB	Gilgit-Baltistan
ICT	Information and Communication Technologies
IMF	International Monetary Fund
IPP	Independent Power Producers
IOR	Indian Ocean Region
ISPR	Inter Services Public Relations (Pakistan)
JCC	Joint Cooperation Committee
JWGs	Joint Working Groups
KKH	Karakorum Highway
LAC	Line of Actual Control
MCF	Military-Civil Fusion
MoU	Memorandum of Understanding

MSR	Maritime Silk Road
NATO	North Atlantic Treaty Organization
NDRC	National Development and Reform Commission
NSG	Nuclear Suppliers' Group
OBOR	One Belt One Road
PAF	Pakistan Air Force
PLA	People's Liberation Army
PLAN	People's Liberation Army Navy
PLAAF	People's Liberation Army Air Force
PoK	Pakistan occupied Kashmir
PRC	People's Republic of China
PSC	Private Security Company
QTTA	Quadrilateral Traffic in Transit Agreement
QUAD	Quadrilateral Security Dialogue
SCS	South China Sea
SEZ	Special Economic Zone
SIPRI	Stockholm International Peace Research Institute
SLOCs	Sea Lanes of Communications
SOE	State Owned Enterprise
SREB	Silk Road Economic Belt
SSD	Special Security Division
SSN	Sub Sector North
TTP	Tehreek-e-Taliban Pakistan
UNCLOS	United Nations Convention on the Law of the Sea
UNSC	United Nations Security Council



USD	United States Dollar
XUAR	Xinjiang Uyghur Autonomous Region

**ABSTRACT**

**CHINA PAKISTAN ECONOMIC CORRIDOR: STRATEGIC  
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# **CHINA PAKISTAN ECONOMIC CORRIDOR: STRATEGIC AND SECURITY IMPLICATIONS FOR INDIA**

## **ABSTRACT**

## **INTRODUCTION**

Soon after Communist Party of China took over the reins of the country in the year 1949, it established diplomatic ties with Pakistan in the year 1951. Pakistan became the third non-communist state and the first Muslim state, to recognise People's Republic of China (PRC). Since then, relationship has witnessed enhanced strategic and economic cooperation along with boost in military ties. China is the largest arms supplier to Pakistan currently and filled the void created by USA after it stopped funding Pakistan.<sup>1</sup> China and Pakistan's all weather friendship since inception and their relations are based on shared strategic interests in the region. Pakistan's enmity towards India draws it to China for assistance and China's desire to curb India's regional growth pushes it to have ties with Pakistan to tie down India. The China- Pak relations have always had India as its central theme, with China attempting to balance India in South Asia while Pakistan seeing China as a counter weight to India. China has supported Pakistan in every domain and invested heavily in sustaining the economy of Pakistan. China- Pak relationship has withstood shifting geo-strategic landscapes and global security environment. The two countries commemorated 60 years of diplomatic ties in 2011 (also designated as the 'China-

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<sup>1</sup> <https://www.aninews.in/news/world/asia/china-spreads-its-tentacles-with-arms-exports20210225132552/> accessed on 11 November 2021

Pak Year of Friendship’).<sup>2</sup> A ceremony was organised in Pakistan on June 10, 2021 to issue 70 Rupee commemorative coin to mark the occasion of 70th anniversary of Pakistan- China diplomatic relations.<sup>3</sup> The China–Pakistan Economic Corridor (CPEC) is, as part of the Belt and Road Initiative (BRI), one of Chinese President Xi Jinping’s flagship projects. Announced in April 2015 as a USD 46 billion agreement (an amount which had by April 2017 increased to USD 62 billion), CPEC is in effect a rebranding of the long term cooperation between the two countries which has been in progress since the 1950s.<sup>4</sup>

## **India China Relations**

China and India are separated by the Himalayas. China and India today share a border with Nepal and Bhutan acting as buffer states. India established diplomatic relations with the PRC on 1 April 1950, the first non- communist/socialist nation in Asia to do so. After 1962 war the relations were strained and in the years immediately following the 1962 war two major events occurred, firstly the armed clash between India and Pakistan, which was settled with Soviet mediation while China strongly supported the Pakistani position and secondly, the explosion of nuclear devices by China. Both these events further ushered an era of unpleasant relations. History is witness to the fact that India and China have always had a difference of opinions on various issues, especially related to their common borders. Recent incidents at Doklam and Galwan further led to escalations at border.

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<sup>2</sup> <https://tribune.com.pk/story/108154/commemoration-pakistan-china-friendship-to-be-celebrated> accessed on 11 November 2021

<sup>3</sup> <https://www.sbp.org.pk/events/2021/PCDR/PCDR-Home.asp> accessed on 11 November 2021

<sup>4</sup> Jeremy Garlick (2018). *Deconstructing the China–Pakistan Economic Corridor: Pipe Dreams Versus Geopolitical Realities*, Journal of Contemporary China, 27:112, 519-533, DOI: 10.1080/10670564.2018.1433483, p.519

India also has concern with China's water diversion, dam building and inter river plans. More so, in a conflict, India fears that China can use the rivers as leverage. India's concerns also stems from the fact that China does not cooperate with regard to timely sharing of information related to projects which would impact water sharing, nor does China allow Indian experts to visit dam sites. The political and economic undercurrents have been there for some time between the two countries, each side mistrusts the intention and behavior of the other. The tendency of each side to dismiss the other side's explanations also suggests that mistrust runs deep. India's relations with China are at a crossroads and the future trajectory of ties will depend on whether Beijing will adhere to pacts aimed at ensuring peace on the border.<sup>5</sup> China and India have different views on their respective international status, different perceptions of each other's development strategies and a perception gap in anticipated benefits that derives from their respective policies on bilateral relations. It seems the two nations stand at a crossroads of bilateral relations. They can go down one of four paths: a downward spiral toward armed confrontation, armed coexistence, coexistence with cooperation and rivalry and partnership. Partnership looks unlikely at present.<sup>6</sup>

## **India Pak Schism**

The India– Pakistan relations have historically been marked by mistrust, broken promises, unresolved issues and unending conflicts. A number of divisive factors shaped and influenced the nature of this relationship which inter alia includes large

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<sup>5</sup> <https://www.livemint.com/news/india/indiachina-relations-at-a-crossroads-s-jaishankar-11621522105683.html> accessed on 12 November 2021

<sup>6</sup> Vijay Gokhale (2021). *The Road from Galwan: The Future of India-China Relations*, Carnegie Endowment for International Peace Publications Department

scale violence at the time of partition, perceptual enmity and numerous unresolved issues including Kashmir. Due to all these reasons, the two countries have found themselves locked in a complex situation. In less than seven decades after the tragic partition, the two countries met each other in three full scale wars of 1947, 1965, 1971 and one limited conflict in Kargil in 1999. Countless skirmishes at the Line of Control (LoC) and international border have been the reality over the years. India has fortified its borders with Pakistan since its inception. Pakistan adopted the use of state sponsored terror outfits as strategic asset and foreign policy tool against India from early 90's. Militancy has been used by Pakistan to keep the pot boiling in Jammu and Kashmir to project to rest of the world that Kashmir is a disputed territory and this has been major sore point in bilateral relations in recent years. The continuing hostilities have changed the geo- political environment in the region. India- Pak relations can be described as an enduring rivalry which is characterised by a persistent, fundamental and long term incompatibility. It has manifested in recurring violent clashes over a long period of time. The India– Pakistan power relationship is also characterised by a distinct form of power asymmetry which can be termed as truncated asymmetry mitigated by many factors like externally procured military capabilities and alignment with outside powers.<sup>7</sup>

## **China- Pak Nexus**

China–Pakistan friendship can be seen as a very classical example of balance of power. Analysing the period before the Sino–Indian war of 1962, it cements the logic where Pakistan was an ally of US and there was not much of an alliance

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<sup>7</sup> T.V. Paul, *The India–Pakistan Conflict An Enduring Rivalry*, Cambridge University Press 2005, ISBN - 13 978-0-521-67126-2, p.12

between China and Pakistan. However, after 1962, Pakistan and China have come together to exert pressure on India. In 1963, China and Pakistan signed a Boundary Agreement to formally delimit and demarcate the boundary between China's Xinjiang and the contiguous Northern Areas of Pakistan Occupied Kashmir (POK). With this delimitation, Pakistan ceded the Shaksgam Valley to China. Both countries extended their common boundary up to Karakoram Pass. Pakistan's nuclear programme is also a testimony of China's close alliance, its covert and overt support. In July 2021, the Pakistan Army inducted its first batch of Chinese made VT-4 battle tanks<sup>8</sup> and in December 2021, China delivered the largest and most advanced warship, a frigate with stealth capabilities, it has ever manufactured as Beijing and Islamabad continue to strengthen their military capabilities against regional rival, India.<sup>9</sup> The sale and induction of the Chinese military equipment are just another indication of the continuing consolidation of the strategic partnership in the face of the evolving international conditions in the region. China supports Pakistan with a view of sustaining the strategic pull it exerts on India's security calculus. China and Pakistan have also signed several agreements for the military usable infrastructure in Gilgit- Baltistan and POK. Chinese growing dependence on Pakistan can also be seen in the backdrop of evolving situation in Afghanistan.

## **Statement of Problem**

CPEC is the only corridor under the BRI umbrella that is defined strictly in bilateral terms. The USD 64 billion CPEC was signed in 2014 with the aim of

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<sup>8</sup> <https://thediplotmat.com/2021/07/the-china-pakistan-partnership-continues-to-deepen/> accessed on 12 December 2021

<sup>9</sup> <https://www.hindustantimes.com/world-news/eye-on-india-china-builds-delivers-biggest-stealth-warship-to-pakistan-101636432684895.html> accessed on 12 December 2021



connecting China's strategically important North Western province of Xinjiang to the Gwadar port in Southern Pakistan through a network of roads, railway lines and pipelines. CPEC has the potential to redefine the very contours of South Asia, specially the triangle formed by China- India and Pakistan. Due to its geo strategic location, peculiar dynamics of interstate relations and possible adverse ramifications, developments related to CPEC have become major cause of concern for India. There is a growing sensitivity that this corridor is being developed with an anti-India Agenda and would lead to its strategic encirclement. However, both China and Pakistan claim that the collaboration does not have any offensive intent rather it is driven by necessities of national interests in the form of Energy Security for China and socio– economic development for Pakistan. Development of CPEC may be economically and strategically beneficial to China and Pakistan and in pursuance of their national interest. However it may not be so for India, keeping in view India's fragile relations with Pakistan and China.

Between the web of claims and counter claims by China- Pakistan- India, this colossal development which has the capability to shape the future of the entire region, taking place in close geographical vicinity of India needs to be analysed in detail and from security and strategic prism. The proposed study will focus on analysing various aspects related to CPEC, their likely strategic impact on India and various security implications including theoretical aspects.

## Review of Literature

Books, articles and papers in various journals have been written by various institutes and scholars covering various aspects of CPEC, mostly covering the economic aspects of it. Most of the work or content available online on CPEC is from Chinese and Pakistani scholars highlighting their perspective. A review of literature available in terms of books, periodicals, magazines and articles points out that CPEC will have implication for India, this has been researched by a number of analysts. Hence, views & opinions exist on both sides with arguments supporting the cause as well as counter arguments on the same. ***Gwadar: trade hub or military asset?***<sup>10</sup> An article published by Amit Bhandari and Aashna Agarwal for Gateway House has presented seven arguments supporting the fact that Gwadar is being developed for military activities rather than a trade hub.

Srikanth Kondapalli and Hu Xiaowen (2017) in their book 'One Belt One Road: China's Global Outreach' points out that In conjunction with its meteoric rise in the economic spheres, China's new initiative of One Belt One Road (OBOR) is attracting global attention for its grand scale of potentially connecting Asia, Africa, Europe (and South America) through the much needed infrastructure projects. It is a grand vision of ushering in a new international order albeit based on Chinese characteristics, with an elaborate programme of galvanizing domestic and international audience through not only wider publicity but also constructive and

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<sup>10</sup> Amit Bhandari & Aashna Agarwal, *Gwadar: trade hub or military asset?*, Gateway House, May 2018

competitive involvement of various stake holders. It also focuses on the responses and perceptions of various countries to the OBOR initiative.

Srikanth Thaliyakkattil (2019) in his book 'China's Achilles' Heel: The Belt and Road Initiative and Its Indian Discontents' points out that the BRI has marked a turning point in the geopolitics of Asia. He has argued that, it is an attempt by China to establish its narrative dominance over Asia, thus establishing itself as the predominant power in the Asian region and the world. Becoming the dominant power in Asia serves many purposes for the Communist Party led system of China. It will ensure its survival as a unique political system, it will increase the internal legitimacy of the Chinese Communist Party (CCP), and it will substantially increase the power of the CCP to shape its geopolitical environment. India's objections and resistance to the BRI have become its most vulnerable point. The Indian worries are mainly concentrated on the question of the CPEC. Author argues that Indian objections and the resulting events have had an unfavorable impact on China's BRI strategy.

Siegfried O. Wolf (2020) in his book 'The China Pakistan Economic Corridor of the Belt and Road Initiative: Concept, Context and Assessment' questions the economic viability of this development initiative and also wonders about the proclaimed economic rationale of the CPEC. He further argues that due to lack of transparency and high levels of secrecy surrounding the CPEC, it is difficult to assess whether the corridor's implementation follows economic parameters or more likely security related, political and strategic rationales. Beijing is investing in the buildup of security and defence capacities in Pakistan, which obviously reaches beyond the

protection of Chinese workers and companies. Examples include the envisaged creation of a Chinese naval base at Gwadar. This is an indication of the geostrategic considerations held by Pakistani and Chinese security circles. Role by the military within the CPEC, either directly (for example through their participation in the apex committees and other CPEC related entities) or indirectly (through their economic entities) makes the corridor a matter of national security.

James Schwemlein (2019) in his special report ‘Strategic Implications of the China Pakistan Economic Corridor’ brings out multiple narratives that exist to explain China’s changing ambition in Pakistan and what it means for China’s strategy toward India and the South Asian region. He also points out that China’s ultimate intent is its own offensive positioning and diversifying China’s maritime presence beyond the Straits of Malacca. For India, China’s expanding role in Pakistan is a significant concern and the greater risk remains that Chinese backing will embolden Pakistan to challenge India, both through terrorism and further expansion of Pakistan’s conventional and strategic arsenals.

Lieutenant General PK Singh (Retd) (2017) in his article ‘China-Pakistan Economic Corridor: Connecting the Dots’ points out that CPEC is an ambitious geo-strategic plan to carve out a combination of continental and maritime geo-strategic realm. Administrative control of Gwadar was handed over to China for a period of 40 years in 2013. Is it mere coincidence that the operational control of Pakistan’s Karachi Port is with China Overseas Port Holdings Company and that Sri Lanka’s Colombo South Container Terminal is built, run and controlled by China Merchants Holding? Is it also a coincidence that Chinese naval submarines including a Ming-class, diesel-

electric nuclear submarine are docked in Karachi and Colombo? The pointers are clear, Gwadar with its proximity to Hormuz, its suitability to accommodate naval warships and submarines, and its capability to serve as a hub for replenishment and weapon logistics make it an ideal naval base. With an airport, as part of the Gwadar Project, it becomes an ideal surveillance and interdiction hub.

Portia B. Conrad (2017) in her article 'China's Access to Gwadar Port: Strategic Implications and Options for India' points out that the CPEC sets the stage for China to wield preeminent economic, military and diplomatic influence in Pakistan. The CPEC runs through the PoK, which is India's sovereign land and this is the primary concern about CPEC. Chinese indifference towards Indian concerns and Chinese investments in PoK are serious irritants to India. The Chinese controlled and monitored base in Gwadar is a serious threat to India's maritime interest and predominance in the region. It may also be said that the steady expansion of China's activities is intended to shift the current naval balance of power in the Indian Ocean region. The presence of an extra-regional power in its backyard has security implications for India

Jeremy Garlick (2018) in his article 'Deconstructing the China– Pakistan Economic Corridor: Pipe Dreams Versus Geopolitical Realities' points out that the overland connection is beset with difficulties because of geographical, economic and security problems. China's long-term motivations for maintaining presence in Pakistan is likely to be chiefly geopolitical rather than geo-economic. In fact, China's primary aim with CPEC and other investments is to hedge against India by establishing a physical presence in the Indian Ocean Region (IOR). Chinese interest in Gwadar and

other IOR ports such as Kyaukpyu and Hambantota is primarily due to the strategy of geo-positional balancing with regard to India.

Luca Galantini (2019) in his report 'The China-Pakistan Economic Corridor (CPEC): Analysis of The Strategic Implications' highlights that Gwadar is strategically essential for the People's Republic of China, because, by connecting the Chinese city of Kashgar in Xinjiang to the Pakistani port of Gwadar in Balochistan, it will allow China to bypass the Strait of Malacca and thus have easy access to the Middle East, East Africa and the Mediterranean Sea. The recent project to build a Chinese military base in Jiwani, only about 80 kilometres away from Gwadar indicates growing Sino-Pakistani alliance which could have significant repercussions on the entire region.

Yaqoob Ul Hassan (2020) in his article 'China- Pakistan Economic Corridor (CPEC) and Questions on Pakistan's Economic Stability' points out that CPEC is responsible for Pakistan's economic woes. He further points out that Gwadar Port's viability in both economic and military terms is minimal for Pakistan and many of the CPEC projects, particularly in and around Gwadar and Karachi, provide China with a strategic card at the times of crises in the South China Sea involving regional and international rivals. He also highlights that due to active monitoring and administrative role of military in CPEC, governments are unlikely to voice against the CPEC. He concludes by saying that those few projects of CPEC which are politically and strategically significant may be completed on time; however, other projects — such as establishing economic zones and industrial parks seem unrealistic.

Jayadeva Ranade (2021) in his article ‘China-Pakistan Strategic Nexus: Implications for India’ brings out that the military component of the CPEC was clear from the beginning. These include the fiber optic cable linking the headquarters of the PLA’s South Xinjiang Military District in Kashgar initially to Rawalpindi, now being extended to include Islamabad, Karachi and Gwadar. The uninterrupted pace of development of the Gwadar port, after China was granted “sovereign rights”, highlights its importance to China. China has an electronic eavesdropping station near Gwadar to monitor naval and shipping activities in the Arabian Sea as far as the Gulf of Aden. China’s military media already refer to Gwadar port as a ‘logistics base’ and Karachi as a ‘naval base’.

David Sacks (2021) in his article ‘The Economic and Strategic Implications of China’s Belt and Road Investments in Pakistan’ points out that the CPEC initiative has the potential to bolster China in its growing geostrategic rivalry with India. With control of the Gwadar port in Pakistan and the Hambantota port in Sri Lanka, as well as construction of the Payra port in Bangladesh, China’s navy could in the future gain access on all sides of India. China has also been pressing Pakistan to strengthen its control over contested areas of Kashmir because Beijing wants to avoid the appearance of CPEC projects being built in disputed territory. As a result, negotiation over the Kashmir issue will become more difficult, and China could use its leverage over Pakistan to encourage it to take a more aggressive position vis-à-vis India.

## Identification of Gaps

The security dynamics of the region have become convoluted with the rise of China as a regional power with concurrent emergence of India, though at a lesser pace along with a failing state of affairs in Pakistan. India today stands at strategic cross roads and therefore needs to evaluate emerging threats due to development of strategic infrastructure along its borders. A review of the available literature on CPEC indicates that most of the work covers economic perspective, lacks theoretical perspective of IR and literature on security perspective is also scant. Hence, the present thesis is intended to focus on the gaps and bring out theoretical, strategic and security dimensions of CPEC from Indian perspective and also analysing the development from Kautilya's *Arthashastra* principles.

## Scope

The research mainly deliberates on analysing the development of CPEC, interests of the regional players and its implications for India with special emphasis on its security and strategic implications. China's long-term investments in the CPEC can be explained in at least three ways: to demonstrate China's attractiveness as a partner; to prove that China's development model can be exported and to use Pakistan as an element of its strategic competition with the India.<sup>11</sup> There is a growing potential that China's increased presence in Pakistan could augment the threat that Pakistan poses to India, particularly if China expands its military position there and if Pakistan does not curtail its use of militant proxies. Pakistan's emergence

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<sup>11</sup> James Schwemlein (2019). *Strategic Implications of the China Pakistan Economic Corridor*, United States Institute of Peace, pp. 1- 3



as the vanguard of the BRI makes it a focal point for examining the strategic implications. The research aims to determine whether the CPEC has a diplomatic and economic purpose or whether it is motivated by military and geostrategic goals.

## **Objectives of the Study**

The specific objectives of the study are as follows:-

1. To examine the objectives of CPEC.
2. To examine various components and projects of CPEC and their importance from military and strategic point of view.
3. To assess security implications of CPEC on India.
4. To analyse CPEC from perspective of 'realist' IR theories and *Arthashashtra*.

## **Research Questions**

1. Whether China's growing bilateral partnership with Pakistan is part of Beijing's declared policy of "peaceful development" or whether China is trying to assert its dominance in the region with the BRI and in specific CPEC?
2. How China's increased involvement in the region will pose a serious security threat to India?
3. What are the strategic implications of the CPEC for India?
4. Will CPEC have military implication with respect to strategic encirclement of India?

5. Is Gwadar port viable for economic activities or it is a strategic port as part of ‘String of Pearls’ strategy?
6. Are security concerns of CPEC: Real or overblown?

## **Methodology**

The study is primarily qualitative in nature. It has applied both descriptive and analytical methods to have a holistic approach towards analysing the research problems. The study has also employed theoretical explanations of realism, findings and concepts of *Arthashastra* for congruence analysis. The focus has been on an in-depth exploration of the subject and the collection of a wide range of observations and research work already done in this field. The study has also used global geopolitical literature, findings and opinions presented to look and analyse the development of CPEC in a better way. The data required for the study has been obtained by using both primary and secondary sources. Primary data has been obtained from official reports of government, documents, interviews of government officials, interaction with various ground reporters, academicians and research scholars. Secondary data in form of books, articles, journals, working papers, newspapers and information available on internet has been utilised to critically examine the research problem.

## Chapterisation

### **I. Introduction.**

This chapter includes the introduction, statement of problem, review of literature, objectives of the study, hypothesis, methodology and significance of the study. The chapter an

### **II. CPEC – Theoretical Framework.**

This chapter takes a closer look at some of the classical IR theories to discern the imperatives which have prompted China to realise such a colossal project centered in Asia. Principles of *Arthashastra* have also been employed for better understanding of China- Pak nexus.

China behaves according to what theorists of realism would expect of regional hegemons. China is already following the strategies of previous regional hegemons. It is using economic coercion to bend other countries to its will. Examples related to the BRI include Sri Lanka's handover of Hambantota Port in a debt-equity swap. Examination of CPEC from various Realist theories like Machiavelli's Conceptions of International Relations, Hans Morgenthau's Realist Principles, Waltz Kenneth Theory of International Politics and *Arthashastra* gives adequate insight into the ambitious CPEC project and various aspects related to it.

### **III. CPEC – An Overview.**

This chapter gives a broad overview about CPEC, various projects being undertaken as part of CPEC and finances involved. This chapter also highlights why it is relevant for analysing and looking CPEC from military or strategic perspective. This part also explains how CPEC is a major cornerstone in China–Pakistan strategic partnership. As part of CPEC, Pakistan has boosted its international engagement in terms of foreign policy with China. The project holds immense value for both China and Pakistan, since it will help both countries economically, politically and strategically, particularly China. CPEC has serious strategic and security implications for India.

### **IV. CPEC – China, Pakistan and Indian Perspective.**

This chapter analyses various interest being met by CPEC, both for China & Pak. This part also places certain facts and figure in place to analyse the economics, its viability and how this project can serve interest other than economic. It also covers Indian contentions and geopolitical perspective of CPEC.

### **V. CPEC – Security Implications for India.**

In this part of the study focus has been mainly on analysing the various contours and security aspects concerning CPEC, its implication for India. This chapter also analyses how CPEC is more about bolstering China's

position in Pakistan than about economic cooperation since commercial facilities could be swiftly flipped for military application.

## **VI. Summary and Conclusion.**

This chapter knots together the entire thesis and brings out important findings and draw out the conclusion of study. Few important findings and security concerns are as listed below

- **Analysis of China's Mandala** Deciphering the choices within the Mandala made by China, it emerges that though militarily the state has not forged powerful alliances but it has secured strategic alliances to further its own ambition.
- **Violation of India's Sovereignty** It passes through disputed territory and presence of Chinese in this territory will further complicate the security issues in PoK.
- **Two Front Threat** Considering the overall strategic scenario, any conflict in future may well develop into a joint, two front offensive by Sino-Pak against India, with J&K becoming the focal point
- **Pak as Proxy** Chinese strategic interest will enhance with fructification of CPEC and therefore China is likely to propel Pakistan as a low cost deterrent to India.
- **Militarisation of India's Neighbourhood** With increasing Chinese assistance to Pakistan both in providing the military hardware and technology heightens India's security concerns.

- **Enhanced Air Threat** Increasing Chinese presence in Pakistan and PoK increase possibility of China utilising Pakistani bases in the region namely Gilgit, Chilas, Skardu, Chitral and Muzaffarabad.
- **Region of Instability** With Chinese military presence both in Gilgit - Baltistan as well as Gwadar, this could well become a region of instability due to conflicting interests of China, USA and India.
- **Alternate Routes for Induction in PoK** With CPEC infrastructure projects, Pakistan is expanding the network of feeder roads and bridges in the peripheral valleys of strategic important Gilgit- Baltistan.
- **Reduced Mobilisation Timings for Pakistan Army**  
Railway line connecting Karachi, Mirpur Khas, Lodhran, Multan, Lahore and Rawalpindi is the one running along the complete western border and joining all military cantonments and important bases via high speed rail link. This will greatly assist in swift mobilisation of Pak forces.
- **Influence in IOR** Gwadar in conjunction with the emergence of various 'Strings of Pearls' all along IOR, will enable China to contain India.
- **Indian Hormuz Dilemma** With China's permanent naval presence at Gwadar, being only one hundred eighty nautical miles from the exit of the Straits of Hormuz, both China and

Pakistan would be in a position to interdict Indian tankers passing through these straits.

- **Targeting Dilemma During Maritime Conflict** In any future Indo - Pak conflict scenario, presence of Chinese Naval vessels both military and civil at Gwadar would severely restrict Indian Navy's targeting options.
- **Listening Posts** China has set up electronic eavesdropping posts at Gwadar, enabling it to monitor maritime traffic through the Strait of Hormuz and the Arabian Sea.
- **Terrorism from Economic Failure** Pakistan is increasingly coming under Chinese debt. Economic crisis may lead to increase in unemployment. This huge unemployed youth will be a ready force for terror outfits to induct them into terror training camps.

## **Conclusion**

The research was aimed at identifying the strategic and security implications of the CPEC on India. With the operationalisation of the CPEC, the whole security dynamics in the region will undergo an immense change which will also have adverse effect for India. CPEC itself establishes as an unblemished good for China and a bane in disguise for Pakistani Awam. The various dimensions of the corridor such as maritime encirclement of India, failure of Pakistan economy, violation of Indian territorial security and sovereignty and Chinese military presence in Pakistan are all severe threats for Indian security in the region. The manifestation of threat will have long term impact on security environment. An analysis of the implication of CPEC proves that it will have security implications. The research has reached the conclusion that the hypothesis stands completely validated in that development of CPEC which involves linkage of Gwadar Port to Kashgar via Karakoram Highway will have security implications for India.



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## CHAPTER - 1

### INTRODUCTION

Soon after Communist Party of China took over the reins of the country in the year 1949, it established diplomatic ties with Pakistan in the year 1951. Pakistan became the third non-communist state and the first Muslim state, to recognise People's Republic of China (PRC). Since then, relationship has witnessed enhanced strategic and economic cooperation along with boost in military ties. China is the largest arms supplier to Pakistan currently and filled the void created by USA after it stopped funding Pakistan.<sup>1</sup> China and Pakistan's all weather friendship since inception and their relations are based on shared strategic interests in the region. Pakistan's enmity towards India draws it to China for assistance and China's desire to curb India's regional growth pushes it to have ties with Pakistan to tie down India. The China- Pak relations have always had India as its central theme, with China attempting to balance India in South Asia while Pakistan seeing China as a counter weight to India. China has supported Pakistan in every domain and invested heavily in sustaining the economy of Pakistan. China- Pak relationship has withstood shifting geo-strategic landscapes and global security environment. The two countries commemorated 60 yrs of diplomatic ties in 2011 (also designated as the 'China- Pak Year of Friendship').<sup>2</sup> A ceremony was organised in Pakistan on June 10, 2021 to issue Rs. 70 commemorative coin to mark the occasion of 70th anniversary of Pakistan- China diplomatic relations.<sup>3</sup> The China-Pakistan Economic Corridor (CPEC) is, as part of the Belt and Road Initiative (BRI), one of Chinese President Xi Jinping's flagship projects. Announced in April 2015 as a US\$46 billion agreement (an amount which had by April 2017 increased to US\$62 billion), CPEC is in effect a

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<sup>1</sup><https://www.aninews.in/news/world/asia/china-spreads-its-tentacles-with-arms-exports20210225132552/> accessed on 11 November 2021

<sup>2</sup> <https://tribune.com.pk/story/108154/commemoration-pakistan-china-friendship-to-be-celebrated> accessed on 11 November 2021

<sup>3</sup> <https://www.sbp.org.pk/events/2021/PCDR/PCDR-Home.asp> accessed on 11 November 2021

rebranding of the long term cooperation between the two countries which has been in progress since the 1950s.<sup>4</sup>

### **1.1. India China Relations**

China and India are separated by the Himalayas. China and India today share a border with Nepal and Bhutan acting as buffer states. India established diplomatic relations with the PRC on 1 April 1950, the first non- communist/socialist nation in Asia to do so. After 1962 war the relations were strained and in the years immediately following the 1962 war two major events occurred, firstly the armed clash between India and Pakistan, which was settled with Soviet mediation while China strongly supported the Pakistani position and secondly, the explosion of nuclear devices by China. Both these events further ushered an era of unpleasant relations. History is witness to the fact that India and China have always had a difference of opinions on various issues, especially related to their common borders. Recent incidents at Doklam and Galwan further led to escalations at border. India also has concern with China's water diversion, dam building and inter river plans. More so, in a conflict, India fears that China can use the rivers as leverage. India's concerns also stems from the fact that China does not cooperate with regard to timely sharing of information related to projects which would impact water sharing, nor does China allow Indian experts to visit dam sites. The political and economic undercurrents have been there for some time between the two countries, each side mistrusts the intention and behavior of the other. The tendency of each side to dismiss the other side's explanations also suggests that mistrust runs deep. India's relations with China are at a crossroads and the future trajectory of ties will depend on whether Beijing will adhere to pacts aimed at ensuring peace on the border.<sup>5</sup> China and India have different views on their respective international status, different perceptions of each other's development strategies and a perception gap in anticipated benefits that derives from their respective policies on bilateral relations. It

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<sup>4</sup> Jeremy Garlick (2018). *Deconstructing the China–Pakistan Economic Corridor: Pipe Dreams Versus Geopolitical Realities*, Journal of Contemporary China, 27:112, 519-533, DOI: 10.1080/10670564.2018.1433483, p.519

<sup>5</sup> <https://www.livemint.com/news/india/indiachina-relations-at-a-crossroads-s-jaishankar-11621522105683.html> accessed on 12 November 2021

seems the two nations stand at a crossroads of bilateral relations. They can go down one of four paths: a downward spiral toward armed confrontation, armed coexistence, coexistence with cooperation and rivalry and partnership. Partnership looks unlikely at present.<sup>6</sup>

## **1.2. India Pak Schism**

The India– Pakistan relations have historically been marked by mistrust, broken promises, unresolved issues and unending conflicts. A number of divisive factors shaped and influenced the nature of this relationship which inter alia includes large scale violence at the time of partition, perceptual enmity and numerous unresolved issues including Kashmir. Due to all these reasons, the two countries have found themselves locked in a complex situation. In less than seven decades after the tragic partition, the two countries met each other in three full scale wars of 1947, 1965, 1971 and one limited conflict in Kargil in 1999. Countless skirmishes at the Line of Control (LoC) and international border have been the reality over the years. India has fortified its borders with Pakistan since its inception. Pakistan adopted the use of state sponsored terror outfits as strategic asset and foreign policy tool against India from early 90's. Militancy has been used by Pakistan to keep the pot boiling in Jammu and Kashmir to project to rest of the world that Kashmir is a disputed territory and this has been major sore point in bilateral relations in recent years. The continuing hostilities have changed the geo- political environment in the region. India- Pak relations can be described as an enduring rivalry which is characterised by a persistent, fundamental and long term incompatibility. It has manifested in recurring violent clashes over a long period of time. The India– Pakistan power relationship is also characterised by a distinct form of power asymmetry which can be termed as truncated asymmetry mitigated by many factors like externally procured military capabilities and alignment with outside powers.<sup>7</sup>

## **1.3. China- Pak Nexus**

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<sup>6</sup> Vijay Gokhale (2021). *The Road from Galwan: The Future of India-China Relations*, Carnegie Endowment for International Peace Publications Department

<sup>7</sup> T.V. Paul (2005). *The India–Pakistan Conflict An Enduring Rivalry*, Cambridge University Press 2005, ISBN -13 -978-0-521-67126-2, p.12

China–Pakistan friendship can be seen as a very classical example of balance of power. Analysing the period before the Sino–Indian war of 1962, it cements the logic where Pakistan was an ally of US and there was not much of an alliance between China and Pakistan. However, after 1962, Pakistan and China have come together to exert pressure on India. In 1963, China and Pakistan signed a Boundary Agreement to formally delimit and demarcate the boundary between China’s Xinjiang and the contiguous Northern Areas of Pakistan Occupied Kashmir (POK). With this delimitation, Pakistan ceded the Shaksgam Valley to China. Both countries extended their common boundary up to Karakoram Pass. Pakistan’s nuclear programme is also a testimony of China’s close alliance, its covert and overt support. In July 2021, the Pakistan Army inducted its first batch of Chinese made VT-4 battle tanks<sup>8</sup> and in December 2021, China delivered the largest and most advanced warship, a frigate with stealth capabilities, it has ever manufactured as Beijing and Islamabad continue to strengthen their military capabilities against regional rival, India.<sup>9</sup> The sale and induction of the Chinese military equipment are just another indication of the continuing consolidation of the strategic partnership in the face of the evolving international conditions in the region. China supports Pakistan with a view of sustaining the strategic pull it exerts on India’s security calculus. China and Pakistan have also signed several agreements for the military usable infrastructure in Gilgit- Baltistan and POK. Chinese growing dependence on Pakistan can also be seen in the backdrop of evolving situation in Afghanistan.

#### **1.4. Statement of Problem**

CPEC is the only corridor under the BRI umbrella that is defined strictly in bilateral terms. The USD 64 billion CPEC was signed in 2014 with the aim of connecting China's strategically important North Western province of Xinjiang to the Gwadar port in Southern Pakistan through a network of roads, railway lines and pipelines. CPEC has the potential to redefine the very contours of South Asia, specially the triangle formed by China- India and Pakistan. Due to its geo strategic

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<sup>8</sup> <https://thedi diplomat.com/2021/07/the-china-pakistan-partnership-continues-to-deepen/> accessed on 12 December 2021

<sup>9</sup> <https://www.hindustantimes.com/world-news/eye-on-india-china-builds-delivers-biggest-stealth-warship-to-pakistan-101636432684895.html> accessed on 12 December 2021



location, peculiar dynamics of interstate relations and possible adverse ramifications, developments related to CPEC have become major cause of concern for India. There is a growing sensitivity, that this corridor is being developed with an anti-India Agenda and would lead to its strategic encirclement. However, both China and Pakistan claim that the collaboration does not have any offensive intent rather it is driven by necessities of national interests in the form of Energy Security for China and socio– economic development for Pakistan. Development of CPEC may be economically and strategically beneficial to China and Pakistan and in pursuance of their national interest. However it may not be so for India, keeping in view India's fragile relations with Pakistan and China.

Between the web of claims and counter claims by China- Pakistan- India, this colossal development which has the capability to shape the future of the entire region, taking place in close geographical vicinity of India needs to be analysed in detail and from security and strategic prism. The proposed study will focus on analysing various aspects related to CPEC, their likely strategic impact on India and various security implications including theoretical aspects.

### **1.5. Review of Literature**

Books, articles and papers in various journals have been written by various institutes and scholars covering various aspects of CPEC, mostly covering the economic aspects of it. Most of the work or content available online on CPEC is from Chinese and Pakistani scholars highlighting their perspective. A review of literature available in terms of books, periodicals, magazines and articles points out that CPEC will have implication for India, this has been researched by a number of analysts. Hence, views & opinions exist on both sides with arguments supporting the cause as well as counter arguments on the same. ***Gwadar: trade hub or military asset?***<sup>10</sup> An article published by Amit Bhandari and Aashna Agarwal for Gateway House has presented seven arguments supporting the fact that Gwadar is being developed for military activities rather than a trade hub.

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<sup>10</sup> Amit Bhandari and Aashna Agarwal (2018). *Gwadar: trade hub or military asset?*, Gateway House

Srikanth Kondapalli and Hu Xiaowen (2017) in their book 'One Belt One Road: China's Global Outreach' points out that In conjunction with its meteoric rise in the economic spheres, China's new initiative of One Belt One Road (OBOR) is attracting global attention for its grand scale of potentially connecting Asia, Africa, Europe (and South America) through the much needed infrastructure projects. It is a grand vision of ushering in a new international order albeit based on Chinese characteristics, with an elaborate programme of galvanizing domestic and international audience through not only wider publicity but also constructive and competitive involvement of various stake holders. It also focuses on the responses and perceptions of various countries to the OBOR initiative.

Srikanth Thaliyakkattil (2019) in his book 'China's Achilles' Heel: The Belt and Road Initiative and Its Indian Discontents' points out that the BRI has marked a turning point in the geopolitics of Asia. He has argued that, it is an attempt by China to establish its narrative dominance over Asia, thus establishing itself as the predominant power in the Asian region and the world. Becoming the dominant power in Asia serves many purposes for the Communist Party led system of China. It will ensure its survival as a unique political system, it will increase the internal legitimacy of the Chinese Communist Party (CCP), and it will substantially increase the power of the CCP to shape its geopolitical environment. India's objections and resistance to the BRI have become its most vulnerable point. The Indian worries are mainly concentrated on the question of the CPEC. Author argues that Indian objections and the resulting events have had an unfavorable impact on China's BRI strategy.

Siegfried O. Wolf (2020) in his book 'The China Pakistan Economic Corridor of the Belt and Road Initiative: Concept, Context and Assessment' questions the economic viability of this development initiative and also wonders about the proclaimed economic rationale of the CPEC. He further argues that due to lack of transparency and high levels of secrecy surrounding the CPEC, it is difficult to assess whether the corridor's implementation follows economic parameters or more likely security related, political and strategic rationales. Beijing is investing in the buildup of security and defence capacities in Pakistan, which obviously reaches beyond the

protection of Chinese workers and companies. Examples include the envisaged creation of a Chinese naval base at Gwadar. This is an indication of the geostrategic considerations held by Pakistani and Chinese security circles. Role by the military within the CPEC, either directly (for example through their participation in the apex committees and other CPEC related entities) or indirectly (through their economic entities) makes the corridor a matter of national security.

James Schwemlein (2019) in his special report ‘Strategic Implications of the China Pakistan Economic Corridor’ brings out multiple narratives that exist to explain China’s changing ambition in Pakistan and what it means for China’s strategy toward India and the South Asian region. He also points out that China’s ultimate intent is its own offensive positioning and diversifying China’s maritime presence beyond the Straits of Malacca. For India, China’s expanding role in Pakistan is a significant concern and the greater risk remains that Chinese backing will embolden Pakistan to challenge India, both through terrorism and further expansion of Pakistan’s conventional and strategic arsenals.

Lieutenant General PK Singh (2017) in his article ‘China-Pakistan Economic Corridor: Connecting the Dots’ points out that CPEC is an ambitious geo-strategic plan to carve out a combination of continental and maritime geo-strategic realm. Administrative control of Gwadar was handed over to China for a period of 40 years in 2013. Is it mere coincidence that the operational control of Pakistan’s Karachi Port is with China Overseas Port Holdings Company and that Sri Lanka’s Colombo South Container Terminal is built, run and controlled by China Merchants Holding? Is it also a coincidence that Chinese naval submarines including a Ming-class, diesel-electric nuclear submarine are docked in Karachi and Colombo? The pointers are clear, Gwadar with its proximity to Hormuz, its suitability to accommodate naval warships and submarines, and its capability to serve as a hub for replenishment and weapon logistics make it an ideal naval base. With an airport, as part of the Gwadar Project, it becomes an ideal surveillance and interdiction hub.

Portia B. Conrad (2017) in her article ‘China's Access to Gwadar Port: Strategic Implications and Options for India’ points out that the CPEC sets the stage for China

to wield preeminent economic, military and diplomatic influence in Pakistan. The CPEC runs through the PoK, which is India's sovereign land and this is the primary concern about CPEC. Chinese indifference towards Indian concerns and Chinese investments in PoK are serious irritants to India. The Chinese controlled and monitored base in Gwadar is a serious threat to India's maritime interest and predominance in the region. It may also be said that the steady expansion of China's activities is intended to shift the current naval balance of power in the Indian Ocean region. The presence of an extra-regional power in its backyard has security implications for India

Jeremy Garlick (2018) in his article 'Deconstructing the China– Pakistan Economic Corridor: Pipe Dreams Versus Geopolitical Realities' points out that the overland connection is beset with difficulties because of geographical, economic and security problems. China's long-term motivations for maintaining presence in Pakistan is likely to be chiefly geopolitical rather than geo-economic. In fact, China's primary aim with CPEC and other investments is to hedge against India by establishing a physical presence in the Indian Ocean Region (IOR). Chinese interest in Gwadar and other IOR ports such as Kyaukpyu and Hambantota is primarily due to the strategy of geo-positional balancing with regard to India.

Luca Galantini (2019) in his report 'The China-Pakistan Economic Corridor (CPEC): Analysis of The Strategic Implications' highlights that Gwadar is strategically essential for the People's Republic of China, because, by connecting the Chinese city of Kashgar in Xinjiang to the Pakistani port of Gwadar in Balochistan, it will allow China to bypass the Strait of Malacca and thus have easy access to the Middle East, East Africa and the Mediterranean Sea. The recent project to build a Chinese military base in Jiwani, only about 80 kilometres away from Gwadar indicates growing Sino-Pakistani alliance which could have significant repercussions on the entire region.

Yaqoob Ul Hassan (2020) in his article 'China- Pakistan Economic Corridor (CPEC) and Questions on Pakistan's Economic Stability' points out that CPEC is responsible for Pakistan's economic woes. He further points out that Gwadar Port's viability in both economic and military terms is minimal for Pakistan and many of the CPEC

projects, particularly in and around Gwadar and Karachi, provide China with a strategic card at the times of crises in the South China Sea involving regional and international rivals. He also highlights that due to active monitoring and administrative role of military in CPEC, governments are unlikely to voice against the CPEC. He concludes by saying that those few projects of CPEC which are politically and strategically significant may be completed on time; however, other projects — such as establishing economic zones and industrial parks seem unrealistic.

Jayadeva Ranade (2021) in his article ‘China-Pakistan Strategic Nexus: Implications for India’ brings out that the military component of the CPEC was clear from the beginning. These include the fiber optic cable linking the headquarters of the PLA’s South Xinjiang Military District in Kashgar initially to Rawalpindi, now being extended to include Islamabad, Karachi and Gwadar. The uninterrupted pace of development of the Gwadar port, after China was granted “sovereign rights”, highlights its importance to China. China has an electronic eavesdropping station near Gwadar to monitor naval and shipping activities in the Arabian Sea as far as the Gulf of Aden. China’s military media already refer to Gwadar port as a ‘logistics base’ and Karachi as a ‘naval base’.

David Sacks (2021) in his article ‘The Economic and Strategic Implications of China’s Belt and Road Investments in Pakistan’ points out that the CPEC initiative has the potential to bolster China in its growing geostrategic rivalry with India. With control of the Gwadar port in Pakistan and the Hambantota port in Sri Lanka, as well as construction of the Payra port in Bangladesh, China’s navy could in the future gain access on all sides of India. China has also been pressing Pakistan to strengthen its control over contested areas of Kashmir because Beijing wants to avoid the appearance of CPEC projects being built in disputed territory. As a result, negotiation over the Kashmir issue will become more difficult, and China could use its leverage over Pakistan to encourage it to take a more aggressive position vis-à-vis India.

## **1.6. Identification of Gaps**

The security dynamics of the region have become convoluted with the rise of China as a regional power with concurrent emergence of India, though at a lesser pace along with a failing state of affairs in Pakistan. India today stands at strategic cross roads and therefore needs to evaluate emerging threats due to development of strategic infrastructure along its borders. A cursory review of the available literature on CPEC indicates that most of the work covers economic perspective, lacks theoretical perspective of IR and literature on security perspective is also scant. Hence, the present thesis is intended to focus on the gaps and bring out theoretical, strategic and security dimensions of CPEC from Indian perspective and also analysing the development from Kautilya's *Arthashastra* principles.

## **1.7. Scope**

The research mainly deliberates on analysing the development of CPEC, interests of the regional players and its implications for India with special emphasis on its security and strategic implications. China's long-term investments in the CPEC can be explained in at least three ways: to demonstrate China's attractiveness as a partner; to prove that China's development model can be exported and to use Pakistan as an element of its strategic competition with the India.<sup>11</sup> There is a growing potential that China's increased presence in Pakistan could augment the threat that Pakistan poses to India, particularly if China expands its military position there and if Pakistan does not curtail its use of militant proxies. Pakistan's emergence as the vanguard of the BRI makes it a focal point for examining the strategic implications. The research aims to determine whether the CPEC has a diplomatic and economic purpose or whether it is motivated by military and geostrategic goals.

## **1.8. Objectives of the Study**

The specific objectives of the study are as follows:-

1. To examine the objectives of CPEC.

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<sup>11</sup> James Schwemlein (2019). *Strategic Implications of the China Pakistan Economic Corridor*, United States Institute of Peace, pp. 1- 3

2. To examine various components and projects of CPEC and their importance from military and strategic point of view.
3. To assess security implications of CPEC on India.
4. To analyse CPEC from perspective of 'realist' IR theories and *Arthashastra*.

### **1.9. Research Questions**

1. Whether China's growing bilateral partnership with Pakistan is part of Beijing's declared policy of "peaceful development" or whether China is trying to assert its dominance in the region with the BRI and in specific CPEC?
2. How China's increased involvement in the region will pose a serious security threat to India?
3. What are the security implications of the CPEC for India?
4. Will CPEC have military implication with respect to strategic encirclement of India?
5. Is Gwadar port viable for economic activities or it is a strategic port as part of 'String of Pearls' strategy?
6. Are security concerns of CPEC: Real or overblown?

### **1.10. Methodology**

The study is primarily qualitative in nature. It has applied both descriptive and analytical methods to have a holistic approach towards analysing the research problems. The study has also employed theoretical explanations of realism, findings and concepts of *Arthashastra* for congruence analysis. The focus has been on an in-depth exploration of the subject and the collection of a wide range of observations and research work already done in this field. The study has also used global geopolitical literature, findings and opinions presented to look and analyse the development of CPEC in a better way. The data required for the study has been obtained by using both primary and secondary sources. Primary data has been obtained from official reports of government, documents, interviews of government officials, interaction with various ground reporters, academicians and research

scholars. Secondary data in form of books, articles, journals, working papers, newspapers and information available on internet has been utilised to critically examine the research problem.

### **1.11. Chapterisation**

#### **Chapter I : Introduction.**

This chapter includes the introduction, statement of problem, review of literature, objectives of the study, hypothesis, methodology and significance of the study.

#### **Chapter II : CPEC – Theoretical Framework.**

This chapter takes a closer look at some of the classical IR theories to discern the imperatives which have prompted China to realise such a colossal project centered in Asia. Principles of Arthashastra have also been employed for better understanding of China- Pak nexus.

#### **Chapter III : CPEC – An Overview.**

This chapter gives a broad overview about CPEC, various projects being undertaken as part of CPEC and finances involved. This chapter also highlights why it is relevant for analysing and looking CPEC from military or strategic perspective.

#### **Chapter IV : CPEC – China, Pakistan and Indian Perspective.**

This chapter analyses various interest being met by CPEC, both for China & Pak. This part also places certain facts and figure in place to analyse the economics, its viability and how this project can serve interest other than economic. It also covers Indian contentions and geopolitical perspective of CPEC.

#### **Chapter V : CPEC – Security Implications for India.**

In this part of the study focus has been mainly on analysing the various contours and security aspects concerning CPEC, its implication for India. This chapter also analyses how CPEC is more about bolstering China's position in Pakistan than about economic cooperation since commercial facilities could be swiftly flipped for military application.



## **Chapter VI : Summary and Conclusion.**

This chapter knots together the entire thesis and brings out important findings and draw out the conclusion of study.

## CHAPTER - 2

### CPEC – THEORETICAL FRAMEWORK

In the age of globalization, interdependence and trade cooperation between nations is at an all-time peak. The Belt and Road Initiative by China is one of the most significant projects undertaken by China toward infrastructural development. While the project's scope strictly emphasizes strategic infrastructural development for global purposes, separating China's foreign policy and diplomatic ambitions from this project is challenging. In recent times Chinese foreign policy has transformed considerably and it is apparent that China now aims to project itself as global power by increasing its clout and impact at the international level. It also aims to give rise to an economic order that serves Chinese interests, something that China cannot expect from the largely Western-dominated institutions. The establishment of the Asian Infrastructure Investment Bank (AIIB) was a decisive step in this direction.

China is being regarded as a revisionist power by many scholars as it does not accept existing liberal values and norms of individualism, human rights, political freedom, rule of law, transparency, democracy and humanitarian intervention. Opposite to this, some scholars also portray China as a status quo power that has integrated into and benefited from the existing global order. Irrespective of these views, China, having a centralised-authoritarian system, is largely considered as revisionist power that pursues the realist pathway in IR for the furtherance of its national interests and exploits the weaknesses of international law for its own convenience. It has joined global institutions and relevant treaties due to its 'instrumental calculations'<sup>12</sup>. Even though, Beijing pretends not to be an expansionist, imperialist and acquisitive country, yet its territorial disputes and assertive behaviour toward the concerned parties convey an opposite message to the international community. It shares its territorial borders with only 14 countries, yet has had territorial disputes with 23 countries. Its claims over others' territories are

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<sup>12</sup> Suneel Kumar (2020). *China's Revisionism Versus India's Status Quoism: Strategies and Counter-strategies of Rivals in Doklam standoff*, p.76

largely based on unsubstantiated and unprecedented historical precedents. It claims more than 80 per cent of the waterways of South China on the basis of its *sui generis* 'historical rights', adamantly refuses to abide the international law and often either uses force or threatens to use it over the territorial disputes with its rival countries.

The case of China initiating a highly ambitious project in the form of the Belt and Road Initiative is one of the most significant cross-country development projects by any nation. As the BRI project's scope goes much beyond China's national borders. Implications are high on the country's foreign policy and how it uses its international relations. Hence, it becomes vital to assess China's BRI and CPEC projects using conventional international relations theories. As per the IR theory of liberalism, a strategic tactic like this by the Chinese government to invest in infrastructure across different countries is not driven by power politics; instead, it is derived from a desire for international cooperation and gaining mutual benefits. Based on this theory, China is using its BRI and CPEC projects to grow cooperation with other nations and engage in interdependence. As minimal elements of the BRI and CPEC projects explicitly focus on military cooperation or political affiliation, the liberalism theory does explain some aspects of these projects and the Chinese ideology behind the projects.

## **2.1. CPEC and Theoretical Perspective**

Many foreign policy analysts view BRI largely through a geopolitical lens, seeing it as Beijing's attempt to gain political leverage over its neighbours. The String of Pearls conundrum is another complexion in which the cartographic of Beijing's expansion in the Indian Ocean region is questioned. The String of Pearls is a geopolitical theory related to Chinese intentions in the Indian Ocean region. It refers to the network of their military and commercial facilities and relationships along its sea lines of communications. Critics argue that String of Pearls is a Chinese notion of encircling India by refurbishing ports in various countries around the Indian subcontinent.

Realists believe the principal actors in the international arena to be states, which are concerned with their own security, act in pursuit of their own national

interests, and struggle for power. Realists consider the currency of international politics to be power, whilst great powers focus their attention on how much military and economic power they have in relation to each other. China is using BRI as power projection tool at International forum showcasing its economic might and military capabilities to defend the economic interests.

In today's world of constant media updates and the availability of new information, China's behaviour could be perceived as realist. Those who contend towards a more realist perspective when interpreting China and its BRI look to primarily two distinctive examples, the first being military expansionism and the second historical analogy. These realist interpretations have only been reinforced by President Xi Jinping's declaration of the "China Dream" ensuing the move towards the "great rejuvenation of the Chinese nation". The keystone of realist theory is the concept of power. This concept 'defines the autonomy of politics, and allows for the analysis of foreign policy regardless of the different motives, preferences, and intellectual and moral qualities of individual politicians'<sup>13</sup>. Further to this and aligning with modern day China, realists argue that states cannot ignore relative-gain consideration and are more cautious about the consequence of a potential Sino-centric order established by China's BRI.

Realism theory in international relations suggests that multiple dimensions are continuously active in international politics. In this manner, realism in IR emphasises the idea that there is a crucial role of power, national interest, and state in defining and exercising international relations. In the international relations discipline, realism is a school of thought that emphasises the competitive and conflictual side of international relations. Within the context of the BRI and CPEC projects, realism would suggest that with these developments, China is threatening the sovereignty of other nations and engaging in the national interest. In the modern context, the BRI and CPEC projects are very complex, and the scope of it is too large to suggest that only one factor is responsible for such devotion by the Chinese government toward infrastructural development across the world. Instead, the realism

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<sup>13</sup> <https://plato.stanford.edu/entries/realism-intl-relations/> accessed on 04 September 2022

theory of IR provides an apt understanding of these projects by the Chinese government by suggesting that the phenomenon is inherently multi-dimensional. With the BRI project, China is putting itself at the centre of a global scale of infrastructural development; therefore, it serves the national interests of China. In addition, by using the BRI developments to gain allies in other countries and leverage the country's trade capacities, it is apparent that the Chinese state is seeking diplomatic power and geopolitical control in the region. Therefore, the realism theory provides the most accurate evaluation of the BRI project. As a student of political science interested in IR, it is very important to discern the specific international atmosphere which prompted China to design the BRI and designate such a significant role to Pakistan in terms of the entire strategy. Therefore, it is pertinent to trace those elements which might, directly or indirectly shed some light on China's motivations for embarking upon this path. Keeping in mind that the initiation of the CPEC is largely a fallout of PRC's larger foreign and domestic policy requisites.

In this chapter, the case of the Belt and Road Initiative has been examined comprehensively, with a focus on the CPEC projects by employing various realist theories and *Arthashastra* to understand the impact of China's rise in Indian neighbourhood and implications for the geopolitical balance of the region.

## **2.2. Machiavelli's Conceptions of International Relations**

Machiavelli is recognized as one of the forefathers of realism, one of the most respected and revered schools of thought. Both "The Prince" and "The Discourses" expressed his views on the manner in which a state should be run and the manner in which interstate relations should be conducted to achieve the best results for the state. The preservation of the state in an anarchical international system is one of Machiavelli's dominant preoccupations. His vision of international politics revolves around the idea of anarchy, and the lack thereof of order on the international level. For Machiavelli, the state possessed the power to establish order domestically, however the possible threat from external forces (foreign states) is a fundamental aspect of the nature of international relations. The world is in strife and states are always in a state of competition with each other in an anarchical world As

Machiavelli says, "it is impossible for a republic to remain long in her quiet enjoyment of her freedom within her limited confines; for even if she does not molest others, others will molest her, and from being thus molested will spring the desire and necessity of conquests, and even if she has no foreign foes, she will find domestic enemies amongst her own citizens",<sup>14</sup>.

*Machiavellianism* is a radical type of political realism that is applied to both domestic and international affairs. It is a doctrine which denies the relevance of morality in politics and claims that all means (moral and immoral) are justified to achieve certain political ends. Although Machiavelli never uses the phrase *ragione di stato* or its French equivalent, *raison d'état*, what ultimately counts for him is precisely that: whatever is good for the state, rather than ethical scruples or norms<sup>15</sup>. Machiavelli is often praised for his prudential advice to leaders and for his defence of the republican form of government.

In discussing the importance of national security and defence, Machiavelli argues strongly for the superiority of a popular army as opposed to the use of mercenary troops. In his conception of international relations, the aspect of nationalism within a country is of fundamental importance to maintaining the defence and survival capabilities of the state. He firmly believes that loyalty and love of the country should be connected to military matters within the state. By asking a powerful neighbour to come to aid and defend one with his forces, they are termed auxiliaries and are useless as mercenaries. These forces may be good in themselves, but they are always dangerous for those who borrow them, for if they lose you are defeated, and if they conquer you remain their prisoner. His solution was for the state to have a popular army, therefore linking military service to devotion and loyalty to the state. It is through the means of establishing strong defensive measures by linking national interest and the military, as well as creating a centralised government, that provides for their (state) security and defence, thus enabling enjoyment of their liberty for a long time. In his view, he felt that a well-disciplined and well-equipped national army was necessary, with the force to maintain the power of the state, as

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<sup>14</sup> Janice Leung. *Machiavelli and International Relations Theory*, p.4

<sup>15</sup> <https://plato.stanford.edu/entries/realism-intl-relations/> accessed on 04 September 2022

well as extend the limits of the state. During Machiavelli's time, the practice of nationalising the army was practiced.

In Machiavelli's view, on the international level of interaction between states, the volatility of the conditions under which states relate with one another, is anarchical. Accordingly, Machiavelli examines the nature of the international relations, whereby domestic affairs within states must be stable in order for the international system to create equality among states, as well as providing the conditions for democracy. Therefore, while Machiavelli does consider stable domestic affairs to be the precondition to the stability of international relations, the premises and arguments that he presents for the conditions under which a state can be strong, do not differ greatly than those for the international system. Hence the importance he attaches to the balance of power, including in economic and social terms, and its stabilizing effect on the anarchical international system.

The practice of diplomacy, according to Machiavelli, is essential for the state to maintain power and build reputation on an international level. It is no surprise that he advocated diplomacy as an essential practice of the state. Machiavelli stated that the sovereign must be aware that the ability to play dual roles, depending on the situation at hand, is important for the security and the reputation of the state. He states, "a prince being thus obliged to well know how to act as a beast must imitate the fox and the lion, for the lion cannot protect himself from traps, and the fox cannot defend himself from the wolves. One must, therefore be a fox to recognize traps, and a lion to protect himself from wolves. The "wolves", of course, that he refers to are foreign states that will take advantage of every opportunity to capitalize on weaknesses<sup>16</sup>. So, he proposes that in order to alleviate this problem, or at least decrease the possibility of foreign threats, the state must build relations with other powers, and form beneficial alliances. "Further, the ruler should make himself the leader and defender of his less powerful neighbours, and endeavour to weaken the stronger ones and take care that they are not invaded by some foreigner less powerful than himself. Therefore, it is important for the state to assume a leadership role for

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<sup>16</sup> Janice Leung. *Machiavelli and International Relations Theory*, p.8

less powerful foreign states, since this will increase its reputation and prominence as well as its security and defence on the international level.

Machiavelli recognizes the role of treaties and alliances in international relations. Yet, he believes that the opportunities for the state to form positive relations with foreign states are limited to certain situations. Machiavelli also focuses on the aspect of geographical proximity, and its relevance to determining the choice of which state to court as a possible ally. While neighbouring alliances are certainly and fervently endorsed, those made with distant foreign states are viewed critically.

### **2.3. Machiavelli's International Relations Conjectures: Correlation with CPEC**

The preservation of the state in an anarchical international system is one of Machiavelli's dominant preoccupations and therefore states act in the name of self-interest in order to achieve the goals of maintaining security and increasing power. Analysing CPEC from this perspective, Pakistan is doing everything possible to preserve the state from perceived threat of India and China is taking these steps to maximise the power and tilt the security calculus in its own favour. CPEC also serves to consolidate the current counter-insurgency efforts by both China and Pakistan against internal separatist movements. In China's case, the issue with which it needs Pakistani cooperation is to ensure that there is little or no cross-border support for the Uyghur separatist movement in Xinjiang. By cooperating closely with the Pakistani army, the Chinese government and its People's Liberation Army (PLA) hope to ensure that assistance does not find its way to the Uyghurs and that any potential Uyghur factions in Pakistan are firmly suppressed. As for Pakistan, it is beset with potential separatist movements such as those in Sindh and Balochistan. Even if the PLA does not directly involve itself in internal Pakistani affairs, the Chinese presence in Gwadar and elsewhere lends support to the government's efforts to maintain a unified Pakistan in the face of separatist factions in the provinces. This ensures the preservation of state from internal as well as external factors.

In discussing the importance of national security and defence, Machiavelli argues strongly for the superiority of popular armies as opposed to the use of



mercenary troops. In his conception of international relations, the aspect of nationalism within a country is of fundamental importance to maintain the defence and survival capabilities of the state. He firmly believes that loyalty and love of the country should be connected to military matters within the state. China's military expansion has moved forward in close alignment to economic progress. China's estimated military spending of USD 293 billion, the second largest in the world in 2021, was a 4.7 per cent increase from 2020<sup>17</sup>. In recent decades, there have been significant claims about how China disregards the sovereignty of many other nations in its close vicinity and uses its extensive military and economic power to threaten control over these territories. A massive sum of Chinese money has been pumped in to create, train and equip two Special Security Divisions (SSDs) the 34 and 44 Light Infantry Divisions with 15,000 troops each for protection of CPEC assets. While the 34 Light Division was created in September 2016, the 44 Light Division was developed in 2020.<sup>18</sup> It is evident that CPEC has military component as well and creating force and infrastructure for military use in the garb of CPEC projects. Chinese money and military hardware will strengthen Pakistan Army and infrastructure will allow Chinese military presence as well as assist Chinese strategically.

***Balance of Power***, Machiavelli firmly believes that the international system is anarchical, with no supranational power that overrides sovereignty but he does, however, believe that there is a natural equilibrium of power among states. CPEC is undoubtedly intended to support political and security goals as well as economic ones and thereby achieving balance of power. Chinese government wants to balance Indian influence in the Indian Ocean via presence at Gwadar, so that India does not dominate the IOR. China's existence in the region will hold and prevent India from confronting Pakistan. China will also contain Indian influence in the region by presence in IOR and littoral states. This condition finally led to the existence of the balance of power and security dilemma in the region.

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<sup>17</sup> SIPRI Yearbook 2022: *Armaments, Disarmament and International Security*, p.11

<sup>18</sup> <https://swarajyamag.com/news-brief/chinese-nationals-working-on-cpec-projects-in-pakistan-take-up-arms-to-protect-themselves> accessed on 10 October 2023

Machiavelli also anticipated the growing importance of *diplomacy* as an institutionalized practice in modern international relations. The central point of Machiavelli's argument is that, no matter what, diplomacy will have a direct impact on the power and the reputation of the state. A notable aspect of the BRI project is projection of diplomatic and geopolitical power by China in BRI as a "Major Country Diplomacy" approach to help China naturally assume a more significant role of leadership and power play in the region and global affairs. Within the overall framework of BRI, the CPEC is one of the more ambitious projects that gives China access to the South Asian market in a more prominent manner than ever before, with direct implications for China-India and China-Pakistan relations<sup>19</sup>. CPEC serves to reinforce the idea that China's relationship with Pakistan is 'higher than the Himalayas, deeper than the ocean'.

***Treaties and Alliances***, The reasoning behind alliances is clear; in some manner both parties benefit from the agreement. In case of CPEC, it consolidates the two countries' mutual interest in countering India militarily. Machiavelli's assessment that geographical proximity plays a large role in the formation of alliances is entirely apt in present context of China- Pakistan collusivity. Due to the close proximity of the two countries, this alliance makes sense; the movement of goods, services, military hardware and deployment of troops in the event of a military confrontation can all effectively take place due to the fact that the states are situated so closely together and now have lines of communications to do so. CPEC, like other aspects of China-Pakistan cooperation, involves close coordination between the two countries' military leaders as they seek to consolidate their position in the face of their mutual rival India.

#### **2.4. Hans Morgenthau's Realist Principles**

Hans J. Morgenthau developed realism into a comprehensive international relations theory. Hans Morgenthau's *Politics among Nations*, originally published in

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<sup>19</sup> Naima Dmini, *An Assessment of China's Power Expansion in Asia Through the Lens of the Belt and Road Initiative*, p.17

1948, is the bible of the realist school of international relations<sup>20</sup>. In *Politics among Nations*, Morgenthau defined international politics as “the struggle for power” and “power politics.” Morgenthau systematises realism in international relations on the basis of six principles. The first principle of Morgenthau’s Realist Theory of International Politics holds that *Politics is governed by some objective laws which have their roots in human nature*. By understanding these objective laws, we can understand and study International Politics. For knowing these objective laws we have to study the history of human relations. Through this an empirical and rational theory of foreign policy can be formulated which can guide the actions of states in international relations. The master key and the core of Morgenthau’s Realism is its second principle. This principle holds that *Nations always define and act for securing their national interests by means of power*. It is this aspect which highlights the autonomous character of International Politics. Nations always try to secure the goals of their interests which are always defined in terms of power. National Interest is always secured by the use of National Power. Each nation conceptualizes its national interests in terms of power and then acts to secure these by means of power. History fully supports this view. A national interest not backed by power exists only on paper and in imagination. The only correct way to conceptualize and define national interest is in terms of power.

Third Principle emphasises that *Interest is always Dynamic*. The content of national interest is always changing in nature and scope. It is not static. It changes with changes in political and social environment. National interest is dynamic and has to be continuously analysed for examining the policies and actions of a state. The kind of interest which determines political action in a particular period of history depends upon the political and cultural context within which a foreign policy is formulated. The same observation applies to the concept of power. The national power of a nation is always dynamic and it changes with the changes in environment in which it operates for securing national interests. For example, security has been always a primary part of India’s national interest but the nature of security that India

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<sup>20</sup> <https://thediplomat.com/2015/05/hans-morgenthau-and-the-balance-of-power-in-asia/> accessed on 20 July 2022

has been trying to secure from time to time has been changing. Similarly, the national power of India has all also been dynamic. National interest defined in terms of national power has to be repeatedly and continuously analysed for realistically analysing the course of international relations. Political realism stands for understanding the nature of international relations through a continuous and regular analysis of the factors of national power and national interest which always determine the nature and scope of relations among nations.

Fourth Principle states that *Abstract Moral Principles cannot be applied to Politics*. Political realism realizes the importance of moral principles but holds that in their abstract and universal formulations these cannot be applied to state actions. The moral significance of political action is undisputed but the universal moral principles cannot be applied to the actions of states, unless these are analysed in the light of specific conditions of time and space. Moral principles do not determine policies and actions of states. These are simply a source of some influence. Realism believes that states are not expected to observe the same standards of morality as are binding upon and observed by men. A state cannot sacrifice the liberty or security or other fundamental national interests for following moral principles. Politics is not ethics and the ruler is not a moralist. The primary function of a state is to satisfy and protect the demands of national interest by means of national power. However, this does not mean that political realism is devoid of morality. It accepts that moral principles can exercise an influence on state actions and as such their role and significance has to be analysed and evaluated. But in doing so prudence has to be observed. Realism, considers prudence—the weighing of the consequences of alternative political actions—to be the supreme virtue in politics.” Universal moral principles must be filtered through the concrete circumstances of time and space and only then these should be prudently applied to the actions of states.

Fifth Principle revolves around *Difference between Moral Aspirations of a Nation and the Universal Moral Principles*. Political realism refuses to identify the moral aspirations of a particular nation with the moral principles that govern the universe. It refuses to accept that the national interests and policies of any particular nation reflect universally applied moral principles. Each nation tries to cover its

national interests under the cloak of several moral principles. An identification of national policies as the true manifestations of moral principles is bound to be misleading and politically pernicious. The US anti-terror policy is governed by its own national interest and not really based on the concept of making the world safe for freedom and democracy. A foreign policy is always based on national interest and national power, and not on morality. Nations are actors engaged in securing their respective national interests and are not the followers of moral laws. The moral laws that govern the universe do not apply to their actions. Their actions are always based upon national interests as conceived in term of power. The policy of a nation as such cannot be equated and should not be confused with universal moral principles.

Sixth Principle amplifies *Autonomy of International Politics*. Morgenthau Political Realism accepts the autonomy of International Politics as a discipline. On the basis of the above five principles, it is ascertained by Morgenthau that there exists a real and profound difference between political realism and other approaches and theories. Political realism has its distinctive intellectual and moral attitude towards political matters. It maintains the autonomy of the political sphere. A political realist always thinks in terms of interest defined as power, as an economist thinks of interest defined as wealth, the lawyer, of the conformity of action with legal rules and the moralist, of the conformity of action with moral principles. Political realism is neither idealistic nor legalistic and nor even moralistic in its approach to International Politics. It is concerned with national interest defined in terms of power as its sole concern. Political Realism has a distinctive approach and subject- matter. It stands for political standards for political actions and subordinates all other standards to political standards. Political Realism believes in the autonomy of International Politics.

Political realism believes that the foreign policy of each nation is really based upon national interest and not upon moral principles. The latter are used as covers to buttress the goals of national interests. Finally, political realism accepts and advocates the autonomy of international politics as a discipline studying national interest defined in terms of power. It defines international politics as struggle for power. Regarding the question of securing peace, Morgenthau advocates recourse to

peace through accommodation. For this he accepts diplomacy and devices of power management as the ideal and effective means.

## **2.5. Hans Morgenthau's Principles and CPEC**

*Politics is governed by Objective Laws which have roots in Human Nature,* Human nature is fairly constant and therefore a review of the history of human relations and actions can help us to know these objective laws. These can be then used for evaluating the nature of relations. The Chinese Communist Party (CCP) seeks to revise the international order to be more amenable to its own interests and authoritarian governance system. It desires for other countries not only to acquiesce to its prerogatives but also to acknowledge what it perceives as China's rightful place at the top of a new hierarchical world order. The CCP's ambitions for global pre-eminence have been consistent throughout its existence: every CCP leader since Mao Zedong has proclaimed the Party would ultimately prove the superiority of its Marxist-Leninist system over the rest of the world. Under General Secretary of the CCP Xi Jinping, the Chinese government has become more aggressive in pursuing its interests and promoting its model internationally. The CCP aims to establish an international system in which Beijing can freely influence the behaviour and access the markets of other countries while constraining the ability of others to influence its behaviour or access markets it controls. The "community of common human destiny," the CCP's proposed alternative global governance system, is explicitly based on historical Chinese traditions and presumes Beijing and the illiberal norms and institutions it favours should be the primary forces guiding globalization. The Chinese government's BRI is both a blueprint and a test bed for establishing a Sino centric world order. The initiative has no membership protocols or formal rules but is based on informal agreements and a network of bilateral deals with China as the hub and other countries as the spokes. This framework lets Beijing act arbitrarily and dictate terms as the stronger party.

*National Interest defined in terms of National Power,* This principle holds that nations always define and act for securing their national interests by means of power. The CCP seeks to change the international system by bending global

governance institutions and norms to better conform to its own interests and authoritarian governance system. As a Marxist-Leninist party, the CCP views itself as an enlightened political vanguard uniquely equipped to render scientific judgments. Under General Secretary Xi, the CCP has more explicitly transitioned its narrative to building China into a great power in the eyes of other countries, requiring the Party to actively shape the international order. At the CCP's 20th National Congress in October 2022, General Secretary Xi vowed for "Achieving the goals for the centenary of the People's Liberation Army in 2027 and more quickly elevating our people's armed forces to world-class standards are strategic tasks for building a modern socialist country in all respects. To this end, we must apply the thinking on strengthening the military for the new era, implement the military strategy for the new era, and maintain the Party's absolute leadership over the people's armed forces." Through both BRI and China's regional organizations, Beijing is able to circumvent established multilateral institutions and promote its alternative vision of global governance norms. Beijing's strategy focuses on framing its alternative institutions as complementary to rather than in competition with existing organizations while increasingly displacing their functions.

*Interest is always Dynamic*, National interest is dynamic and has to be continuously analysed for examining the policies and actions of a state. Despite the absence of any significant shared culture, history and customs/ traditions, China and Pak have enjoyed a close and almost symbiotic relationship since the establishment of diplomatic ties between the nations in 1951. The development of the port of Gwadar, a key CPEC project, allows China to establish a position on the Indian Ocean for use in case of unknown future contingencies in the Indian Ocean region, including ones which require the use of military vessels. China uses Pakistan to keep India off-balance. It seeks to pin India down to a regional role and not challenge its global supremacy as the 21st century unfolds. That is why, defying world opinion, China continues to block the prosecution of Pakistani terrorists like Masood Azhar and his brother Abdul Rauf Azhar. Beijing has for years obdurately vetoed India's membership of the nuclear suppliers group. These are perfect examples of how interests are dynamic and self-centric or in the interest of an ally.

*Abstract Moral Principles cannot be applied to Politics*, Politics is not ethics and the ruler is not a moralist. South China Sea (SCS) where China believes it has exclusive rights on the region and disregards any intervention. In 2013 Philippines challenged China's claim in SCS under the Law of Sea Convention in International Court of Justice. In 2016 the Arbitration Tribunal ruled in favour of Philippines and rejected China's maritime claim, however China rejected the ruling of International Court of Justice and continues to build artificial island in SCS. In case of CPEC, India questioned the projects in Gilgit- Baltistan region being an infringement on India's territorial sovereignty which passes through the disputed Kashmir region. However China has maintained the stand of calling CPEC as economic project. Comparison of China's stand in SCS vis-à-vis CPEC is perfect example of absence of moral principles where in one case China strongly lays claim on disputed areas disregarding even ruling by International Court of Justice while in case of Gilgit Baltistan it has just turned a blind eye for self-interest and strategic gains.

*Autonomy of International Politics*, it regards international politics as struggle for power among nations whereby each nation tries to secure its national interest. CPEC is supposed to steadily strengthen China's long-term geostrategic position in South Asia and the Indian Ocean by increasing the Chinese presence and influence in Pakistan. BRI is one of the structural instruments for China to challenge and encourage fundamental reforms in its current global governance as opposed to existing conventional governance structures. The embedment of BRI in a broader international framework and its partnership with other multilateral frameworks bind this project led by China jointly with the current global governance system. The institutionalisation of power of China through the creation of its regimes will have a significant impact on the shifting trend of global governance and thus providing more autonomy to China in International politics.

An intuitive truth of international relations and warfare is that major military advancement oftentimes requires major funds. The economic growth that China has experienced over the course of the last 40 years and how they will continue to in years to come, could play a significant role in enabling the future advancements of



the military. Thus far, China's economic growth has not taken place in isolation, rather it has furthered the development of the Chinese military simultaneously.

## **2.6. Waltz Kenneth Theory of International Politics<sup>21</sup>**

Kenneth Waltz modernised IR theory by moving realism away from its non-provable assumptions about human nature. His theoretical contribution was termed 'neorealism' or 'structural realism' because he emphasised the notion of 'structure' in his explanation. As it was a pivot from traditional realist theory and a critique of other major theories, Waltz was oftentimes very pointed in confronting opponents. Waltz argued throughout his career as a scholar that the driving forces for international relations are systemic and uninfluenced by international institutions, interdependence or domestic politics. Waltz starts his work with some basic assumptions which predict certain behaviours for states. These assumptions are:

Firstly, the international system is anarchic. There is no higher central authority that can enforce rules over individual states. Secondly, given this context, states act on the basis of self-help. They operate with the aim of survival and their interactions with other states reflect their desire to survive. Thirdly, the structure only changes if great powers take actions that will lead to a change. Most states have no power to change the structure. Given this context, states will try to balance against each other because they will try to increase their chance of survival. He further elaborates that balancing can take two forms, Internal and External. Internal balancing refers to the investment of military power to match up with other states. External balancing refers to the alliance of states to counter a stronger power, or a hegemon. States will choose the weaker of the available coalitions because of the understanding that the stronger side is the one threatening their security. Where states find they have common interests they cooperate. Mutual interests are crucial in the anarchic character of international relations. It is not a major concern if states' ideological, political, socioeconomic and religious components diverge. States establish and tend to maintain good relations if they have mutual interests. China-Pakistan relations is a case in point.

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<sup>21</sup> <https://www.beyondintractability.org/bksum/waltz-theory> accessed on 04 September 2022

When it comes to the specific case of China, it apparently seems to fit in very accurately into the realist world view of Waltz whereby it historically appears to have been operating solely based on self-serving motives which express a fierce need to protect its sovereignty. Morals and ethics mostly seem to take a back-seat in its relentless pursuit of self-interest. President Xi Jinping has ordered China's armed forces to modernise by 2035. They should, he says, become a world-class military power, capable of fighting and winning wars by 2049<sup>22</sup>. It is explicitly illustrated by the extensive military expansion undertaken by China. While China is looking to rebalance power in Asia by extending their sphere of influence through the undertaking of the ambitious BRI, of which the CPEC is a significant part, it is also aiming to be dominant world power. China is trying to maximise its power to establish itself as a hegemon in the region. According to the Stockholm International Peace Research Institute (SIPRI), The 3.5 per cent increase in military spending in Asia and Oceania continued an uninterrupted upward trend dating back to at least 1989. China's estimated military spending of USD 293 billion, the second largest in the world in 2021, was a 4.7 per cent increase from 2020<sup>23</sup>. Thus, it appears that a neo-realist understanding of China's policy in this case would claim that it has gained considerable amount of clout vis-a-vis its global competitors and neighbours, allowing it to follow a more ruthless and demanding course of action, as opposed to the 1980s, when it was compelled to make several compromises to be a part of international regimes, to fit in with the world public opinion and to accommodate super power pressures.

The BRI is not a spontaneously emerging plan. It has deep historical roots dating back to the Century of Humiliation. When Chinese public opinion was frustrated with the aggressiveness of Western imperialism, in the Century of Humiliation they were aware of their weaknesses as well. Therefore, throughout all the modern period of China, the Chinese government and people were united to rebuild those glorious days. This ambition became so inherent in the social and political agenda that today the regime's survival also depends on the realization of

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<sup>22</sup> <https://www.bbc.com/news/world-asia-china-59600475> accessed on 04 September 2022

<sup>23</sup> SIPRI Yearbook 2022: *Armaments, Disarmament and International Security*, p.10

this historical national goal. When Xi declared the ambitious plan of the BRI, he was well aware of this national thirst and knew very well that serving this goal will unite public opinion behind him. The most striking fact about the BRI is that China has not been this assertive and confident in foreign affairs since the beginning of the modernization period. Since the economic crisis in 2008, Deng Xiaoping's low profile policy has faded gradually to a certain degree. The BRI is clear evidence that China is initiating a new phase in foreign affairs. China was strongly influenced by both Mahan's and Mackinder's theories and is aiming to create a continental-maritime geo-strategic realm through the BRI, specifically, through the realization of the Silk Road Economic Belt and the 21st Century Maritime Silk Road<sup>24</sup>.

The BRI is supposed to be a compact, all in one solution for China's many problems, goals and even dreams. China has major economic, financial, political, strategic and military motives to start such a large scale international strategy. In this context, the CPEC plays a fundamental role for the Chinese strategic interests, because the Pakistani port of Gwadar is one of the most geographical important locations for China in IOR, it constitutes the most conspicuous manifestation of China's desire to assert itself as a prominent regional player.

China is actively pursuing a foreign policy aimed at limiting India as a major power in the region by supporting economic growth and strategic importance of Pakistan. Moreover, the recent project to build a Chinese military base in Jiwani to protect the commercial port of Gwadar has shown how far the synergy between the two countries can go. China is attempting to create an anarchic system by disregarding Indian sovereignty as CPEC passes through PoK and also there is no higher central authority that can enforce rules over CPEC projects. In this context, Pakistan is acting on the basis of self-help with the aim of survival and balancing increasing Indian power. The India-Pakistan conflict is explained by neorealism as a result of gross power imbalance between India and Pakistan. The growing China-Pakistan axis reveals emerging geopolitics and realignment of the forces in Indian sub-continent. The CPEC brings a dimensional shift in China-Pakistan economic and

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<sup>24</sup> <https://www.strategicstudyindia.com/2015/10/what-chinas-one-belt-and-one-road.html> accessed on 04 September 2022

geopolitical relations and thus consequential impact on India. China has started a strategic partnership with Pakistan just to use Pakistan as a security front and a low-cost but high-efficiency deterrent against growing political and economic influence of India in the region. CPEC is being used by Chinese as a tool, which justifies anarchic behaviour of China from realist perspective. In the garb of economic project, China is clearly pursuing an agenda with unblemished political and security ramifications. Analysing from Waltz perspective, it clearly points out to the fact that China is operating with the aim of self-help and their interactions with Pakistan are purely based on that. From Pakistan's perspective it can be seen as external balancing with alliance aimed to counter a stronger power and arch rival in neighbourhood.

Neorealism explains Pakistan's quest for security while being locked in a protracted conflict with

India. Pakistan's decision to build a defence- oriented relationship with China has been the face

of Pakistan-China relationship for decades. To put simply, the pursuit of survival and security is

the core of Sino-Pak ties. Moreover, Neorealists do not link the type of regime and cultural

outlook of a nation with its quest for security and survival. It is that the types of government do

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## 2.7. Kautilya's Postulates and Perspective

In trying to understand Kautilya's analysis, we have to keep in mind the fact that it is essentially theoretical. He does not deal with a particular state in a historical time, but with the state as a concept. Since, in the Kautilyan view, the king encapsulates all the constituents of a state, he has expounded the theory in terms of the king - any king. In other words, what Kautilya calls the 'interest of the king' would nowadays be termed 'national interest'. *Kautilya's Arthashastra* is also a prime example of study of international relations and statecraft. The world, Kautilya and his masters operated in is not entirely different from that of today. Even today, different autonomous states of varying national power need to determine their relations among themselves and plan strategies for managing conflicts. The nature of conflict, as postulated by Kautilya, does not only hinge on the use of force but also on various aspects of the national power such as foreign policy. Kautilya was one of the earliest proponents of real politik and today we can classify Kautilya's teachings as belonging to the realistic school of strategic management in international relations<sup>25</sup>. As per *Arthashastra*, any state for its wellbeing must act for fulfillment of its political, economic and military self-interest. Therefore, foreign policy and diplomacy must be practiced to maximise relations and for attaining more power and for own self-interest. *Arthashastra* also highlights that treaties, bonds and friendship must be fostered in order to reap benefits and serve the self-interest of the Kingdom.

Kautilya propounded that one's neighbour is an enemy and the neighbour's neighbour who is once removed from the 'would-be conqueror' is a friend. Though every neighbour cannot be considered an enemy but those with whom border is shared raise a concern for enmity. Common ethnicity amongst border population, competition for resources like water, access to sea, disputed borders, historical animosities, tussle for regional sphere of influence are factors conducive to igniting/fuelling enmity. China's increased interests in South East Asian countries especially

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<sup>25</sup> Cunha Sumer D', Kapil Rajendra, Kumar Mahendra (2017). *Kautilya's Strategic Management in the Current Indian Context*, p.2

Pakistan, Bangladesh, Nepal, Maldives, Sri Lanka, Bhutan and India-Russia relations vis-à-vis China all underscores the relevance of this thought of Kautilya.

### 2.7.1. Mandala Theory and Correlation with China

For the purposes of enunciating the theory, it is necessary to focus on a particular king, from whose point of view the situation is analysed. Kautilya designated this king as *vijigishu* - the king who wants to win or 'the would-be conqueror'. A neighbouring king is then designated as 'the enemy', and other kings nearby as allies, a Middle King or a Neutral King. The terminology defines only a set of relationships. This needs to be emphasized because the conqueror is not necessarily 'a good king' and, correspondingly, the enemy 'a bad king'. Kautilya provided a coherent framework that could be used as a tool of foreign policy by any given sovereign or state. This idea, of the sphere of sovereign influence or most fundamental in terms of providing a viable strategic imperative to the state's external power projection was aptly called the *Raja Mandala* or the Circle of Kings. The constituents of the *Raja Mandala* are *Vijigishu* (conqueror), *Ari* (adversary), *Mitra* (ally), *Arimitra* (adversary's ally), *Mitra-Mitra* (ally's ally), *Parshnigraha* (adversary in the rear), *Aakranda* (ally in the rear), *Madhyama* (Middle King), *Udhasina* (Neutral King) and *Antardhi* (Weak intervening king)<sup>26</sup>. The Middle King, *Madhyama*, is one with territory adjoining both the *Vijigishu* and the *Ari* and is more powerful than either of them. The Neutral King, *Udhasina*, was one whose borders are farther away but is a far stronger and more powerful than the Middle King<sup>27</sup>. Every king has his own set of allies and enemies. Since the conqueror, his enemy, the Middle king and the Neutral king are all independent actors, there are four set of actors in the *mandala*. It must, however, be emphasized that the *mandala* is not meant to be imagined geographically as a series of allies, enemies and independent actors, though they may be symbolically represented as such. The nomenclature defines relationships in a dynamic situation, which may create opportunities for some

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<sup>26</sup> Rangarajan. *Kautilya: The Arthashastra*, p.557

<sup>27</sup> *Ibid.*, 558

and expose others to danger. The figure 1 given below represents the graphical representation of the *Mandala*<sup>28</sup>.

*Fig. 2.1 : The Circle of States*

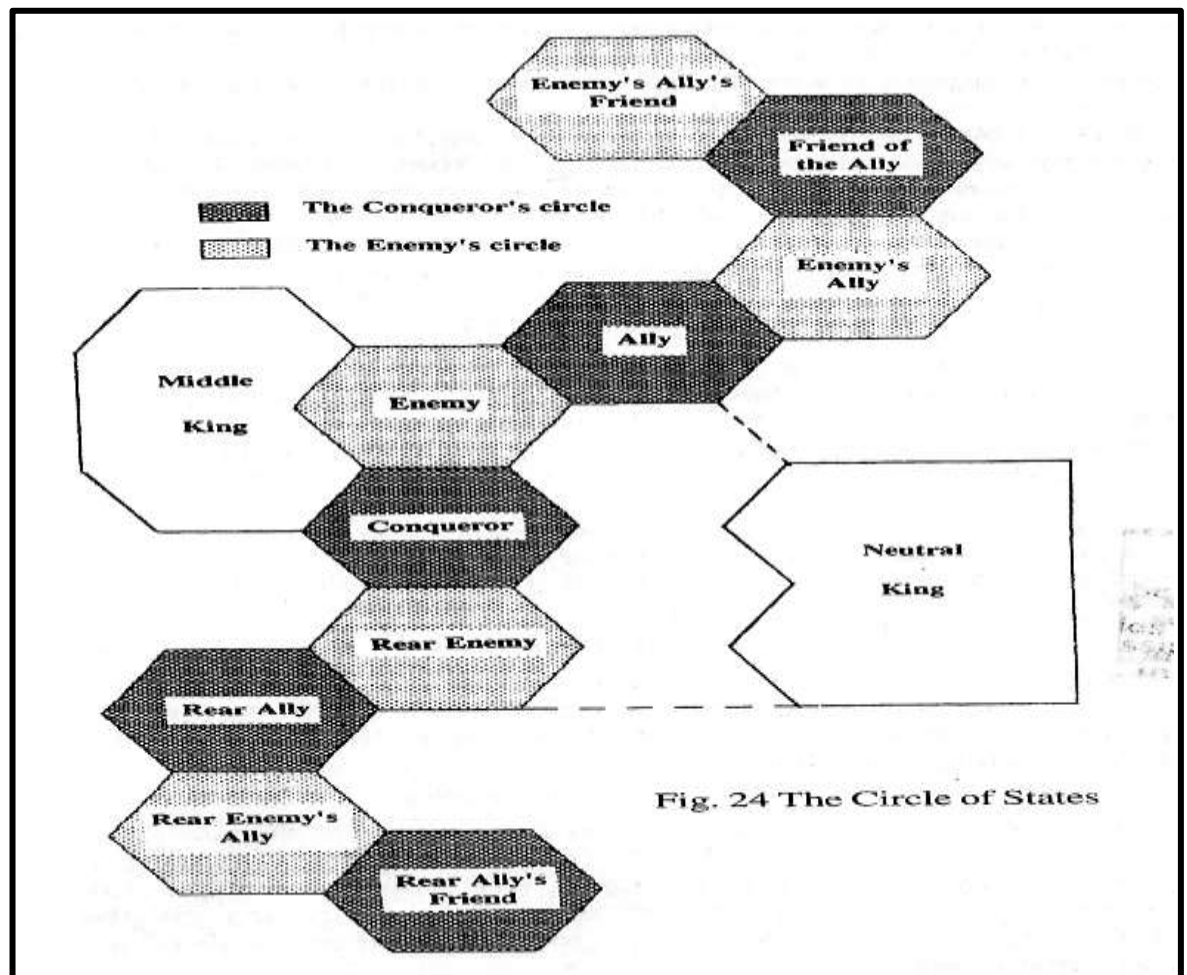


Fig. 24 The Circle of States

geopolitical principles within the framework of the *Mandala* theory. The main states that co

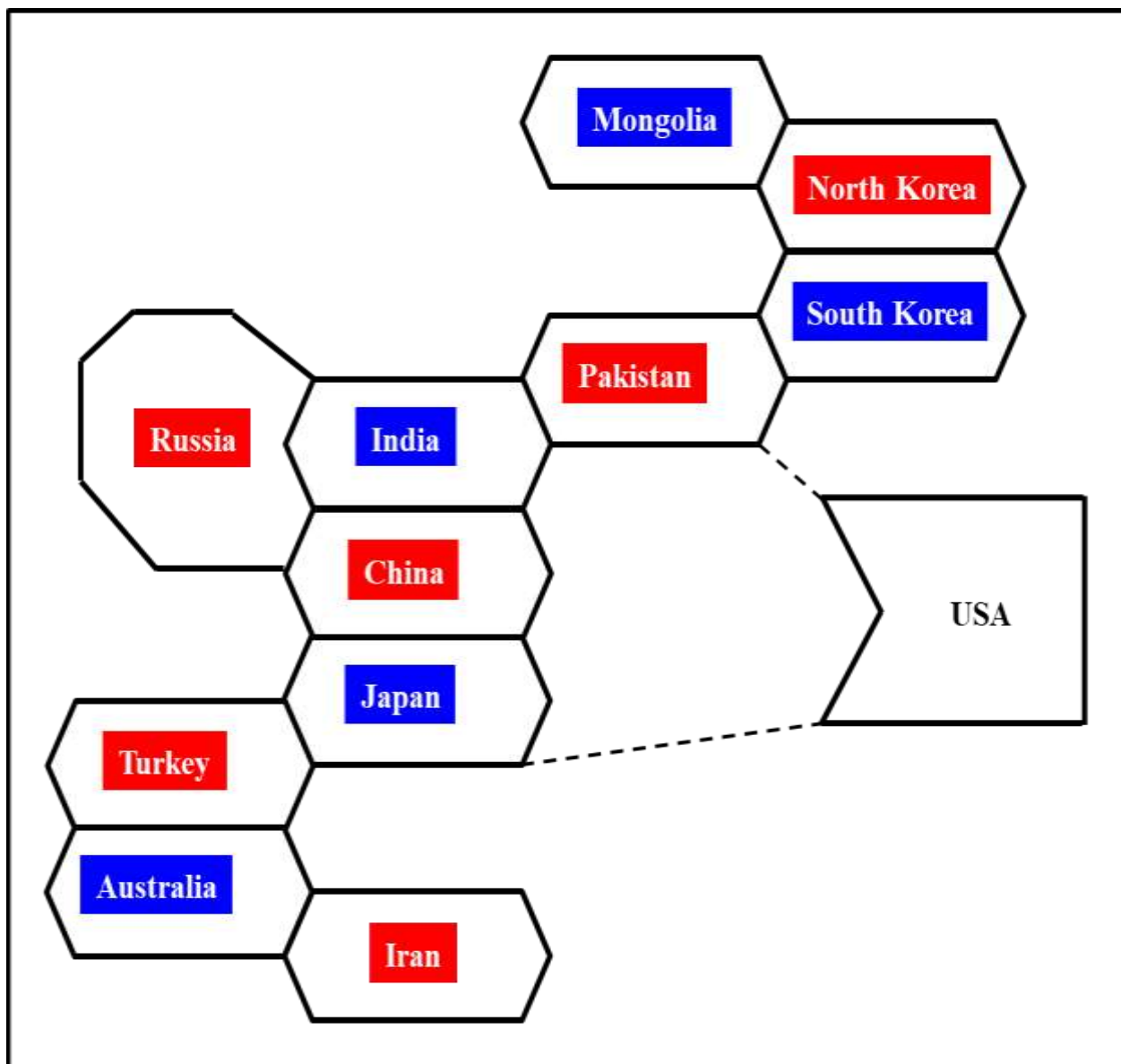
Source: L.N. Rangarajan Kautilya: *The Arthashastra*, p.557

and neutral king are discussed below with justification and evidence. Figure 2 below shows graphical representation of Circle of States wrt China's *Mandala*.

<sup>28</sup> Ibid.,557



*Fig. 2.2 : Circle of States with China as Vijigishu*



*Source: Constructed by Scholar*

## ***Ari/ Enemy***

Kautilya says any king, whose kingdom shares a common border with that of the conqueror is an antagonist, a powerful antagonistic neighbour (having excellent personal qualities, resources and constituents) is an enemy<sup>29</sup>. Among the *Aris*, the natural enemy is the one who is of equally high birth compared to the *Vijigishu* (conqueror) or belongs to his family. An enemy by intent is one who acts against the conqueror or has been goaded into opposing him. India fits within this description of enemy as prescribed by Kautilya. In the context of China's neighbourhood, the other states with large contiguous borders are Myanmar, Mongolia, Russia and North Korea. Since these countries, on a relative scale do not share the same position as India with China and few are neutral, friendly or are not that consequential within the *ari's* definition, their choice as the *ari* is less distinct. In the case of India-China, territorial issues have been the visible cause of conflict and attempts at territorial resolution have not borne fruit due to a variety of underlying causes. Recent clashes at LAC, resulting stand offs mirrored by growing political tensions have further strained the relations.

China also demonstrated the creative use of *shadgunyas* in its policies against India, when it resorted to a combination of dual policy, covert/ irregular war and its attempt to maintain regional supremacy as compared to India. *Dvaidhibhava* or dual policy is 'the policy of making peace with a neighbouring king in order to pursue, with his help, the policy of hostility towards another. China was involved in promoting the insurgency in North East (NE) which began in late 1960's, China supported various guerrilla groups by providing weapons, training and guidance to them. In 2009, a captured insurgent claimed that 16 platoons had been trained by Chinese PLA. In 2015, Indian intelligence intercepted phone calls from a Chinese PLA officer to Naga Separatist<sup>30</sup>. Covert/Irregular War is reflected in the NE insurgency. A perfect example of *Dvaidhibhava* is China- Pakistan relation which is based on shared strategic interests in the region. Pakistan's enmity towards India

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<sup>29</sup> Rangarajan. *Kautilya: The Arthashastra*, p.555

<sup>30</sup> <https://mwi.usma.edu/clowns-to-the-left-of-me-jokers-to-the-right-the-threat-of-increased-insurgency-in-indias-volatile-northeast/> accessed on 12 December 2022

draws it to China for assistance and China's desire to curb India's regional growth pushes it to have ties with Pakistan to tie down India.

### ***Madhyama/ Middle King***

Kautilya describes the *madhyama* as, a middle king is one whose territory is contiguous to those of the conqueror and the conqueror's enemy, who is powerful enough to help them whether they are united or not or to destroy them individually when they are disunited<sup>31</sup>. Within the current geopolitical situation and construct, Russia fits into the description of *madhyama* as the middle king, who shares borders with China and has close ties with India and is powerful enough to help them or overcome them individually or united. China and Russia both are communist and had close ties in the past and then gravitated away from each other. Presently during Russia- Ukraine war, China is actively and openly supporting Russia.

Russia has remained a middle kingdom that has not displayed overt help to China in recent years, though China's cooperation in recent Russia- Ukraine conflict is notable. India too has enjoyed cordial relations with Russia and its cooperation in the military sphere and capability development is notable. India too has supported Russia in its own way by buying crude oil when west had put sanctions on Russia. The evidences also reveal that Russia as the middle king seeks to follow its independent policies and has supported India during 1962 war against China. In present scenario Russia may remain Neutral or support India by supplying weapons and ammunition incase of Indo- China conflict and might not get involved directly.

### ***Mitra/ Ally***

Kautilya describes a natural ally as, one who is of equally noble birth or an 'ally by intent' is one who needs (the conqueror's help) for wealth or personal safety<sup>32</sup>. China and Pakistan do not share a common culture or a common history. In spite of this, due to the shared strategic interests, the two nations were found to naturally gravitate towards each other. For China, Its relationship with Pakistan has served as a hedge against India. Given that China and India have their own disputes over hundreds of miles of border and other issues, it is best suited for China that

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<sup>31</sup> Rangarajan. *Kautilya: The Arthashastra*, p.558

<sup>32</sup> Ibid., p.556

Kashmir dispute ties up India's security forces and attention. Pakistan also opens up Chinese access to the Middle East through the strategically important Karakoram highway in the north to the Port of Gwadar in the Arabian Sea and hence the strategic CPEC is of vital importance to China.

China traditionally does not overtly commit its intentions and is conscious of the image problem that may be associated with its involvement with Pakistan. However, the underlying intention of maintaining a balance of power was visible through the China-Pakistan civil nuclear deal in response to the US-India nuclear deal.

### ***Udasina/ Neutral King***

Kautilya defines a neutral king as, one whose territory is not contiguous with those of the conqueror, the conqueror's enemy or the Middle king (i.e., totally outside the area of hostilities), who is stronger than these three and who is powerful enough to help any of the three, whether they are united or not, or to destroy them individually, when they are disunited<sup>33</sup>. The USA with its remoteness from the area of conflict, stronger and powerful than China, India and Russia in all respects fits the description of a neutral king. In the contemporary environment by aligning with the *udasina*, and making the *udasina* dependent on it for achieving its own objectives wrt China, India has been able to augment its military power and forge stronger alliance with USA.

### **2.7.2. The Sequence of Enemies and Allies**

Kautilya describes balance of allies in the mandala construct in two parts, In front (i.e, the direction of the conqueror's target for conquest) lie the enemy, the (conqueror's) ally, the enemy's ally, the ally's ally, the enemy's ally's ally (and so on), depending on the contiguity of territories. Likewise, behind lie the enemy in the rear, the ally in the rear, the rear enemy's ally, the rear ally's ally (and so on)<sup>34</sup>. In the present construct South Korea (enemy's ally), North Korea (ally's ally) and Mongolia (enemy's ally's ally) have been constituted in front. Japan (rear enemy), Turkey (rear ally), Australia (rear enemy's ally) and Iran (rear ally's ally) have been structured in rear circle. The construct has been constituted based on present geopolitical alliance and contemporary environment. Turkey and Iran have been placed in China's circle of allies based on recent developments and growing cooperation and closeness between the countries.

### **2.7.3. Analysis of China's Mandala**

Deciphering the choices within the *Mandala* made by China, it emerges that though militarily the state has not forged powerful alliances but it has secured strategic alliances to further its own ambition. In contrast to Kautilya's aim of

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<sup>33</sup> Rangarajan. *Kautilya: The Arthashastra*, p. 558

<sup>34</sup> Ibid., p.556

*yogakhsema* or welfare for its populace, emanating from the power achieved by *vijigishu*, China's goals do not seem to move towards this under the authoritarian influence in its policies and strife relations with its neighbours including India, Taiwan, Philippines, Japan and Tibet. Kautilya prescribes different criteria for choosing an ally. Various types of allies are also defined according to their characteristics and their ability to help. Using the method of a choice between two alternatives, Kautilya suggests that the desirable qualities in an ally are, in decreasing order: controllability, constancy, ability to mobilise quietly and having troops concentrated in one place. Giving land is the best help, followed by giving money or troops<sup>35</sup>. Analysing on these parameter Pakistan emerges as best ally of China since it is controllable and has ability to mobilise troops in case China requires so (Pak has formed two divisions worth forces with 15000 troops each to protect CPEC assets<sup>36</sup>). As per Kautilya giving land is best help that an ally can offer, Pakistan has already ceded Shaksgam valley to China in 1963, for CPEC Pakistan has given access to China via disputed Gilgit – Baltistan area and also handed over operational control of Gwadar port to China.

Analysing the *mandala* construct and understanding the China's regional power play, CPEC assumes strategic importance given the underlying importance of Pakistan in overall security calculus of China. China has provided money to equip Special Security Division (34 SSD and 44 SSD) for guarding CPEC assets.

## **2.8. The Six Tools of Foreign Policy: *Shadgunyas***

The *Rajamandala* acts as the yoni (basis) for the application of the *sadgunyas* (measures of state policy). Its construct gives out the geographical dispositions, strategic inclinations and natural alignments of the states depending upon the movement of the *vijigishu*<sup>37</sup>. For achieving success in the Mandala system, Kautilya offers courses of action called *Shadgunya* (six fold) policy for the *Vijigishu* to apply

<sup>35</sup> Rangarajan, Kautilya: The Arthashastra, p.604

<sup>36</sup> <https://m.economictimes.com/news/defence/chinese-men-start-arming-themselves-at-cpec-project-sites-in-pak/articleshow/84647617.cms> accessed on 12 March 2023

<sup>37</sup> <http://www.indiandefencereview.com/news/decoding-kautilyas-arthashastra-present-day-challenges/> accessed on 10 August 2023

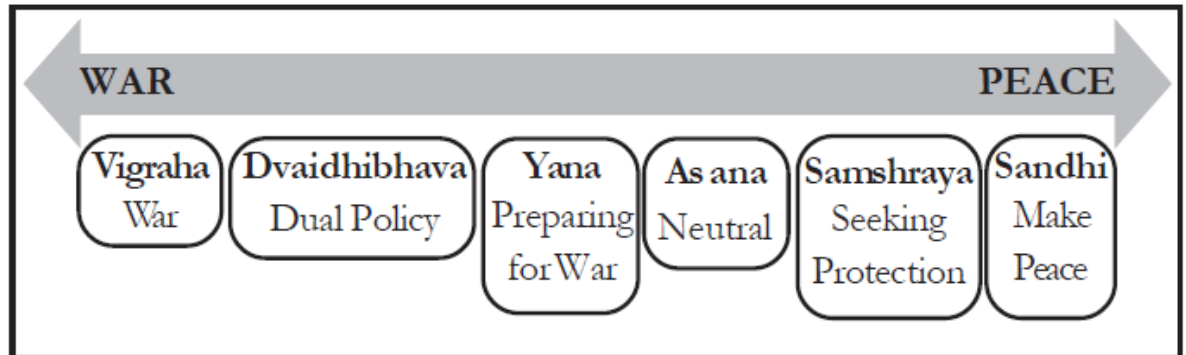
to the constituent elements of his circle of states<sup>38</sup>. The *shadgunya policy* consists of *Sandhi*, *Vigraha*, *Asana*, *Yana*, *Samshraya* and *Dvaidhibhava*. *Sandhi* means making peace, *Vigraha* is war, *Asana* doing neither, *Yana* is preparing for war, *Samshraya* is seeking protection, *Dvaidhibhava* is dual policy<sup>39</sup>. The would-be conqueror shall apply the six methods of foreign policy as appropriate to the various constituent elements of his Circle of States with the aim of progressing from a state of decline to one of neither decline nor progress and from this state to one of progress. The king who understands the interdependence of the six methods of foreign policy, will bind other rulers by the chains of his intellect and can play with them as he pleases. These choices are depicted on figure 2.3 below to show their relative utility.

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<sup>38</sup> Rangarajan, *Kautilya: The Arthashastra*, p.563

<sup>39</sup> Ibid., p. 563

**Fig. 2.3: Relative Utility of Shadgunya**



Source: Sachin More, *IDSA Monograph Series, vol. 31, Arthasastra: Lessons for the Contemporary Security Environment with South Asia as a Case Study*, <http://www.idsa.in/system/files/Monograph31.pdf> accessed on 04 August 2022

Kautilya makes a very important contribution when he applies the temporal domain on the *Shadgunyas*. He says that when in decline, make peace, when prospering, make war, if equal in strength, remain neutral, depleted in power, seek shelter, with help, seek dual policy and when blessed with excellence, prepare for war.

### **2.8.1. Analysis of Shadgunyas**

**Peace (Samdhi)**, Entering into an agreement with the other nation. Peace is to be used when the enemy and the conqueror are co-equal in strength, or are either declining or progressing at the same rate. The *Vijigishu* should make peace when he anticipates making progress from his consolidation of such a nature that would enable him to outstrip and destroy his enemy, or when the confidence generated by the peace would bring him more revenue and less loss than waging war. He may also make peace when he feels he may destroy the enemy or alienate his allies by secret means or when he needs time to recover from a calamity or subdue another enemy. Peace forms the bedrock for bringing prosperity to any state. Kautilya stressed the need for preferring peace to war as war causes loss of money and life. China is supporting Russia in Russia- Ukraine war and identifying with Russia on the basis of Communism, thus forging alliance and making peace with the most powerful neighbor.



**War (Yana),** Waging war by overt martial action. The conqueror shall take recourse to outright war when he is confident in his superiority over the enemy, whether due to superior armies or impregnable defences. He can also exploit the enemy's distraction with a conflict elsewhere to conquer a part of his land. It is classified into three kinds: open war' a battle in the normal sense; secret war, attacking the enemy in a variety of ways, taking him by surprise; and undeclared war, clandestine attacks using secret agents and occult practices. War, in the context of foreign policy thus includes everything from undertaking a diplomatic offensive to fighting a battle. China is waging information and psychological war on Hong kong and Taiwan at the same time asserting its claim on both the states and keeps undertaking military drills on regular basis threatening both the countries.

**Indifference (Asana)** Often, the best diplomatic action is to do nothing and continue to consolidate your gains. Staying quiet is different from the policy of non-intervention and is actually a pause in implementing a policy of peace or war already initiated. The pause may be of short duration waiting for some improvement, extended if there has to be a longer wait for the right opportunity and deliberate by not choosing to act when one can do so. It is also a prudent course where the enemies are fighting amongst each other, allowing them to be weakened while the conqueror increases his strength. Chinese actions against India can be seen as that of indifference. Except for few stand offs and belligerent actions near border it is sitting quietly and consolidating its gains.

**Preparing for war (Vigraha),** Making preparations for war is an expensive step and should only be taken where the king is sure of his ability to repel any assault and bear the expenditure. This creates pressure on the enemy due to the mobilization of forces and the threat of war, and compels him to accede to the wishes of the *Vijigishu*. China continues to prepare for war and its development of military hardware, modernisation of PLA and expenditure on military are significant indicators of China preparing for war.

**Alliance (Samsraya),** When the conqueror feels his position to be in danger due to an inability to attack the enemy or protect himself, he may by alliance seek the protection of a stronger king. He will use this opportunity to halt his decline and begin progressing in strength, before eventually regaining his independence. China

has been indulging in making alliance by using its economic might. Countries Like Pakistan, Sri Lanka, Myanmar who are economically weak are preferred alliance and investment destination of China for strategic gains.

**Dual Policy (Dvaidhibhav),** When the king finds himself unable to fight a war on two fronts, he shall pursue a policy of making peace with one Ari while waging war with another. This shall enable him to consolidate his resources towards solving one problem at a time.

## **2.9. Kautilya's four Upayas**

Intimately connected with *Shadgunya* are the four means or *Upayas*, which can be used to make an antagonist bend to the will of the *vijigishu*. The *vijigishu* shall control the members of his circle of kings, (the antagonists with contiguous territory and the allies with non-contiguous territory) using the four methods. Sama (persuasion), Dana (incentive), Bheda (divide-and-rule), Danda (coercive force). The *gunas* are applicable only to foreign policy while *upayas* have a wider application and can be used to secure the submission of anyone, be it a recalcitrant son, brother or kinsman, or a rebellious chief, a neighbouring prince or foreign chieftain.

### **Sama**

*Sama* or 'conciliation' can be achieved in five ways, praising merits, mention of relationships, pointing out of mutual benefits, showing advantages and placing oneself at the other's disposal. *Sama* can be translated as 'persuasion through reasoned discourse'. China has projected advantages of CPEC for Pakistan. China has convinced Pakistan that CPEC would change Pakistan's socio-economic, environmental and geographic landscape, in addition to bringing economic growth and development through an enormous development of infrastructure, industrialization, huge employment opportunities, increased power generation and commercial amalgamation with the establishments of Special Economic Zones (SEZs). It is an irrefutable reality that the relations between China and Pakistan are growing on mutual benefits. Continuation of the projects under the CPEC, as part of the BRI, is a testament to an all-weather friendship. The all-weather friendship between Beijing and Islamabad, is being described by both countries with phrases such as "as higher than mountains and deeper than oceans, stronger than steel, dearer than eyesight and sweeter than honey."

This is how *sama* has been achieved in this case by China, by mention of relationships and describing them via catchy phrases, pointing out to mutual benefits of CPEC, showing advantages of the project for Pakistan in multiple spheres.

### **Dana**

This term can be rendered as ‘inducement’ or ‘incentive’. It covers both financial rewards as well as other approaches used for positive reinforcement such as praise, recognition, social or professional prestige and career progression. Psychology and management theory both have a wealth of literature in this area. Financial incentives are effective when the tasks are simple, repetitive and within the range of human effort but not so much when the tasks are complex, innovative or involve teamwork and collaboration. Over-emphasising financial gains only result in people gaming the system.

Still, this approach has a lot going for it and *dana* is the favoured method to influence human behaviour in most situations. How has it worked in Pakistan? The Americans have used it for decades, but inconsistently and fitfully, hence coming up with mixed results. The Pakistanis have done just enough to keep the dollars flowing, keeping their own agenda intact and frustrating the Americans but not so much as to make them give up on Pakistan altogether. This skillful gaming has kept the love-hate relationship between the US and Pakistan alive and productive (for the generals) over the years. Cognitive dissonance can also help explain this outcome. Giving a reward to a person is an external justification for engaging in activity contrary to one’s beliefs, but if the reward is temporary or uncertain, the fundamental belief system springs back into action.

Now, the Chinese are into the act of *dana* in Pakistan. As adept gamblers, they have placed a big bet on Pakistan, USD 46 billion to be precise in the form of CPEC. They are surely aware that some of this money will leak into the pockets of the ruling elite, making the Pakistanis even more beholden to their Chinese benefactors. Not only that, but also the long duration of these projects and the associated cash flow will extend the period during which the generals are likely to comply with the CPEC strategy. Even after the predicted leakages, the Chinese estimate that the residual amount is enough to make a transformation in available infrastructure in Pakistan and also provide a strategic leverage. India needs to pay

attention to this somewhat cynical but eminently practical *dana* logic of the Chinese since it has, somewhat summarily, taken an aversion to the CPEC. The CPEC makes no economic sense if visualised as a hermetically-sealed corridor running from the Karakorum to the Arabian Sea.

### **Bheda**

This means ‘divide-and rule’ and the use of deception and subterfuge. Our epics have several episodes of heroic figures using tactics at the very edge of ‘the rules of war’ and their moral qualms are the subject of heated debate even today. The trouble with covert action is that it invites similar retaliation and this spiral can escalate rapidly beyond the control of the original ‘handlers’.

But there is a constructive way of looking at *bheda*. China has taken Military Generals of Pakistan into confidence for strategic gains and this has divided common population of Pakistan. Balochistan and Khyber people are opposing CPEC while balance of the provinces are either supporting or Neutral. CPEC has also caused internal divide within Pakistan. The severe terrorism and extremism issues have further aggravated the issue. Key political parties which are against the CPEC project are Tehreek-e-Taliban Pakistan (TTP), Balochistan Liberation Front (BLF)<sup>40</sup>. Although this may not be desired and initiated by China, however definitely China has used *bheda* in this case by taking the military on own side since they know military is the most powerful organisation in Pakistan. In this case India can also covertly and effectively utilise the divide caused and tactfully use TTP and BLF to further own interests.

### **Danda**

*Danda* is the fourth and last upaya: coercive force to change behaviour. Force is certainly super-efficient in extracting compliance. Permanent compliance requires the credible threat of catastrophic force: something akin to the US-Soviet nuclear stand-off over Cuba in 1962. It is doubtful if even the most hawkish of our TV anchors and armchair strategists would risk such nuclear brinkmanship with Pakistan and for the results of lesser but more sporadic and unwise uses of force. Another approach to applying *danda* is employing economic sanctions. The efficacy of these

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<sup>40</sup> Ambreen Khurshid , Syed Karrar Haider, Faisal Mustafa and Ayesha Akhtar (2019). *China – Pakistan economic corridor: a harbinger of economic prosperity and regional peace*, p.11

too is questionable, as shown in the cases of Cuba, Iran, Russia and even India's own experience, when we built our nuclear and space capabilities in the teeth of severe import bans and restrictions. India has enforced certain sanctions on Pakistan like we have stopped the trade with Pakistan, not participating in games in Pakistan especially cricket which has major impact. In recently held Asia Cup (2023) which was hosted by Pakistan, India refused to play in Pakistan which resulted in India playing its matches in Sri Lanka. Board of Cricket Control in India (BCCI) has successfully used its might to cause revenue losses to Pakistan. India would have to use innovative means to effectively employ *danda* against Pakistan however it is difficult to use against China.

Like most biological sciences, psychology is an inexact process. No single upaya can be used in isolation and with its pristine purity intact. What is needed is an alchemical mixture of upayas, specially conjured up for the circumstances. We need to have a varied cocktail with different composition for China and Pakistan.

This chapter has extrapolated Arthashastra in the present era to understand the topic and offer a perspective through an indigenous strategic discourse on matter related to Indian security and of global relevance. The study of CPEC within the current global security environment has allowed Kautilya's teachings to be brought to life. Undoubtedly, within its strategic calculus, China has been successful in the context of what its policymakers set out to achieve. The effective use of choices within *Mandala* theory and innate choice of *shadgunyas* and *upayas* juxtaposed with intelligent mix of covert and silent wars has allowed it to creatively exercise a variety of options. The alliances have also been analysed through *Mandala* construct to understand the geo political and geo strategic importance of these alliances.

## **2.10. Conclusion**

Although Morgenthau defines politics as an autonomous sphere, he does not follow the Machiavellian route of completely removing ethics from politics. He suggests that, although human beings are political animals, who pursue their interests, they are moral animals. Deprived of any morality, they would descend to the level of beasts or sub-humans. Even if it is not guided by universal moral principles, political action thus has for Morgenthau a moral significance.

The fluctuating strategic environment in Indian Sub-Continent is witnessing enhanced interactivity between politico-military-strategic and operational issues, by virtue of many projects. This includes, most prominently the CPEC, a part of China's grand project BRI, which seeks to consolidate the China-Pakistan strategic relationship. It can be seen that the cooperation between China and Pakistan would not have been possible without common interests. Pakistan and India have a hostile relationship because namely, they have a different view of politics and ideology. China, on the other hand sees India as a hostile country because they have a clash of interest between them. Doklam Plateau military standoff, Arunachal issue and India's boycott of China's Belt and Road Initiatives are few examples of clash of interests. China and Pakistan decided to cooperate and establish China – Pakistan Economic Corridor because they share a common rival, which is India. That is why both countries hope that by the establishment of CPEC, they can achieve their own national goals and of course their common goal.

China behaves according to what theorists of realism would expect of regional hegemons.<sup>41</sup> China is already following the strategies of previous regional hegemons. It is using economic coercion to bend other countries to its will. Examples related to the BRI include Sri Lanka's handover of Hambantota Port in a debt-equity swap. Examination of CPEC from various Realist theories and *Arthashastra* gives adequate insight into the ambitious CPEC project and various aspects related to it. Having examined the CPEC from theoretical perspective it is imperative that we understand various projects of CPEC in details and hence in next chapter we will discuss in detail about all the projects forming part of CPEC.

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<sup>41</sup> Robert O. Keohane (1984). *After Hegemony: Cooperation and Discord in the World Political Economy*.

## CHAPTER – 3

### CPEC – AN OVERVIEW

China's Belt and Road Initiative (BRI) is an issue that has seen enough interest, particularly its potential to transform geopolitics by tying smaller states into a Chinese orbit. BRI focuses mainly on Chinese agency undertaking projects with strategic intent and a vision to rebuild a China-centric world order by infrastructural means, by economically integrating smaller states with its vast market and perhaps ultimately pulling them into its political orbit. Pakistan stands out as one of the first countries to sign up to the BRI and the location of its 'flagship' project, the China–Pakistan Economic Corridor (CPEC). Pakistan is the sixth-most populous country globally, with a population exceeding 207 million people on a land area of 796,095 Sq km, most of which is arid or semiarid. Pakistan has been ranked 146 in Global peace index<sup>42</sup> and inflation rate as of November 2023 was at 29.20 per cent<sup>43</sup>. Thus, we may conclude that Pakistan is at a critical situation today. Therefore, the CPEC-multi-dimensional investment, which comprises interest-free loans, soft loans and export credit is a ray of hope for Pakistan.

Pakistani Prime Minister Nawaz Sharif and Chinese premier Li Keqiang sat down together at the Serena Hotel in Islamabad in May 2013, there were speculations that they would unleash one of the most dramatic and controversial new infrastructure plans of the decade. After all, Pakistan had been knocking on China's door for years attempting to solicit big-ticket investments and had generally come up short. Beijing was not entirely unwilling to invest in Pakistan. However, China was willing to get involved in projects, which it could work directly with the army, the sole institution that China trusted to deliver on its promises. The record was quite clear, while military-industrial cooperation and nuclear power plants had moved ahead, civilian projects were limited to a few telecoms and mining projects. When Nawaz Sharif laid out his vision for power projects, roads, and other infrastructure

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<sup>42</sup> <https://www.civildaily.com/news/global-peace-index-2023/> accessed on 06 December 2023

<sup>43</sup> <https://tradingeconomics.com/pakistan/inflation-cpi#> accessed on 06 December 2023

investments during his 2013 meeting with Li Keqiang, the positive response he received was therefore a genuine break from precedent. Even before the BRI was formally launched in 2013, the CCP leadership had been engaged in a multifaceted debate about how its domestic economic transition and its foreign policy agenda could be joined. In the aftermath of the 2008 global financial crisis, China had spent heavily on domestic investment in order to continue to stimulate growth, and it was left with considerable excess capacity and diminishing returns on those investments<sup>44</sup>.

The CPEC is one of the most important projects of the BRI initiated by China that aims to enhance strategic connectivity between China and Pakistan. It consists of a number of road, rail and pipeline ventures. The CPEC connects Xinjiang in North Western region of China with Pakistan's Gwadar port on the Arabian Sea, going through Gilgit- Baltistan in PoK and disturbed region of Balochistan. The project had been conceived much earlier<sup>45</sup>, but failed to achieve completion over the years due to political instability in Pakistan. Its present form was announced by Chinese in November 2014 and the work started off in April 2015. As a multi-million dollar project, the CPEC is reported to have brought Pakistan twice the amount of foreign investments the country has received since 2008. Identifying and explaining the various components of the CPEC is a tedious and complex task because the information is not readily available and is scattered across sources or changes frequently.

The CPEC is not a single road, it's a network and the program amounts to over USD 60 Billion. This will be the longest land corridor, which will run approximately 3,218 km from Kashgar to Gwadar, expected to be completed by 2030. The long gestated CPEC project received initial traction during Nawaz Sharif's visit to China in 2014. The CPEC is considered as a significant project that seeks to cement Sino – Pak bilateral ties and further consolidate their strategic ties. CPEC is multi-dimensional project and its three main dimensions are transit trade, China - Pakistan Bilateral trade, investment and infrastructure development as a flagship for

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<sup>44</sup> Andrew Small (2020). *Returning to the Shadows: China, Pakistan and the Fate of CPEC*, p.4

<sup>45</sup> Arlen Clemens (2018). *CPEC Needs a Counter Strategy of India*, p.34



OBOR. In monetary terms, total investment on CPEC is distributed like 25 per cent is equity and 75 per cent is debt<sup>46</sup>. The importance of CPEC was underscored when it was included in China's 13th Five Year Development Plan.

### 3.1. CPEC Projects

China at present is in the execution phases of its CPEC projects in Pakistan worth over USD 60 billion mostly in infrastructure including railways, roads and power production. Though the subject of connectivity is multifaceted and hence includes roads, bridges, ports and electrical grids as well as integrating it with commercial institutions, customs codes, trade facilitation, regulatory regimes, training and capacity building. Building of regional digital network and paperless business facilitation is the next level of connectivity. There are a total of 60 projects as part of CPEC<sup>47</sup>.

**Table. 3.1 : Chinese Financed Projects in CPEC**

<b>S No</b>	<b>Chinese Financed Projects in Different Sectors</b>	<b>Number of Projects</b>
(a)	Energy Sector	19
(b)	Infrastructure	8
(c)	Gwadar	12
(d)	Cross Border Optical Fiber Cable	1
(e)	Pilot Project of Digital Terrestrial Multimedia Broadcast	1
(f)	Rail Based Mass Transit	4
(g)	Provincial Projects	6
(h)	Special Economic Zones (Proposed)	9
(j)	Early Warning System (EWS)	1
<b>Total</b>		<b>62</b>

*Source: Government of Pakistan, "CPEC, China Pakistan Economic Corridor".*

*<http://cpec.gov.pk/infrastructure> accessed on 10 October 2022*

<sup>46</sup> Silking the CPEC – Article published by Institute of Peace and Diplomatic Studies, Pakistan

<sup>47</sup> Saeed Shafqat & Saba Shahid (2018), *China Pakistan Economic Corridor: Demands, Dividends and Directions*, p.27

The transport infrastructure under CPEC includes the construction of new highways, such as the 392 km long Multan- Sukkur Motorway and the 136 km long Thakot- Raikot section of the Karakoram Highway. The project also involves upgrading existing roads and railways, including the Karachi-Peshawar railway line. In addition to the infrastructural project, the development of Gwadar deep seaport, Energy projects and free industrial zone are also part of CPEC. China initiated this project to open a new trade corridor between China, Pakistan and other regional countries.

The original budget of CPEC was USD 46 billion, which increased to USD 62 billion by 2020 and its approximate expected budget to USD 75 billion. Out of the original budget, USD 13.58 billion was allocated for infrastructure, about 29 per cent and 71 per cent (USD 34 billion) to be invested in Energy. Besides, 4 per cent is assigned to Gwadar port, 8 per cent to railway development and 13 per cent to road link. Out of the total investment, approximately USD 11 billion is allotted for the development of transport and logistics, of which USD 6,100 million is for road projects and USD 3,690 million would be invested in railways. From China's side, participants of funding are Chinese enterprises, either state-owned or private. Chinese public banks like the Export-Import Bank of China and China Development Bank are also financing. The funding is either transferred directly or through Silk Road funds. The Chinese companies which are participating in transport infrastructure are China Road and Bridge Corporation, China State Construction Engineering Corporation Limited and China's Railway<sup>48</sup>.

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<sup>48</sup> Jaleel, S., Qurban, S., & Thongnim, P. (2023). *Understanding the Dynamics of Transport Infrastructural Development under the China-Pakistan Economic Corridor: An Analysis*, p.141

### 3.1.1. Energy Priority Projects

The energy projects under CPEC will be constructed by private Independent Power Producers, rather than by the governments of either China or Pakistan<sup>49</sup>. The Exim Bank of China will finance these private investments at five to six per cent interest rates, while the government of Pakistan will be contractually obliged to purchase electricity from those firms at pre-negotiated rates<sup>50</sup>. The official website of CPEC gives out exact details of all the projects. The details of project are enumerated below:-

- Two 660MW Coal-fired Power Plants at Port Qasim Karachi. Project has been completed on 25 April 2018.
- Suki Kinari Hydropower Station, Naran, Khyber Pukhtunkhwa. SK Hydro Consortium is constructing the 870 MW Suki Kinari Hydropower Project in the Kaghan Valley of Pakistan's Khyber Pakhtunkhwa province, financed by China's EXIM bank. Project is 90 per cent complete, expected to be operational by November 2024<sup>51</sup>.
- Sahiwal, Two 660MW Coal-fired Power Plants, Punjab. Sahiwal Coal Power Project is in full operation since 3 July 2017. It was built by a joint venture of two Chinese firms, the Huaneng Shandong Company and Shandong Ruyi, who will jointly own and operate the plant. Pakistan has signed the contract to purchase electricity from the consortium at a tariff of 8.36 US cents/kWh<sup>52</sup>.
- Thar- I, Sindh. The Shanghai Electric company of China constructed two 660 MW power plants as part of the Thar-I project in the Thar coalfield of Sindh province. Project Completed on 5 February 2023<sup>53</sup>.
- Thar-II, Sindh. Near the Thar-I Project, the China Machinery Engineering Corporation in conjunction with Pakistan's Engro Corporation constructed

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<sup>49</sup> <http://www.brecorder.com/markets/energy/america/268748.html?section=1> accessed on 10 October 2022

<sup>50</sup> [http://www.brecorder.com/top-news/108/238832-1st-phase-of-cpec-to-bring-\\$35bn-investment-in-energy-ahsan-iqbal.html](http://www.brecorder.com/top-news/108/238832-1st-phase-of-cpec-to-bring-$35bn-investment-in-energy-ahsan-iqbal.html) accessed on 10 October 2022

<sup>51</sup> <http://cpec.gov.pk/energy> , accessed on 08 Nov 2023

<sup>52</sup> <http://www.nepra.org.pk/Licences/Generation/IPP-2002/LAG-292%20Huaneng%20Shandong%20Generation%20Licence%2010-06-2015> accessed on 10 October 2022

<sup>53</sup> <http://cpec.gov.pk/project-details/9> accessed on 10 October 2022

two 330 MW power plants as part of the Thar-II Project as well as developed a coal mine capable of producing up to 3.8 million tons of coal per year. The Project has successfully achieved its commercial operations on 1 October 2022<sup>54</sup>.

- Dawood, 50MW Wind Farm at Gharo, Thatta. Project has been developed by HydroChina Company. Project is fully operational since 5 April 2017.
- 300MW Imported Coal Based Power Project at Gwadar, Pakistan.
- Quaid-e-Azam 1000MW Solar Park at Bahawalpur. China's Zonergy Company is responsible for construction of solar power plant on 6,500 acre land near the city of Bahawalpur. First phase completed, generating 400 MW of electricity. 600 MW under implementation.
- UEP 100MW & Sachal 50MW Wind Farm, Jhimpir, Thatta. Chinese-Pakistan consortium United Energy Pakistan is responsible for this windmill project and this is operational since 2018.
- SSRL Thar Coal Block-I 6.8 mtpa & SEC Mine Mouth Power Plant. Project completed on 31 January 2022<sup>55</sup>. It will enable mine mouth coal power project of Shanghai Electric to generate 1,320 MW of electricity.
- Karot Hydropower Station. Project was completed and put into full commercial operations on 29 June 2022<sup>56</sup>.
- Three Gorges Second & third Wind Power Project. Project is operational since 9 Jul 2018.
- CPHGC 1,320MW Coal-fired Power Plant, Hub, Balochistan.
- Matiari to Lahore ± 660kV HVDC Transmission Line Project. Project has been completed in September 2021<sup>57</sup>. This transmission line is built to evacuate 4,000 MW of power from the coal power plants being developed in thar coal field to national grid stations located in central part of Pakistan.

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<sup>54</sup> [https://hubpower.com/wp-content/uploads/2022/10/TEL\\_330MW\\_COD.pdf](https://hubpower.com/wp-content/uploads/2022/10/TEL_330MW_COD.pdf) accessed on 10 October 2022

<sup>55</sup> <https://www.geo.tv/latest/396787-first-shovel-of-lignite-coal-is-huge-step-forward-ceo-ssrl> accessed on 08 Nov 2022

<sup>56</sup> <https://tribune.com.pk/story/2364053/cpecs-karot-hydropower-plant-put-into-full-commercial-operation> accessed on 15 July 2023

<sup>57</sup> <https://www.thenews.com.pk/print/886507-matiari-lahore-transmission-line-becomes-operational> accessed on 08 Nov 2022

- Matiari (Port Qasim) - Faisalabad Transmission Line Project.
- Thar Mine Mouth Oracle Power Plant (1320MW) & surface mine.

#### **CPEC- Energy Actively Promoted Projects<sup>58</sup>**

- Kohala Hydel Project, PoK. Expected completion in 2026<sup>59</sup>.
- Rahimyar khan imported fuel Power Plant.
- Cacho 50MW Wind Power Project.
- Western Energy (Pvt.) Ltd. 50MW Wind Power Project.

#### **CPEC- Potential Energy Projects<sup>60</sup>**

- Phandar Hydropower Station.
- Gilgit KIU Hydropower.

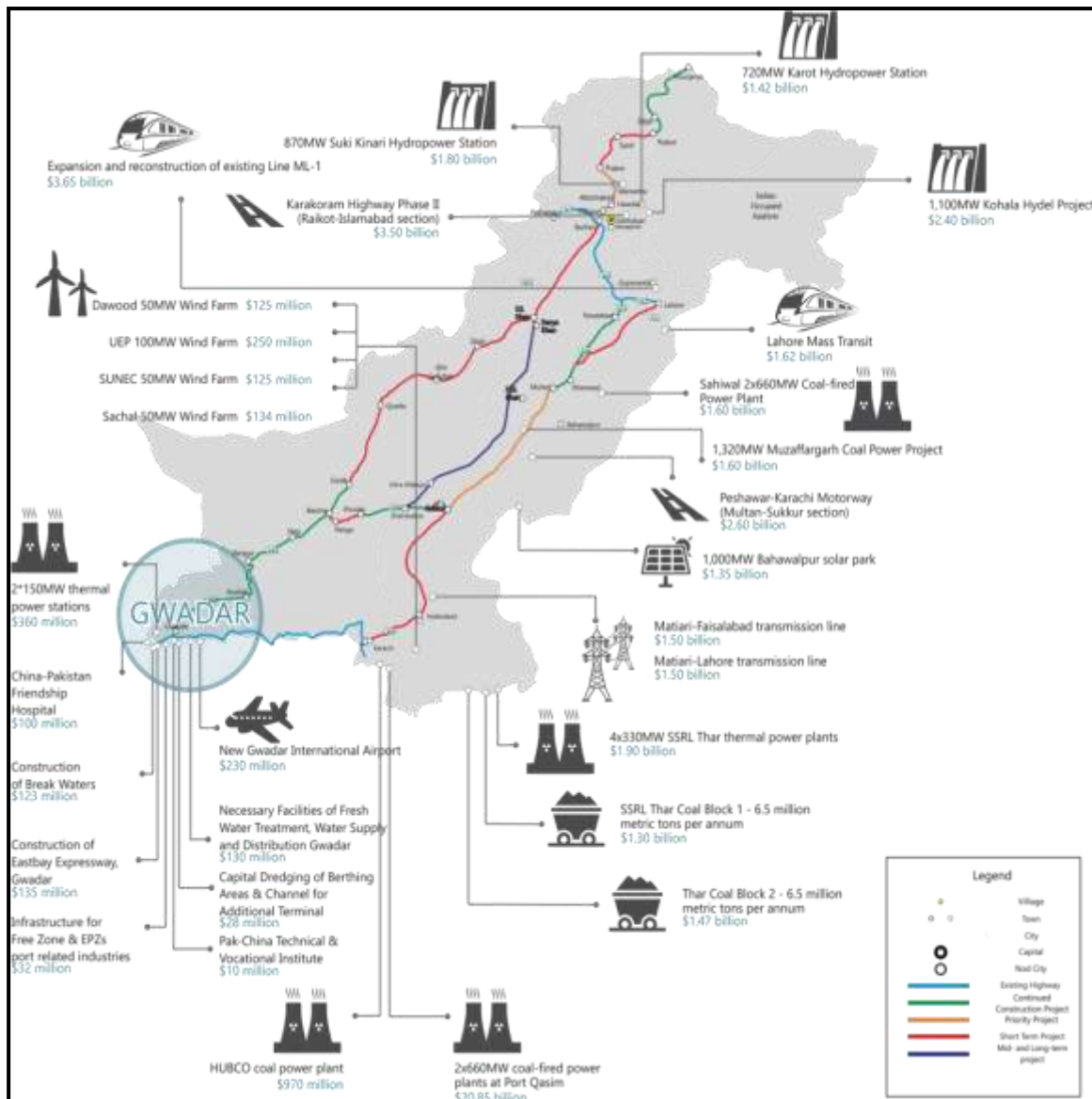
#### ***Map 3.1 : All CPEC Projects with Location & Capacity***

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<sup>58</sup> <http://cpec.gov.pk/energy> accessed on 08 Nov 2022

<sup>59</sup> <http://cpec.gov.pk/project-details/23> accessed on 08 Nov 2022

<sup>60</sup> <http://cpec.gov.pk/energy> accessed on 08 Nov 2022



Source: <http://marinaenclave.pk> accessed on 08 Nov 2022

The CPEC transport projects mainly consist of reconstructing three independent routes and rebuilding the three railway lines—as a considerable re-establishment and up-gradation of Karakoram Highways. The alignment of three roadways in different parts of Pakistan is also a part of CPEC transport projects.

### 3.1.2. Road Projects<sup>61</sup>

Three corridors have been identified namely the Eastern Alignment through the heavily populated provinces of Sindh and Punjab where most industries are located, the Western Alignment through the less developed and more sparsely populated provinces of Khyber Pakhtunkhwa and Balochistan and the future Central Alignment which will pass through Khyber Pakhtunkhwa, Punjab and Balochistan.

**Map 3.2 : CPEC Alignment**



<sup>61</sup> <http://cpec.gov.pk/infrastructure> , accessed on 08 Nov 2022

### **3.1.2.1. Eastern Alignment**

The term Eastern Alignment of CPEC refers to roadway projects located in Sindh and Punjab provinces – some of which were first envisioned in 1991. The Eastern Alignment of CPEC is depicted by the black line in the map above.

As part of the Eastern Alignment, a 1,152 km long motorway will connect Pakistan's two largest cities, Karachi and Lahore with six lane controlled access highway designed for travel speeds up to 120 kilometres per hour. The entire project will cost approximately USD 6.6 billion, with the bulk of financing to be distributed by various Chinese state-owned banks. The entire Eastern Alignment motorway project is divided into four sections: a 136 kilometre long section between Karachi and Hyderabad also known as the M9 motorway, a 345 kilometre long section between Hyderabad and Sukkur, a 392 kilometre long section between Sukkur, and Multan and a 333 kilometre section between Multan and Lahore via the town of Abdul Hakeem. The first section of the project is providing high-speed road access from the Port of Karachi to the city of Hyderabad and interior Sindh. Upgrade and construction works on this section currently known as Super Highway between Karachi and Hyderabad began in March 2015, and converted the road into the four lane controlled access M9 Motorway which was completed in 2018. In February 2017, a completed 75 kilometre stretch of the motorway was opened for public use by Prime Minister Nawaz Sharif. At the terminus of the M9 motorway in Hyderabad, the Karachi-Lahore Motorway will continue onwards to Sukkur as a six-lane controlled-access motorway known also as M6 motorway that will be 345 kilometres long. The planned cost for this project is USD 1.7 billion and will provide high-speed road access to interior Sindh – especially near the towns of Matiari, Nawabshah, and Khairpur. The project will require the construction of seven interchanges, and 25 bridges on the Indus River and irrigation canals. The planned route of the motorway runs roughly parallel to the existing National Highway and Indus Highway at various portions. In July 2016, the Pakistani government announced that the project would be open to international bidders on a build-operate-transfer basis, with Chinese and South Korean companies expressing interest in the project. The 392 kilometres Sukkur to Multan section of the motorway is estimated to cost USD 2.89 billion, with construction works inaugurated on this section of roadway on 6 May 2016 and



completed in September 2019. The road is a six lane wide controlled access highway, with 11 planned interchanges, 10 rest facilities, 492 underpasses and 54 bridges along its route. The Pakistani government in January 2016 awarded the contract to build this section to China State Construction Engineering, but final approvals required for disbursement of funds were not granted by the Government of the People's Republic of China until May 2016. 90 per cent of the project's cost was financed by concessionary loans from China, with the remaining 10 per cent financed by the government of Pakistan. Construction on this segment was completed in 2019. Construction of the portion between Multan and Lahore costing approximately USD 1.5 billion was launched in November 2015 as a joint venture between the China Railway Construction Corporation Limited and Pakistan's Zahir Khan and Brothers Engineers. The total length of this motorway section is 333 kilometres. However, the first 102 kilometres of the road between Khanewal and Abdul Hakeem is Eastern Alignment.

#### **3.1.2.2. Western Alignment**

The CPEC project envisages an expanded and upgraded road network in the Pakistani provinces of Balochistan, Khyber Pakhtunkhwa, and western Punjab Province as part of the Western Alignment. The Western Alignment project resulted in the upgrading of several hundred kilometres worth of road into two and four lane divided highways by mid-2018, with land acquisition sufficient for upgrading parts of the road to a six lane motorway in the future. The Western Alignment of CPEC is depicted by the red line in the map above. In total, the CPEC project envisages reconstruction of 870 kilometres of road in Balochistan province alone as part of the Western Alignment. Out of 870 kilometres of road, 620 kilometres was already rebuilt by January 2016. The Western Alignment roadway network begins at the Barahma Bahtar Interchange on the M1 Motorway near the towns of Burhan and Hasan Abdal in northern Punjab province. The newly reconstructed Karakoram Highway will connect to the Western Alignment at Burhan, near where the new 285-kilometre long controlled-access Brahma Bahtar-Yarik Motorway will commence. The motorway will terminate near the town of Yarik, just north of Dera Ismail Khan.

Ground breaking for the project took place on 17 May 2016. The motorway will traverse the Sindh Sagar Doab region, and cross the Indus River at Mianwali before entering into Khyber Pakhtunkhwa province. It will consist of 11 interchanges, 74 culverts, and three major bridges spanning the Indus, Soan, and Kurram Rivers. Total costs for the project are expected to be USD 1.05 billion. At the southern terminus of the new Brahma Bahtar-Yarik motorway, the N50 National Highway will also be upgraded between Dera Ismail Khan in Khyber Pakhtunkhwa and Zhob in neighbouring Balochistan province, with eventual reconstruction between Zhob and Quetta. The upgraded roadway will consist of a four lane dual-carriageway spanning the 205 kilometre distance between the two cities. The first portion of the N50 to be upgraded will be the 81 kilometre portion of the N50 between Zhob and Mughal Kot, with construction works having begun in January 2016. Construction on this portion was completed in 2018 at a cost of USD 86 million. While the project is considered a vital link in the CPEC's Western Alignment, the project's cost was not financed by Chinese state-owned banks, but instead by Asian Development Bank under a 2014 agreement which preceded CPEC, as well as by a grant provided by the United Kingdom's Department for International Development. Heading south from Quetta, the Western Alignment of the CPEC continues to the town of Surab in central Balochistan as the N25 National Highway. From Surab, a 470 kilometre long route known as the N85 National Highway will connect central Balochistan with the town of Hoshab in southwestern Western Alignment Balochistan province near the city of Turbat. The stretch of road between these cities was completed in December 2016, as per schedule. Along the Western Alignment route, the towns of Hoshab and Gwadar are connected by a newly built 193 kilometre-long portion of the M8 Motorway – the Hoshab to Gwadar portion of the motorway was completed and inaugurated in February 2016 by Prime Minister Nawaz Sharif. The Western Alignment will be flanked by special economic zones along its route, with at least seven special economic zones planned to be established in Khyber Pakhtunkhwa.

### **3.1.2.3 Central Alignment**

Long-term plans for a Central Alignment of the CPEC consist of a network of roads which is shortest route of CPEC and will commence in Gwadar and travel upcountry via the cities of Basima, Khuzdar, Sukkur, Rajanpur, Layyah,

Muzaffargarh, and terminating in Dera Ismail Khan, with onward connections to Karakoram Highway via the Brahma Bahtar–Yarik Motorway. The Central Alignment of CPEC is depicted by the blue line in the map above.

#### 3.1.2.4. Karakoram Highway

The CPEC projects call for reconstruction and upgrade works on National Highway 35 (N-35), which forms the Pakistani portion of the Karakoram Highway (KKH). The KKH spans the 887 kilometre long distance between the China-Pakistan border and the town of Burhan, near Hasan Abdal.

*Map 3.3 : KKH Alignment*



Maqsood Interchange. From there, access onwards to Islamabad and Lahore continues as part of the existing M1 and M2 motorways. Burhan will also be at the intersection of the Eastern Alignment, and Western Alignment. Upgrades to the 487-kilometer long section between Burhan and Raikot of the Karakoram Highway are officially referred to in Pakistan as the Karakoram Highway Phase 2 project. At the southern end of the N-35, works are already underway to construct a 59-kilometer-long, 4-lane controlled-access highway between Burhan and Havelian which upon

completion will be officially referred to as the E-35 expressway. North of Havelian, the next 66 kilometres of road will be upgraded to a 4-lane dual carriageway between Havelian and Shinkiari. Ground breaking on this portion commenced in April 2016. The entire 354 kilometres of roadway north of Shinkiari and ending in Raikot, near Chilas will be constructed as a 2-lane highway. Construction on the first section between Shinkiari and Thakot commenced in April 2016, jointly with construction of the Havelian to Shinkiari 4-lane dual carriageway further south. Construction on both these sections is expected to be completed with 42 months at a cost of approximately USD 1.26 billion with 90 per cent of funding to come from China's EXIM bank in the form of low interest rate concessional loans. Between Thakot and Raikot spans an area in which the government of Pakistan is currently either planning or actively constructing several hydropower projects, most notably the Diamer-Bhasha Dam and Dasu Dam. Sections of the N-35 around these projects will be completely rebuilt in tandem with dam construction. In the interim, this section of the N-35 is currently being upgraded from its current state until dam construction commences in full force at a later date. Improvement projects on this section are expected to be completed by January 2017 at a cost of approximately USD 72 million. The next 335 kilometres of roadway connect Raikot to the China-Pakistan border. Reconstruction works on this section of roadway preceded the CPEC, and were initiated after severe damage to roadways in the area following the 2010 Pakistan floods. Most of this section of roadway was completed in September 2012 at a cost of USD 510 million. A large earthquake rocked the region nearest to the China-Pakistan border in 2010, triggering massive landslides that dammed the Indus River, resulting in the formation of the Attabad Lake. Portions of the Karakoram Highway were submerged in the lake, forcing all vehicular traffic onto barges to traverse the new reservoir. Construction on a 24 kilometer series of bridges and tunnels to Attabad Lake began in 2012 and required 36 months for completion. The bypass consists of 2 large bridges and 5 kilometres worth of tunnels that were inaugurated for public use on 14 September 2015 at a cost of USD 275 million. The 175 kilometre road between Gilgit and Skardu will be upgraded to a 4-lane road at a cost of USD 475 million to provide direct access to Skardu from the N-35.

- **KKH Phase II (Thakot- Havelian Section 120 Kms).** Karakoram Highway phase-II was inaugurated in Nov 2019. The length calculated is 120 Km. It is situated in KP, and it is worth is about USD 1,315 million. It starts in Havelian and ends in Thakot. It links the regions of Gilgit Baltistan and KP with Islamabad. This major connecting project under CPEC includes 105 bridges and 6 tunnels, including 2 expressways and 4 highways.
- **Peshawar-Karachi Motorway (Multan- Sukkur Section 392 Kms).**  
Peshawar-Karachi Motorway was inaugurated in November 2019. It is a 392 Km motorway located in Punjab and Sindh with an approx cost of USD 2,889 million. It originates from Sukkar (Sindh) and connects to Multan (Punjab). The motorway can reduce travel time between two cities from 11 hours to less than 4 hours. This project is key to Pakistan's southnorth transport route.
- **Khuzdar-Basima Road N-30 (110 kms).** This road project started in October 2019 and was completed in December 2021<sup>62</sup>. It is 110 km long and worth 19.19 billion rupees. It is mainly located in the district of Khuzdar, Balochistan.
- **Upgradation of D.I.Khan (Yarik) - Zhob, N-50 Phase-I (210 km).**  
This motorway is on existing alignment (section of N-50) and involves geometric improvements of 210 km motorway and Upgradation of existing two lane road to four lane. 100m wide Right of Way (R.O.W) will be acquired to upgrade it to six lanes in future.
- **KKH Thakot- Raikot N35 remaining portion (136 Km).** The project still needs to be inaugurated. It is about 250 km long and is located in Gilgit Baltistan and KP. It includes building dams like Pattan, Dasu and Diamer Basha on the Indus River. It will be taken into progress by both governments mutually for practicality and designing of the project; both sides' firms are consulted. The NHA of Pakistan has allotted National

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<sup>62</sup> <http://cpec.gov.pk/project-details/69> accessed on 08 Nov 2022

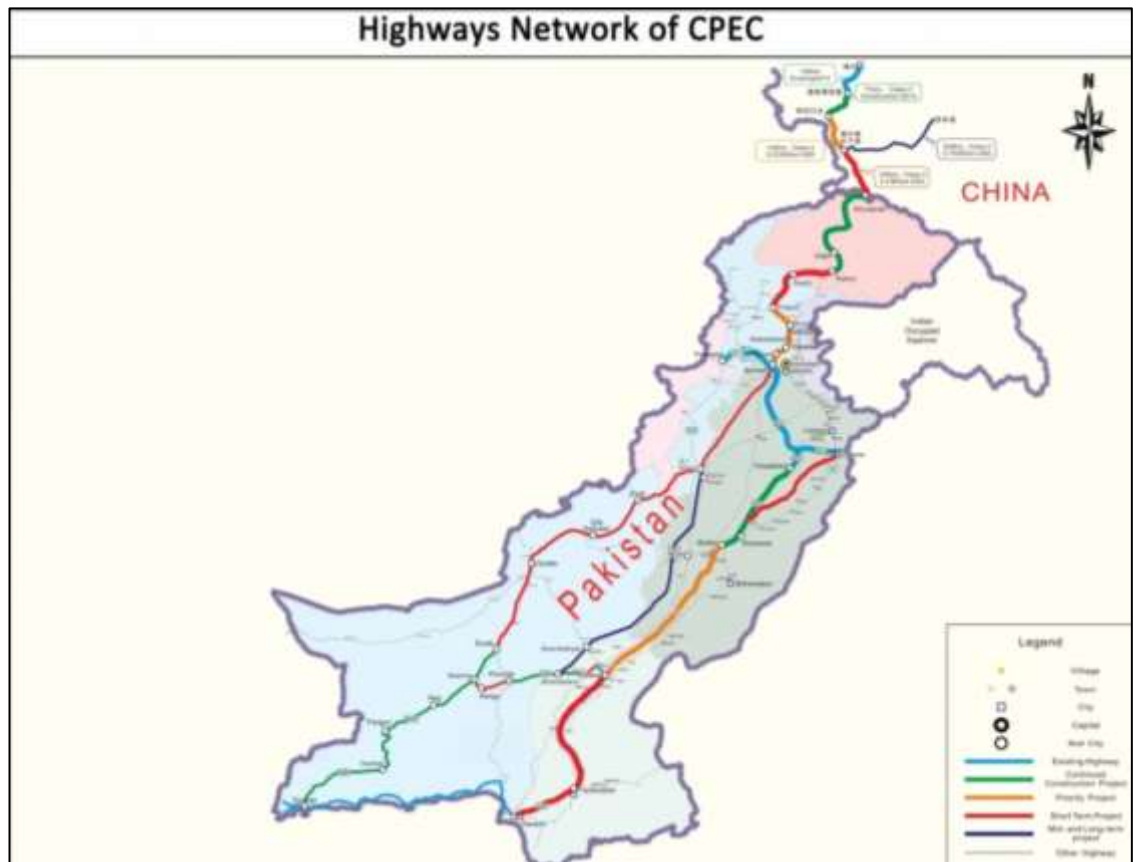
Engineering Services Pakistan responsibility to conduct a feasibility study and provide a complete design using government funding<sup>63</sup>.

- **M-8 motorway (892 Kms).** The Ratodero Gwadar Motorway (M-8) will start from Ratodero in Sindh Province and enter Balochistan Province passing near the towns of Khuzdar, Awaran, Hoshab, Turbat before joining the Makran Coastal Highway just east of the port city of Gwadar. The M8 will cross the Dasht River and pass near the Mirani Dam in Balochistan Province. The M8 will have 4-lanes and a total length of 892 km. Initially, 2-lanes will be constructed after the completion of which another 2-lanes will be added, thus making a total of 4-lanes. M8 motorway is part of CPEC central route. Half of the motorway from Gwadar to Hoshab is operational with two lanes. The other two lanes will be added after M8 is fully operational.
- **M-14 motorway (285 Kms).** The M-14 Motorway, also known as the Islamabad–Dera Ismail Khan Motorway, is a four-lane north– south motorway in Pakistan. The 285-kilometre-long (177 mi) motorway is a part of the Western Alignment of the CPEC and offers high speed road connections between the Islamabad-Rawalpindi metropolitan area, and the southern parts of Khyber Pakhtunkhwa province around Dera Ismail Khan. The motorway was originally planned to open at the end of 2018, but due to delays, was inaugurated on 5 January 2022.
- **Mansehra–Muzaffarabad–Mirpur Expressway (200Kms).** The Mansehra– Muzaffarabad– Mirpur Expressway (MMM Expressway) is a significant motorway project in Pakistan, connecting the cities of Mansehra, Muzaffarabad, and Mirpur. The project is part of the CPEC and is considered of exceptional significance for PoK.

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<sup>63</sup> Jaleel, S., Qurban, S., & Thongnim, P. (2023). *Understanding the Dynamics of Transport Infrastructural Development under the China-Pakistan Economic Corridor: An Analysis*, p.145

*Map 3.4 : Highways Network of CPEC*



Source: <http://cpec.gov.pk/map-single/1> accessed on 08 Nov 2022

### 3.1.3. Rail Projects<sup>64</sup>

The CPEC project emphasises major upgrades to Pakistan's aging railway system, including rebuilding of the entire Main Line 1 railway between Karachi and Peshawar. The CPEC plan also calls for completion of a rail link over the 4,693-meter high Khunjerab Pass. The railway will provide direct access for Chinese and East Asian goods to Pakistani seaports at Karachi and Gwadar by 2030<sup>65</sup>.

- **Expansion and reconstruction of existing Line ML-1, 1830 Kms.**  
Karachi–Peshawar Railway Line also referred to as Main Line 1 or ML-1 is one of four main railway lines in Pakistan, operated and maintained by Pakistan Railways. The line begins from Karachi City station or Kiamari station and ends at Peshawar Cantonment Station. The line will undergo through a six-year USD 6.8 billion upgrade and renovation as part of the

<sup>64</sup> <http://cpec.gov.pk/infrastructure> , accessed on 08 Nov 2022

<sup>65</sup> <http://sosttoday.com/5285-2/> accessed on 08 Nov 2022

China Pakistan Economic Corridor, with an average rail speed expected to be doubled to 140 kilometres per hour upon completion. The plan involves doubling the track from Karachi to Peshawar.

- **Main Line 2, 1254 Kms.** In addition to upgrading the ML-1, the CPEC project also calls for similar major upgrade on the 1,254 kilometre long Main Line 2 (ML-2) railways between Kotri in Sindh province, and Attock in northern Punjab province via the cities of Larkana and Dera Ghazi Khan. The route towards northern Pakistan roughly parallels the Indus River, as opposed to the ML-1 which takes a more eastward course towards Lahore. The project also includes a plan to connect Gwadar, to the town of Jacobabad, Sindh which lies at the intersection of the ML-2 and ML-3 railways.
- **Main Line 3, 560 Kms.** Medium term plans for the Main Line 3 (ML-3) railway line will also include construction of a 560 kilometer long railway line between Bostan near Quetta, to Kotla Jam in Bhakkar District near the city of Dera Ismail Khan, which will provide access to southern Afghanistan. The railway route will pass through the city of Quetta and Zhob before terminating in Kotla Jam, and is expected to be constructed by 2025.
- **Khunjerab Railway.** Longer-term projects under CPEC also call for construction of the 682 kilometre long Khunjerab Railway line between the city of Havelian and Khunjerab Pass on the Chinese border, with extension to China's Lanxin Railway in Kashgar, Xinjiang. The railway will roughly run parallel to the Karakoram Highway, and is expected to be complete in 2030<sup>66</sup>. The cost of the entire project is estimated to be approximately USD 12 billion, and will require five years for completion. A study to establish final feasibility of constructing the rail line between Havelian and the Chinese border is already underway.
- **Havelian Dry port (450 M. Twenty-Foot Equivalent Units).**
- **Capacity Development of Pakistan Railways.**

#### **Rail Based Mass Transit Projects**

- **Karachi Circular Railway.**

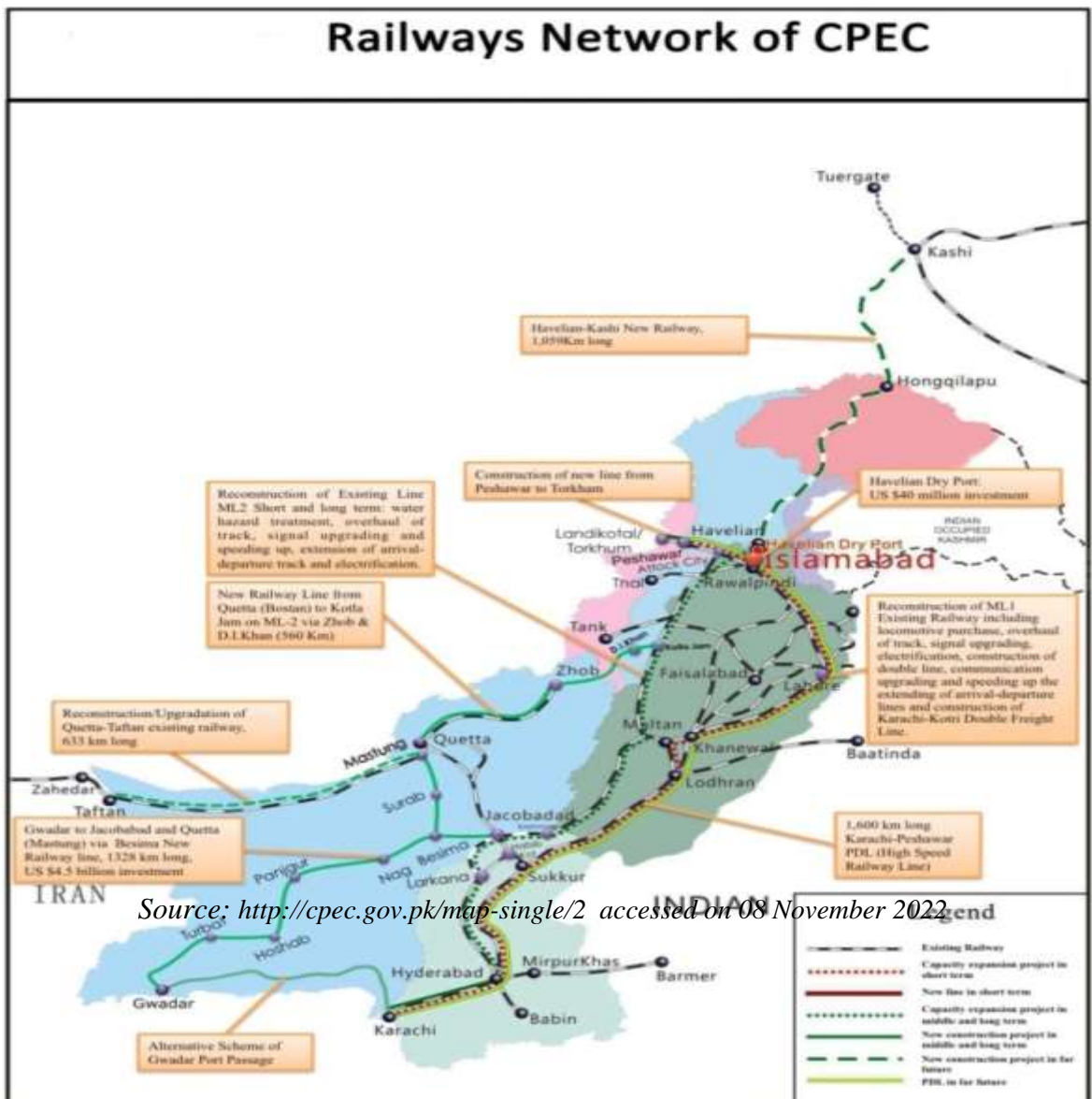
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<sup>66</sup> <http://sosttoday.com/5285-2/> accessed on 08 Nov 2022



- **Greater Peshawar Region Mass Transit.**
- **Quetta Mass Transit.**
- **Orange Line – Lahore.** One of the completed projects of CPEC was inaugurated on 25 October 2020 called Orange Line Metro Train (OLMT), Lahore. This transport project lies in Lahore, Punjab. It is about 27.12 Km long, and the total cost of the Orange Line Metro Train is around USD 1626 Million. It consists of 135 trains, of which 27 are operated. It starts in Raiwand and terminated in Dera Gujran. The OLMT is the first electrical transit project operated in Pakistan.

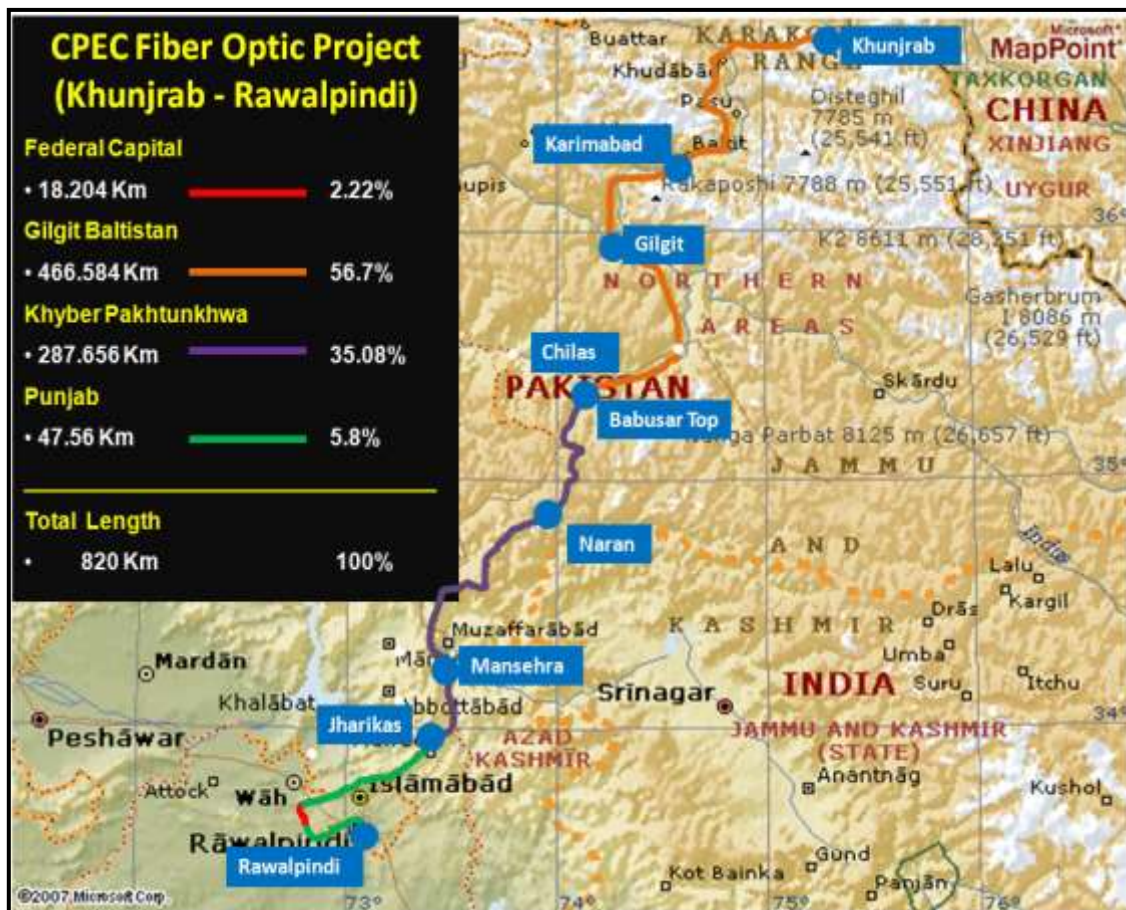
**Map 3.5 : Railways Network of CPEC**



### 3.1.4. Optical Fiber Cable<sup>67</sup>

The Pakistan- China Fiber Optic Project is one of the most significant projects that was completed in July 2018 at an approximate cost of USD 44 million. 840 km long optic fiber cable is passing through Karimabad, Gilgit, Babusar, Naran, Mansehra, Jarkyas and Rawalpindi city. It is a joint venture of Huawei, China and Special Communication Organization (SCO), Pakistan. In the final phase, optic fiber line will connect to Gwadar and finally terminating at Karachi.

*Map 3.6 : Optical Fiber Network*



Source: <http://cpec.gov.pk/map-single/3> accessed on 08 November 2022

<sup>67</sup> <http://cpec.gov.pk/otherprojects> accessed on 08 November 2022

#### **3.1.4.1. Pakistan's Fiber Connectivity with Rest of the World<sup>68</sup>**

Currently, Pakistan has fiber connectivity with rest of the world via four undersea fiber optic cables, including:

- India-Middle East-Western Europe (I-ME-WE), having capacity of 3.86 Tbps.
- Southeast Asia- Middle East-Western Europe-3 (SEA-MEWE-3), having capacity of 480 Gbps with two fiber pair.
- Southeast Asia-Middle East-Western Europe-4 (SEAME-WE-4), with capacity of 1.28 Tbps.
- Trans-World Associates (TWA-1), designed with a capacity of 1.28 Tbps.

On the other hand, the following international fiber optic links are under construction having a land link in Pakistan:

- Asia-Africa-Europe-1 (AAE-1), having capacity of 40 Tbps.
- SEA-ME-WE-5, with capacity of 24 Tbps.
- Silk Road Gateway-1 (landing points in Karachi and Gwadar).
- Pakistan-China Back-Haul Fiber Optic.

CPEC will provide a digital spider hub for China to access the densely populated region via Information and Communication Technologies (ICT). The fiber connectivity under CPEC is aimed at providing the virtual access and connectivity as also to minimise the impact of other great powers in the region. Chinese company Huawei has the contract of laying down the optic fiber between China and Pakistan, so it will be a launching pad for Chinese companies. This initiative has the potential to become a key part of China's expanding cyber access and strategic influence in Eurasia. Finally, the Project will strengthen China's position in the Indian Ocean both physically and virtually.

The OFC will be laid all along the CPEC route, in-loop with existing OFC connectivity. Security of CPEC route including surveillance of the route, fleet

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<sup>68</sup> Zahid Latif, Zeng Jianqiu, Rahat Ullah, Zulfiqar Hussain Pathan and Shahid Latif (2017). *Application of Optical Frequency Comb in High Capacity Long Distance Optical Communication for China-Pakistan Economic Corridor*, p.3

management system and other associated services will be based on the fiber optic cable being laid, providing high capacity and reliable communication link along the CPEC route. Thus Pakistan-China OFC will play a pivotal role in the security of CPEC route, development of ICT infrastructure as well as safety of other CPEC projects along the route.

It introduces new horizons of commercial and geopolitical advantages for both the countries and will become a game changer for the entire region. This information corridor will open a new era of technological development in the region. Maintenance of the fiber year round through the difficult terrain of Gilgit-Baltistan and through the harsh winter will be challenging. The real success of the project will depend on phase-II, which will be extension of this fiber from Rawalpindi to Gwadar and its linkage with submarine cables through a new submarine cable landing site at Gwadar.

### 3.1.5. Proposed Special Economic Zones under CPEC <sup>69</sup>

*Table 3.2 : Proposed SEZs under CPEC*

Name	Province	Area (Acres)	Type of Industry	Progress
<b>Rashakai Economic Zone, M-1, Nowshera</b>	Khyber Pakhtunkhwa	1000	Fruit/Food Packaging, Textile Stitching/Knitting	Feasibility studies of SEZs is shared with Chinese side.
<b>China Special Economic Zone Dhabeji</b>	Sindh	1000	To be determined during feasibility stage	Feasibility studies of SEZs is shared with Chinese side.
<b>Bostan Industrial Zone</b>	Balochistan	1000	Fruit Processing, Agriculture machinery, Pharmaceutical, Motor Bikes Assembly, Chromite, Cooking Oil, Ceramic industries, Ice and Cold storage, Electric Appliance, Halal Food Industry	Feasibility studies of SEZs is shared with Chinese side.

<sup>69</sup> <http://cpecinfo.com/proposed-special-economic-zones/> accessed on 29 January 2022

<b>Allama Iqbal Industrial City (M3), Faisalabad</b>	Faisalabad, Punjab	3,000 Approx	Textile, Steel, Pharmaceuticals Engineering, Chemicals, Food Processing, Plastics, Agriculture Implements etc	Feasibility studies of SEZs is shared with Chinese side.
<b>Development of Industrial Park on Pakistan Steel Mills Land at Port Qasim near Karachi</b>	Port Qasim Near Karachi	1500	Steel, Auto & allied Pharma, Chemical Printing and Packaging, Garments etc.	Feasibility studies of SEZs is shared with Chinese side.
<b>Special Economic Zone at Mirpur</b>	Mirpur, PoK	1078	Mixed industry	Feasibility studies of SEZs is shared with Chinese side.
<b>Mohmand Marble City</b>	FATA			Feasibility studies of SEZs is shared with Chinese side.
<b>Moqpondass SEZ Gilgit-Baltistan</b>	Gilgit-Baltistan	250	Marble / Granite, Iron Ore Processing, Fruit Processing, Steel Industry, Mineral Processing Unit, Leather Industry	Feasibility studies of SEZs is shared with Chinese side.

Source: <http://cpecinfo.com/proposed-special-economic-zones/> accessed on 29

January 2022

### 3.1.6. CPEC Provincial Projects<sup>70</sup>

**Table 3.3 : CPEC Provincial Projects**

Name	Progress
<b>Keti Bunder Sea Port Development Project</b>	Further studies and consultations to be initiated Projects referred to concerned JWG's for consideration

<sup>70</sup> <http://cpecinfo.com/cpec-newprovincial-projects/> accessed on 29 January 2022

<b>Naukundi-Mashkkel- Panjgur Road Project Connecting With M-8 &amp; N-85</b>	Planning-PC-1 preparation is underway Projects referred to concerned JWG's for consideration
<b>Chitral CPEC Link Road from Gilgit, Shandor, Chitral To Chakdara</b>	Planning-PC-1 preparation is underway Projects referred to concerned JWG's for consideration
<b>Mirpur - Muzaffarabad - Mansehra Road Construction For Connectivity With CPEC Route</b>	Approval of PC-1 in process Projects referred to concerned JWG's for consideration
<b>Quetta Water Supply Scheme from Pat Feeder Canal, Balochistan</b>	Relevant Provincial Govts to work out proposals on implementation of projects
<b>Iron Ore Mining, Processing &amp; Steel Mills Complex At Chiniot, Punjab</b>	Relevant Provincial Govts to work out proposals on implementation of projects

*Source: <http://cpecinfo.com/cpec-newprovincial-projects/> accessed on 29 January 2022*

### **3.2. Gwadar Port: The Key Link**

Gwadar Port can be considered as the backbone of CPEC because of its geostrategic location in Persian Gulf. Located in the South of Pakistan, the city of Gwadar was small and insignificant until the construction of the port began in 2002 under the Musharraf administration and it was later bundled into CPEC after the Chinese Overseas Port Holdings Ltd (COPHL) took over management in 2013. Under the agreement, the deep sea port will remain property of Pakistan but will be operated by the COPHL which will share profits with the Pakistani State. The projects in Gwadar include an international airport, hospital, desalinization water treatment plant, dredging of berthing areas/channels, construction of breakwaters, and an Eastbay Expressway highway. In addition, a coal power plant will be constructed outside of Gwadar. China is completely financing the Gwadar renovations and projects through providing zero-interest loans. Gwadar is poised to





million in a mega Gwadar Port development project, which covers 3.6 million square feet and offers a mixed-use, gated development in the heart of Gwadar to cater to locals, expatriates and Chinese professionals. According to CPIC, the city is expected to provide 923 hectares of land for its ‘free zone’ as some 500,000 professional workers are scheduled to make their way into the region by 2023.

China has committed over USD 1 billion to finance certain construction projects in the proposed port city whilst looking to improve the infrastructure of the city and surrounding areas. The USD 140 million pledged to complete the East Bay Expressway will link the port to the major Makran Coastal Highway. The COPHC would be funding infrastructure projects worth US\$2 billion to augment the wider Gwadar Special Economic Zone. A brand new USD 300 million International Airport is planned for construction in Gwadar. In January 2019, Saudi Arabia also announced a plan to establish a USD 10 billion oil refinery in Gwadar<sup>71</sup>.

Gwadar is also a key link in China’s “String of Pearls” strategy that seeks to thread together key commercial ports in the Indian Ocean region for strategic purposes, including Djibouti. Gwadar Port has the potential to be used as a Chinese naval base in future, which would put the PLA in the vicinity of strategic geography such as the Strait of Hormuz and also allow China to enhance its naval cooperation with Pakistan and Iran in the Indian Ocean region. The military use of Gwadar, especially the permanent stationing of naval assets by China in the future, could pose a complex challenge to the Indian Navy.

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<sup>71</sup> <https://www.reuters.com/article/us-saudi-pakistan-economy-idUSKCN1P60OU> accessed on 18 March 2022



*Figure 3.2 : Development of Gwadar Port*



*Source: <http://www.brecoder.com/wp-content> accessed on 08 November 2022*

From a security angle, the development of Gwadar could provide Pakistan with an alternative base in the event of India imposing a naval blockade on Karachi. According to a former naval officer of the Pakistan Navy, Gwadar is important to cater for security since it is away from India and close to Pakistan's vital shipping lines as also to provide access to China, Afghanistan and Central Asia and to serve as a hub port for the region<sup>72</sup>.

The CPEC cuts through the Karakoram Range. From a geostrategic standpoint, the region of Gilgit- Baltistan (GB), through which it traverses, is under the illegal occupation of Pakistan. Geographically, CPEC is close to the Indian

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<sup>72</sup> Safdar Sial (2017), *CPEC in Balochistan: Local Concerns and Implications*, p.3

presence on the Siachen Glacier as well as Sub-Sector North in Ladakh, the current flashpoint on the LAC between India and China. CPEC projects in the GB area give China an excuse to station its paramilitary construction Corps and expand its presence. In the event of extreme internal turmoil in Pakistan, it allows China to strengthen its grip over the region, especially Hunza. This must be seen against the backdrop of history in which, before China and Pakistan settled their so-called border through an agreement of 2 March, 1963, China claimed the princely state of Hunza on specious grounds that it was a tributary state, even though Hunza itself claimed the trans-Karakoram tract of Raskam/ Shaksgam Valley. The 1963 deal left Hunza with Pakistan in return for ceding the entire trans-Karakoram tract to China. China may calculate that if Pakistan implodes in the long run, it could take Hunza without effort based on fictional claims and physical presence, particularly since the 1963 agreement is provisional in nature as per its Article VI:

*“The two Parties have agreed that after the settlement of the Kashmir dispute between Pakistan and India, the sovereign authority concerned will reopen negotiations with the Government of the People’s Republic of China, on the boundary as described in Article Two of the present Agreement, so as to sign a formal Boundary Treaty to replace the present agreement”<sup>73</sup>.*

Following the abrogation of Article 370 of the Indian Constitution on 05 August, 2019, India’s long-standing claim to GB in PoK has been reiterated with conviction. This is likely to prompt China to dig its heels in even further in the GB area, which is the fulcrum of the CPEC. The enduring presence of Chinese workers at key economic projects in the GB area could emerge as a factor to be considered in evaluating India’s military options during potential hostilities in the future<sup>74</sup>. Notably, military in Pakistan attaches great strategic significance to the CPEC and remains committed to its viability. This was apparent when the Pakistan Army Chief visited China on a special invitation in September 2018, to reaffirm his support for the CPEC and the ISPR tweeted, “while we work for peace, we need to stay strong to

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<sup>73</sup> <https://people.unica.it/annamariabaldussi/files/2015/04/China-Pakistan-1963> accessed on 08 March 2022

<sup>74</sup> Sujan R. Chinoy (2021). *China-Pakistan Economic Corridor (CPEC): The Project and Its Prospects*, p.7

thwart designs of all inimical forces challenging our resolve and we greatly value Chinese support in this regard”. The Army chief gave the assurance that the “BRI, with CPEC as its flagship, is destined to succeed despite all odds and the Pakistan Army shall ensure security of CPEC at all costs”<sup>75</sup>.

### **3.3. Framework of Working**

It is now pertinent for us to know how these projects are being monitored and executed. In Pakistan, a number of stakeholders are involved in the overall identification, prioritisation and recommendation of projects that get funded under CPEC. On July 20, 2013, the two sides established a high-level Joint Cooperation Committee (JCC) with working groups to focus on key areas of CPEC<sup>76</sup>. At the top level, there is JCC, co-chaired by the Minister of PDR from the Pakistani side and the Vice Chairman of the National Development and Reform Commission (NDRC) from the Chinese side. The JCC is the highest body in which all projects are discussed, reviewed and approved. It comprises both political figures and administrative officials, such as heads of different departments and experts from various fields. The JCC has offices in Beijing and Islamabad. The JCC is responsible for overall planning and coordination under CPEC, while the Joint Working Groups (JWGs) are responsible for the detailed planning and implementation of the projects. Initially, there were seven JWGs under the JCC for planning, energy, transportation infrastructure, Gwadar Port, industrial cooperation, social-economic development and international cooperation. Later two more JWGs on agriculture and science and technology were made. Security and Information technology group were added subsequently. Under the JCC, there are presently 11 joint working groups (JWGs), comprising experts from government agencies of both countries. At these two tiers, both Chinese and Pakistani officials are involved. 11 joint working groups have been formed under JCC to drive their respective areas including: longterm planning, energy, transportation infrastructure, industrial cooperation, Gwadar port, social-economic development, international cooperation and coordination, agriculture, science and technology, security and Information technology. On Chinese side,

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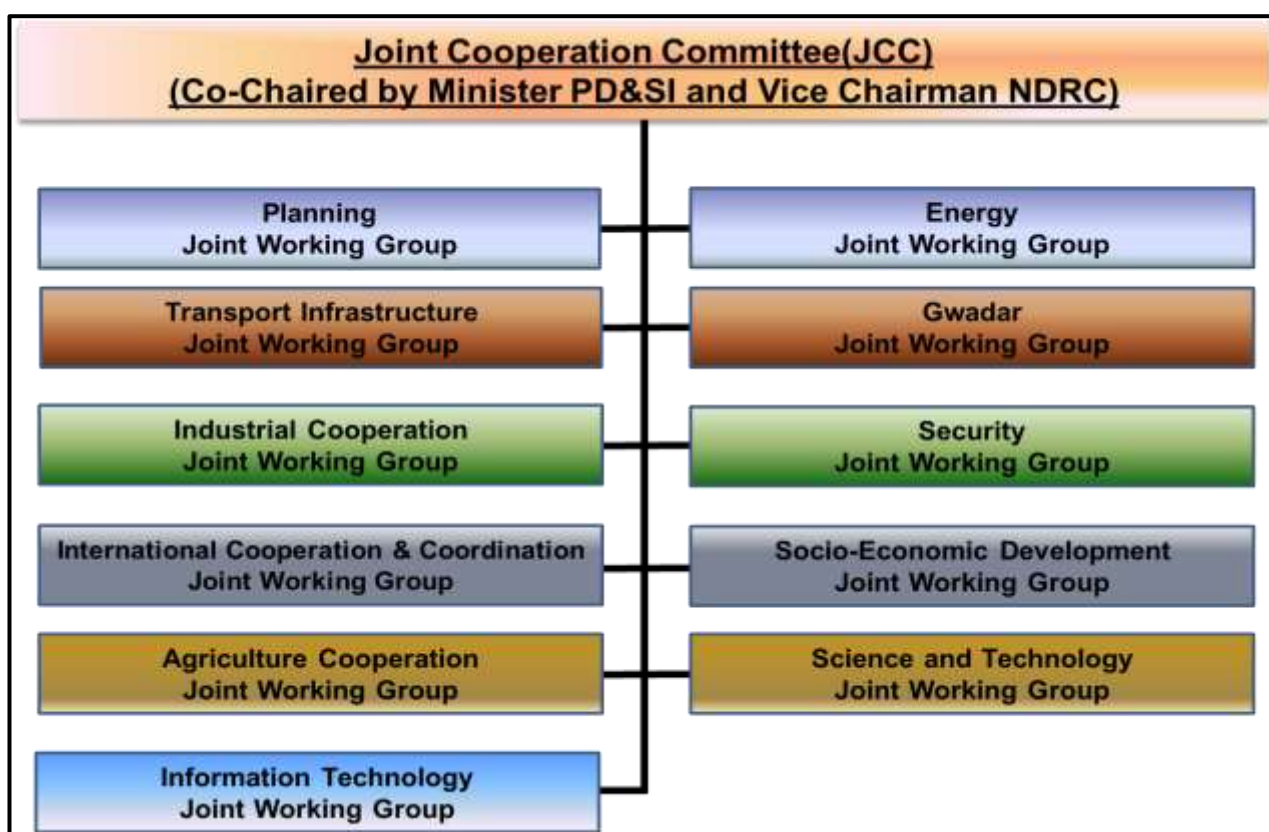
<sup>75</sup> <https://www.ispr.gov.pk/press-release-detail.php?id=4940> accessed on 19 January 2022

<sup>76</sup> Murad Ali (2018). *The China-Pakistan Economic Corridor Tapping Potential to Achieve the 2030 Agenda in Pakistan*, p.311

National Development and Reform Commission of China houses the JCC secretariat, whereas in Pakistan Ministry of Planning, Development and Reforms of Pakistan has taken over this role. For the approval of any projects it is necessary to create consensus between Chinese and Pakistani technical officials. It was decided in Memorandum of Understanding (MOU) that CPEC will be based on the principle of scientific planning and step by step approach, taking the easiest path first.

The CPEC Council founded in 2015 to jointly address the challenges arising in the CPEC projects has offices in Beijing and Islamabad, and its purpose is to assist with the implementation of projects. Members of the JCC periodically meet to deliberate upon the progress made, and scrap and revise the projects to efficiently meet the objective of CPEC in letter and spirit. Till 2019 eight JCC meetings were held since its formation in 2015.

**Figure 3.3 : Working of Joint Cooperation Committee**



Source: <https://cpec.gov.pk/institutional-framework/5> accessed on 19 November

2023

The 9th JCC was held at Islamabad in November 2019 where petroleum projects were discussed to be included in CPEC<sup>77</sup>. The 10th meeting of the JCC was held on 23rd September, 2021. A key part of the agenda was discussion on the progress of on-going CPEC projects, and held consultation of future projects. During the meeting both sides reviewed tariff structure and tax policies related to power-sector projects. Moreover, the meeting also reviewed the security arrangements for Chinese citizens and project sites in light of a Dasu bus attack on Chinese engineers. During the meeting, the Chinese side raised concerns over the security of their citizens working in Pakistan. Both sides strongly condemned the attacks on CPEC related projects. The two sides comprehensively discussed security framework and agreed to enhance the security arrangements and ensure proper security to Chinese citizens in Pakistan. The meeting was chaired by Mr. Ning Jizhe, Vice Chairman National Development and Reforms Commission (NDRC) China, and Mr. Asad Umar, Minister for Planning, Development and Special Initiatives, through a video conference to review progress of CPEC project. It was attended by nearly two hundred representatives from government sides, financial agencies, public institution and business community<sup>78</sup>. 11<sup>th</sup> JCC meeting was held on 27 October 2022 at Islamabad. Pakistan expressed satisfaction on completed energy projects and discussion on the ML 1 project was the main agenda during 11<sup>th</sup> JCC conf. 12<sup>th</sup> JCC was held on 11 July 2023 at Beijing. Federal Minister for Planning, Development & Special Initiatives, Ahsan Iqbal, and Vice Chairman of China's National Development & Reform Commission (NDRC), Cong Liang, co-chaired the meeting, which saw the presence of senior officials and representatives from various ministries and departments associated with CPEC matters. The JCC highlighted the importance of key projects in energy and infrastructure development, which are now operational<sup>79</sup>.

### **3.4. Management of Projects**

The Pakistan army is deeply involved in the CPEC project and attaches great priority to ensuring its security. Two Special Security Division (SSD) comprising

<sup>77</sup> Priya Arora and Abhinav Arya (2020). *China Pakistan Economic Corridor*, p.19

<sup>78</sup> Muhammad Iqbal (2021). CPEC: 10th JCC and Future Outlook, p.1

<sup>79</sup> <https://tribune.com.pk/story/2425773/at-12th-jcc-pakistan-and-china-strengthen-ties> accessed on 12 December 2023

around 30,000 Pakistan soldiers and para-military personnel are reported to have been set up for the security of the CPEC project and Chinese workers<sup>80</sup>. A CPEC Authority was established in 2019, ostensibly to monitor the timely completion of the project, using a presidential ordinance. The special Authority ended up side-lining the Planning Commission. Lt General (Retd). Asim Bajwa was appointed as the Chairman of the Authority, to co-chair the Joint Cooperation Committee. The appointment of a retired military officer who was earlier spokesperson of the Army reveals the determination of the Army to virtually run the CPEC. The fact that Asim Bajwa survived an allegation of corruption in August 2020, coupled with the strengthening of the nascent structure through a legislation, points to the firm grip of the army on strategic projects.

### **3.5. Financing of CPEC Projects**

Chinese monetary offer for Pakistan under CPEC being a combination of Debt & Equity, it is evaluated that the Debt component will be serviced at 7-8 per cent interest per annum while Equity component is expected to deliver an estimated Return on Equity of 17 per cent per annum. Various components of CPEC financing have been discussed in subsequent paragraphs.

#### **3.5.1. Concessionary Loans**

Approximately USD 11 billion worth of infrastructure projects being developed by the Pakistani government will be financed at an interest rate of 1.6 per cent, after Pakistan successfully lobbied the Chinese government to reduce interest rates from an initial 3 per cent. Loans will be dispersed by the Exim Bank of China, China Development Bank, and the ICBC. For comparison, loans for previous Pakistani infrastructure projects financed by the World Bank carried an interest rate between 5 per cent and 8.5 per cent, while interest rates on market loans approach 12 per cent<sup>81</sup>. The loan money would be used to finance projects which are planned and executed by the Pakistani government. The China Development Bank will finance

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<sup>80</sup> <https://swarajyamag.com/news-brief/chinese-nationals-working-on-cpec-projects-in-pakistan-take-up-arms-to-protect-themselves> accessed on 10 July 2023

<sup>81</sup> <http://data.worldbank.org/indicator/FR.INR.LEND> accessed on 12 October 2022

the USD 920 million towards the cost of reconstruction of the 487 kilometer portion of the Karakoram Highway between Burhan and Raikot<sup>82</sup>. An addition USD 1.26 billion will be lent by the China Exim Bank for the construction of the Havelian to Thakot portion of this 487 kilometer stretch of roadway<sup>83</sup>, to be dispersed as low-interest rate concessionary loans. USD 7 billion of the planned USD 8.2 billion overhaul of the Main Line 1 railway is to be financed by concessionary loans, which extended by China's state owned banks<sup>84</sup>.

The USD 44 million Pakistan-China Fiber Optic Project, an 820 km long fibre optic wire connecting Pakistan and China, will be constructed using concessionary loans at an interest rate of 2 per cent, rather than the 1.6 per cent rate applied to other projects<sup>85</sup>.

### **3.5.2. Interest-free Loans**

The government of China in August 2015 announced that concessionary loans for several projects in Gwadar totalling USD 757 million would be converted 0 per cent interest loans<sup>86</sup>. The projects which are now to be financed by the 0 per cent interest loans include: the construction of the USD 140 million East Bay Expressway project, installation of breakwaters in Gwadar which will cost USD 130 million, a USD 360 million coal power plant in Gwadar, a USD 27 million project to dredge berths in Gwadar harbour, and a USD 100 million 300-bed hospital in Gwadar. Thus, Pakistan only has to repay the principal on these loans. In September 2015, the government of China also announced that the USD 230 million Gwadar International Airport project would no longer be financed by loans, but would instead be constructed by grants which the government of Pakistan will not be required to repay<sup>87</sup>.

### **3.5.3. Private Consortia**

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<sup>82</sup> <http://tribune.com.pk/story/870524/eastern-corridor-route-pakistan-china-to-sign-infrastructure-financing-deals/> accessed on 12 October 2022

<sup>83</sup> <http://www.thenews.com.pk/latest/116008-PM-Sharif-performs-ground-breaking-of-Havelian-Thakot-Motorway> accessed on 12 October 2022

<sup>84</sup> <http://tribune.com.pk/story/1119229/8-2b-railtrack-upgrade-project-wins-go-ahead/> accessed on 12 October 2022

<sup>85</sup> <http://www.brecorder.com/market-data/stocks-a-bonds/0/1223449/> accessed on 12 October 2022

<sup>86</sup> <http://www.brecorder.com/market-data/stocks-a-bonds/0/1223449/> accessed on 12 October 2022

<sup>87</sup> <http://www.geo.tv/article-198450-China-converts-230m-loan-for-Gwadar-airport-into-grant> accessed on 12 October 2022

USD 15.5 billion worth of energy projects are to be constructed by joint Chinese-Pakistani firms, rather than by the governments of either China or Pakistan. The Exim Bank of China will finance those investments at 5– 6 per cent interest rates, while the government of Pakistan will be contractually obliged to purchase electricity from those firms at pre-negotiated rates<sup>88</sup>.

CPEC is a major cornerstone in China–Pakistan strategic partnership. As part of CPEC, Pakistan has boosted its international engagement in terms of foreign policy with China. The project holds immense value for both China and Pakistan, since it will help both countries economically, politically and strategically, particularly China. CPEC has serious strategic and security implications for India. If CPEC emerges as a success, India will have to face strategic, security and economic threats. The specific case of CPEC has been analysed focusing on Chinese strategic visions of transforming and securing its foothold in Indian neighbourhood by means of infrastructure. In Next chapter CPEC has been analysed from Chinese, Pakistan and Indian perspective to get a wholesome picture and understand various cornerstones and implications of CPEC.

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<sup>88</sup> [http://www.brecorder.com/top-news/108/238832-1st-phase-of-cpec-to-bring-\\$35bn-investment-in-energy-ahsan-iqbal.html](http://www.brecorder.com/top-news/108/238832-1st-phase-of-cpec-to-bring-$35bn-investment-in-energy-ahsan-iqbal.html) accessed on 12 October 2022



## CHAPTER - 4

### CPEC – CHINA, PAKISTAN AND INDIAN PERSPECTIVE

CPEC builds on a long history of previous Chinese–Pakistani cooperation on strategic infrastructure, albeit on a much larger scale. This connection is immediately obvious from the two points anchoring CPEC, and which led to its designation as a ‘corridor’ running from the Pakistani–Chinese border to the port of Gwadar on the Indian Ocean. The former, a rugged mountain range, had been opened up through the construction of the Karakoram Highway in the 1960s and 1970s, carried out by Chinese and Pakistani military engineers. This work was initially motivated by strategic reasons – supporting the budding alliance between the two countries, carrying Chinese military aid to Pakistan, and enabling better control over the restive frontier territory. The development of Gwadar, which began in 2002, can similarly be traced to the initiative of Pakistan’s then-president Pervez Musharraf to lessen his country’s reliance on the port of Karachi, considered too close to the Indian border for comfort. In both cases, China transferred capital and infrastructural know-how to Pakistan in the hope of strengthening its quasi-ally<sup>89</sup>.

CPEC is not the first Chinese-Pakistani attempt to build infrastructure within Pakistan and between the two countries, but it is the newest and greatest. Pakistan was among the first countries and the first Muslim country to recognise Communist China as the legitimate government of mainland China. The first and most important joint infrastructure-building project was the Karakorum Highway, a stretch of road passing through some of the highest points on earth, reaching heights of 15,397 ft between China and Pakistan that has become the central land artery between the two countries<sup>90</sup>. Taking over 27 years to build, over 1,000 Chinese and Pakistani workers died building the KKH, which has become a symbol of the solidity of relations between the two. The highway is functional, but carries only 7–8 per cent of trade

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<sup>89</sup> Pascal Abb (2023). *All Geopolitics is Local: The China–Pakistan Economic Corridor Amidst Overlapping Centre–Periphery Relations*, p.80

<sup>90</sup> Andrew Small (2015). *The China Pakistan Axis: Asia’s New Geopolitics*, p.99

between China and Pakistan, so its function is mainly symbolic, as air and sea transport have overtaken this land route. The area which the KKH passes through is prone to landslides and flooding, and part of the KKH has been submerged underwater since 2010. This lake, near Attabad, is 14 miles long and over 100 meters deep, and was formed after a landslide. Although not originally planned as part of a greater network, the KKH has been integrated in to the greater CPEC plan.

The CPEC is one of the pivotal components of China's high profile BRI. Facilitating connectivity, China promotes a vision where a 'win-win' situation of mutual benefits can be achieved. Invoking a 2000 year old history that China shares with Central Asia, Eurasia and other parts of the world, President Xi Jinping has been persistent in conveying that the BRI, including the CPEC, aims to revive regional connectivity through, infrastructure development, trade and investment in industry from which development dividends can be shared across the world. Openness and inclusive growth thus form core principles of this 'project of the 21st Century' while any skepticism over the geo-strategic ambitions of the BRI have categorically been rejected by the Chinese leadership.

The port at Gwadar has become a central focus of CPEC. This port allows China to bypass the Malacca Strait by importing and transferring goods, materials, and energy into China through the CPEC infrastructure. Gwadar was purchased from Oman in 1958, and was nothing more than a quiet fishing village. While Gwadar holds a strategic location on the Arabian Sea, it lies in the restive, resource-rich but underdeveloped province of Baluchistan, prone to ethnic violence and insurgency. CPEC has also brought foreign and non-Baluch workers into the province, further stoking fears within the Baluch community that they will become a minority in their own province. The Pakistani security forces are not without blame. Under the Musharraf regime, which ended in 2008, they carried out kidnappings, torture, and killings of hundreds, possibly thousands of Baluch nationalists or sympathizers, in an attempt to suppress dissent. The civilian population is caught in the metaphoric and literal crossfire—if they cooperate with Pakistani security forces, militants threaten them and if they cooperate with militants, they are targeted by security forces. This has created a unstable environment in Baluchistan.

CPEC is touted as an economic enterprise with benefits for both China and Pakistan. China contests the framing of CPEC as a geostrategic tool but claims that the initiative seeks to achieve win-win outcomes for both the countries. Yet an examination of China's investment suggests that economics is not the underlying motivation for CPEC. If this initiative was purely economic in nature, China would have invested in countries with lower risks of default and credit ratings that would allow the countries to borrow from other institutions. However, China has invested hugely in Pakistan, a country with the highest risks of default, which suffer from significant economic and governance issues. While the CPEC might be economic for Pakistan, it is certainly security-focused for China. China- Pakistan partnership is based on a sense of reality and the absence of a strategic alternative for both of them.

#### **4.1. The Chinese Perspective**

The Chinese Ambassador to Pakistan Yao Jing stated in 2018 that the 'Iron Brothers' relationship between China and Pakistan will forge a "new model of state-to-state relations"<sup>91</sup>. For China, the CPEC acts as a bridge between the Silk Road Economic Belt (SREB) and the Maritime Silk Road (MSR). It is a major plank in China's geo-strategic and economic architecture for the region, using Pakistan, a quasi-colony and ally, to secure an exploitative strategic perch in South Asia and the Arabian Sea, overlooking the crucial Persian Gulf, the west coast of India, and the east coast of Africa. Realising Pakistan's need for economic development and investments amidst a growing chasm between Washington and Islamabad, Beijing has seized a key opportunity and used the CPEC to build upon its historic partnership with Pakistan and draw its vassal into an even closer embrace. Today, it would be difficult to imagine Pakistan's economic survival without assistance from China. At the same time, it is increasingly clear that the CPEC and Chinese project funding will come at a high cost for Pakistan. This, in effect, will permit China to exercise even greater influence and control over Pakistan, a nuclear power with fairly robust

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<sup>91</sup> <https://www.fmprc.gov.cn/mfaeng/wjb663304/zwjg665342/zwbd665378/t1551304.shtml> accessed on 10 October 2022

military capabilities. China intends to use Pakistan to confine India to the South Asian region and limit its heft in the Indian Ocean. At the same time, China also wants to bring stability to Pakistan, as it can play a supporting role in China's efforts to become a global power.

In support of its national strategy, the PRC pursues a range of goals through CPEC to include strengthening its territorial integrity, increasing its energy security and expanding its international influence. Given that the Party views the PRC's security and development interests as complementary, the PRC leverages CPEC to invest in projects along China's western and southern periphery to improve stability and diminish threats along its borders. China's motives in pursuing CPEC are variegated. Security, economics and foreign policy are inextricably intertwined when it comes to the development of the port of Gwadar and, by and large, Pakistan–China relations. China's involvement in Pakistan is primarily motivated by considerations of geopolitics based on physical geography (geo-positional balancing), particularly with respect to the most significant nation located in the IOR, India and it is this which brings China and Pakistan's interests into alignment. Geo-positional balancing aims to establish physical footholds. China's policy toward Pakistan is to attain long-term national goals by calculation, forbearance and diplomatic skills.

The artery connecting China's Xinjiang Uyghur Autonomous Region (XUAR) with the port of Gwadar will act as a major alternative to China's existing energy corridor passing through the Indian Ocean and the Malacca Strait – a key chokepoint, which is considered a major strategic vulnerability for Beijing. Currently, China is overwhelmingly dependent on the maritime route for its energy imports. An energy pipeline through the Gwadar sea port has the advantage of bypassing the Malacca Strait altogether. It would be the shortest and most secure route to transport vital energy resources from West Asia to China. One argument constantly found in Chinese analyses of the CPEC is that regional integration will contribute to a more stable security environment, especially around China's southern and western periphery. Another argument promulgated is that infrastructure development projects under the CPEC will improve China's energy security. Certain

other gains and interest from Chinese perspective are discussed in subsequent paragraphs.

#### **4.1.1. China's Gains and Interest**

China interprets the CPEC as purely aimed at bolstering Pakistan's economy. Chinese scholars who study South Asia specify that the CPEC is purely an economic initiative aimed at providing regional prosperity and better connectivity. It is not aimed at encircling India; neither does it offer a strategic framework for China-Pakistan security cooperation, vis-à-vis, India. However, the devil lies in the details. If one studies the CPEC carefully, it is evident that security cooperation is part of the economic corridor agreement. For instance, as part of the CPEC agreement, China will build four submarines to form part of Pakistan's nuclear second strike triad. China will also be building a deep sea naval shipyard at Gwadar<sup>92</sup>. Various gains and interest for China are discussed in subsequent paragraphs.

#### **4.1.2. Opportunity for Consumption of Surplus Output Potential**

When a nation reaches excessive output potential, where it cannot find any further markets for its surplus productivity, its economy enters into a phase of stagnation. It faces a dilemma either to opt for a slow decaying process or find new avenues for utilization of surplus economic potential. The option of converting the excessive output potential into military might and generating means of economic growth were the model followed by the great powers in the late nineteenth and early twentieth century<sup>93</sup>. China has faced a chronic problem of excess capacity since 2009. The four industries with severe excess capacity are Steel, Cement, flat glass and aluminium. According to the steel wire, in 2015 China produced 805 million tons of steel, more than the combined production of rest of the World. The main factors of this surplus capacity are the domestic investment driven growth model, market saturation and the stimulus programs implemented after 2008 financial crises.

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<sup>92</sup> Namrata Goswami (2017). *The China Pakistan Economic Corridor, China, and Pakistan: More Than Just the Economy*, p.39

<sup>93</sup> Saif Ur Rahman and Zhao Shurong (2017). *Analysis of Chinese Economic and National Security Interests in China Pakistan Economic Corridor (CPEC) under the Framework of One Belt One Road (OBOR) Initiative*, p.2

This massive and rapid investment growth has built up significant capacity in manufacturing, construction and transportation industries. The overcapacity is also impacting negatively on Chinese economy as the firms are faced with low demand, low profits and even the danger of bankruptcy. Construction of Highways, railways, economic zones and energy projects by Chinese Companies as part of the CPEC would contribute quite significantly to the over capacity problem in the critical sectors and generate positive economic indicators for China.

The developed economies have no more potential for expansion and therefore, the investment by Chinese companies in CPEC projects would bring a sustainable economic growth for China, employment for highly skilled workforce and consumption for the Chinese manufactured goods and services. Chinese companies can benefit from the cheap labour in Pakistan, where two thirds of the population is under the age of 25 years, while retaining opportunities of highly skilled job markets to the Chinese nationals<sup>94</sup>. CPEC in the broader perspective of BRI is a component of Chinese new strategy of shifting from domestic investment model to the model of economic growth led by investments outside China.

#### **4.1.3. Opportunity of Development for the Western Chinese Provinces**

One of the complements of CPEC is that it will facilitate economic development of western provinces of China. The four decades of export oriented economic boom has left huge economic disparity between western and eastern provinces, because, major industries were set up in the coastal cities of the east to facilitate the exports. The 13th five year plan outlines China's ambition to make Xinjiang become an important gateway to the West, Central and Southern Asia.

#### **4.1.4. Uyghur Issue**

China is concerned about the rise of the Taliban and political stability in Afghanistan. It perceives politically unstable Afghanistan would fuel insurgency and separatism in already restive Muslim dominant Xinjiang region. CPEC has the potential to alleviate domestic security concerns of China stemming from its predominantly Muslim province of Xinjiang in the western China. The province has

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<sup>94</sup> Ibid., p.3

witnessed some of the worst terrorist attacks on Chinese land. East Turkistan Islamic Movement (ETIM) which has sanctuaries in Afghanistan-Pakistan bordering regions is considered to be responsible for the terrorist activities in the mainland China. China believes that the economic development and employment opportunities in the region would diminish the support for extremist ideologies in this region.

Chinese policy makers also appreciate that through their leverage over Pakistan they would be able to deny safe haven for Uyghur militant groups in Afghanistan - Pakistan region. CPEC towards that end is seen as addressing a national security issue for China by economic development of the Xinjiang region thus reducing militant influence on Muslim separatists of native Uyghur.

#### **4.1.5. China's Global Image**

China as part of its endeavour to chisel an alternative global order to suit its strategic and economic ambitions is painstakingly working to project its own image as a responsible regional and global power. In the garb of BRI, by supporting a diverse array of initiatives that enhance connectivity throughout Eurasia and beyond, Beijing is seeking to strengthen economic and security interests while bolstering overseas development. The BRI has the potential to yield considerable economic and political gains for China. In the long-term, the BRI could help re-orient a large part of the world economy toward China. Increasing the amount of trade, investment and connectivity between China and countries throughout Eurasia will also render these countries more dependent on the Chinese economy, increasing China's economic leverage over them. This may empower China to more readily shape the rules and norms that govern the economic affairs of the region. Through successful implementation of CPEC China is aiming to project itself as regional power and overall through BRI, shaping world order in Chinese favour and thereby enhancing its global image.

#### **4.1.6. CPEC will open China to the Indian Ocean and Middle East<sup>95</sup>**

The strategic location of CPEC is cortical, as it is located at the meeting point of Road Belt and Maritime Belt. It will provide an opportunity to China to establish and strengthen its position in the Indian Ocean. It will also help secure the energy route from the Middle East and Africa, which is critical for China's future development. Route of energy will also be shortened considerably. It would also be easy and cost effective for China to reach the Middle East and North African Markets, among others. The project of CPEC would connect the Western Chinese province of Xinjiang with Gwadar port in Indian Ocean through an oil and gas pipeline along with a planned high-speed railways and highway network. With rising oil consumption, China is likely to be a key stake holder in the of the Middle East oil and Gwadar Port, the World largest deep sea port located just 250 kilometres from the Persian Gulf will turn out to be strategic outpost for future Chinese interests in the region. The expanding Chinese naval footprint in the IOR is too visible to ignore and when viewed in conjunction with their investments, especially in port infrastructure in East Africa, indicates a clear strategic focus on the establishment of a permanent presence in the IOR in the not too distant future.

#### **4.1.7. Securing Sea Lanes of Communications (SLOCs) in IOR**

China has adopted a very cautious approach towards projecting its naval bases abroad as compared to its military and economic muscles. Chinese potential intentions in IOR are building up of blue water navy likes United States. Chinese are making 'String of Pearls' under BRI that starts from Chinese main land in the South China Sea and extends to the Port Sudan. The pearls along this string are considered to be Myanmar, Maldives, Bangladesh, Srilanka and Pakistan in IOR. The PLAN has deployed almost 120 warships in the IOR since 2008 under the guise of anti-piracy operations, according to the Manohar Parrikar Institute of Defence Studies and Analyses. This also includes the deployment of nuclear submarines in 2015, which

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<sup>95</sup> Saif Ur Rahman and Zhao Shurong (2017). *Analysis of Chinese Economic and National Security Interests in China Pakistan Economic Corridor (CPEC) under the Framework of One Belt One Road (OBOR) Initiative*, p.5



have no role to play in 'anti-piracy' operations<sup>96</sup>. These regular deployments have also enabled the PLAN to gain first-hand experience of the operating environment in the IOR which will be crucial in any conflict. It has also helped the PLAN in developing the capability to effectively support sustained distant operations over extended periods. CPEC will provide base for PLAN ops at Gwadar and in conjunction with Djibouti base PLAN can undertake ops in IOR to protect its SLOCs.

#### **4.1.8. Strategic Compulsions**

Compulsions of China's energy security have dictated the strategy to establish CPEC. 50 per cent of China's energy requirement is met by the Middle East and another 30 per cent is met by Africa. The entire energy flow has to unavoidably pass through the naval choke points of the straits of Malacca, Sunda and Lombok. The blockade of choke points via Malacca during conflict could seriously disturb the Chinese energy supply and hence Gwadar is an alternative to it. With energy security and the unrest in Xinjiang in view, China has begun to look at PoK territory, illegally occupied by Pakistan with even greater strategic interest than before. The Uyghur separatists can be kept under a watchful eye from there, while through Gwadar oil and gas from the Gulf can be transported to the bordering Xinjiang. China can link up its interests in Afghanistan too through this contiguous area. China would therefore want Pakistan's hold over this region consolidated economically and legally.

#### **4.1.9. Address Malacca Dilemma**

The Straits of Malacca provide China with its shortest maritime access to Europe, Africa, and the Middle East. Approximately 80% pass of its Middle Eastern energy imports also pass through the Straits of Malacca. As the world's biggest oil importer, energy security is a key concern for China while current sea routes used to import Middle Eastern oil are frequently patrolled by the United States' Navy. In the event that China were to face hostile actions from a state or non-state actor, energy imports through the Straits of Malacca could be halted, which in turn would paralyse

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<sup>96</sup> <https://dailiasianage.com/news/313484/china-wants-to-normalise-plan-deployment-in-ior> accessed on 12 November 2023

the Chinese economy in a scenario that is frequently referred to as the "Malacca Dilemma".

In addition to vulnerabilities faced in the Straits of Malacca region, China is heavily dependent upon sea-routes that pass through the South China Sea, near the disputed Spratly Islands and Paracel Islands, which are currently a source of tension between China, Taiwan, Vietnam, the Philippines, and the United States. At present, China lacks naval power to protect its SLOCs, which traverse through the IOR. China dreads that during a security crisis ships carrying energy resources through this passage could be interdicted by naval forces of hostile countries. The principle of diversification is of paramount importance in the policy making process not only of China but of the entire international community. The diversification of trade routes has emerged as the main element in global power transformation. To mitigate the Malacca dilemma and ensure its energy security, China has diversified both its energy sources and the supply routes. Oil pipelines in Myanmar, the Gwadar port, oil and gas pipelines as well as rail and land routes to Central Asia and the Middle East are all alternative to sea lanes passing through the Malacca Strait. CPEC will reduce the vulnerability of its seaborne energy imports as it will provide a foothold to Chinese navy in the region and also provide an alternate route negating the requirement for passage through the congested waterway of Malacca.

#### **4.1.10. Gwadar: Importance for China**

China is concerned about the growing Indian naval power in the Indian Ocean and the Arabian Sea. History is testimony that Pakistan cannot outperform India alone. Pakistan needs active Chinese cooperation in the port of Gwadar, since it is the only port which can serve the best interests of both China and Pakistan in the region. The port will, therefore, enable China to keep a watch on India's growing influence in the Indian Ocean, the Arabian Sea, and the Persian Gulf. Gwadar will potentially provide China with a strategic pivot that could also be used for military purposes in future. For China, the CPEC is a game changer in both strategic and economic senses. In any crisis at Andaman and Nicobar Islands, the Malacca Strait and the South China Sea, Gwadar provides safe and smooth access of China to the

Arabian Sea. Gwadar is bolstering China's geo-strategic leverage both in Pacific and Indian Ocean regions. It can be a launching pad for China's naval expeditions and serves as China's Asian Djibouti. Where Djibouti effectively controls the Red Sea, Gwadar performs similar functions for the Arabian Sea.

#### **4.1.11. Domination of Strait of Hormuz**

CPEC is equally beneficial to China. The port of Shanghai is 10,000 kilometers from the Strait of Hormuz by sea via the Malacca route while Kashgar, the capital of Xinjiang, is about 4500 kilometers from the port of Shanghai. However, Kashgar is 2800 kilometers from Gwadar via the envisaged CPEC and hence just over 3400 kilometers from the Strait of Hormuz. It makes plain economic sense for Beijing to prefer this route only on the basis of the time distance equation. However, besides economy, China also faces security issues which make the Gwadar-Kashgar route important. Chinese naval access to the port of Gwadar would enable it to enhance its strategic and political leverage with countries like Afghanistan, Iran & Iraq. Gwadar enables China to protect her supplies at the Strait of Hormuz, one of the important choking points in the region. However, it will cause dilemma for India whose 70 per cent of oil imports pass through Strait of Hormuz.

#### **4.1.12. Means of Power Projection**

Out growing its primary role as a conduit for inflow of resources, the corridor may actually become the medium for exporting China's military belligerence to the region.<sup>97</sup> The CPEC therefore showcases China's efforts to deliver security under the garb of economic development. Recent media reports have indicated that China is set to increase the number of its marine corps from 20,000 to 1 lakh as part of plans to deploy them overseas for the first time, including at the strategic Gwadar Port in Pakistan and the military logistics base in Djibouti in the Indian Ocean. The expansion is planned to safeguard China's maritime lifelines and its growing interests overseas<sup>98</sup>. This network, embedding the military within the civilian,

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<sup>97</sup> Lieutenant General Gautam Banerjee (2012). *Lanzhou To Gwadar : The Long Road To Global Power*, p.4

<sup>98</sup> <https://indianexpress.com/article/world/cpec-indian-ocean-logistics-base-4567831/> accessed on 12 November 2022

harnesses financial, technological, trade, and development tools in service of strategic and defence goals. It directly supports PLA power projection through enhanced operational, logistics and information network capabilities centred on CPEC platforms. It aims at creating an environment conducive to China's interests and redefining world order in China's favour. The on going modernisation of the Chinese armed forces is also aimed at developing power projection capabilities so as to create a favourable strategic posture with more emphasis on the employment of military forces and means. The Chinese power projection in the region, through a host of diplomatic and military initiatives coupled with an outreach to various countries, amidst an ever-increasing economic engagement under the garb of BRI, will remain a cornerstone of its foreign policy as China graduates to a big power status.

#### **4.2. The Pakistan's Outlook**

The CPEC offers Pakistan an opportunity for both economic and human development. Projects in the CPEC are estimated to be between USD 46 to 62 billion, around 17 per cent of the country's total GDP.<sup>99</sup> Through the CPEC, a network of road and communications infrastructure will be developed spanning over 3000 km from the city of Kashgar in China to Pakistan's south-western most tip, Gwadar. It will augment the geo-strategic location of Pakistan in the Persian Gulf and also in the Arabian Sea, connecting and providing China access to the rest of South Asia, the Middle East and Africa. In addition to infrastructure development, there are three key elements to the CPEC: the development of the Gwadar port, investments in the energy sector and the creation of industrial zones, both in western China at close proximity to Pakistan and within Pakistan as well.

Pakistan's perception of its geopolitical position in the region the threat from India and the waning of the United States-Pakistan relationship led it to enthusiastically welcome the BRI and shore up public perception in Pakistan of China as a strategically important partner. Sino-Pakistani relations, although not always entirely positive or consistent, have remained a steadfast priority for Pakistani

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<sup>99</sup> Saeed Shafqat and Saba Shahid (2018). *China Pakistan Economic Corridor: Demands, Dividends and Directions*, p.16

military and civilian leadership. Pakistan's domestic politics, although democratic, have largely been anchored by the military -especially regarding foreign policy development. Thus, close economic cooperation between China and Pakistan is a result of a broader, army-led security vision of Pakistan-China relations. Pakistan is developing increasingly exclusive economic relations with China, using the CPEC as the main platform for this cooperation. Pakistan is the focal point of the CPEC project. Pakistan views the CPEC as a corridor that has the ability to transform Pakistan's economy through its propinquity with the world's second-largest economy in China. The CPEC is not only perceived in Pakistan as helping the country economically but it is also seen as a long-term commitment by China to deepen ties. It is expected to boost their close strategic and military partnership and provide reassurance to Pakistan at a time when its external relations have been characterised by cooling-off of ties with the US and growing tensions with India.

Amongst the most problematic challenges Pakistan's economy faces, is its lingering energy crisis. Estimates suggest that the past few years of energy shortages have resulted in a loss of around four per cent to seven per cent of Pakistan's GDP.<sup>100</sup> Pakistan portrays CPEC as resolver of the energy crisis; out of the initial USD 46 billion signed for the CPEC (this amount has now increased to USD 63 billion), more than 75 per cent was allocated for the energy sector. As of now about 19 various energy-related projects have been initiated, combining a variety of generation sources to create a diverse energy mix.

The CPEC has been repeatedly exhorted as a 'ground breaking' investment primarily for Pakistan. It is speculated that CPEC will improve Pakistan's stance in South Asia, and also benefit the country economically and socially. Pakistan greatly values the economic corridor and views it as mutually beneficial for both political and economic development.

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<sup>100</sup> Saeed Shafqat and Saba Shahid (2018). *China Pakistan Economic Corridor: Demands, Dividends and Directions*, p.40

#### **4.2.1. Pakistan's Gains and Interest**

The CPEC achieves three strategic purposes for Pakistan.<sup>101</sup> First, it promises better infrastructure, rails, and roadways to a region that has been historically backward. Moreover, the CPEC has the added promise of upgrading Pakistan's entire road infrastructure. This, in turn, should generate huge amounts of employment. Second, Pakistan Occupied Kashmir (PoK) and Gilgit-Baltistan, through which the CPEC passes, would register an increase in Chinese troop presence, aimed at providing security to Chinese engineers and workers. This aspect entrenches Pakistan's hold on the disputed territory and provides a 'safe cover' from Indian counter-strikes in response to cross-border terrorism. Third, the CPEC offers an economic option that reduces Pakistan's reliance on the United States financial aid.

#### **4.2.2. Integration of Remote Areas**

Pakistan has always found itself under immense geostrategic pressure due to lack of accessibility of Gilgit - Baltistan and other remote areas. With the emergence of Karakoram highway, access to even the most remote areas of the region would increase immensely thus enabling Pakistan's endeavour of integrating these areas into its national mainstream.

#### **4.2.3. Infrastructure Development**

Pakistan has been struggling with complex and deep energy and infrastructure problems. A vast network of highways and railways are to be built under the aegis of CPEC that will span the length and breadth of Pakistan. Inefficiencies stemming from Pakistan's mostly dilapidated transportation network are estimated by the government to cause a loss of 3.55% of the country's annual GDP<sup>102</sup>. The CPEC is one of the BRI's mega infrastructure projects focusing on developing roads and other transport infrastructure. The connectivity of the CPEC project has become a game changer for both countries. By connecting China to the Indian Ocean, the CPEC will enhance the economic and political ties between China

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<sup>101</sup> Namrata Goswami, *The China Pakistan Economic Corridor, China, and Pakistan: More than just the Economy*

<sup>102</sup> <https://www.dawn.com/news/1314522> accessed on 12 November 2022

and Pakistan and influence South Asia's geopolitics. CPEC projects aim to rapidly upgrade Pakistan's infrastructure and strengthen its economy by constructing modern transportation networks, energy projects and special economic zones.

#### **4.2.4. Industrial Development**

CPEC's potential impact on Pakistan has been compared to that of the Marshall Plan undertaken by the United States in post-war Europe<sup>103</sup>. The Marshall Plan witnessed the United States intervene in Europe to deliver prosperity from the ruins of the World Wars, while China today attempts to provide Pakistan with a similar opportunity to shed the debilitating scars of war, fractured economy and establish sustainable peace within and extend it beyond to temper regional perspectives. Pakistan believes that industrial development under CPEC will be crucial for economic growth and job creation. Pakistani textile manufacturers could benefit from investments from Chinese companies that have superior technology and management practices. It is also widely believed that the borrowed Chinese investments and development of SEZs, the technological know-how and the managerial expertise will diversify and bolster the manufacturing sector of Pakistan, thereby generating employment and increasing competitiveness in the international market giving a boost of Industrial infrastructure in Pakistan.

#### **4.2.5. Energy Crisis Extenuation**

A developing country such as Pakistan requires an efficient and sustainable energy infrastructure to walk down the path of envisioned economic growth and socio-economic development. The energy crisis of Pakistan started in the 1990s when the populist regimes decided to shift their reliance from hydropower projects to fossil fuel-powered plants. This snowballed into a major power crisis in the 2000s when the prices of oil skyrocketed and hence the cost of production of electricity increased. As a result, the circular debts in the power sector escalated to PKR 1,000 billion, primarily because of the transmission losses (which account for 18.3 per cent of circular debt), poor recovery and mismanagement (subsidies and electricity theft)

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<sup>103</sup> <https://thewire.in/98310/marshall-plan-india-china-pakistan-economic-corridor/> accessed on 12 November 2022

among other factors<sup>104</sup>. World Bank report shows that the distortions in the power sector cost Pakistan as much as USD 18 billion in 2015 which is equivalent to 7 per cent of its GDP<sup>105</sup>. The country is therefore trapped in a vicious cycle of energy deficit, poor infrastructure and lack of investment, all of which have led to a downward economic spiral also adversely impacting the social indicators of the state altogether. Pakistan's energy sector is the primary focus of the Corridor. Approximately 61 per cent of the total investments are specifically targeted at energy infrastructure development<sup>106</sup>, enhancing capacity, distribution and transmission networks. The energy sector projects are being built by Independent Power Producers (IPP) with the investment from Exim Bank of China at an interest rate of five to six per cent. In a later phase, the Pakistani government is committed to purchasing electricity from these projects at prenegotiated prices. Traditionally energy shortages have been a major hurdle in Pakistan's quest for development. The corridor will end Pakistan's rampant energy shortfalls by generating nearly 25,000 MW of electricity by 2030 and adding it to Pakistan's national grid<sup>107</sup>. These projects are likely to make Pakistan self-sufficient in the energy sector and mitigate energy crisis.

#### **4.2.6. Socio-Economic Development and Poverty Alleviation**

Pakistan's economy is in shambles, with several macroeconomic issues such as expanding current account and budget deficits, falling foreign currency reserves and unemployment. Pakistan is acutely aware of India's growing economic and military power in the region. In order to compete within South Asia, Pakistan had to take its relationship with China to the next level. Pakistan understands the implications of economic weakness on geostrategic security. Pakistan expects the confluence of the areas of economic development under CPEC will enable Pakistan's falling economy to stabilise. Pakistan believes that CPEC will develop the labour market—a key element in achieving relative economic and political stability, further

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<sup>104</sup> Priya Arora and Abhinav Arya (2020). *China Pakistan Economic Corridor*, p.31

<sup>105</sup> <https://www.worldbank.org/en/news/press-release/2018/12/11/power-sector-distortions-cost-pakistan-billions> accessed on 12 November 2022

<sup>106</sup> Khuram Iqbal (2017). *Significance and Security of CPEC: A Pakistani Perspective*, p.7

<sup>107</sup> Mehmood Hussain and Ahmed Bux Jamali (2019). *Geo-Political Dynamics of the China–Pakistan Economic Corridor: A New Great Game in South Asia*, p.4



addressing growing unemployment issue and leading to poverty alleviation. Pakistani scholars advocate that CPEC will increase the employment level, improve quality of life of people and lower the poverty in Pakistan. CPEC is seen as a ray of hope to save Pakistan's failing economy as it is believed that the investments in the new network of roads, ports, and power plants would spur development and improve Pakistan's macroeconomic condition.

#### **4.2.7. Pakistan's Digital Future**

The most critical component of CPEC is a new, upgraded fiber optic cable network which spans Pakistan and crosses the border to connect directly with China. The Pak-China fiber cable is being laid by Chinese company Huawei and Pakistani communication company Special Communication Organization (SCO) between Rawalpindi and Khunjerab pass on China-Pakistan border having total distance of 820 km<sup>108</sup>. As outlined in the master plan, the cross-border fiber optic cable will address multiple challenges faced by China and Pakistan. Firstly, it says it will handle the anticipated increase in communication between the two countries. With deepening comprehensive strategic cooperation comes the need to establish fast, reliable connectivity and perhaps most critically – communication that is not routed through Europe, the United States or India. Secondly, the new network will be beneficial to Pakistan by improving internet penetration and increasing speed, especially in Balochistan and Gilgit-Baltistan, regions where internet connectivity has ranged from poor to non-existent. It should also reduce the cost of internet connections. Additionally, linking with the rest of the world through China will help reduce Pakistan's dependence on undersea cables that carry the country's internet traffic. The digital connectivity along with CPEC provides a brilliant opportunity for Pakistan to improve its information and communication sector. Linking Pakistan with an economic and technologic advanced China will strengthen Pakistan's service sector.

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<sup>108</sup> Zahid Latif, Zeng Jianqiu, Rahat Ullah, Zulfiqar Hussain Pathan and Shahid Latif (2017). *Application of Optical Frequency Comb in HighCapacity Long Distance Optical Communication for China-Pakistan Economic Corridor*, p.4

#### **4.2.8. Strengthening Sino – Pak Nexus**

CPEC will lead to closer economic interaction between China and Pakistan. This coupled together with Pakistan's deteriorating internal situation, increasing isolation at international level, and decline in US influence is likely to result in Pakistan becoming increasingly dependent on China. All the above mentioned factors, are likely to result in Pakistan graduating from its present strategic embrace of China to a strategic lock in.<sup>109</sup> This could be the seed for a China dominated regional block, with a clear anti India agenda. CPEC will lead to escalation of China's dependence upon Pakistan, forcing it to become its permanent guarantor of security and economic survivability. China perceives Pakistan as the key for its influence and dominance in South Asia and Muslim World.

#### **4.2.9. Addresses Strategic Vulnerability**

In the aftermath of the Kargil War, Pakistan realized the Karachi port's vulnerability - which was exposed by the Indian naval blockade.<sup>110</sup> As a result, in 1999 China helped Pakistan to develop a deep water port at Gwadar in the Baluchistan province. Gwadar is situated on an isthmus and connects the southwestern coast of Pakistan with the Persian Gulf and hence bears great strategic and economic significance for Pakistan. The port provides China with a powerful strategic foothold in the Arabian Sea and also the Indian Ocean. This could have regional implications in the long run. It will also place the Pakistan Navy in a very strong position and may further strengthen its capabilities. Separately, Gwadar Port will help Pakistan monitor the sea lines of communications (SLOCs) originating from the Persian Gulf and the Strait of Hormuz. It will provide strategic leverage to Pakistan vis-à-vis India, as the port is far from Indian reach as compared to the other two Pakistani ports, Karachi and Qasim.

#### **4.2.10. Transit Fee**

An agreement named Quadrilateral Traffic in Transit Agreement (QTTA) was signed in Islamabad on March 9, 1995, between China, Kyrgyzstan, Kazakhstan,

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<sup>109</sup> RSN Singh. *Implication of China-Pak Economic Corridor*

<sup>110</sup> Arshad. *China's Interventions in the Indian Subcontinent: Challenges for Modi's Foreign Policy*

and Pakistan<sup>111</sup>. The QTTA provides Pakistan a gateway to Central Asia without passing through the territory of Afghanistan, instead designating the Karakoram Highway (KKH) through China as a transit corridor. Pakistan will earn huge dividends in the form of Transit fees as commodity exchange is expected to exponentially increase between all regional countries, including Pakistan, China, CAR, Afghanistan, Russia and Eastern Europe.

#### **4.2.11. Defence Pacts and Maritime Interest<sup>112</sup>**

Military relationship between Pakistan and China are extremely strong and are primarily based on geopolitical alliance. Recent developments at Gwadar port and CPEC have made this relationship much stronger than before. Gwadar Port has enormous strategic advantage for Pakistan. China is one of the main defense equipment suppliers to Pakistan Armed Forces. The defense technologies that China has shared with Pakistan include, multi role fighter aircraft JF 17, cruise missile technology, space technology, fast attack naval craft, etc. China and Pakistan have found common ground in terms of maritime interest in the region. Gwadar port can be used for joint naval patrols in Indian Ocean, further increasing the naval outreach of China and Pakistan.

#### **4.2.12. Opposition in Pakistan to CPEC**

Chinese investment has raised many concerns in Pakistan as the terms and conditions of the loan were not made public. The CPEC has elicited a mixed response at best. Some Pakistanis think that it is a game changer while others look at it as colonisation by China. For example, Senator Tahir Mashhadi, Chairman of the Senate Standing Committee on Planning and Development of Pakistan, likened the CPEC to “another East India Company in the offing”. Senator Usman Khan Kakar from Balochistan said the projects would benefit the Chinese and Punjabis and not the local people in Balochistan. This is a very sensitive issue since many people in Balochistan have long resented colonisation and exploitation of the province’s natural resources by the Punjabi-dominated federal government and army; projects

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<sup>111</sup> <https://www.iru.org/news-resources/newsroom/asias-quadrilateral-traffic-transit-agreement-now-operational-tir> accessed on 30 November 2023

<sup>112</sup> Arlen Clemens (2018). *CPEC Needs a Counter Strategy of India*, p.221

are seen as instruments the main objective of which is to reduce the Baloch to a minority in their own province.<sup>113</sup> The provincial government of Balochistan took more than three years to approve the construction on the Gwadar power project.

#### **4.2.13. Attacks on Chinese Workers**

Chinese workers have been frequently targeted in Balochistan. A suicide blast in south-western Pakistan in August 2018 injured at least six people, including three Chinese engineers, while unknown gunmen killed three policemen in a northern region bordering China. Authorities in restive Balochistan province confirmed that a team of Chinese workers was returning from a Saindak mining project when the bomber detonated his explosives-laden vehicle near their bus, just outside the town of Dalbandin. In November 2018, an attack targeting the Chinese Consulate in Karachi's Clifton area was foiled by security forces but left at least seven people dead. Two policemen lost their lives due to multiple injuries caused by explosive material, while a private security guard was injured in the blast. On May 12, 2019 three gunmen who stormed the Zaver Pearl-Continental Hotel in the strategic port city of Gwadar in Balochistan, killing at least one guard, were shot dead by security forces, officials said. The attack and subsequent siege lasted several hours. The separatist Balochistan Liberation Army claimed responsibility for the attack. The group said that the hotel, the centrepiece of a multi-billion-dollar Chinese project, was selected in order to target Chinese and other investors. Militants in Balochistan oppose Chinese investment, regarding it is of little benefit to local people. On October 15, 2020, seven Frontier Corps (FC) soldiers were killed by Baloch insurgents in the coastal Ormara district of Balochistan while they were escorting a convoy of oil and gas workers. On December 27, 2020, Baloch insurgents killed another seven Pakistani paramilitary personnel from the Frontier Corps (FC) following an intense exchange of fire after an attack on their check-post in the Sharig area of Harnai district in north-eastern Balochistan.<sup>114</sup>

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<sup>113</sup> <https://jamestown.org/program/the-balochistan-insurgency-and-the-threat-to-chinese-interests-in-pakistan/> accessed on 22 April 2022

<sup>114</sup> <https://www.reuters.com/article/pakistan-militants-attacks/seven-pakistani-soldierskilled-in-attack-in-southwest> accessed on 22 April 2022

#### **4.2.14. Conflict with Local Population**

There are media reports of clashes between Pakistan police and Chinese engineers. In one such case, when the Chinese engineers and other officials were denied permission to leave the camp without being accompanied by security officials, the Chinese workers responded by snapping the power supply to the police camp within the project premises leading to a clash. There were also reports of Chinese traffickers luring Pakistani women to China with sham marriages for prostitution and charging fees ranging from USD 12,000 to USD 25,000 per woman<sup>115</sup>.

#### **4.2.15. Pakistan's Narrative Vs Ground Realities**

Pakistan places high economic hopes in CPEC. To what extent the project can really be carried out remains unclear. There has always been a gap between official announcements and the funds actually spent on Chinese projects in Pakistan and there remain serious loopholes in the vision that Pakistani leadership portrays to the people and the gross economic reality of Pakistan. there is a paucity of data regarding CPEC and its ability to affect Pakistani businesses, and how smaller industries within the country would be able to cope with the challenges posed by the project.<sup>116</sup>

CPEC can only be viable if it addresses the needs of the region, along with Pakistan, by taking into consideration the various sensitivities it entails. The manner in which it has been laid out shows gross negligence of international and bilateral laws and agreements. China wants the participation of India in the BRI, as without its participation, the success of the project seems unlikely. However, with the present mindset of the Chinese leadership, and the manner in which it is challenging the core interests of India, it seems very unlikely to have India as a partner in such a project, even if it envisages of bringing Asia and Europe together.

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<sup>115</sup> <https://www.scmp.com/news/asia/south-asia/article/3041898/abusedraped-raped-and-unfed-heart-wrenching-stories-pakistani/> accessed on 22 April 2022

<sup>116</sup> Dr. Dhruvajyoti Bhattacharjee. *India, Pakistan and China: Assessment of Connectivity Through CPEC*

From Pakistan's point of view, the economic and geostrategic dimensions of the CPEC collaboration are perhaps the most promising for its own development agenda. Expanding and transforming the China-Pakistan relationship into a comprehensive geo-economic relationship would thus benefit both. CPEC, under the BRI framework, is perhaps one of the most critical components of the Chinese plan of action.

#### **4.3. China and Pakistan's Common Interest**

China and Pakistan's common interests could be related to political issues with their neighbouring country, India. The hostile relationship between Pakistan and India can be traced back to 1947 due to territorial disputes over Jammu and Kashmir (J&K). Pakistan has illegally occupied PoK and continues to lay claims on J&K. This condition has prevented any socio-economic or military cooperation as well as the other advantageous relations between the two countries. Pakistan India dispute over Kashmir also led to another concern such as a nuclear war. This issue started to rise on December 13th, 2001 when five Pakistani gunmen began an attack on the Indian parliament building in the city of New Delhi. The government of India then mobilised around 500,000 troops to the border. In response to India's military mobilisation, Pakistan deployed its nuclear missiles. China, on the other hand, also has bilateral issues with India. In 2017, China and India stumbled into the Doklam Crisis. Doklam is a plateau located near the Bhutan-India-China border. Doklam Plateau is claimed by China and Bhutan, which makes it a disputed area. This crisis started when Chinese soldiers were found building a paved road towards the disputed area. India and Bhutan have a treaty over the Doklam Plateau to not use the territory for both countries interest. The Chinese act provoked the Indian Government to send its troops to the disputed area and both nations were engaged in a military standoff. This marks the lowest point of the relationship between India and China. Furthermore, the rivalry and hostility shown by both countries do not happen only inland but also in the sea.

In the past several years India and China contested the influence over the Indian Ocean. India as the traditional major power seeks to maintain its influence in

the Indian Ocean. But rising China wants to expand its influence, especially in the Indian Ocean. With this clashing national interest from both countries, the Indian Ocean is now the new “battleground” of influence. China shows determination in securing and dominating the Indian Ocean. It is shown by Chinese foreign investment in the Maldives and Sri Lanka. In April 2018, state-run China Railway Beijing Engineering Group Co. Ltd won a more than USD 300 million contracts to build 40,000 houses in Jaffna district in the Northern Province, which suffered extensive damage during Sri Lanka’s 26 years civil war. Not only that, but China also built a huge port in the south. Sri Lanka has formally handed over its southern port of Hambantota to China on a 99 year lease. The construction of this USD 1.3 billion port was also using Chinese debt. With the control of Maldives and Sri Lanka, the Chinese government can secure and dominate the Indian Ocean. Moreover, China has gained access to Maldives and Sri Lankan port to refuel and resupply its Navy, which India has a big concern with. Those brief explanations about Pakistan and China relations with India show that the partnership between China and Pakistan is not only based on economic foundations but also a political concern. Both countries have the same interest regarding their hostile relations with India. China and Pakistan seem to perceive their partnership through multiple aspects such as politics, military, and economy in order to counter India’s power especially in the South Asia region<sup>117</sup>.

China wants cooperation with Pakistan to get more advantages such as ease of oil transportation access, secure cargo ships from piracy, strategic interest including presence in IOR. On the other hand, Pakistan also needs China to cooperate with them because there are several aspects that will indirectly be secured by the presence of China in Pakistan such as economic and national security. For instance it seems both of the countries receive equal advantage from this relation. While in fact, China has a lot more advantages because of their long term strategy and vision. CPEC promotes a securitised discourse of connectivity, flow and

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<sup>117</sup> Septyanto Galan Prakoso, A P Murtyantoro and Meisya P I Cahyani (2019). *China – Pakistan Economic Corridor: China’s Strategic Ambition*, Pp 87-88

territorial control as a cause of regional tension, national rivalries, unnecessary competitiveness, terrorism and sovereignty issues.

#### **4.4. India's Perspective**

The history of India's relations with China and Pakistan shows there has been a lot of essential rivalries, bilateral distrust and suspicion. Hence, the relations between China and Pakistan brought high repercussions on India's security. The foremost challenge is that China poses a direct military threat to India, due to its rapidly modernising military forces, as well as the bloody history of India-China territorial disputes. Second, China's burgeoning economic muscle affords it the luxury of shaping world opinion in its favour and to India's detriment. This factor is compounded by China's influence on international bodies like the UN and financial institutions like the Asian Infrastructure Investment Bank (AIIB), which may impinge upon India's national interests. The infrastructure development under BRI benefits both China and Pakistan. CPEC focuses on the significant development of road, energy and other infrastructure projects. The Chinese project development proves that the infrastructure building occurred along India's disputed territory, Kashmir. India, has raised reservations about the project, mainly as CPEC passes through Pakistan-Occupied Kashmir (PoK). However, the backdrop of landmark planning for CPEC shows China's intention for India's border security. Kashmir has been disputed since India and Pakistan were formed in 1947. The three nations have a shared part in the de facto regimes, which are India (Jammu and Kashmir), China (Aksai Chin) and Pakistan (PoK and Northern Areas). India has persistently refused to acknowledge either Pakistan or Chinese sovereignty in Kashmir. The situation becomes complex with the infrastructure development in the disputed territories. India has continuously opposed the Belt and Road Initiative ideas as it is believed to be a unilateral project concerned with the Chinese National Security plan. The BRI projects were carried out without the concern of other countries, which is considered a challenge to each country's sovereignty.

The CPEC is one of the most congested BRI corridors. The CPEC corridor affects India's historical claim on Pakistan-occupied Kashmir (PoK) and Gilgit-



Baltistan. The Chinese project development is also considered to disrespect India's current sovereignty over Jammu and Kashmir. India is no longer the passive nation it once was, the abrogation of Articles 370 and 35 (a) and the claim of Gilgit- Baltistan raised the insecurity of China and Pakistan.

Recently, under the CPEC, more military cooperation has been taking place to ensure the safety of the Chinese workforce and Chinese-assisted projects all over the country from Gwadar to Khunjerab. With growing security threats in the region, Pakistan and China have strengthened security related military cooperation over the past couple of years. The presence of the Chinese military in PoK's Gilgit-Baltistan region, ostensibly to repair and upgrade the Karakoram Highway, has enormous implications for Indian security.

India, Pakistan and China relations are entangled in a complex unresolved border dispute history. Military confrontations at the Line of Actual Control (LAC) and the Line of Control (LoC) occur recurrently. The 1962 Sino-Indian war and the United States-Russia support to India led the Chinese overtures towards Pakistan as a South Asian regional counterweight to India. After the 1962 India-China war, China and Pakistan became closer by signing the boundary agreement. The agreement provides control to the Chinese of disputed Kashmir territory. Since then, Beijing has developed a diplomatic relationship with Pakistan and extensive economic ties and offers military weaponry to Pakistan. Overall, it has been rightly observed that China's policy toward Pakistan is an object lesson on how to attain long term national goals by calculation, forbearance and diplomatic skills. The growing China-Pakistan axis reveals Asia's emerging geopolitics and realignment of the forces. The CPEC brings a dimensional shift in China-Pakistan economic and geopolitical relations. The project is a nodal part of China's ambitious Belt and Road Initiatives.

It is hard to believe that the Chinese are seeking to expand infrastructure in Pakistan simply because they have surplus infrastructure capacity and are searching for new markets for their products. While there may be some truth to this, no one takes such huge investment decisions when global demand is slumping. The primary rationale for China's participation in Pakistan is obviously geopolitical rather than

economic. The real objective is to balance India by building and maintaining a Chinese presence in India's backyard. The whole approach may be summed up as geo-positional balancing, which seems based on ancient Chinese concepts of geographical space or strategic encirclement tactics employed in the Chinese game of weiqi<sup>118</sup>.

#### **4.4.1. The KKH Case**

What is pertinent to note is that despite the numerous documents of understanding, land-based trade volumes between Pakistan and China remain insignificant. Out of the total trade between the two countries only one per cent is exercised through land-based infrastructure while 97 per cent occurs through sea and two per cent by air. The KKH for instance, functional since 1979, is a mega project collaboration between China and Pakistan. It covers an area of around 1300 km and connecting the Gilgit-Baltistan region of Pakistan to the Chinese province of Xinjiang. For commerce, trade and tourism it remains underutilised for several reasons. First, there are serious geographical and topographical constraints where a seasonality aspect limits its usage. The Khunjerab Pass in the KKH for instance is closed during winter months and trade between China and Pakistan via the route comes to a standstill. Second, trade between the two countries via the KKH has also suffered due to logistical and administrative bottlenecks. For example, transport trucks travelling from Pakistan to China have not been able to make it as far as Kashgar, being stopped at Tashkurgan instead for offloading. Third, Visa issuance has also been a problem for Pakistani transporters causing delays and monetary costs. Fourth and most importantly, supporting services such as adequate banking infrastructure, marketing or road safety mechanisms are poorly managed or insufficient, limiting the full potential of road trade between Pakistan and its neighbouring countries. In such a way “non-tariff barriers” continue to restrict economic exchange between the two countries and for the CPEC to learn from the

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<sup>118</sup> Rohini Saini (2021). *CPEC: Exploring Pakistan as a Reliable Partner for China and its Implications on India*, p.444

experience of the KKH, such logistical challenges and administrative inefficiencies would need to be seriously addressed.<sup>119</sup>

#### **4.4.2. Gwadar: Trade Hub or Military Asset<sup>120</sup>**

An article has been published by Amit Bhandari and Aashna Agarwal for Gateway House where in they have presented seven arguments supporting the fact that Gwadar is being developed for military activities. The arguments have been listed in chapter one of the dissertation. There is academia involved in research work, correlating and establishing the fact that Chinese activities in the name of BRI and other projects are not purely economic in nature. There are Geopolitical and Geostrategic ramifications of these projects which are being undertaken at rapid pace. With Nepal, Bangladesh and Pakistan endorsing BRI, India now have Chinese presence in close neighbourhood which will certainly have security as well as economic implications and we cannot be ignorant about this reality.

Establishing strong maritime cooperation with Pakistan's navy in Gwadar will deepen strategic ties, but will also help China to ensure safety of oil and gas supply and enhance China's capacity to monitor maritime routes of the Indian Ocean. Strengthening of maritime cooperation between China and Pakistan is a 'win-win' for both. First, it would give both countries an edge as significant regional players; playing a key role in in the Persian Gulf and Arabian Sea and into Bab El Mandeeb. Second, it gives China a pre-eminent position in the Indian Ocean and in some ways exposes India's position as the most vulnerable state in the region.

#### **4.5. Financial Infrastructures: Enabling Statecraft through Connectivity**

After analysing CPEC from perspective of China, Pakistan and India a pertinent question arises in mind. What is the connection between financial infrastructures, power and statecraft? Armijo and Katada define financial statecraft as 'the intentional use, by national governments, of domestic or international monetary or financial capabilities for the purpose of achieving ongoing foreign policy goals,

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<sup>119</sup> Saeed Shafqat and Saba Shahid (2018). *China Pakistan Economic Corridor: Demands, Dividends and Directions*, Pp 75-76

<sup>120</sup> Amit Bhandari(2018). *Gwadar: trade hub or military asset?*

whether political, economic, or financial'. Thereby, financial statecraft can be 'bilateral' or 'systemic' in scope, utilise 'monetary' or 'financial' means and can be 'offensive' or 'defensive' in character – that is directed outwards to exercise power vis-à-vis other actors or used as a 'shield' to preserve policy autonomy. Financial statecraft therefore is a subset of economic statecraft that is, facilitating the achievement of foreign policy through economic means.

A key feature of infrastructures is that they create connectivity – establishing linkages between different places and entities, thereby enabling certain socio-economic transactions to take place. But providing these infrastructures is more than a mere technical exercise. Infrastructures 'sediment' power relations and 'shape, enable, constrain that power in specific ways'. Similarly, 'structural power can be exercised through infrastructure when cross-border infrastructure projects give rise to asymmetric relations between states' as through infrastructures 'the dominant state can non-intentionally and indirectly dominate and penetrate the subordinate state'. Powerful states can utilise infrastructures as tools of economic statecraft as the connectivity these infrastructures create enable them to extend their rules both domestically and internationally<sup>121</sup>. China has used financial institutes and excess capacity to penetrate Pakistan and CPEC is giving rise to the asymmetric relations and dependence of Pakistan on China. This also creates an unwanted Chinese presence close to Indian neighbourhood and also in disputed areas of PoK.

Centre on Global Energy Policy, Columbia in its report dated Oct 2019<sup>122</sup> brought out three fold reasons questioning the sustainability and economic viability of the CPEC that are enumerated below.

- **The CPEC Power Sector Projects** Heavy focus on coal in the new generation capacity added by the CPEC power projects stems from both "pull" factors from Pakistan and "push" factors from China. China is looking to export its coal to Pakistan. In the era when world

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<sup>121</sup> Johannes Petry (2023). *Beyond Ports, Roads and Railways: Chinese Economic Statecraft, The Belt and Road Initiative and The Politics of Financial Infrastructures*, p.322

<sup>122</sup> Erica Downs (2019). *The CPEC Power Projects: Insights into Environmental and Debt Sustainability*, p.2

is moving to renewable energy and nuclear power to meet the energy requirements, Pakistan is going backwards. These power plants will create huge dependency on coal to be imported and with such huge investments these will be things of past very soon.

- **CPEC and Environmental Sustainability** Analysts have raised concerns about the likelihood of infrastructure being developed as part of the BRI adversely affecting the environment. Infrastructure likely to have the greatest impact on the environment include roads and railways; thermal, hydro, and nuclear power plants; electricity transmission systems; oil and natural gas pipelines; mining projects; and heavy industry. The risks associated with these infrastructure projects include increased air and water pollution, habitat loss and fragmentation, deforestation, greater wildlife mortality, the threat of invasive species; and increased greenhouse gas emissions that undermine global action to combat climate change.
- **CPEC and Debt Sustainability** The BRI has generated concerns about whether Chinese loans for infrastructure development will create debt problems in borrowing countries. A frequently cited analysis of the debt implications published by the Center on Global Development in March 2018 found that the BRI increases the risk of debt distress in some borrowing countries. International Monetary Fund (IMF) officials have also warned of the risks to debt sustainability posed by the BRI.

#### **4.6. Conclusion**

Overall, China's engagement in Pakistan at present suits both parties and in particular serves China's geopolitical interests. China gets away with maintaining the partnership through loans which have to be repaid either in cash or equity in the projects constructed by Chinese firms (which thereby benefit) and Chinese strategists see the investment as worthwhile in order to establish a position of 'active defence' in the IOR and South Asia. Essentially, China views Pakistan as a counter in a larger

geopolitical game aimed at geo- positionally balancing India. A secondary aim is to contain Islamic fundamentalism, which could threaten China's internal security, outside its borders. Economic factors wrt aspect of CPEC are therefore far less significant in reality than geopolitical and security issues. The PRC pursues its Military-Civil Fusion (MCF) Development Strategy to fuse its economic, social, and security development strategies to build an integrated national strategic system and capabilities in support of the PRC's national goals. The Indian government are aware of China and Pakistan's threat through high infrastructure development being executed near borders. To a certain degree, upgrading the Karakoram Highway imposes a high-security threat to India's border security. The CPEC can be a serious challenge to India's political, strategic, economic interests and looms in on the sovereignty and security of India. India is also aware that the Sino-Pakistani military-to-military relationship remains robust and since the turn of the century China has sold Pakistan a plethora of weaponries. Thus, India's threat perception of China continues to be framed by the strained border regions and exacerbated by the CPEC's attempt to connect them. The next chapter shall try and bring out various security implications of the CPEC as pertinent to India.

The CPEC has set the stage for China to wield preeminent economic, military and diplomatic influence in Pakistan. The CPEC in a way legitimises Pakistan's ownership over PoK. Chinese indifference towards Indian concerns and Chinese investments in PoK are serious irritants to India. It can be seen that the cooperation between China and Pakistan would not have been possible without common interests. Pakistan and India have a hostile relationship because namely, they have a different view of politics and ideology. China, on the other hand, sees India as a hostile country because they have a clash of interest between them. Such as the Doklam Plateau military standoff and India's boycott on China's Belt and Road Initiatives. China and Pakistan decided to cooperate and establish China – Pakistan Economic Corridor because they share a common rival, which is India. That is why both countries hope that by the establishment of CPEC, they can achieve their own national goals and of course their common goal.

Although both countries have common interests, China plays a bigger role in the CPEC by applying some strategies that give more advantages to them. The strategies would likely put Pakistan into more vulnerable conditions because the Chinese influence is deeply vested in the region because the deployment of the Chinese Navy in Gwadar Port could weaken Pakistan's sovereignty. Not to mention the Chinese Navy will have control over Pakistan's water due to the establishment of the Chinese military in Gwadar. But on the other side, Pakistan's national security in the region also being secured by the existence of the Chinese Navy because China provides protection from Indian Threats in the region since India and Pakistan are rivals and sometimes actively hostile to each other.

Analysing the CPEC from perspective of India, China and Pakistan gives an insight into interests, gains and concerns for the three countries. Why China agreed to a project of this scope, in a country with known financial and governance problems, on-going insurgencies and a history of militant attacks on Chinese construction crews, requires a yet more complex explanation. Notwithstanding Beijing's win-win rhetoric about the peaceful and benign nature of CPEC, a deliberate military and strategic functionality seems clearly entrenched in the initiative. The transformative potential CPEC holds for China's strategic geography is immense. The Chinese-controlled and monitored base in Gwadar is a serious threat to India's maritime interest and predominance in the region. The steady expansion of China's activities is intended to shift the current naval balance of power in the Indian Ocean region. The presence of an extra-regional power in its backyard has security implications for India. It is thus imperative that we analyse various projects of CPEC in details from security prism and hence in next chapter we will discuss in detail about the security implications of CPEC for India.

## CHAPTER - 5

### CPEC – SECURITY IMPLICATIONS FOR INDIA

India has an enviable geographical location as it sits at the head of the Indian Ocean, half way between the passages that control access to this critical global commons. China's extraordinarily rapid rise in the hierarchy of global power is raising concerns about its future policies. The opinion is divided whether China will increasingly assert its power in disruptive ways or will act more responsibly as its own stakes in the international system grow. Arguments can be made for both views, though emerging signs suggest that China's self-assertion is becoming an unpleasant reality, whereas the expectation that it will work for and within a global consensus remains more a matter of hope. On reading the reports of the 19th and 20th Congress of the Communist Party, it appears that becoming a "strong maritime power", that is, "resolutely defending China's maritime rights and interests", is a national goal of PRC and to this effect ports in IOR holds the key to enhance the presence of PLA Navy (PLAN) in IOR for operations and sustenance. China has become an important exporter of military equipment to countries like Thailand, Myanmar, Bangladesh, Pakistan and Indonesia and organizes bilateral and multilateral military exercises with Pakistan, Indonesia and Bangladesh.

China's economic and commercial expansion is making it a crucial country in global trade and financial flows, BRI is an extension of Chinese economic and commercial expansion. CPEC a flagship component of BRI as stated by both Pakistan and China is an economic corridor, but the important question here is, what the annual trade volume between Pakistan and China is? For a USD 12 billion<sup>123</sup>, investment of over USD 60 billion does not make a logical argument. Further At nearly sixteen thousand feet above sea, the Karakoram Highway through the high mountain pass at Khunjerab requires heavy trucks not typically driven in Pakistan as well as commercial refuelling, storage, maintenance, rehabilitation and overhaul

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<sup>123</sup> <https://tribune.com.pk/story/2362766/pakistans-exports-to-china-up-nearly-6?amp=1> accessed on 21 May 2023



capabilities, which are not planned along the route. Thus the argument that CPEC is purely economic corridor is not palatable. The CPEC projects have immeasurable implications for the Indian security strategy. India has long been restless by China's relationship with Pakistan.

### **5.1. Sino- India Historical Perspective**

India and China share a complex bilateral relationship, consisting of military confrontations, diplomatic dialogues and intense economic activities, concurrent with multilateral engagements. History is witness to the fact that India and China have always had a difference of opinion on various issues, especially related to their common borders and has shared only a minimally cordial relationship at best since the formation of the PRC in 1949. Discords and disagreements have dotted this volatile relationship that also saw a war in 1962. The issue of adverse territorial claims has generated profound discord between the two countries for decades. The Indian government has declared repeatedly that the McMahon Line is the official line of demarcation of territory between India and China however, China has repudiated this boundary and has accepted neither the Shimla Agreement of 1914 nor the McMahon Line as the *de jure* boundary.

The dispute between the two countries regarding Doklam is of a different nature, as India's entry into the Doklam region was in accordance with and at the behest of Bhutan under the India-Bhutan Friendship Treaty, 2007. According to Article 2 of the Treaty, India must take steps to protect Bhutanese national interests and neither country can allow its territories to be used for activities that are harmful to the national security of the other. India took action also to protect its own security interests, when it moved in the Indian army to stall road construction in the territory by PLA, as the territory was very close to the region known as the "chicken neck" area of India. This area is particularly sensitive as it connects the Indian mainland with seven of its North Eastern states. India viewed China's move to build roads in the region more as a security challenge which could threaten the safety of its people and control over its own territories, than as a mere border dispute. The situation was further precipitated by China's long-known aspirations to claim Tawang as part of its

country and the North Eastern state of Arunachal Pradesh as Southern Tibet and part of China<sup>124</sup>. India has made it clear since 1977 that Tawang belongs to her, and an elected Member of Parliament from the region has been representing the area, known as the Arunachal West Lok Sabha constituency in the Indian Parliament.

In 2011, India protested against the presence of around 7,000 PLA troops in the PoK region, a territory that is under Pakistani occupation. These troops were in full control of the Gilgit-Baltistan region of Kashmir and had been working on road and railway projects in the Karakoram Mountains. The movement of troops into the region by China is indicative of the fact that it does not intend to remain neutral toward India and is going to use Pakistan as a buffer against India. In spite of India's serious concerns about China's projects in Gilgit-Baltistan region being an infringement on India's territorial sovereignty, China has continued to describe CPEC as 'flagship' project of its ambitious BRI. CPEC is an example of China's rededicating itself in its one-sided indulgences with its all-weather ally, Pakistan.

## **5.2. China- Pakistan Strategic Relationship**

The history of the Sino-Pakistani strategic relationship can be summarized through the following events- first, the unravelling of the Sino-India relationship in the 1962 border war. Second, solving of Sino-Pakistan border dispute by ceding Shaksgam valley to China in 1962. Third, China's support to Pakistan in its 1971 war with India and finally, China lending nuclear development support to Pakistan. Strategic development and shared priorities gave birth to Sino-Pakistani economic cooperation and partnership development. A tangible starting point for Sino-Pakistani economic cooperation can be traced back to the construction of the Karakoram highway in 1970s.

Karakoram Highway and Gwadar port can be described as the symbols of Sino-Pakistan friendship that, on the one hand offer both the country's economic opportunities and on the other can be used for strategic purposes. The Karakoram Highway was a major joint venture between Pakistan and China that was completed

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<sup>124</sup> K. D. Raju (2020). *Doklam and Beyond: Revisiting The India-China Territorial Disputes: An International Law Perspective*, p 86

in 1978. The roadway was constructed through Pakistani territory illegally ceded to China. The highway was built through the formidable Karakoram-Himalayan Mountain range, which significantly changed the strategic landscape that links both regions favouring China and Pakistan. The Karakoram Highway is being rebuilt and upgraded as part of the CPEC. The widening of the strategic Karakoram Highway by three times its initial specifications (10 meter to 30 meter) indicates that it is customized for rapid and smooth movement of heavy military machinery, troops and material. The network of Pakistan's National Highway Authority (NHA) comprises 39 national highways, motorways, expressway and strategic roads. Among all the ongoing projects of the NHA, priority is given to the re-alignment of the Karakoram Highway at Attabad. Karakoram Highway is fundamental to the port of Gwadar's economic growth. Despite the economic and political objectives, China took advantage of Kashmir's disputed issues between India and Pakistan. The Chinese military activities in Pakistan-Occupied Kashmir (PoK) have increased since the inauguration of the Karakoram Highway. Chinese has a massive military built at the main axis of the Himalayan that connects the Karakoram Range. China has also invaded Pakistan-Occupied Kashmir (PoK) by building a few camps operated by the Chinese soldiers along the Karakoram Highway. The 1963 border settlement with Pakistan and the construction of the Karakoram Highway might provide an alibi for Chinese military intervention in the event of settlement over Kashmir, which was parallel to China's strategy. Thus, the Chinese military strengthened its defence along PoK. In recent years, the Karakoram Highway was upgraded to the Karakoram Rail Corridor, which falls under the CPEC project. There were also reports of Chinese experts digging tunnels in the Leepa Valley in PoK to prepare for the construction of an all-weather road that will serve as an alternative route to reach the Karakoram highway<sup>125</sup>.

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<sup>125</sup> <https://www.outlookindia.com/international/chinese-troops-and-engineers-observed-constructing-underground-bunkers-along-loc-in-collaboration-with-pakistan-army-news-297812> accessed on 01 July 2023

### 5.3. China- Pakistan Defence Cooperation

China has been assisting the Pakistan Army in enhancing its defence infrastructure, providing unmanned aerial vehicles, installing communication towers and laying underground cables along the Line of Control (LoC). Chinese troops and engineers were observed setting up infrastructure along the LoC, including underground bunkers. This is part of China's efforts to strengthen its position as Pakistan's all-weather friend while ensuring the safety of its growing enclaves in Pakistan-occupied Kashmir (PoK). These enclaves were established under the guise of securing the CPEC road and hydel projects built in the occupied territory. There were reports of recently developed SH-15, a 155 mm truck-mounted howitzer gun, being observed at some locations along the LoC after it was showcased on Pakistan Day in 2022. Pakistan has signed a contract with Chinese firm North Industries Group Corporation Limited (Norinco) for the supply of 236 SH-15s, a 'shoot and scoot' artillery weapon. According to London-based *Janes Defence magazine*, the first batch was delivered in January 2022<sup>126</sup>.

Pakistan, China's traditional ally, has acquired frigates and corvettes and is jointly developing and marketing a fighter aircraft, the JF-17. The F-22 class frigates and the *Aslat* class attack craft form the cutting edge of the Pakistan navy. The PRC is a major supplier of naval vessels, highlighted by Pakistan's purchase of eight Yuan-class submarines for more than USD 3 billion. The PRC's arms sales operate primarily through state-run export organizations such as the Aviation Industry Corporation of China (AVIC) and North Industries Corporation (NORINCO). Arms transfers also are a component of the PRC's foreign policy, used in conjunction with other types of assistance to complement foreign policy initiatives undertaken as part of the PRC's One Belt, One Road initiative.

### 5.4. Growing China: Challenges for India

China's growing power poses at least four challenges to India. First, it represents a direct military threat. China actually has slightly fewer ground forces

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<sup>126</sup> <https://swarajyamag.com/insta/china-helps-pakistan-build-defence-infrastructure-along-line-of-control> accessed on 10 July 2023

(1.15 million troops) than India (1.20 million troops), but the former enjoy critical terrain advantages along the Sino-Indian border, accentuated by far superior transportation and communications infrastructure in bordering Tibet. China's growing military muscle would be a concern for India even in the absence of any direct disputes. But India and China have unresolved territorial disputes that led to a war in 1962 and several subsequent skirmishes. The possibility of another war might appear remote, but the combination of China's military power and its proclivity to use military force—as most recently illustrated in the South China Sea—represent a serious threat.

Second, China's power in international institutions ranging from the United Nations Security Council (UNSC) to the Nuclear Suppliers' Group (NSG) has at times proved to be an obstacle to Indian foreign policy ambitions. China is likely to continue to obstruct India in this manner, and its capacity to do so will only grow as its power increases. Moreover, as its power grows, China has also started establishing international institutions like the Asian Infrastructure Investment Bank and has also been shaping other multilateral organizations to promote Chinese interests.

Third, China's willingness to play the role of an external balancer against India in South Asia is a serious challenge, and, in some cases, a military threat. China's support has bolstered Pakistan's military capabilities and (at the very least) accelerated the development of Islamabad's nuclear weapons and missile programs. Moreover, the possibility of a two-front conflict pitting India against China and Pakistan simultaneously also worries Indian national security policymakers, a concern accelerated by the China-Pakistan Economic Corridor. Parts of this infrastructure corridor traverse Indian-claimed territory in Pakistan-occupied portions of Kashmir.

Finally, China's great economic power allows it to spread its influence around the world, which it could use to India's detriment. Beijing has used its aid and trade policies to promote its interests, and it is not difficult to imagine that it could

use these tools to pressure others, especially developing countries, to support China in a potential disagreement with India.

### **5.5. CPEC: Importance for China's Strategic Ambitions**

CPEC helps China's state-owned enterprises (SOEs) find productive uses for their excess capacity in the cement, steel and construction sectors, as well as creating investment opportunities for China's large reserve of savings. It is hard to believe that the Chinese are seeking to expand infrastructure in Pakistan simply because they have surplus infrastructure capacity and are searching for new markets for their products. While there may be some truth to this, no one takes such huge investment decisions when global demand is slumping. The primary rationale for China's participation in Pakistan is obviously geopolitical rather than economic. The real objective is to balance India by building and maintaining a Chinese presence in India's backyard. Pakistan is likely to develop economic dependence on Chinese capital, given the present economic condition and which the PRC could leverage to pursue its geopolitical interests.

CPEC illustrates China's march to the West through the seas and overland. It is an ambitious geo-strategic plan to carve out a combination of continental and maritime geo-strategic realm. CPEC is an effort to strengthen China-Pakistan relations in order to pressure India and to secure a foothold on the Arabia Sea capable of enabling China's People's Liberation Army to project power throughout the Indian Ocean region.

As far as regional geo-strategic calculations are concerned, the CPEC has emerged as a vital lynchpin among the variables of deterrence that India will seemingly have to cater to, ranging from conventional deterrence in the Indo-China border areas, to campaign planning for developing flexible deterrent operations (including joint operational planning). India is facing the growing complexity and pressure as it strives to ensure continuing and survivable deterrence at varying levels. The presence of China and Pakistan is becoming progressively compelling in so far as planning and achieving deterrence at operational levels is concerned. All this comes in the midst of a looming question—in a potential conflict/war scenario

between India and Pakistan, would China open up a second front, even if it were to be restricted to a limited zone? Recurring Chinese transgressions in the border areas in India's North Eastern and western theatre could well be part of a plausible military strategy to keep both fronts tactically active and build up tactical pressure on the Indian Armed Forces—thereby placing the existing conventional deterrence equations in South Asia under considerable strain. Not surprisingly, India's shift from a dissuasive deterrence posture, to one of credible deterrence is gaining traction.

The spate of developments in India's western theatre with Pakistan and eastern theatre with China has added newer variables to the regional deterrence milieu. The deterrence relationship between India and Pakistan has proven to be conventionally complex. In contrast, the deterrence relationship between China and India remains hard to be described in tangible terms at present and, therefore, far more difficult to evaluate in terms of stability/instability. Both China and India are aware that the other would be no "pushover" militarily and that clear deterrent signals (both conventional and nuclear) operate both ways. Amid the above two equations, the politico-military equation between Pakistan and China can best be described as strategically complimentary. In the cases of both, China and Pakistan, the role of the military in the affairs of the state remains vital. The authoritarian political-military partnership is found predominantly in communist states or countries with authoritarian political control. Power is concentrated in a single party, or in an individual, or group of people, who dominate the political system – as in China, where the People's Liberation Army (PLA) represents instruments of power, coercion and extraction. China's civil-military relations have rendered it a "political party-authoritarian military partnership" structure. In case of Pakistan, the military has assumed deep involvement in the politics of the state, at the cost of dominating all other institutions.

The threat to CPEC can be measured from the fact that this is the only example in the history of all foreign investments where the investor nation has made host nation raise a 30,000 strong force, just to protect Chinese assets and engineers. A massive sum of Chinese money has been pumped in to create, train and equip two

Special Security Divisions (SSDs) the 34 and 44 Light Infantry Divisions with 15,000 troops each. While the 34 Light Division was created in September 2016, the 44 Light Division was raised in 2020<sup>127</sup>. Pakistan has used Chinese money released for SSDs to buy artillery pieces and combat helicopters, which do not fit into the scheme of things of a force trying to protect human assets from terrorists. Pakistan has attempted to strengthen its conventional capabilities under the farce of CPEC asset protection, just like it did with the Americans. China has even agreed to supply drones to Pakistan to further strengthen the safety and security of its CPEC investments. This increasing ‘securitisation’ of China’s so called commercial investments clearly falls in place with traditional defence-centric China-Pak axis. So CPEC has continued to only further strengthen the power of Pakistani armed forces with obvious implications for India’s security.

The PRC is seeking to establish a more robust overseas logistics and basing infrastructure to allow the PLA to project and sustain military power at greater distances. Beijing may assess that a mixture of military logistics models, including preferred access to commercial infrastructure abroad, exclusive PLA logistics facilities with prepositioned supplies co-located with commercial infrastructure, and bases with stationed forces, most closely aligns with the PRC’s overseas military logistics needs. China said Indian Ocean is not India’s Ocean. The Indian Ocean will loom large in Chinese strategic thinking well into the future, considering their current interests and their continuing ingress into newer regions. The Indian Ocean finds place of prominence in both the components of the OBOR initiative, i.e. the CPEC and the MSR. China’s imperatives in the planned convergence of the SREB and the MSR in the Indian Ocean, via the CPEC at Gwadar, are dictated by its overarching energy, economic and strategic interests.

PRC military academics assert that bases abroad especially in Indian Ocean can enable forward deployment of PLA forces and support military conflict, diplomatic signalling, political change, bilateral and multilateral cooperation and

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<sup>127</sup> <https://swarajyamag.com/news-brief/chinese-nationals-working-on-cpec-projects-in-pakistan-take-up-arms-to-protect-themselves> accessed on 10 July 2023



training. They also suggest that a military logistics network could enable intelligence monitoring.

## **5.6. CCP, PLA and CPEC**

The CCP has tasked the PLA to develop the capability to project power outside China's borders and immediate periphery to secure the PRC's growing overseas interests and advance its foreign policy goals. China is focusing efforts to develop security relationships with key countries along its periphery and beyond the Second Island Chain. In addition to promoting the One Belt, One Road (OBOR) initiative, China almost certainly will seek new cooperative security partnerships with foreign nations, including the expansion of the PLA's global military attaché presence and access, and ensuring more reliable, cost-effective, and diverse sources of energy and other strategic resources<sup>128</sup>.

In support of its national strategy, the PRC pursues a range of goals through OBOR to include strengthening its territorial integrity, increasing its energy security, and expanding its international influence. Given the Party views the PRC's security and development interests as complementary, the PRC leverages OBOR to invest in projects along China's western and southern periphery to improve stability and diminish threats along its borders. Similarly, OBOR projects associated with pipelines and port construction in Pakistan intend to decrease China's reliance on transporting energy resources through strategic choke points, such as the Strait of Malacca.

The PRC attempts to use the economic influence it accrues through OBOR to encourage participating countries to support Beijing's priorities and objectives on a range of other matters. The PRC applies military, intelligence, diplomatic, and economic tools to counter perceived threats to OBOR's long-term viability, although the party-state lacks the expertise necessary to assess comprehensive risks in most OBOR participating countries.

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<sup>128</sup> DoD 2020 Report

As the PRC's overseas development and security interests expand under OBOR, the CCP has signalled that its overseas military footprint will expand accordingly to protect those interests, which the CCP recognizes may provoke pushback from other states. Some of OBOR's planned economic corridors would transit regions prone to violence, separatism, armed conflict, and instability, putting OBOR-related projects and PRC citizens working overseas at risk. China's defence and security outreach has sought to extend its ability to project military power to safeguard its overseas interests, including OBOR, by developing closer regional and bilateral counterterrorism cooperation, supporting host-nation security forces, and other means.

Some OBOR projects could create potential military advantages for the PRC, such as PLA access to selected foreign ports to pre-position the necessary logistics support to sustain naval deployments in waters as distant as the Indian Ocean, Mediterranean Sea, and Atlantic Ocean to protect its growing interests.

Analysing the overall Chinese activities, which include rejection of the Permanent Court of Arbitration ruling, involving Philippines and China regarding maritime entitlements in South China Sea (SCS). Articulation of a shift in strategy from 'Offshore water defence' to 'Offshore water defence with open sea protection', reorganization of military to theatre commands, impetus on strategic forces and massive expansion of PLA Navy and Marine corps when juxtaposed with CPEC and BRI underscore the conspicuous contradiction between Chinese actions and their intentions. Chinese claim of CPEC being economic project when viewed with these developments underpins the security aspects linked to it and further the security implications it will have on India.

The CCP uses the Belt and Road Initiative (BRI) — originally called One Belt One Road (OBOR) and still so designated by the PRC in Chinese-language sources — and other Undertakings to expand foreign markets for Chinese companies and as a means of drawing nations, particularly their political and economic elites, into Beijing's geopolitical orbit. BRI Infrastructure projects — ports, railroads, highways, dams, industrial parks, civil nuclear facilities and other energy related

initiatives, and more — typically relies on imported Chinese workers rather than local labour, and sometimes involves 50 to 100 year business relationships that entrench China’s long-term access to local elites and confer power over key parts of the host country’s critical infrastructure. Because of the heavy economic and environmental costs imposed by the CCP, host countries increasingly find these BRI projects unsustainable. As a result of China’s predatory development program and debt-trap diplomacy, for example, Sri Lanka lost control of a major port after defaulting on a burdensome loan<sup>129</sup>.

China’s estimated military spending of USD 293 billion, the second largest in the world in 2021, was a 4.7 per cent increase from 2020<sup>130</sup>. There have been also reports suggesting that there might be an attempt by China to form a strategic ‘golden ring’ involving Russia, Turkey, Iran, and Pakistan, with the possibility of also linking “Gwadar and Chabahar to China by rail through Pakistan”<sup>131</sup>. If realized, this would be a setback for India as it has been working on the Chabahar project for a while now as a gateway to Afghanistan and Central Asia with Iran’s assistance. During his visit to Pakistan, in 2018 Iranian Foreign Minister Javed Zarif had invited Pakistan and China to work in Chabahar<sup>132</sup>.

## **5.7. CPEC: Security Implications for India**

India has officially raised objections to a specific section of the CPEC since China’s growing connectivity with Pakistan is being linked through the illegally occupied territory of the Indian State of Jammu & Kashmir. This objection by India has been placed on record in the 2008- 09 Annual Report (declassified) of the Ministry of Defence (submitted in the Upper House of the Parliament, Rajya Sabha) and states, “... enhancing connectivity with Pakistan through the territory of Jammu & Kashmir, illegally occupied by China and Pakistan will have direct military implications for India.” Further, commenting on the China-Pakistan relationship, India’s Ministry of Defence stated the following on record:

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<sup>129</sup> Nadège Rolland (2020). *A Concise Guide to the Belt and Road Initiative*, p.11

<sup>130</sup> *SIPRI Yearbook 2022*

<sup>131</sup> <https://www.brecorder.com/news/411574> accessed on 18 November 2022

<sup>132</sup> <https://www.arabnews.com/node/1267466/amp> accessed on 18 November 2022

China's stated objectives, in [the] White Paper, of developing strategic missile and spacebased assets and of rapidly enhancing its blue-water navy to conduct operations in distant waters, as well as the systematic upgrading of infrastructure, reconnaissance and surveillance, quick response and operational capabilities in the border areas, will have an effect on the overall military environment in the neighbourhood of India... [China's] military assistance and cooperation with Pakistan and other countries in our neighbourhood, as well as the possibility of enhancing connectivity with Pakistan through the territory of Jammu & Kashmir, illegally occupied by China and Pakistan and with other countries will also have direct military implications for India. India will engage China to seek greater transparency and openness in its defence policy and posture, while taking all necessary measures to protect the national security, territorial integrity and sovereignty of India<sup>133</sup>.

Chinese media has begun to question Gwadar's economic benefits to China, mainly due to the port being unable to handle China's oil import demands and the higher cost of transporting oil via pipeline<sup>134</sup>. It is estimated that it is four to five times more costly to send oil over land from Gwadar to Xinjiang than by sea to Shanghai. Economically it makes little sense to choose a more costly route to import oil, but viewing it through a security lens it makes sense to ensure access to vital resources. China has built a network of pipelines along with the plan to create oil transporting infrastructure in Gwadar because of a perceived security vulnerability the Chinese call the Malacca Dilemma.

A larger issue is the status of Gwadar port, whose operations have been taken over by a Chinese State Owned Enterprise (SOE), the COPHC. Considering the viability of Gwadar as a commercial port, with or without the CPEC, seems to beg the question that 'what are the Chinese doing here, in the back of beyond?' The only value that Gwadar has is its strategic location in the proximity of the shipping lanes emanating from the Straits of Hormuz. The absence of any commercial activity after the symbolic movement of two ships, to dispatch the Chinese and Pakistani cargo

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<sup>133</sup> Ministry of Defence, Government of India, Annual Report 2008-09, p.6

<sup>134</sup> <http://www.globaltimes.cn/content/1019840.shtml> accessed on 12 August 2022

brought in by a convoy, clearly shows the near impossibility of Gwadar as a commercial port, at least till the Pakistani economy comes out of the doldrums. The provision of more than 2200 hectares of land to the COPHC, ostensibly for setting up a Free Zone, is another indicator of the ‘not-so-commercial’ intentions of the Chinese. The Chinese are not altruistic by nature and such expenditure, as is being currently incurred by them at Gwadar, cannot generate commercial profit, at least not in the near to medium term. Gwadar is, therefore, a strategic investment whose real estate is intended for utilisation for larger-than-commercial reasons which are not too difficult to guess.

China’s collusion with Pakistan, on a number of issues which are inimical to India’s interests, lends further credence to this possibility. With increasing Chinese surveillance effort in the IOR, the likelihood of sharing operational intelligence with the Pakistani armed forces also cannot be ruled out. The nuclear rivalry between Pakistan and India and the ongoing Sino–Indian border tensions contribute to the assessment that geo-positional balancing in Gwadar is a strategy which is intended to serve China’s long-term security interests in the sense of what China terms ‘active defence’

Major security implications arising from CPEC are discussed in subsequent paras:-

#### **5.7.1. Violation of India’s Sovereignty**

CPEC looms in on the sovereignty and security of India. China continues to indirectly questioning India’s sovereignty over Jammu and Kashmir by issuing stapled visas to residents of the state or those associated with it officially (a practice China states it will discontinue but the political point has already been made), China deals with PoK and the Gilgit-Baltistan (GB) area as if the Pakistani sovereignty there is undisputed and secure. It is getting involved in massive road-building and hydel projects, disregarding Indian objections<sup>135</sup>. The CPEC has monumental implications for India. It limits India’s choice with regard to retaliatory action against Pakistan’s perseverance with proxy war by way of cross border

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<sup>135</sup> Lt Gen Gautam Banerjee (2017). *Strategic Discourse on the People’s Republic of China: Military, Power and Politics*, p.8

terrorism. Given the strategic compulsions, China will be hypersensitive about the security of ‘economic corridor’ running through the stretch of Pakistan. The corridor will lead to further integration of northern areas into Pakistan and facilitate their annexation. Even Chinese presence may become a permanent feature, creating a possibility of future claims by Chinese for the strategically important areas of Gilgit-Baltistan. This will complicate resolution of Kashmir dispute for decades to come and become a security problem in perpetuity for India.

### 5.7.2. Strategic location of PoK

The selection of PoK for developing CPEC yields strategic advantages to China and Pakistan. It will extend China's geographical reach within Pakistan, allowing the PLA to reach extremely close to India's Northern and Western frontiers.

*Map 5.1 : Strategic location of PoK*



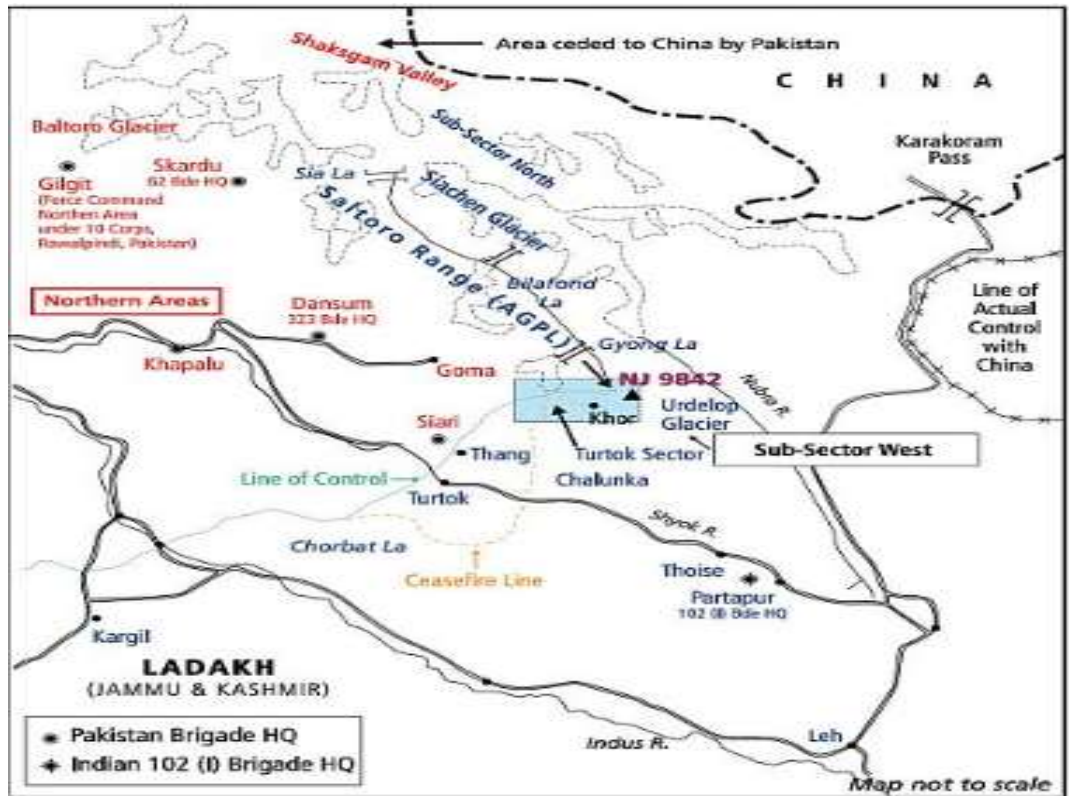
Source: <https://dayandandnene.blogspot.com/2021/08/2-creation-of-pakistan-occupied-kashmir.html?m=1> accessed on 30 September 2022

Ladakh is crucial for upholding Indian presence on the Siachen Glacier since it allows a physical route to the frozen battlefield and connects it with the rest of the country. West of the Siachen glacier, across the Saltoro Ridge lies Pakistan

controlled Gilgit- Baltistan and to the East of it lies China-occupied Aksai Chin. India has managed to keep China and Pakistan apart by keeping its presence on the Siachen glacier. These infrastructure projects under CPEC will consolidate China's control over PoK to tie India down in the region. Gilgit, due to its geography provides natural cover to military installations such as missile sites and tunnels thereby increasing the joint capacity of China and Pakistan for allowing them to undertake collective attack against India. Questioning and contesting India's legal status in J&K serves the Chinese objective as it puts India on the defensive and erodes its *locus standi* in challenging Pakistan's illegal possession of PoK and GB. With its new stakes in mind, China aims to become an inescapable factor in any India-Pakistan final settlement of the Kashmir issue, with the objective, in such an eventuality, of denying India any future role in the Pakistani-held territory. Moreover, by entrenching itself in this region firmly, China would want to be able to protect its strategic investment in it, should the Pakistani state slide increasingly towards failure. China will not make such large investments in the PoK if it did not intend to eventually protect them diplomatically and if required militarily thus implying strategic location and importance of PoK for China.

### 5.7.3. Siachen Dilemma

*Map 5.2 : Siachen Glacier and Zone of Conflict*



Source: <https://images.app.goo.gl/dVcEtEN4AD3XAFps6> accessed on 15 January 2022

The linking of Karakoram with Gwadar, both having commercial and military significance, can potentially act as strategic choke points with regard to India. The Karakoram ranges in the North also form the de facto border along which runs the Line of Actual Control (LAC) with China. As China has already built 36 Kms of road in the Shaksgam Valley and most probably PLA will link the G-219 (Lhasa-Kashgar) highway to Karakoram Pass, through the Shaksgam Pass. This will enable the PLA to put pressure on the Daulat Beg Oldi (DBO) defences from the North. Once DBO is secured by the PLA, the route to Siachen via Sasser La Murgo-Sasoma, (Base on Nubra River just south of the Siachen base) can be reached in no time.



#### **5.7.4. Tactical Threat**

The CEPC and infrastructure development also manifest in terms of tactical threat to Ladakh areas. It provides well-developed infrastructure connectivity to Shaksgam Valley and threat manifesting from that direction. China is apprehending to threaten Siachen and Sub Sector North (SSN) to have connectivity to Shaksgam Valley from its Western highway. Infrastructure build-up facilitates the rapid deployment of integrated forces and the concentration of field formations in comparatively shorter time-frames and consequently, over shorter warning periods. The overall conventional operational capability of the Chinese and Pakistan army will directly impact conventional deterrence in the strategic context amid the emerging spectrum of conflict, which is becoming far more asymmetric and which requires a range of capabilities.

#### **5.7.5. Two Front Threat**

“Collusive threat” from China and Pakistan to India implies both countries acting in secret to achieve a “fraudulent, illegal, or deceitful goal” or being engaged in secret or hidden avowed goals vis-à-vis India. “Collaborative threat” implies a joint threat by working together. Basically, that would cover overt as well as covert threats to India from the China - Pakistan nexus<sup>136</sup>. During the Kargil conflict, the Chinese PLA had enhanced its level of activity and presence along the LAC in Ladakh and opposite Arunachal Pradesh, indicating a demonstrative posture. Reports in 1999 indicated deployment of additional PLA troops opposite Arunachal Pradesh and major Chinese patrolling activities at Demchok in eastern Ladakh, Trig Heights in Ladakh, Pangong Tso (in Ladakh) and Chantze (in the West Kameng district of Arunachal Pradesh).<sup>137</sup> With the enormous strategic significance of the CPEC, the entire strategic calculus about J&K has undergone a paradigm shift. Considering the overall strategic scenario, any conflict in future may well develop into a joint, two front offensive by Sino-Pak against India, with J&K becoming the focal point. The

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<sup>136</sup> General V P Malik, PVSM, AVSM (Retd) (2014). *A Comprehensive Response Strategy to a Collusive and Collaborative Threat from China and Pakistan*, p.2

<sup>137</sup> Monika Chansoria (2020). *Territorial Revisionism via Belt and Road Initiative: Implications of the China-Pakistan Economic Corridor on South Asia's Conventional Deterrence*, p.68

corridor will enable much faster and enhanced military build-up of Pakistan's Army, complementing China's military designs with the aim of outflanking India. The corridor has facilitated the infrastructural development and logistics preparations especially along the Northern and Western front, enhancing their reaction capability manifolds. Construction of major civil, energy and military infrastructure projects under the CPEC, which runs through Pakistan-occupied-Kashmir and Gilgit-Baltistan, India's strategic-security context faces the collusive presence and challenge of China and Pakistan.

#### **5.7.6. Pak as Proxy**

Pakistan has been a willing pawn in China's hands to thwart India's ambitions and keep it boxed in South Asia. Without being seen as confronting India directly and generating an atmosphere of open hostility – which does not suit its strategy of presenting its rise as peaceful – it lets Pakistan do this. By making Pakistan nuclear and giving it weapon delivery capability, China has neutralised India strategically within South Asia itself. Pakistan has been given the means to continue its politics of confronting India without India being able to retaliate militarily even though it enjoys conventional military superiority. By building up a countervailing military power in India's neighbourhood, China has used Pakistan to prevent India from exerting its leadership role even within South Asia. Chinese strategic interest will enhance with fructification of CPEC and therefore China is likely to propel Pakistan as a low cost deterrent to India. Its support to Pakistan both overt and covert, in the form of infrastructure development, provision of military hardware and even its own presence in the region is likely to further embolden Pakistan, in its nefarious designs. This may result in increase in Pakistani sponsored terrorism and proxy war in India, keeping India engaged in resolving its Externally Stimulated Internal Problems.

#### **5.7.7. Militarisations of India's Neighbourhood**

India's strategic and national interests are closely linked to peace and stability in IOR. However, her immediate neighbourhood, Pakistan is witnessing unprecedented militarization due to Chinese support in the form of military

technology, fighter aircraft, warships and submarines. The fact that China is largest arm exporter to Pakistan further heightens India's security concerns. The Indian military strategy must be built on self-reliance, regardless of the value given to it.

#### 5.7.8. Enhanced Air Threat

PLA Air Force (PLAAF), opposite J&K sector, suffers from the downside of having just two main airbases, at Kashgar and at Khotan which are eight hundred and six hundred kilometre away respectively from the nearest Indian air bases.

**Map 5.3 : Enhanced Air Threat of PoK**



Source: <https://images.app.goo.gl/UjS1vQVDbZBF6JZo6> accessed on 10 July 2022

However, China with its increasing military presence in Gigit- Baltistan can overcome this drawback, by utilising Pakistani bases in the region namely Gilgit, Chilas, Skardu, Chitral and Muzzafarabad. Consequently, Indian intelligence agencies will have to keep a stringent lookout on these infrastructural developments

taking place at PoK air bases to analyses the tones of any Pakistan Air Force (PAF) and PLAAF nexus fruition.

China has also built 16 airstrips all along Karakoram Highway, mostly for military operations. This would be important for enhancing Pakistan and China's strategic airlift capabilities and ensure smoother logistical support. In the future instance of an India-Pakistan war, China can launch a pincer attack to threaten India and trap its armies in the Ladakh region<sup>138</sup>.

#### **5.7.9. Region of Instability**

With Chinese military presence both in Gilgit- Baltistan as well as Gwadar, this could well become a region of instability due to conflicting interests of China, USA and India. Instability can impinge upon India's growth prospects. Many Islands of Lakshadweep are located in the Arabian Sea and India has been actively constructing many economic zones, exclusive export zones and naval bases in the Arabian Sea. Moreover, the assertiveness with which China has acted in the South China Sea can be a reference for India that if China establishes a footing in the Arabian Sea and hence in the Indian Ocean via Gwadar, it may make national interest claims in India's maritime region as well leading it to the instability and tensions in IOR.

#### **5.7.10. Alternate Routes for Induction in PoK**

With CPEC infrastructure projects, Pakistan is expanding the network of feeder roads and bridges in the peripheral valleys of strategic important Gilgit- Baltistan. As alternate routes develop, its own vulnerabilities will reduce, as it will be able to bypass sensitive choke points and high value infrastructural targets for air interdiction. These developments will improve accessibility to its military bases along LC and enhance its ability to carry out swift and deep operations into Kashmir valley and Ladakh.

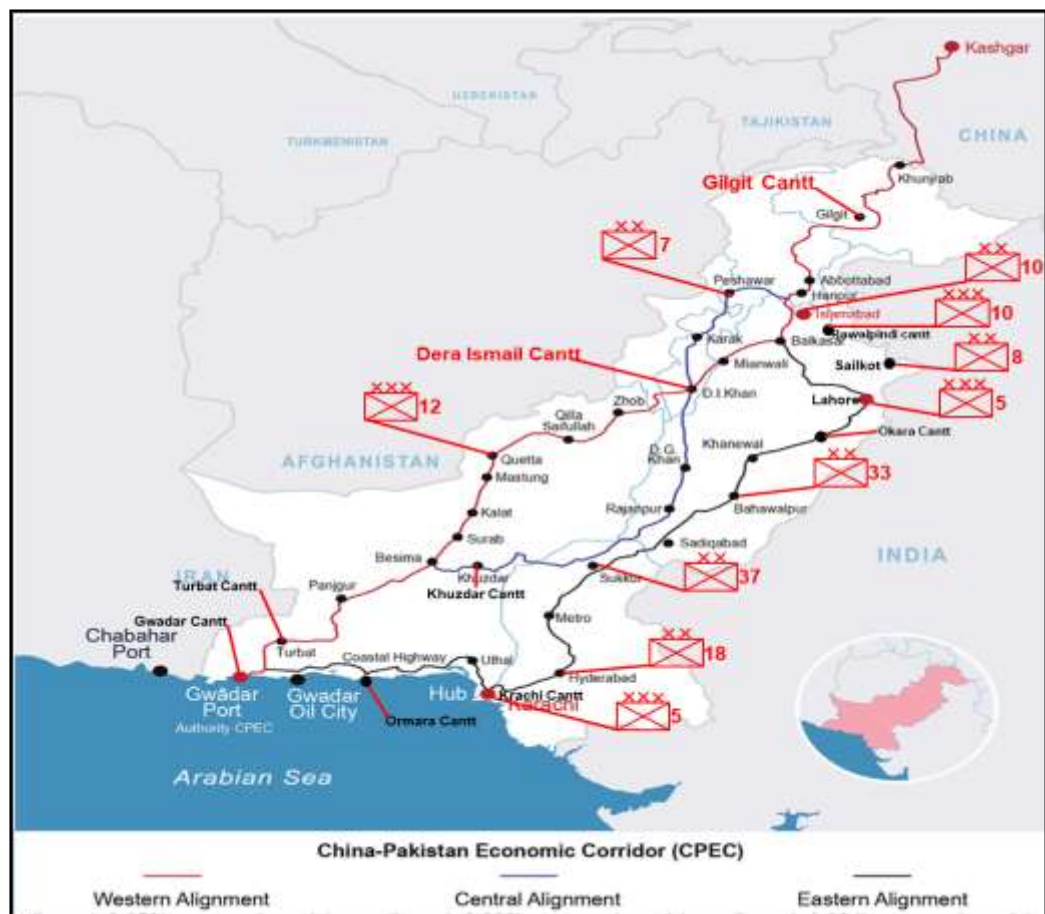
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<sup>138</sup> Rohini Saini (2021). *CPEC: Exploring Pakistan as a Reliable Partner for China and its Implications on India*, p.446

### 5.7.11. Reduced Mobilisation Timings for Pakistan Army

Critical analysis of upgradation of railway lines as part of CPEC points out to some strategic dividends that Pakistan army will accrue. Railway line connecting Karachi, Mirpur Khas, Lodhran, Multan, Lahore and Rawalpindi is the one running along the complete western border and joining all military cantonments and important bases via high speed rail link.

*Map 5.4: CPEC Alignment and Pakistan Military Bases*



*Source: Drawn by the Scholar*

Other important places like Peshawar, Dera Ismail Khan, Quetta and Jacobabad are being connected to this main link via feeder and small railway link. These infrastructure assets along with improved road network will greatly assist in swift mobilisation of Pakistan forces towards border areas. Eastern alignment of CPEC running along Indian border entails up gradation of various roads and it assists

military since many formation and cantts along Indian border are covered and connected with Eastern alignment of CPEC. Similarly, Western and Central alignment of CPEC is connecting several military formations and cantts thereby assisting swift mobilisation of forces.

#### **5.7.12. Influence in IOR**

The Indian Ocean is at the centre of major geopolitical competition, with important sea lines of communication. The ocean is also rich in natural resources, with fishing, offshore oil production and aquaculture industries. The most important concern point is with respect to the suspicion that China's voracious appetite for worldwide ports – building, buying or operating them – is anything but benign, particularly taken in the context of China's military modernization program and the development of its globally deployed navy. Will the array of Chinese-owned or operated ports, particularly those along the Indian Ocean, be strung into a powerful chain of fortified military bases to support China's maritime war-fighting capabilities. China's one acknowledged overseas military base, the PLA's Djibouti Logistic Support Facility, sits at the entrance of the strait linking the Indian Ocean with the Suez Canal through which European markets can be accessed. Sri Lanka's Hambantota Port, a landmark BRI project, is bypassed by shipping traffic despite years of investment and is not even expected to make a profit for years, if ever. Similarly, the Gwadar Port in Pakistan, situated along China's oil lifeline to the straits of Hormuz and the Persian Gulf, has conspicuously failed to attract commercial ships sufficient to make the port financially viable<sup>139</sup>. If such BRI projects are not driven by commercial logic, then what is the real rationale behind China's development of infrastructure assets in the Indo-Pacific? Could they be Trojan horses to be leveraged by Beijing and the PLA to advance strategic and defence priorities. Gwadar in conjunction with the emergence of various 'Strings of Pearls' all along IOR, will enable China to contain India. China would be in a position to dominate India, both on land and sea, if it perceives any rivalry from India. In future, China can plan an aircraft carrier group or/and a nuclear submarine

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<sup>139</sup> Daniel R. Russel and Blake H. Berger (2020). *Weaponizing the Belt and Road Initiative*, p.9

operating from Gwadar, establishing itself as a regional power and threatening India's maritime interest in IOR. India has serious concerns about China's increasing activities in the Indian Ocean, where Chinese research vessels and fishing boats have been seen regularly, including in Indian EEZ. These research vessels are used for surveying various oceanic parameters, which may assist PLA Navy in undertaking submarine operations in the future.

#### **5.7.13. Indian Hormuz Dilemma**

With China's permanent naval presence at Gwadar, being only one hundred eighty nautical miles from the exit of the Straits of Hormuz, both China and Pakistan would be in a position to interdict Indian tankers passing through these straits. 70% of India's oil requirements are routed through the Strait of Hormuz, thus this could well become Indian version of the Malacca Dilemma, which could adversely affect its energy security and have a bearing on its growth prospects.

#### **5.7.14. Targeting Dilemma During Maritime Conflict**

In any future Indo- Pak conflict scenario, presence of Chinese Naval vessels both military and civil at Gwadar would severely restrict Indian Navy's targeting options, even Karachi may become a difficult preposition for targeting by Indian naval ships.

#### **5.7.15. Listening Posts**

China has set up electronic eavesdropping posts at Gwadar, enabling it to monitor maritime traffic through the Strait of Hormuz and the Arabian Sea. It would be in a position to monitor Indian naval activities in Arabian Sea, US activities in Persian Gulf and future Indo - US maritime cooperation in IOR. Enhanced presence of PLAN at Gwadar poses direct security threat to Indian Navy and also provides China with an opportunity to monitor Indian Space and missile programmes. Therefore, China's ability to get more access to the Indian Ocean through the port of Gwadar is detrimental to the commercial and strategic interests of India.

#### **5.7.16. Sino - Pak Military Nexus**

China has played a major role in the development of Pakistan's nuclear infrastructure. In 1990s, China designed and supplied heavy water Khushab reactor, which plays a key role in Pakistan's production of plutonium<sup>140</sup>. There have been reports that the Pakistani Army and other players within the country are dissatisfied with the pace of progress and that the many political tensions are persuading some of the necessity for the Army to take over its implementation. Therefore, the concerns within Pakistan are that the slow pace of implementation of the CPEC might cause the Chinese Government either to dilute its commitment to the project, or to support the Pakistani army's taking over the implementation of the project, thereby further weakening the elected civilian government. The weakening of Pakistan's civilian government is a concern that extends to India, given that there are more avenues for interaction and cooperation between India and Pakistan when a civilian government is in power in Islamabad than otherwise. Were China to support a broader role for Pakistan's army in the name of the efficiency of the CPEC, not only would it destroy the civilian initiative necessary for the long-term success of the CPEC, it would revive fears in India of a Sino - Pak military nexus in operation against India.

#### **5.7.17. Terrorism from Economic Failure**

Pakistan is increasingly coming under Chinese debt. With economic slowdown and inability to pay back might lead to economic crisis which may further lead to increase in unemployment. This huge unemployed youth will be a ready force for terror outfits to induct them into terror training camps. These increase numbers of terrorists will be a cause of concern for India and possess a great security threat.

#### **5.7.18. Strategic Threat**

There are apprehensions that terrorist activities will be motivated and will grow more easily due to CPEC because increasing activities along the Indian border will also make PoK more suitable to trespass by terrorists. Recently, the Taliban has

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<sup>140</sup> General V P Malik, PVSM, AVSM (Retd) (2014). *A Comprehensive Response Strategy to a Collusive and Collaborative Threat from China and Pakistan*, p.2



also joined CPEC<sup>141</sup>, with Kabul likely to join the axis, the military threat will convert into a strategic threat. On 1 January 2022, China's new land border law came into effect. Although the new law is not India specific, through this law, China may be demonstrating its intent to resolve border disputes on advantageous terms. It is possible that China is endeavouring to change territorial disputes into sovereignty issues, potentially creating conditions for a militarised solution to its boundary disputes<sup>142</sup>. The law prohibits the construction of permanent facilities 'near' China's border without permission from Chinese authorities. The vague wording could be interpreted to include both sides of the border, creating the potential for additional friction. Though China have had a head start in rapidly creating infrastructure in the border areas, India is also fast catching up. A series of India-China border roads (ICBRs), opening up of the Atal tunnel and number of tunnels, bridges and overpasses, have ensured that even the Indian Armed Forces have the potential to mobilise faster as compared to yesteryears. In fact, the rapid construction of infrastructure by India is alluded to (unofficially) by China watchers as one of the reasons for China's attempted land grab in 2020. Further construction by India may be used as a ruse by a belligerent PLA to create incidents on the border with potential to spill-over into an armed conflict.

#### **5.7.19. Operational Synergy**

The implications of China's outsize contribution and influence over Pakistan's military force structure are important: as one Pakistani analyst noted, "Commonality of platforms might lead to commonality of doctrines and operational plans. China-Pakistan arrangement appears similar to the way the United States approaches technical interoperability with partners: beginning with standardization and compatibility to facilitate joint activity in future military contingencies. In return for offering advanced technology and generous financing, China might also begin to expect more of Pakistan than it has in the past, potentially in the form of collaboration and geographic access to secure its interests in the Indian Ocean.

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<sup>141</sup> <https://www.aninews.in/news/world/asia/china-pakistan-include-taliban-ruled-afghanistan-in-belt-and-road-initiative20230510165437/> accessed on 12 May 2023

<sup>142</sup> Jain, A. (2022). *China's Strategic Challenges to India*, p.121

Certainly China can be confident its Pakistani partners have the enabling conditions for such collaboration—that is, compatible equipment and networks of communications and information systems.

#### **5.7.20. Power Projection**

Beyond arms sales and exercises, there is the question of how China might leverage its relationship with Pakistan for power projection in the future. Countless reports have speculated about the prospect of a Chinese air and naval base on Pakistan's western coast. Conventional wisdom has it that India can be worried about CPEC at its two ends: Gwadar, where the Chinese are building a maritime presence, and Pakistan-occupied Kashmir, where Pakistani and Chinese territorial and military frontiers are merging.

#### **5.7.21. Negotiation of Disputed Territory**

The border issue is at the core of India's mistrust of China and the uncertainty about its future intentions. Two large rising countries having an unsettled 4,000 kilometres plus long border between them, is a recipe for instability, tensions and even conflict. China is deliberately keeping the border issue unresolved so that it can continue to serve as a pressure point on India. It has kept changing its position on possible solutions, entailing India into interminable discussions of principles and guidelines that it interprets as suits its interests. China protests if international institutions fund even minor development projects in Arunachal Pradesh on the ground that it is disputed territory, but does not apply its own logic to the development projects of magnitude that it is funding in the PoK.

China's declared intention of formalising its 'covert and creeping claims' on sovereign Indian territory has been made clear with the ratification of the Land Boundary law, which will come into effect from 01 January 2022. This is not the first time that China has attempted to unilaterally impose a domestic law onto international 'subjects'. The land boundary law aims to make all of China's territorial claims valid with the stroke of a pen, notwithstanding the complicated and give-and-take scenarios understood to be the hallmark of successful boundary negotiations.

China's illegal claims on the entire state of Arunachal Pradesh, which it sees as a part of South Tibet, will be made 'legal' and 'tenable' once this law comes into action, enabling China to use the full might of its military machine and state apparatus to justify an audacious land grab, reminiscent of colonial times. The law emphasises the role of Chinese citizens and civilian institutions in supporting the PLA and the People's Armed Police (PAP) — most likely a hangover from the pre-existing military-civil fusion (MCF) strategy. The concept of 'mass defence groups' has been enunciated. These will support border defence missions. Most likely, this will mean the enlisting of Chinese citizens in information collection, maintain law and order and assist in territorial defence. China has already made a start by constructing 'Xiaokong' or model villages in the upper Subansiri valley, a disputed region between India and China but in China's possession since 1959. 28 Once constructed, number of Han Chinese from China interior will be settled in these villages, whose security will then be the responsibility of the China's border guards and PLA. In fact, this boundary law is the physical manifestation of a long-standing Chinese ploy of using 'lawfare' for gaining territorial concessions. By creating facts on the ground, such as the artificial islands in the South China Sea and now along the India- China border, China is daring countries to displace these realities and initiate a conflict. Making a big swipe at other countries' territory under the garb of a 'law', enables the entire Chinese Comprehensive National Power (CNP) to be brought to bear on the country whose territory it covets. The justification of 'throwing out the infiltrators' can be used for legalising its imperialist act<sup>143</sup>.

Releasing of 2023 series map by China, it is using its growing influence to start negotiating the recovering of Indian territories that it claims namely Aksai Chin, Arunachal Pradesh & Sikkim. This also positions China to play a role in Kashmir and the region. Development of CPEC through disputed territories of PoK and investment by China in PoK can further complicate the territorial issues and make it more challenging to recover/ Negotiate disputed land.

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<sup>143</sup> Major General Ashok Kumar, VSM (Retd) (2021). *Implications of China's Land Boundary Laws*, Pp 7-9

#### **5.7.22. String of Pearls**

China is building strategic relationships along the sea lanes from the Middle East to the South China Sea in ways that suggest defensive and offensive positioning. The specific “pearls” in the “string”, as originally articulated, consist of the Hainan Island, with its recently upgraded military facilities; an upgraded airstrip on Woody Island in the Paracel archipelago; the deep water port under construction in Burma; a proposed container shipping facility in Chittagong, Bangladesh and the naval base under construction in Gwadar, Pakistan. China was also consolidating its strategic posture in the Indian Ocean by helping Myanmar in augmenting its naval bases as also building new ones. Reports had also surfaced of Chinese investment in the modernisation of the Chittagong port but the project has not seen much headway, possibly because of Indian pressure on the Bangladeshi government. The Chinese investment in the Gwadar Deep Sea Port is another ‘pearl’ in the strategy. Pakistan has been an all-weather friend for the Chinese and has a deep strategic bond which has underpinned their relationship. Gwadar has helped the Chinese gain a foothold in the Indian Ocean from where they can deploy their navy. In fact, a number of Chinese naval ships, especially those deployed for anti-piracy missions, have frequently called at Karachi, either on their way in or when returning from their deployment. The utility of Gwadar for Chinese strategic requirements therefore cannot be understated. This will have direct security implications for Indian Navy, Indian strategic and National interests in IOR.

#### **5.7.23. Optical Fiber: Military Aspect**

The CPEC Fiber Optic Project in Gilgit–Baltistan provides a quantum jump in Chinese and Pakistani military capacities in order to connect ground surveillance to their command and control. The OFC project allows for sharing information in a secure manner. OFC gives tremendous capacity to carry digital data (including satellite imagery data) for military usage. OFC since is dug deep underground in the war zone area, therefore no amount of artillery shelling can interrupt/disrupt the smooth flow of information. Since OFC does not emit any electronic signals, it is not likely to be prone to any jamming or electro-magnetic interference and end-to-end

connectivity provides multiple options to connect large number of surveillance, display, steep-up and transmitting/receiving devices. Additionally, it is known that all Chinese PLA Air Force units present in the Tibet Autonomous Region are connected by satellite communication and that fiber optic communication is being steadily extended towards military installations along the Indian borders, with military regions being inter-connected through secure communications. This in turn ensures enhanced realtime command and control as well as sharing of information with Pakistan Army in case required. On the Eastern front, India's strategic situation remain grave with China's increasing military presence and capabilities in Tibet that adjoin the Eastern sector of India's borders<sup>144</sup>.

#### **5.7.24. Cyberspace and Outer Space Threat**

Components of the CPEC corridor also include navigation, remote sensing, weather, communication, data-relay satellites, ground stations and data centres. Applications include but are not limited to disaster relief, port operations, transportation, financial services, agriculture, and urban planning. With the recent completion of the 35-satellite Beidou system, China is in a position to provide this range of services and limit the use of GPS system. China has developed a fiber-optic cable network as part of CPEC, with SOEs, including Huawei and ZTE, playing a leading role in their construction. This growing space and digital component of CPEC has a commercial rationale and offers a number of potential benefits to Pakistan. At the same time, both the Digital Silk Road and the Space Information Corridor, which generate immense streams of big data, directly support the next-generation artificial intelligence technologies that China seeks to dominate. Beijing's access to and potential control of vast amounts of information have clear military and intelligence implications. The big data harvest can bolster the PLA's capabilities in what the military calls C4ISR – Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance. The use of the Beidou Satellite Network removes the PLA's vulnerability under the USA controlled GPS system and increases China's leverage over countries beyond the collection of data for any

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<sup>144</sup> Monika Chansoria (2020). *Territorial Revisionism via Belt and Road Initiative: Implications of the China-Pakistan Economic Corridor on South Asia's Conventional Deterrence*. p.71

military usage<sup>145</sup>. Pakistan is the first country permitted to use the Beidou Satellite Network's military functionality.

The challenge posed by CPEC for India, therefore lies not in enhanced PLA capabilities per se, but in Beijing's enhanced ability to project its sovereignty, rules or undue influence over disputed areas based on a unilateral assertion of core interests.

The Doklam incident further exacerbated Indian fears of Chinese encroachment into the IOR—fears that can be made reality through the BRI. A month into the Doklam crisis the Indian Navy reportedly observed at least 14 PLAN ships in the IOR, with Indian naval authorities remarking that 'Chinese activity in the Indian Ocean has touched a new high in recent months,' indicating concerns about connection between the PLAN presence and the border standoff. Indian concerns were warranted, especially given Beijing's unyielding stance and subtle threats to use force over Doklam. PLAN ships surged in the IOR between June–August 2017. Four distinct surface flotillas—including the 26th ETF—one submarine task unit, and two individual vessels, operated in the IOR. It was reported that most of the ships were missile-armed principal surface combatants capable of self-defence and limited offensive operations. China's naval force, if concentrated, could have posed a direct threat to IOR shipping<sup>146</sup>.

The Pakistan military's major defence equipment is increasingly sourced from China, especially the higher-end combat strike and power projection capabilities; and Pakistan continues to retire older US- and European-origin platforms. Beijing's and Islamabad's militaries, particularly their air forces and navies, are growing more comfortable operating together, potentially in preparation for future missions and some variant of PLA Navy basing on Pakistan's western coast in peacetime may be only a matter of time and could pave the way for basing or co-location of forces.

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<sup>145</sup> Daniel R. Russel and Blake H. Berger (2020). *Weaponizing the Belt and Road Initiative*, p.22

<sup>146</sup> Koh Swee Lean Collin. *China-India Rivalry at Sea: Capability, Trends and Challenges*, Pp 13-14

## **5.8. Conclusion**

China is investing in some countries with the highest risk of default, according to the Organization for Economic Cooperation and Development. If the primary BRI driver is economic, this debt risk makes little sense. The Chinese Communist Party derives much of its legitimacy on economic performance. Yet this is primarily driven by the desire to stay in power, not by altruism. The CPEC is not only the BRI's flagship project but it also plays a key role in Beijing's global ambitions. Viewing CPEC through a geographically- focused lens which evaluates Chinese motivations in terms of geo-positional balancing presents a unblemished picture of what CPEC is primarily envisioned to accomplish. Chinese interest in Gwadar and other IOR ports such as Kyaukpyu and Hambantota, is predominantly due to the strategy of geo-positional balancing with regard to India and augment maritime presence in IOR.

CPEC is more about bolstering China's position in Pakistan than about economic cooperation since commercial facilities could be swiftly flipped for military application. With the operationalisation of the CPEC, the whole security dynamics in the region will undergo an immense change which will also have adverse effect for India. Thus, CPEC itself establishes as an unblemished good for China and a bane in disguise for Pakistani Awam. The various dimensions of the corridor such as maritime encirclement of India, failure of Pakistan economy, violation of Indian territorial security and sovereignty and Chinese military presence in Pakistan are all severe threats for Indian security in the region.

The presence of the Chinese military in Pakistan does not fare well with Indian security on its Western borders. The CPEC can be seen as a platform that would allow China to increase its naval presence in the Indian Ocean and to enhance their geopolitical stake in the IOR. The Indian Ocean is a significant part of India's national interest and foreign policy. This would become a challenge to India's regional diplomatic and military capabilities.

## CHAPTER - 6

### SUMMARY AND CONCLUSION

The development of the CPEC is not only immensely important for the two immediate partners, Pakistan and China but also for the larger BRI. The CPEC is a significant bilateral agreement which has the potential to reconfigure the geopolitics of the Indian Sub-Continent. CPEC's potential impact on Pakistan has been likened to that of the Marshall Plan undertaken by the United States in post-war Europe. China-Pakistan Economic Corridor plan will help Pakistan to become one of the most strategically important countries in the region. It is the largest investment Pakistan has attracted since independence and largest by China in any foreign country.

#### 6.1. CPEC: Theoretical Perspective

The fluctuating strategic environment in Southern Asia is witnessing enhanced interactivity between politico-military-strategic and operational issues, by virtue of many projects. This includes, most prominently, the CPEC—a part of China's grand project, the BRI, which seeks to consolidate the China-Pakistan strategic relationship. *Arthashastra's* postulates have been extrapolated in the present era to understand the topic and offer a perspective through an indigenous strategic discourse on matter related to Indian security and of global relevance. The study of CPEC within the current global security environment has allowed Kautilya's teachings to be brought to life. Undoubtedly, within its strategic calculus, China has been successful in the context of what its policymakers set out to achieve. Analysis of China's mandala gives an insight into China's choices. Deciphering these choices within the Mandala made by China, it emerges that though militarily the state has not forged powerful alliances but it has secured strategic alliances to further its own ambition. The effective use of choices within *Mandala* theory and innate choice of *shadgunyas* and *upayas* juxtaposed with intelligent mix of covert and silent wars has allowed it to creatively exercise a variety of options.



## **6.2. CPEC Overview**

The CPEC project running through Pakistan in a linear fashion was launched in 2015 with the objective of linking North Western China to Southern Pakistan's Arabian Sea coastline. CPEC is a long-term project aimed at forming a network of roads, railways, optical fibres, as well as oil and gas pipelines from Gwadar port to the Kashgar city in the North Western part of Xinjiang Uygur Autonomous Region of China. The CPEC brings a dimensional shift in China-Pakistan economic and geopolitical relations.

## **6.3. CPEC: China, Pakistan and Indian Perspective**

Long-standing territorial and boundary disputes do not exist just between India and Pakistan, but also between China and India. China's leaders have continually framed the BRI as an economic cooperation initiative grounded in "win-win" cooperation that promotes world peace and development. Yet deep suspicion attaches to the BRI and to China's ulterior strategic motives. Some of the mistrust pertains to China's broader "great game." Policy analysts and China watchers regularly warn that the BRI is an effort to advance the CCP's ambitions to secure China's status as a hegemonic power<sup>147</sup>.

China has signalled that CPEC is a priority because it provides China with a direct connection to the Strait of Hormuz and the Arabian Sea. Geographically, CPEC moves from Xinjiang province of China and connects Kashgar with Pakistan at Khunjerab pass. From this mountain saddle by moving along the whole Pakistan's territory, China expects to reach the Gwadar port, an entrance to the Indian Ocean, Arabian Sea and Persian Gulf. The CPEC is also a major cornerstone in China-Pakistan strategic partnership. This project holds great promise for both China and Pakistan, since it will help both countries economically, politically, and strategically, particularly China.

All the CPEC-related political discourse from the Pakistani perspective revolves around two most frequently used terms: a "flagship project" of the Belt and

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<sup>147</sup> Daniel R. Russel and Blake H. Berger (2020). *Weaponizing the Belt and Road Initiative*, p.8

Road Initiative (BRI) and a potential “game changer” for Pakistan. Pakistan yearns for closer bilateral cooperation under the rubric of CPEC because Islamabad believes that CPEC is a monumental project for economic development. CPEC is seen as a ray of hope to save Pakistan’s failing economy as it is believed that the investments in the new network of roads, ports, and power plants would spur development and improve Pakistan’s macroeconomic condition.

The politico-military equation between Pakistan and China can best be described as strategically complimentary. In the cases of both, China and Pakistan, the role of the military in the affairs of the state remains vital. The authoritarian political-military partnership is found predominantly in communist states or countries with authoritarian political control. Power is concentrated in a single party, or in an individual, or group of people, who dominate the political system – as in China, where the People’s Liberation Army (PLA) represents instruments of power, coercion and extraction. CPEC has undeniable economic and strategic importance for China and Pakistan.

If CPEC proves a success, India will have to face strategic, security and economic threats. First, India's claim over PoK and Gilgit Baltistan will be weakened in the international arena. Second, the PLA will continue to intrude eastern Ladakh in order to secure this crucial CPEC project. Third, the increasing concentration of PLA forces in Pakistan is posing a security threat to India's western borders. Fourth, CPEC will enable China to expand its naval presence and geostrategic stake in the Indian Ocean. This would put India's regional diplomatic and military capabilities to the test.

#### **6.4. CPEC: Security Implications for India**

It is hard to believe that the Chinese are seeking to expand infrastructure in Pakistan simply because they have surplus infrastructure capacity and are searching for new markets for their products. While there may be some truth to this, no one takes such huge investment decisions when global demand is slumping. The primary rationale for China's participation in Pakistan is obviously geopolitical rather than economic. The real objective is to balance India by building and maintaining a

Chinese presence in India's backyard. The whole approach may be summed up as geo-positional balancing, which seems based on ancient Chinese concepts of geographical space or strategic encirclement tactics employed in the Chinese game of weiqi.<sup>148</sup>

As far as regional geo-strategic calculations are concerned, the CPEC has emerged as a vital lynchpin among the variables of deterrence that India will seemingly have to cater to, ranging from conventional deterrence in the Indo-China border areas, to campaign planning for developing flexible deterrent operations (including joint operational planning). India is facing the growing complexity and pressure as it strives to ensure continuing and survivable deterrence at varying levels. The presence of China and Pakistan is becoming progressively compelling in so far as planning and achieving deterrence at operational levels is concerned. All this comes in the midst of a looming question—in a potential conflict/war scenario between India and Pakistan, would China open up a second front, even if it were to be restricted to a limited zone? Recurring Chinese transgressions in the border areas in India's North Eastern and Western theatre could well be part of a plausible military strategy to keep both fronts tactically active and build up tactical pressure on the Indian Armed Forces—thereby placing the existing conventional deterrence equations in South Asia under considerable strain. Not surprisingly, India's shift from a dissuasive deterrence posture, to one of credible deterrence is gaining traction. The spate of developments in India's Western theatre with Pakistan and Eastern theatre with China has added newer variables to the regional deterrence milieu.

CPEC's framework enhancing geographical linkages with improved road, rail, and air transportation system and frequent joint military exercises, such as well-advertised joint patrolling is likely to impact the operational military realities in the region substantially.

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<sup>148</sup> Rohini Saini (2021). *CPEC: Exploring Pakistan as a Reliable Partner for China and its Implications on India*, p.444

## CONCLUSION

Beijing's nominally commercial BRI investments, particularly in port infrastructure and digital projects, directly facilitate china's transition to a strong maritime power and provide the PLA with strategic assets to support its priorities. Despite its branding as an economic and development initiative, the BRI is in fact the embodiment of a whole-of-government effort to develop the "close coordination between military struggle and political, diplomatic, economic, cultural and legal endeavours" that Xi Jinping has called for to foster a strategic environment conducive to China's rise<sup>149</sup>. The CPEC is a very important infrastructure project for the long-term ambitions of the PRC. CPEC plays a fundamental role for the Chinese strategic interests, because the Pakistani port of Gwadar is one of the geographical points where both routes potentially converge. The importance of the Pakistani port of Gwadar is also evidenced by the recent project to build a Chinese base in Jiwani, only about 80 kilometres away to protect Beijing's large investment in the region.

Kautalya's ideas enumerated in the Arthashastra, although in different timeframe but give insight and clear understanding of geopolitics and international relations even in today's era.

From India's perspective, the CPEC enabled military posturing in the IOR, coupled with CPEC's exacerbated territorial and border disputes to the North, represents the geostrategic encirclement of India. The Doklam incident unfolded in the North with not only increased PLA posturing along India's northern border, but also in India's south throughout the IOR where an increased PLAN presence signalled it was ready to act if tensions exploded. Thus, to India, the CPEC represents a combination of geostrategic threats and security threats. Although the lineaments of a China-Pakistan military relationship have been strengthening over several decades, the relationship has significantly deepened over the past 10 years with respect to increased capabilities and mutual support activities, and potential

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<sup>149</sup> Daniel R. Russel and Blake H. Berger (2020). *Weaponizing the Belt and Road Initiative*, p.42

interest in basing and colocation of forces. As a result, the relationship between the two countries may now constitute a “threshold alliance,” despite China’s avoidance of the term “alliance”. The latent capacity of the China-Pakistan military partnership—measured in terms of arms transfers, military exercises, and basing prospects—advances both countries’ peacetime interests, but also allows the option of burden sharing and interoperability in a crisis. If either country’s political calculus changes, most of the material and technical conditions for an alliance may already be in place.

CPEC’s framework enhancing geographical linkages with improved road, rail, and air transportation system and frequent joint military exercises, such as well-advertised joint patrolling is likely to impact the operational military realities in the region substantially. The joint exercise undertaken by the frontier defense regiment of the PLA and Pakistan’s border police along the stretch of the border connecting Pakistan-occupied-Kashmir and Xinjiang in July 2016 remain of particular concern from an Indian standpoint.

The CPEC has played a vital role in strengthening the strategic alliance between Pakistan and China, not merely in economic terms, but more so in military terms, thereby placing pressure on the existential conventional deterrence status. The spectrum of threat is becoming far more complicating and challenging for India, especially when it comes to maintaining a balance of power owing substantially to the China-Pakistan equation today. With the operationalisation of the CPEC, the whole security dynamics in the region will undergo an immense change which will also have adverse effect for India. India should take proactive measures to counter the effect before the adverse impacts are felt throughout the length and breadth. The manifestation of threat will have long term impact on security environment.

The CPEC can be a serious challenge to India’s political, strategic and economic interests, if it becomes a reality. Conventional wisdom has it that India can be worried about CPEC at its two ends: Gwadar, where the Chinese are building a maritime presence, and Pakistan-occupied Kashmir, where Pakistani and Chinese territorial and military frontiers are merging. CPEC looms in on the sovereignty and

security of India. Since the inception of the corridor, the concentration of PLAs troops is only on an upwards swing exhibiting rising militarization of the area. The presence of the Chinese military in Pakistan does not fare well with Indian security on its Western borders. The CPEC can be seen as a platform that would allow China to increase its naval presence in the Indian Ocean and to increase their geopolitical stake in the IOR. The Indian Ocean is a significant part of India's national interest and foreign policy. This would become a challenge to India's regional diplomatic and military capabilities.

Integrating the civilian and military sectors is a pillar of China's defence policy strategic framework. It allows China to obtain benefits from national defence resources in peacetime and from civilian infrastructure projects in the event of conflict. Given that Xi Jinping has championed the "unified military-civil system of strategic capability,"<sup>150</sup> it should come as little surprise that major components of CPEC infrastructure, including the port-park-city model, the Fibre Optics project and the CPEC's rail/ road infrastructure, are designed with dual-use features that bolster a range of potential military operations and intelligence capabilities.

### **Implications and Significance**

The implications and significance of this research are numerous and far-reaching, providing valuable insights into the CPEC's current state and future prospects, its impact on the Indian Sub-Continent. Firstly, the findings of this study highlight the complex and often competing interests that exist in the Asian region and the need for careful consideration of these interests by all stakeholders.

The results of this thesis have important implications for policymakers, particularly those who are tasked with determining the country's approach to the CPEC and its impact on India's security interests. The research suggests that a cautious and strategic approach is needed, focusing on supporting regional stability and India's strategic interests including IOR. Additionally, this thesis significantly contributes to the academic discourse on international relations, particularly on the

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<sup>150</sup> Alex Stone and Peter Wood (2020). *China's Military-Civil Fusion Strategy: A View from Chinese Strategists*, p8

CPEC and its impact on India. Using a multi theoretical approach and a combination of quantitative and discourse analysis methodologies adds to the existing body of knowledge and provides a nuanced understanding of the motivations and perspectives of different actors involved in the CPEC.

The thesis concludes with the security implications for India including interests in IOR. The results of this study provide a valuable framework for understanding the CPEC from theoretical perspective including *Arthashastra*, overview of CPEC projects, Chinese and Pakistan's interests including strategic gains and finally security challenges posed by the CPEC.

### **Recommendations**

Based on the findings of this thesis, it is recommended that India take a proactive approach to the CPEC. While the CPEC has the potential to bring economic benefits to Pakistan, there are also significant risks to regional stability and security, which must be considered.

On the other hand, there are concerns about debt sustainability and the potential for CPEC projects to be used as instruments of political and economic influence. Regarding security considerations, India should work with other nations in the Asian region to promote stability and address potential risks. Additionally, India should engage in a comprehensive review of its military capabilities, including modernisation and force posture, to ensure that it is well equipped to respond to potential security threats that are presented.

The research was aimed at identifying the strategic and security implications of the CPEC on India. With the operationalisation of the CPEC, the whole security dynamics in the region will undergo an immense change which will also have adverse effect for India. CPEC itself establishes as an unblemished good for China and a bane in disguise for Pakistani Awam. The various dimensions of the corridor such as maritime encirclement of India, failure of Pakistan economy, violation of Indian territorial security and sovereignty and Chinese military presence in Pakistan are all severe threats for Indian security in the region. The manifestation of threat

will have long term impact on security environment. An analysis of the implication of CPEC proves that it will have security implications. The research has reached the conclusion that the hypothesis stands completely validated in that development of CPEC which involves linkage of Gwadar Port to Kashgar via Karakoram Highway will have security implications for India.



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2. Presented paper on *Kaladan Multimodal Transit Transport Project: India's Act East Policy to Balance Chinese Influence in South East ASEAN* during National Seminar organized by Department of Political Science, University, Mizoram on 24 and 25 November 2022.

### Publications

1. Ajay Kumar Tomar. (2024). *Chinese Developments in Indian Subcontinent: An Analysis from Security Prism* (588 – 595). *International Journal of Advanced Research (IJAR)*. Int. J. Adv. Res. 12(05), 588-595. Article DOI:10.21474/IJAR01/18756. DOI URL: <http://dx.doi.org/10.21474/IJAR01/18756>
2. Ajay Kumar Tomar. (2024). *Chinese Foreign Investment in Asia: Analysing the Common Denominator*. *Contemporary Social Scientist* (A National Referred Bi-Annual Journal). Volume 15 Issue 1 Summer 2023. ISSN No: 2230 - 956X.




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Title of the Thesis	: China Pakistan Economic Corridor: Strategic and Security Implications for India
Date of Admission	: 11.08.2021
Approval of Research Proposal :	
1. DRC	: 25/03/2021
2. BOS	: 12/05/2022
3. School Board	: 25/05/2022
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