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# 1. BRI / OBOR: Its Regional and Global Dimensions

China's Belt and Road Initiative (BRI) is an ambitious program to connect Asia with Africa and Europe via land and maritime networks along six corridors with the aim of improving regional integration, increasing trade and stimulating economic growth.

The name was coined in 2013 by China's President Xi Jinping, who drew inspiration from the concept of the Silk Road established during the Han Dynasty 2,000 years ago – an ancient network of trade routes that connected China to the Mediterranean via Eurasia for centuries.

The BRI comprises a Silk Road Economic Belt – a trans-continental passage that links China with south east Asia, south Asia, Central Asia, Russia and Europe by land – and a 21st century Maritime Silk Road, a sea route connecting China's coastal regions with south east and south Asia, the South Pacific, the Middle East and Eastern Africa, all the way to Europe.

The initiative defines five major priorities:

- policy coordination;
- infrastructure connectivity;
- unimpeded trade;
- financial integration;
- and connecting people.

The program is expected to involve over US$1 trillion in investments, largely in infrastructure development for ports, roads, railways and airports, as well as power plants and telecommunications networks.

The BRI's geographical scope is constantly expanding. So far it covers over 70 countries, accounting for about 65 per cent of the world's population and around one-third of the world's Gross Domestic Product (GDP).

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## Overview

**The Belt and Road Initiative (BRI) is an ambitious effort to improve regional cooperation and connectivity on a trans-continental scale.** The initiative aims to strengthen infrastructure, trade, and investment links between China and some 65 other countries that account collectively for over 30 percent of global GDP, 62 percent of population, and 75 percent of known energy reserves. The BRI consists primarily of the *Silk Road Economic Belt*, linking China to Central and South Asia and onward to Europe, and the *New Maritime Silk Road*, linking China to the nations of South East Asia, the Gulf Countries, North Africa, and on to Europe. Six other economic corridors have been identified to link other countries to the Belt and the Road. The scope of the initiative is still taking shape—more recently the initiative has been interpreted to be open to all countries as well as international and regional organizations.

**The Belt and Road Initiative can transform the economic environment in which economies in the region operate.** Regional cooperation on the new and improved transport infrastructure and policy reforms could substantially reduce trade costs and improve connectivity, leading to higher cross-border trade and investment and improved growth in the region. For example, shipment times from China to Central Europe are approximately 30 days, as most goods travel by sea. Shipment times by train are about half as long, but given current infrastructure, much costlier. Hence, improving the capacity and network of rail infrastructure could radically change average travel times. And while rail transport will remain costlier than maritime for these routes, the time and cost reduction will have significant consequences for certain goods impacting the mode choice and total flows of international trade.

**However, there are significant economic and policy challenges, and the realization of the potential benefits of BRI is by no means automatic.** Policy reforms could have large effects. For example, Doing Business indicators show that in Central Asia it can take up to 50 days to comply with all procedures to import goods. It takes less than 10 in G7 countries, indicating the large scope for improvements at the border in the region. More generally, the return on



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investment in infrastructure is likely to be low or even negative unless complementary reforms are carried to improve institutions and the policy environment.

**For individual countries, it will be important to evaluate the possible effects of participating to the BRI and the needed policies and institutional reforms.** Some of the infrastructure and policy reforms envisaged by the BRI will be difficult to implement, creating risks ranging from fiscal sustainability, to negative environmental and social implications. There are also potential economic shocks created by the reduced trade costs that will require policies to deal with the adjustment and the lagging and negatively affected territories. Finally, opportunities for growth and poverty reduction will likely be contingent on appropriate macroeconomic conditions and supportive institutions and will differ for different countries and different social groups within countries depending on their comparative advantage, initial conditions and ability to reform.

**The World Bank Group is already deeply engaged in countries along the Belt and Road, based on the respective country partnership frameworks**. The World Bank Group has commitments of about US$80 billion for infrastructure in Belt and Road countries. The World Bank Group also has numerous projects addressing infrastructure, trade, and connectivity in its project pipeline. Furthermore, the World Bank Group helps countries address trade and connectivity issues by providing advisory services and analytics (ASA). The WBG engages through various channels: (i) convening; (ii) analytical and advisory services; (iii) project origination and preparation; (iv) project financing; and (v) implementation support.

**The World Bank Group is undertaking a study to analyze the economics of the BRI.** The research will be based on a series of ongoing and planned papers from the World Bank Group as well as partner organizations. The study is designed to help policymakers assess the effects of the BRI and to identify policies that will help maximize the benefits and mitigate the risks. It focuses on three main areas of analysis:

- An assessment of the *connectivity gaps* (e.g. transport, communications, trade, investment) in the broad BRI region.



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- An assessment of the *economic effects of proposed BRI infrastructure improvements*, including the impact on international trade, cross-border investment, allocation of economic activity, and inclusive and sustainable growth in the BRI countries.
- Identification of *complementary policies and institutions that will support welfare maximization* for all BRI countries, including, for example, trade, investment and procurement reforms, and social, environmental and governance safeguards.

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## China's BRI initiative hits roadblock in 7 countries

China's Belt and Road Initiative (BRI), which aims to build a trade and infrastructure network connecting Asia with Europe and Africa along the ancient trade routes of Silk Road, has hit a roadblock in seven countries, according to a recent report.

The Gwadar Port in Pakistan's Balochistan province is the venue of the USD 63 billion China-Pakistan Economic Corridor (CPEC). China is developing Pakistan's power plants, airports, highways and other infrastructure under the project. Also, Beijing aims to link its landlocked western region to Gwadar.

Despite this, some analysts have expressed concerns such as rising trade deficit of Pakistan with China. There are also doubts on how Islamabad will repay off its debt to Beijing if the former is unable to do so. Also, there are worries that the price of such investment can be a huge debt burden, according to the report by Nikkei Asian Review.

"The China-Pakistan corridor will no doubt be a game changer for Pakistan, but we need to be careful. Ten years' tax concessions, 90-year leases for Chinese companies and cheap imports will impact the competitiveness of existing domestic industries," Nikkei Asian Review quoted Ehsan Malik, the CEO of Pakistan Business Council, a business policy advocacy forum, as saying.

Nikkei Asian Review and The Banker magazine have published a detailed report on the status of the BRI projects in seven countries - Indonesia, Sri Lanka, Kazakhstan, Bangladesh, Poland, Laos and Pakistan.

The report also deduces the concerns of these countries ranging from a lack of participation by local workers and banks to unmanageable debts.
In Indonesia, the BRI project has been experiencing serious delays. Construction on a USD 6 billion railway line is running behind schedule, coupled with rising costs. This has been the same scenario in Kazakhstan and Bangladesh.

In terms of deficits, concerns have been raised about owing unmanageable debts to China in Sri Lanka, the Maldives and Laos, along with Pakistan.

As per the report, Beijing's massive economic project is also plagued with sovereignty concerns. In Sri Lanka, China's takeover of the Hambantota Port has raised eyebrows over the "loss of sovereignty."

In 2008, former Sri Lankan president Mahinda Rajapaksa had ordered the construction of the USD 1.5 billion Hambantota Port.

Colombo has granted a 99-year lease on the port to China Merchants Port Holdings in a bid to eliminate its debts. The first first phase of the project, which ended in 2010, costs USD 361 million. The Export-Import Bank of China financed 85 percent of the work during the first phase.

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The Sri Lankan Government found itself unable to repay its debts as the port's losses started piling up. The country had an external debt of USD 48.3 billion in 2017-end, and its annual external financing needs are USD 11 billion.

Colombo owes a debt of USD 8 billion to Beijing and is said to carry an interest rate of 6 percent, according to the report.

In 2009, Rajapaksa flagged off the construction of Sri Lanka's second international airport in Mattala, situated 20km from the port. Of the USD 209 million construction cost, the Exim Bank of China put up USD 190 million with a concessionary loan.

The Mattala airport is now known as "the world's emptiest international airport" since it has only four regular flights arriving and departing per week. The Sri Lankan government has plans to sell off the airport as it is mounting losses.

China is also constructing a USD 15 billion project to build "Port City Colombo" on reclaimed land in the Sri Lankan capital.

The first phase of the project, costing around USD 1.4 billion is being undertaken by a subsidiary of China Communications and Construction Co, which is also bearing the total cost of reclaiming 269 hectares of land.

In Indonesia's Bandung city, a 142 km-railway line connecting the city with the capital Jakarta, which was supposed to open next year, has experienced delays, the report notes.

According to local officials, in February, only 10 percent of the work has been completed so far. Also, a funding crunch is also starting to raise concerns over the financial health of Indonesian companies involved in the construction of the railway line.

Adding to the problems are paperwork and permit issues, which halted the project in its first several months.

Land acquisition has been painfully slow, as half of the total land has been taken so far. Rising land prices during delays have also led to the further hampering of the progress of the railway line.

The country's second BRI project is the Morowali Industrial Park on Sulawesi island, which already hosts Chinese nickel smelters and a stainless steel factory.

According to the report, an agreement totalling USD 1.6 billion was signed in Beijing last year that includes the construction of a carbon steel factory and a power plant.

Furthermore, Indonesia's Investment Coordinating Board has designated three provinces for investment purposes - North Sulawesi, North Kalimantan and North Sumatra respectively. Other future plans include - development of new industrial parks, ports, airports and tourism industry.

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In Bangladesh, the CSIS Reconnecting Asia Project has identified three key BRI projects - the Dhaka-Jessore rail line, the Payra power plant and the Karnaphuli Tunnel, which is the country's first-ever underwater tunnel.

Construction has already begun for the USD 1.65 billion coal-fired power plant by the port of Payra. The plant is a joint venture involving Chinese power company, CMC and Bangladesh's state-owned North-West Power Generation Co.

The financing of the plant is fully provided by Beijing and is scheduled to be operational by December 2019.

The USD 4.4 billion Dhaka-Jessore rail line is currently under preparatory phase. Announced in 2016, the line is expected to be operational by 2022. State-owned China Railway Construction is the project's contractor.

For the construction of Karnaphuli Tunnel, China Communications Construction Co. signed a USD 705 million contract with the Bangladesh Bridge Authority (BBA) in 2015.

However, Bangladeshi newspaper The Financial Express reported last year that construction work on the tunnel had not started because the BBA was waiting for the Exim Bank of China to release funds for the project.

In Laos, a brand new railway line, spanning 414 km, connecting its capital, Vientiane to the China-Laos border is scheduled to be completed in December 2021, as per the report.

Talks of a rail project in the country began long ago. After numerous delays, a groundbreaking ceremony was held in December 2016 at Luang Prabang, Laos' ancient royal capital, marking the official start of the construction of the railway line.

However, there are complaints among Laotians that the labour on the construction of the railway line is dominated by the Chinese.

Development banks have also expressed concerns that the USD 6 billion rail project will further worsen Laos' already precarious debt levels, which reached 68 percent of GDP in 2016, increasing the debt distress level from "moderate" to "high" in the recent World Bank/IMF Debt Sustainability Analysis, according to the report.

Both China and Laos have set up a 70-30 joint venture to finance the railway project. Each side needs to contribute 40 percent of their investment commitment in cash.

This means that Laos, with 30 percent of the joint venture, needs to contribute USD 715 million for the construction of the railway line.

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# Will Pakistan's "Belt and Road" Dream Turn into a Nightmare?

China's infrastructure investments as part of its Belt and Road Initiative (BRI) have the potential to change the strategic dynamics of the entire Indo-Pacific region. The BRI's "flagship" project is the $62 billion China–Pakistan Economic Corridor (CPEC) that is planned to run from one end of Pakistan to the other. This has led to overinflated expectations that seem unlikely to be met.

## Pakistan's new cargo cult

The CPEC is considered a game changer by the Pakistani elite, who expect it to supercharge the country's sclerotic economy and transform it into a regional economic hub. China is widely considered to be a benign and reliable partner, in great contrast to the "unreliable" US, and there is much talk of win-win cooperation and of China's purely economic strategy.

Indeed, for many in Pakistan, the CPEC has come to resemble a cargo cult: a belief that buckets of Chinese cash will magically descend from the heavens, bringing salvation to Pakistan without the need for painful economic reforms.

The CPEC certainly involves some large amounts. It would involve energy and infrastructure projects valued at some $62 billion spanning the length of Pakistan. The jewel in the CPEC crown is Gwadar, a new port city being built in the Balochistan desert, which is being touted as a new Dubai. This will be the southern terminus of the economic corridor running from Xinjiang to the Indian Ocean.

Dreams of transforming Gwadar from a dusty fishing village into a major city seem to have no bounds. The sheer scale of the project is indicated by the announcement by one Chinese company of extraordinary plans to build housing for some 500,000 Chinese workers in Gwadar by 2022.

## Multilateralising CPEC

Despite Pakistan's apparent unbridled enthusiasm for China's plans, there are some portents.

The International Monetary Fund has given several warnings about Pakistan's ability to sustain projected debt loads. According to some reports, Islamabad is about to approach the IMF for a new $3 billion bailout package to help repay existing loans.

Sri Lanka's recent experience is sobering. It borrowed large sums for BRI projects, such as Hambantota port, that could not be repaid. Debt servicing, including Chinese and other debt, now consumes some 95% of Sri Lankan government revenues, meaning that its economic and political options are now severely constrained.

Indeed, Islamabad has rejected some financially unfeasible CPEC projects. In November 2017, Pakistan pulled out of a proposed $14 billion Diamer-Bhasha dam project, citing economic viability.

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Pakistani analysts also believe that the country can mitigate risk by attracting non-Chinese investors into key projects. This would make a lot of sense. In theory, collaborations with non-Chinese investors might limit China's overwhelming economic and political leverage and mitigate security concerns in sensitive projects.

But dreams of multilateralising the CPEC come up against some hard realities. Many foreign investors are extremely nervous of the security, political, and legal environment in Pakistan over which they (unlike Chinese companies) will have little control. Investors may also struggle with the economic viability of some projects.

Japan, for example, has put together a pot of some $200 billion to spend on regional infrastructure projects. However, Japanese investment also requires principles such as transparency and economic sustainability. Those requirements will simply not be present in many projects, particularly in Gwadar.

**Keeping the jewel in the crown**

Concerns about the CPEC are especially focused on Gwadar, where Pakistan has come under significant international scrutiny for handing over the port to China.

It has long been speculated that there are plans to build a Chinese naval base in Gwadar. In May 2011, in the wake of the US raid against Osama bin Laden, the Pakistan Defence Minister Ahmad Mukhtar publicly announced that China would build a naval base in Gwadar (which Beijing promptly denied).

This announcement was not only driven by anger about the raid but also Pakistan's long-term strategic interest in building a Chinese naval presence on Pakistan's coast to deter the Indian Navy.

For Pakistan, these strategic imperatives remain, but Islamabad may now want to keep Gwadar port as a purely commercial operation in the hope of attracting non-Chinese investment.

According to a recent Washington Times report (confirmed by others), Pakistan has proposed that China should build a new naval and air base at the village of Jiwani, some 60 kilometres west of Gwadar. This may all just be the back and forth of negotiations, but China may balk at building a second port at Jiwani when it is spending vast sums at Gwadar, just down the road.

**Inflated expectations**

The belief held by many in Pakistan that the CPEC will "save" the country is dangerous for several reasons.

First, while infrastructure is an essential enabler, it will not guarantee Pakistan's economic future, especially when it diverts attention from serious reform of Pakistan's unresponsive economy that is essential for sustained growth.

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Second, expectations have become so inflated that the CPEC is unlikely to deliver as hoped. Optimistic growth forecasts are already being revised downwards. What are the consequences for Pakistan's polity when expectations are not met?

The Pakistan national election scheduled for 25 July will not resolve these questions. But former cricketer Imran Khan, who is increasingly being seen as the frontrunner in the election, has signalled a big focus on corruption, which probably means fewer cosy deals for China. He will also likely seek more non-Chinese participation.

**What this means for Pakistan's CPEC dream is not yet clear.**

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## Is China's BRI a debt trap?

China could emerge as a neo-colonial power in the new world order if its landmark Belt and Road Initiative (BRI), at some instances, appears to be guided by the colonial philosophy that was followed by the Europeans.

According to an analytical piece titled - 'The BRI anxiety' written by security and strategy scholar Umesh K Bhattarai for 'My Republica', China, an emerging global power, is the major rival to the Western countries. The reach of the BRI is now not only limited to Asia and Africa, but also to as far as Europe and the Americas

However, the writer said that "new rivalry has begun not only between the Western and Eastern powers but also within the powers in Asia," as China could spring up to be a neo-colonial power in the new world order.

The apprehensions of the Western countries over China's rising status and BRI are indicated in various reports published by the Western press and in media that backs the West, Bhattarai informed.

According to a report in The Economist, headlined "The perils of China's "debt-trap diplomacy," Malaysian Prime Minister Mahathir Mohamad had challenged his predecessor's Najib Razak decision to allow Alibaba, a major Chinese e-commerce company, to construct a digital free trade zone near Kuala Lumpur International Airport.

Sensing Beijing's aim to bring his country under "debt-trap", Mahathir scrapped an east-coast rail link worth USD 20 billion under the BRI project. The Malaysian Prime Minister then apologised to China on the initiative, according to The Economist report.

According to another report, which was published in The Asia Times, countries such as Pakistan, Sri Lanka and the Maldives, who had joined the BRI earlier, expecting "huge returns", are now paying the heavy price.

Mentioning the project as "new form of colonialism," the report says that the BRI is a master plan for the Chinese military to establish their presence at the initiative's project sites in the name of security. The Asia Times report opined that the BRI could become a trap for the host country as well.

Also, lending over USD 57 billion for the China-Pakistan Economic Corridor (CPEC) project, China recently gave Pakistan an additional USD 9.66 billion, in addition to USD 16.4 billion in May last year and over USD five billion in this year.

The timing of offering such loans has raised eyebrows as Pakistan recently witnessed a change in government. Some media reports claimed that the country's minister for commerce, industry and investment has suggested the suspension of all projects under the CPEC. Also, there are reports that Prime Minister Imran Khan wants the USD 63 billion project to be fully reviewed,

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Bhattarai wrote in My Republica.

Moreover, the Pakistan Tehreek-e-Insaf (PTI)-led government is suspicious whether the then former prime minister Nawaz Sharif-led government had permitted favourable terms to Beijing by compromising Islamabad's interests.

The writer added that Sri Lanka was recently forced to hand over its Hambantota Port to China, as the island nation was not able to repay Chinese loans.

Bhattarai underlined that when countries ranging from Zambia to Sri Lanka and from Malaysia to Pakistan are talking about "BRI debt-trap", he is aghast on the Nepal government's decision to "blindly accept" Chinese loans for financing the projects under this initiative."

Nepal must discuss debt issues seriously. We need to make it a public discourse. Let us ensure that while we develop big infrastructures, we also do not become bankrupt," the writer concluded.

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## China's Debt-Trap Diplomacy

To understand China's geopolitical ambitions, look to Sri Lanka. Mahinda Rajapaksa was elected president in 2005 after making ambitious campaign promises to rebuild his country's infrastructure. When he came to office, he struck a deal to develop the Hambantota port — located in the south of the island — with a Chinese state-owned enterprise called China Harbor. The contract with China Harbor was expensive; Sri Lanka is not exactly awash in cash. So its government had to borrow money to put up its share of the cost. Sri Lanka first borrowed $307 million from the Chinese Export-Import bank, then $700 million (this time with a higher interest rate), and, finally, $1 billion. By the time Rajapaksa was out of office, the port was a commercial failure and the country owed more than $3 billion to China. After negotiations, Sri Lanka ceded sovereignty over the port to China. A port of geostrategic significance for its spot on the Indian Ocean will be China's for the next 99 years.

The story, as reported by the New York Times, is one Americans should familiarize themselves with — for China's "Belt and Road Initiative" (BRI) is bound to produce several more like it in the coming years. Sold as a magnanimous undertaking to bestow infrastructure on impoverished countries in Central, South, and Southeast Asia, the BRI in reality is a signifier of China's ongoing strategy to consolidate its power in the region and strengthen its geopolitical hand.

The land-based "belt" refers to a series of infrastructure projects across Eurasia, following the path of the ancient Silk Road. These would connect China to European and Middle Eastern markets, and provide access to Central Asia's abundant resources. The maritime "road," meanwhile, comprises railway and maritime infrastructure projects in Southeast Asia, around the rim of the Indian Ocean, and along the East African coast. These would give China easy entry to the Mediterranean Sea, Indian Ocean, and Persian Gulf.

Public data from the Chinese Global Investment Tracker, compiled by the American Enterprise Institute and the Heritage Foundation, suggest that approximately $340 billion in combined investment and construction has gone into BRI projects since 2013. Analysts sometimes overstate the amount of money China has spent on the BRI, but even conservative estimates predict spending is set to increase at an accelerating clip.

Participating countries — Pakistan, Laos, Thailand, Mongolia, Kazakhstan, Kenya — often don't have the means to build the infrastructure China is offering. But as Will Doig notes in his new book High-Speed Empire, local politicians often have opportunistic motivations for approving BRI projects. They can point to progress on the infrastructure they promised their constituents while securing kickbacks for themselves. In the process, these officials wind up bargaining away their own countries in exchange for infrastructure that serves the interests of China more than those of local citizens. A railway in Laos, for example, was estimated to cost half the country's GDP and took a path through a little-traveled region that made little sense for the country's industries. It did, however, make sense for China, which has long sought a continuous rail line to Singapore and lent Laos capital to cover the cost.

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The heart of the BRI is debt-trap diplomacy: China oversells the benefits of these infrastructure projects, offers credit for them on onerous terms (via its own export-import bank, or the supposedly multilateral Asian Infrastructure Investment Bank, which China de facto controls), and, when the bill comes due and its debtors aren't able to pay, demands control over the infrastructure and influence in the region to compensate.

The attempt to turn these countries into satellite states via the strategic construction of infrastructure is pure geopolitics. China has eyed a westward turn for years, and its desire to advance in Southeast Asia is no secret. The BRI has not come without snags: The China–Pakistan Economic Corridor has hurt Sino–Indian relations, while political upheaval in Southeast Asia is connected to China's increased visibility and influence.

Regardless, the U.S. should be clear-eyed about the BRI, seeing it for what it is rather than what China sells it to be. We continue to believe that a multilateral approach is the most effective way to counteract Chinese regional ambitions, contrary to the Trump administration's inclinations toward bilateralism. Economic reengagement in the region should come via the Trans-Pacific Partnership, which would allow us to shore up ties with many BRI-participating countries. Meanwhile, through diplomatic channels, the U.S. should discourage specific infrastructure projects that have no discernible benefit to the host countries. Above all, we should not tolerate the construction of dual-use infrastructure that one day could be home to People's Liberation Army deployments. Last week, defense secretary James Mattis criticized China for its archaic approach to diplomacy, "where all other nations have to pay tribute or acquiescence to the more powerful nation." He has that right — but the U.S. needs a strategy to match his rhetoric.

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# The Belt and Road Initiative: China's vision for globalization, Beijing Style

China's Belt and Road Initiative (BRI) is a multifaceted economic, diplomatic and geopolitical undertaking that has morphed through various iterations, from the "New Silk Road" to "One Belt One Road".

The BRI imagines a US$1.3 trillion Chinese-led investment program creating a web of infrastructure, including roads, railways, telecommunications, energy pipelines, and ports. This would serve to enhance economic interconnectivity and facilitate development across Eurasia, East Africa and more than 60 partner countries.

First proposed in September 2013, it is the signature foreign policy initiative of Chinese President Xi Jinping. It is a project of unprecedented geographical and financial scope.

BRI has two primary components: the overland Silk Road Economic Belt (SREB), and the sea-based 21st-century Maritime Silk Road (MSR). Together, they form the "belt" and "road".

SREB's overland infrastructure network encompasses the New Eurasia Land Bridge and five economic corridors: China-Mongolia-Russia; China-Central Asia-West Asia; China-Pakistan; the China-Indochina peninsula; and Bangladesh-China-India-Myanmar. The SREB's connective sinews will be high-speed rail and hydrocarbon pipeline networks.

The MSR is focused on developing key seaports that connect to land-based transportation routes.
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China has been at pains to emphasize the co-operative nature of the initiative and its objective of "win-win outcomes". In his address to the Belt and Road Forum for International Co-operation in Beijing, Xi framed the BRI in terms of "peace and co-operation", "openness and inclusiveness", "mutual learning", and "mutual benefit".

Yet behind the rhetoric of harmony and mutuality lies a substantive strategy for growing an emerging China-led operating system for the international economy. This could potentially succeed the US-led Washington Consensus and Bretton Woods system.

## What China gets from the BRI

BRI projects are likely to increase China's economic and political leverage as a creditor.

China has established the multilateral Asian Infrastructure Investment Bank (AIIB) and the $40 billion Silk Road Fund. These are financial vehicles for BRI infrastructure projects, yet the vast bulk of funding to date has come from China's big state-owned investment banks.

The prospect of access to Chinese financial largesse to fund much-needed infrastructure investments has attracted attention from many prospective partner nations. Many of these appreciate the minimal political conditionalities that come with Chinese finance, in comparison to finance on offer from the International Monetary Fund, the World Bank, and the Asian Development Bank.

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The BRI has been viewed as a way for China to productively use its enormous, $3 trillion capital reserves, internationalise the renminbi, and deal with structural issues as its economy navigates the so-called "new normal" of lower growth.

Perhaps foremost among these is the issue of industrial over-capacity. Having maxed out investment-driven growth through a frenzy of domestic infrastructure building following the 2008 global financial crisis, the BRI represents an international stimulus package that will utilise China's idle industrial capacity and safeguard jobs in key industries such as steel and cement.
This is a significant political dividend for the Chinese government. The Chinese Communist Party's legitimacy rests on maintaining economic growth and improving people's standard of living.

In relation to energy security, the BRI will assist China in diversifying its energy sources through greater access to Russian and Iranian oil and gas. This will be achieved by linking with pipeline networks from Russia and Central Asia.

By investing in pipelines from Gwadar, on the coast of Pakistan, to Xinjiang, and from coastal Myanmar to Yunnan, China also can diversify its transportation routes for maritime energy supplies. This reduces its vulnerability to energy supply disruption at maritime choke-points in the Strait of Malacca and the South China Sea.

The establishment of port facilities in the Indian Ocean will also be advantageous to the emerging blue-water capability of the People's Liberation Army Navy. This would assist in keeping vulnerable critical sea lines of communication open for maritime energy supplies from the Middle East.

Collectively, these measures could reduce the ability of the US Navy to blockade China's energy supply routes in any future conflict scenario.

**Geopolitical implications of the BRI**

After more than a decade of conjecture about China's increasing international assertiveness, the Chinese government has now clearly signalled its intention to assume a more prominent global leadership role through the BRI.

China is aiming to spur a new round of economic globalisation, but in a changed international order that it has a pivotal role in shaping.

The Asian Infrastructure Investment Bank, the BRICS New Development Bank, and the Regional Comprehensive Economic Partnership are the "software of integration" – the financial pillars of trade and investment in this vision.

The BRI is the development vehicle – the "hardware of trade and investment" and the final pillar on which China's claim to global leadership rests.

Somewhat paradoxically, given the investment focus on hydrocarbon pipelines, the BRI also

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represents the vehicle through which China is likely to shape the contours of the emerging international post-carbon economy. The Paris Agreement in the UN Framework Convention on Climate Change is a keystone document in this respect.

A combination of the climate emergency and market behaviours are making fossil fuel energy production increasingly uneconomic. This has spurred an accelerating transition away from fossil fuels and toward renewable energy generation.

China is a world leader in green and alternative energy technologies. Through the BIR it is well-placed to be the dominant player in facilitating the transition and roll-out of renewable energy infrastructure across Eurasia. This is especially so since the Trump administration has ceded American influence in international climate politics through its repudiation of proactive climate policies.

Leadership on international climate action is one area in which China can develop significant soft power cache, particularly with developing countries of the global south.

China's BRI announcement is also reflective of the relative decline of the US as the world's pre-eminent power. A declaration of intent as bold as that made in Beijing over the weekend at the Belt and Road Forum for International Co-operation would have been inconceivable prior to the 2016 US election.

The Trump administration's clumsy foreign policy manoeuvrings have damaged US prestige, weakened the integrity of a liberal international order already under duress, and opened a window for China to stake its claim.

The BRI also signals a deepening of the Sino-Russian strategic partnership. This is based on a complementary supplier-consumer energy relationship and a mutual antagonism to the US.

However, not all regional countries see the BRI as a boon. The Indian government has expressed reservations over the BRI's China-Pakistan Economic Corridor and China's Indian Ocean ambitions.

The BRI now ups the ante for regional middle powers like Australia that have deftly attempted to hedge between the US and China. Australia's foreign policymakers must weigh up the case for engaging with the BRI and having a seat at the table as China's vision takes shape.

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## China: BRI Investments Boost Pakistan Economic Structure

China and Pakistan say their ongoing multibillion-dollar infrastructure development cooperation program under Beijing's global Belt and Road Initiative (BRI) has entered the next stage after achieving initial targets, dismissing reports the project increased Islamabad's debt burden rather than boosting economic growth.

Officials in the neighboring countries, traditionally strong allies, say 22 "early harvest" projects, launched five years ago under what is known as the China-Pakistan Economic Corridor (CPEC), have been completed with an unprecedented Chinese investment of $19 billion.

It has built new roads, power plants and operationaliZed the deep-water strategic Arabian Sea commercial port of Gwadar, which overlooks some of the world's busiest oil and gas shipping lanes and is celebrated as the gateway to CPEC.

**Responding to skeptics**

The United States contends China's BRI projects are less of an economic benefit for host countries, have dubious economic value, and contain national security elements for Beijing. Last week, Secretary of State Mike Pompeo said Washington is trying to warn countries about the risks.

"When you're showing up with a non-economic offer, whether that's through state-facilitated, below-market pricing or handing someone something knowing that you can foreclose on their nation shortly, so predatory lending practices, that's not straight and we are working diligently to make sure everyone in the world understands that threat," he said.

This week, Chinese Foreign Ministry spokesman Lu Kang defended the corridor as "an important pilot program" under BRI, saying it has created tens of thousands of local jobs in addition to meeting the power demand of nearly nine million households in Pakistan.

"Of all current CPEC projects, only less than 20 percent are financed with Chinese loans, while the rest are all funded by direct investments or grants from China. Far from adding to Pakistan's burden, the CPEC actually strengthened the local economic structure," Lu explained at his regular news conference in Beijing.

"Leveraging international financing to carry out major projects, as a common practice across the world, is an effective tool for developing countries in particular to overcome the funding bottleneck and boost growth," the Chinese spokesman stressed.

CPEC will ultimately give landlocked western Chinese regions the shortest and a more secure route to international markets through Gwadar port.

Islamabad acknowledges the corridor investment has improved transportation networks and



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effectively resolved years of crippling power crisis facing the country. Pakistani officials reject as misplaced concerns the current foreign debt crisis stems from the project.

"CPEC is great opportunity for Pakistan. CPEC connects us to China which is one of the biggest markets … and CPEC route will connect China and Pakistan located at strategic position of world," Pakistan Prime Minister Imran Khan told a recent international conference.

**Groundbreaking**

Khan traveled to Gwadar a week ago, where he performed groundbreaking for several new infrastructure development projects, including an international airport in the coastal city, marking the start of the new phase of CPEC.

The airport, which will have a 12,000-meter runway, will be completed in three years with a Chinese financial grant of $250 million. It will be capable of handling aircraft such as an Airbus A-380, linking the once sleepy town of Gwadar to some of the world's major destinations.

Saudi Arabia also announced in February plans to build a $10 billion refinery and petrochemical complex in the city.

Pakistani and Chinese officials admit CPEC is behind schedule. They cited problems such as legal and administrative procedural delays in their respective countries and the recent political transition in Pakistan that brought Khan's party to power last August. But those issues have been settled now, they say.

The "Chinese say they can easily and quickly deliver loans, but financial grants require to go through a time-consuming legal process, that's why the work on Gwadar airport could not be started in time," a Pakistani official told VOA.

The newly launched phase of "broadening and expanding" CPEC projects, officials say, will see the construction of nine industrial zones across Pakistan with the help of Chinese financial and technical assistance that will boost bilateral industrial cooperation between the two countries.

**Some industries to relocate**

China plans to relocate some of its industries by transferring technology to the new industrial zones to help Islamabad increase its exports to overcome its massive trade deficit and shore up cash reserves.

"CPEC has gained momentum and efforts would be made to continue the same pace in the future," said Makhdum Khusro Bakhtyar, the Pakistani minister for Planning, Development and Reform who is overseeing the project.

Officials said the groundbreaking of construction of the first industrial zone at Rashakai, in northwestern Khyber Pakhtunkhwa province, is expected before Prime Minister Khan travels to China later this month for bilateral meetings and to attend the second BRI summit along with 40



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foreign leaders in Beijing. The launching of Rashakai will mark the "implementation stage of the Pakistan-China Industrial Cooperation," said Minister Bakhtyar.

The United States contends China's BRI projects are lees of an economic benefit for host countries, have dubious economic value, and contain national security elements for Beijing.

Washington has also decided against sending high-level officials to attend the BRI summit, citing concerns about financing practices for the project. Last week, Secretary of State Mike Pompeo said Washington is trying to warn countries about the risks.

"When you're showing up with a non-economic offer, whether that's through state-facilitated, below-market pricing or handing someone something knowing that you can foreclose on their nation shortly, so predatory lending practices, that's not straight and we are working diligently to make sure everyone in the world understands that threat," he said.

Beijing has extended a loan of more than $4 billion during the current financial year at an interest rate of 2 percent to help Islamabad boost its depleting foreign cash reserves.

The Chinese government has recently pledged an additional grant of $1 billion for education, health, vocational training, drinking water and poverty alleviation projects in Pakistan.

While Beijing and Islamabad have traditionally maintained close defense ties, both the counties say their deepening economic cooperation in recent years has cemented the overall relationship.

Mega Lecture Kibzai

## Profound Global Impact of BRI

Six years since it was proposed by Chinese President Xi Jinping, the Belt and Road Initiative (BRI) has become a widely welcomed international public good with a far-reaching and profound impact on the world. It has played a major role in deepening international cooperation, promoting closer ties between countries, and boosting global growth. In effect, there is an underlying link between the BRI and the vision of building a new type of international relations and a community with a shared future for humankind.

Since its inception, the BRI has received strong endorsement and warm support from the international community. So far, 124 countries and 29 international organizations have signed BRI cooperation documents with China. Most recently, during President Xi's visit to Italy, the two countries signed an MOU on promoting BRI cooperation, providing fresh impetus to this process. Meanwhile, the BRI vision has been included in documents of major international institutions including the United Nations, the G20, the Asia-Pacific Economic Cooperation and the Shanghai Cooperation Organization.

Trade volume between China and countries participating in the BRI has exceeded $6 trillion, investments have grown to over $80 billion and around 300,000 jobs have been created

Coming in the backdrop of the global economic meltdown of 2008, the BRI is guided by the principle of consultation and cooperation for shared benefits, featuring mutual respect, justice and equity. It is a commitment to multilateralism and an open global economy. As such, the BRI will help move economic globalization toward greater openness, inclusiveness and balance.

The BRI has created new opportunities for global growth and aims to address the fundamental issue of promoting development by enhancing all-round connectivity. It has helped countries involved in removing development bottlenecks and the implementation of the UN 2030 Agenda for Sustainable Development. These milestones are endorsed by various credible organizations. The latest studies by the World Bank and other international institutions suggest that the BRI cooperation will cut the costs of global trade by 1.1 percentage points to 2.2 percent and those of trade along the China-Central Asia-West Asia Economic Corridor by 10.2 percent. Moreover, it will contribute at least 0.1 percent of global growth in 2019.

As a diplomatic tool, the BRI provides a solid platform and new opportunities for fostering closer ties between countries, ushering in a new era of cooperation rather than confrontation. By improving connectivity between countries, BRI cooperation has strengthened economic ties and people-to-people exchanges between them, thus binding them closer together with shared interests. This will naturally build extensive consensus, enhance cooperation, and ultimately promote development for all.

As President Xi Jinping pointed out, the BRI aims to replace estrangement with exchanges between different civilizations, promote mutual learning and substitute a sense of superiority with coexistence; aiming to boost mutual understanding, respect and trust among different countries.



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The proof of the pudding is in the eating. The BRI is not all talk, but in the last six years it has made notable progress. There is growing complementarity between the BRI and development plans and policies of various parties. At the global level, the BRI is well aligned with the UN 2030 Agenda for Sustainable Development, thus forming a synergy of policies to promote global development.

At the regional level, the BRI connects regional development plans and cooperation initiatives such as the Master Plan on ASEAN Connectivity, Agenda 2063 of the African Union, the Eurasian Economic Union and the Europe-Asia Connectivity Strategy of the European Union, thus creating a synergy for improving connectivity and supporting economic integration among regions in the world. During President Xi's recent visit to France, the two countries agreed to jointly promote Belt and Road cooperation in the form of cooperation in third markets, and a list was signed on the third batch of demonstration projects on third-market cooperation.

The joint endeavour to promote the BRI has deepened international cooperation on physical connectivity within the basic framework of "six economic corridors, six connectivity networks, and multiple countries and ports in different parts of the world". It has also strengthened cooperation on institutional connectivity including policies, rules and standards.

Development of major transport links such as the China-Europe railway express, and the new land-sea corridor is making a big difference; cooperation on transnational economic corridors is being intensified; construction of infrastructure projects on railway, port, motorway and pipeline construction as well as economic and trade cooperation parks is proceeding smoothly.

The international platform for Belt and Road cooperation has been steadily strengthened, some countries now have their first motorways or modern railways, some have developed their own car industry, while some have seen an end to their longstanding power shortages.

Owing to BRI cooperation, landlocked countries like Kazakhstan, have gained access to the Pacific Ocean; Germany has seen a rise in the China-Europe Railway Express Service, creating over 6,000 jobs; the Piraeus port in Greece has become one of the fastest growing container ports in the world.

China-Pakistan Economic Corridor (CPEC), the flagship of BRI, has displayed tremendous impetus and has become a platform for the take-off of Pakistan's economy, development and growth. The people of Pakistan, especially the residents of the underdeveloped province of Baluchistan, are eagerly looking forward to the era of prosperity, employment opportunities and development ushered by the megaproject.

The BRI has its fair share of critics and detractors, with the USA and India leading. Daniel Kliman, Rush Doshi, Kristine Lee and Zack Cooper of the US think tank CNAS, in their opinion piece Grading China's Belt and Road claim that under the umbrella of the Belt and Road, Beijing is pursuing a vision of the 21st century defined by great power spheres of influence, state-directed economic interactions, and creeping authoritarianism. Amongst the challenges the BRI presents for recipient states, the authors name: erosion of national sovereignty, lack of transparency, unsustainable financial burdens, disengagements from local economic needs,



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geopolitical risks, negative environmental impacts and having significant potential for corruption.

The erudite scholars paint a gloomy picture and warn of perilous consequences for the participants. The fact of the matter is that countries that have joined the BRI do not include merely the underdeveloped ones, but most of Europe and affluent nations from Asia and Africa. These rational participants have not been forced to jump on board at gunpoint, but must have debated and mulled their options before signing on the dotted lines. As the BRI Summits in May 2017 and now in April 2019 indicate, each member state has reviewed the progress, scrutinized the development and even reviewed options. The benefit of the BRI is that it is not being forced by China but discussed and evaluated by experts. In fact, if the USA is apprehensive of the transparency of the BRI, it should come on board and lend its voice on the platform with its concerns, rather than be critical from outside.

The second BRI forum opened at Beijing from 25-27 April 2019. Over 5000 participants from more than 150 countries, including 37 heads of state or government, attended the three-day event.

The forum, with "Belt and Road Cooperation: Shaping a Brighter Shared Future" as its theme, brought about high-quality cooperation under the initiative. Trade volume between China and countries participating in the BRI has exceeded $6 trillion, investments have grown to over $80 billion and around 300,000 jobs have been created in the countries involved in the initiative. Thus it is not a geopolitical tool or a debt trap for participating countries, but a platform for cooperation.

Mega Lecture Kibzai

# How China's Big Overseas Initiative Threatens Global Climate Progress

*China's Belt and Road Initiative is a colossal infrastructure plan that could transform the economies of nations around the world. But with its focus on coal-fired power plants, the effort could obliterate any chance of reducing emissions and tip the world into catastrophic climate change.*

China's Belt and Road Initiative (BRI), launched by President Xi Jinping in 2013, has been described as the most ambitious infrastructure project in history. It is a plan to finance and build roads, railways, bridges, ports, and industrial parks abroad, beginning with China's neighbors in Central, South, and Southeast Asia and eventually reaching Western Europe and across the Pacific to Latin America. The more than 70 countries that have formally signed up to participate account for two-thirds of the world's population, 30 percent of global GDP, and an estimated 75 percent of known energy reserves.

The first phase — of transport and energy infrastructure and seaports — will enable a level of industrial development and economic integration that Beijing hopes will generate new markets for Chinese companies and create a Chinese-dominated network of countries, tied into China's economic and industrial realm. If successful, it would create a sphere of technological, economic, diplomatic, and strategic power big enough to challenge that of the United States.

BRI has the potential to transform economies in China's partner countries. Yet it could also tip the world into catastrophic climate change.

Speaking at a meeting in San Francisco in September, Nicholas Stern, the prominent British economist, laid out his concerns: "The more than 70 countries that are signed up to the Belt and Road Initiative," he said, "have an average GDP of around one-third of that of China. If they adopt China's development model, which resulted in a doubling of China's GHG [greenhouse gas] emissions in the first decade of the century, it would make the emissions targets in the Paris Agreement impossible."

While China has imposed a cap on coal consumption at home, its coal and energy companies are on a building spree overseas.

Just building the land-based Silk Road Economic Belt and the 21st Century Maritime Silk Road will absorb massive amounts of concrete, steel, and chemicals, creating new power stations, mines, roads, railways, airports, and container ports, many in countries with poor environmental oversight. But more worrying still is the vision of industrial development to follow, and the energy that is planned to fuel it. While China has imposed a cap on coal consumption at home, its coal and energy companies are on a building spree overseas.

Chinese companies are involved in at least 240 coal projects in 25 of the Belt and Road countries, including in Bangladesh, Pakistan, Serbia, Kenya, Ghana, Malawi, and Zimbabwe. China is also financing about half of proposed new coal capacity in Egypt, Tanzania, and Zambia. While a few of these new plants will use the latest technology — in Bangladesh, for example, China is building the country's first "clean coal" plant — many are less advanced and



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are not being planned with the carbon capture technology that would make them less threatening to efforts to control climate change.

China's coal and energy companies have been at the heart of the country's industrial revolution. From 1990 to 2015, China's annual coal consumption went from 1.05 billion tons to 3.97 billion tons and provided more than 70 percent of China's energy in its pursuit of rapid GDP growth. The country paid a heavy price for its coal addiction in water scarcity, acid rain, and air pollution, a price that officials routinely dismissed as rich-country concerns that China could not afford, until public concern about choking smog forced a change in policy.

Over the last decade, in an effort to reverse coal's impacts, the government instituted a program of closure of smaller, older plants and investment in new, advanced power stations. The share of coal in the mix began to drop, giving rise to the hope that consumption in a country that has swallowed half the world's coal each year since 2011 was on a downward path. Today, China's leadership has embedded "eco-civilization" in the Communist Party's constitution, as the clean, green principle on which it is planning the next phase of China's economic development.

China's planned shift away from heavy industry toward a more service-based economy, coupled with big investments in renewables, enabled China to achieve substantial reductions in energy intensity and to envisage the moment when the country's coal use and carbon emissions would peak and begin to fall.

In 2014 alone, China added 20 gigawatts (GW) of wind capacity, 11 GW of solar and 22 GW of hydropower capacity, but much of the country's renewable output was wasted because of the structure of China's electricity market. China's coal-fired power plants had traditionally enjoyed fixed annual supply contracts that guaranteed them against operating losses, contracts that denied grid access to much of the output of the growing renewables sector. In 2015, reforms to the electricity market removed coal's guaranteed hours and grid operators were encouraged to give priority to renewable energy over coal. It was welcome news for the global climate community as well as for China's smog-weary urban population, but China's giant coal and energy companies found themselves looking at a bleak future. Struggling to make a profit, they saw their best hopes of survival overseas.

The Belt and Road Initiative threatens to lock China's partners into the high-emissions development that China is trying to exit.

As a spokesman for the China Huaneng Group, China's national state-owned power company, told China Energy News in July 2015, the company was actively seeking development opportunities along the "Belt and Road." It had a particular eye on the coal resources of South Asia, Southeast Asia, Central and Eastern Europe, the Middle East, and the Russian Far East. Other energy companies followed suit, supported by the third key element in the strategy – China's state-owned banks.

Later that year, 190 countries agreed under the Paris climate accord to try to keep the global average temperature rise below 2 degrees Celsius (C) and as close to 1.5 degrees C as possible. The energy finance think tank Carbon Tracker estimates that this will require a complete



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phaseout of coal worldwide by 2040. That, in turn, means that 100 GW a year, or one coal plant a day, will need to close from now to 2040, a goal that is directly undercut by China's coal investments. The average life of a coal-fired power station is around 40 years, so a phaseout by 2040 implies that any new plant built today – and most built after the turn of the century – is unlikely to operate long enough to recover its costs. As the price of renewables, already competitive with new coal and natural gas, is forecast to continue to drop, the point at which such plants become uneconomical could be very close.

Against that background, China's new coal power plants and infrastructure both at home and abroad threaten both the sustainability of its partners and global efforts to contain climate change.

In 2016, Xi called for the Belt and Road Initiative to be "green, healthy, intelligent, and peaceful" and urged participating countries to "deepen cooperation in environmental protection, intensify ecological preservation and build a green Silk Road." The government has released guidelines such as the Guidance on Promoting Green Belt and Road, which parallel domestic green finance guidelines, but they are non-binding and appear to be little applied. The Asian Infrastructure Investment Bank (AIIB), China's first venture into the creation of a multilateral bank, proudly proclaims that its standards on environmental protection and climate risk are world-class, but since the AIIB is only a small player in financing the Belt and Road Initiative, it makes little difference to the climate or the environmental outcome.

The banks that matter are the 27 (mostly state-owned) banks involved in the BRI — such as the China Development Bank, which is expected to lend $40-45 billion annually to BRI projects, the Export-Import Bank of China, and the Industrial and Commercial Bank of China, which together account for the bulk of BRI financing to date.

How much attention they pay to green guidelines may be judged by the result.

So far, the majority of BRI projects are energy-related: Since 2000, Chinese-led policy banks have invested $160 billion in overseas energy projects, almost as much as the World Bank and regional development banks. But unlike the World Bank, 80 percent of China's overseas energy investments went to fossil fuels — $54.6 billion to oil, $43.5 billion to coal, and $18.8 billion to natural gas — compared with only 3 percent to solar and wind and 17 percent to often-controversial hydro projects.

When the Global Environment Institute, a Beijing-based NGO, reviewed China's involvement in coal power projects in 65 countries participating in the Belt and Road Initiative, it discovered that between 2001 and 2016 China had invested in 240 coal power plants along the BRI, with a total generating capacity of 251 GW. Most were not the advanced installations that China was building at home. Kelly Sims Gallagher, professor of energy and environmental policy at Tufts University, points out that of 50 Chinese-financed, coal-fired power plants constructed overseas between 2001 and 2016, 58 percent used low-efficiency, sub-critical coal technology. Together, they would release nearly 600 million metric tons of carbon dioxide a year, equivalent to 11 percent of total U.S. emissions in 2015.



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The AIIB estimates that 460 million people in Asia still lack access to electricity, and coal advocates in participating Belt and Road countries such as Pakistan, Indonesia, and Bangladesh still argue that coal is a cheap way of meeting urgent energy needs. It is an argument many Chinese analysts also still support, despite China's domestic difficulties with coal.

But even leaving aside the damage that coal does to the environment and to human health, the economic case for coal has become progressively weaker as the cost of renewables falls. Today, building new coal plants carries serious financial as well as climate risks.

These new coal plants will make it much more difficult for poor countries to meet their climate goals under the Paris Agreement.

According to a new report from Carbon Tracker, which used satellite data to estimate power plant activity, two-fifths of China's coal power stations are already loss-making and China could save nearly $390 billion by closing them down. By 2040, they estimate, 95 percent of China's coal plants will be loss-making, through a combination of a rising carbon price and clean air regulation. As soon as 2021, they say, it will be cheaper to build new onshore wind farms than to operate existing coal plants, and installing new solar PV will be cheaper than running coal plants by 2025.

China's power companies, with their large fleets of coal-fired power stations, are carrying a high risk of stranded assets: Carbon Tracker put this risk as high as $66 billion for China's National Energy Investment Group, the world's largest power company, equivalent to half its total capital.

Now, by building new coal plants along the Belt and Road, China is creating similar risks for the countries that host these projects, risks most of them can ill afford. If these new coal plants continue to operate, they will they make it much more difficult for poor countries to meet their climate goals under the Paris Agreement, and, far from offering a cheap energy option, they will become a financial burden either to the governments or consumers, even as these plants lock out cheaper and cleaner alternatives. China may be pursuing eco-civilization at home, but it urgently needs to address the global risks it is creating in the Belt and Road Initiative.

AinuddinKibzai MegaLecture

# China's Belt and Road Initiative could lead to 3°C global warming

Greening the financing of a US$12 trillion development project that promises to help 60 per cent of humanity is necessary to avoid runaway climate change, a new report by Tsinghua University has cautioned.

China's Belt and Road Initiative (BRI), one of the most ambitious infrastructure projects in history, promises to improve the lives of 60 per cent of the world's population by investing US$12 trillion in roads, railways, ports, power stations, and telecommunications links in 126 countries, from South America to Southeast Asia, over the next 30 years.

But if that investment is spent on carbon-intensive infrastructure such as coal-fired power stations, steel and cement production and traditional transport, the world could be set on the path for near-3 degrees Celsius warming, a report co-authored by prominent Chinese environmentalist Dr Ma Jun has warned.

If the global temperature increases by that amount by the end of this century, a catastrophic chain of climate events will be set off that could lead to extreme water and food shortages and global agricultural failure.

BRI could support green, low-carbon, and climate resilient development across 60 per cent of the world's population and a quarter of global GDP.

The Decarbonising the Belt and Road: A Green Finance Roadmap report is the first study into the warming story behind China's historic development project.

It used economic growth projections to calculate energy demand and emissions increases in key BRI countries, and concluded that greening BRI financing is critical to avoid climate-damaging development in countries already feeling the effects of global heating.

The 126 BRI countries including Indonesia, Turkey, Bangladesh and Malaysia accounted for only 28 per cent of global carbon emissions in 2015, but by 2050, the year after the Belt and Road project is slated for completion, this share could rocket to 66 per cent—if the rest of the world decarbonises but BRI nations do not.

Of the BRI energy projects in the pipeline, more than a quarter are slated to be coal powered—and coal is the single biggest contributor to climate change. These investments could lead to "carbon lock-in" due to the long-lived nature of infrastructure assets, the report by Tsinghua University, Vivid Economics and ClimateWorks Foundation cautioned.

China is the world's biggest investor in coal power beyond its borders, and BRI is regarded by some observers as a plan to absorb China's overcapacity in coal, steel and cement production to boost the domestic economy while cleaning up the environment at home.



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**Belt-tightening: The low-carbon road**

The report recommends ways to decarbonise BRI investments in key countries including Indonesia, the Philippines, Myanmar, Pakistan and Sri Lanka—nations that are projected to experience brisk economic growth over the next three decades.

One recommendation is to set up an international platform, perhaps backed by the United Nations, to boost green finance in BRI countries.

While many of these countries have green finance policies in place, their markets are undeveloped, the reported noted. Just 14 per cent of global green loans and 7 per cent of global green bonds were issued in BRI countries, while only 17 per cent of signatories to the Principles of Responsible Investment are BRI-based firms.

The report also stressed the need for China to mandate the same principles that it applies at home to investments that it makes in countries where environmental standards and regulations are often lax. One way of doing this would be to apply compulsory environmental impact assessments for Chinese investments in BRI countries.

Another way to green the Belt and Road is greater transparency. The report proposes that the climate impacts of BRI projects are disclosed, drawing on platforms such as Task Force on Climate Related Risk Disclosure and Carbon Disclosure Project to devise green development metrics.

Ilmi Granoff, director of the sustainable finance programme at non-profit ClimateWorks Foundation, said that BRI will make investment decisions now that could "permanently alter the development pathway of China and its initiative partners countries, and the climate outcome for the globe."

"Capital providers have a responsibility to ensure that Belt and Road countries develop the low-carbon economy of the future instead of the high-carbon economy of the past," he said.

AinuddinKibzai MegaLecture

# 2. FATF (Financial Action Task Force)

The Financial Action Task Force (FATF) is an inter-governmental body established in 1989 by the Ministers of its Member jurisdictions. The objectives of the FATF are to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system. The FATF is therefore a "policy-making body" which works to generate the necessary political will to bring about national legislative and regulatory reforms in these areas.

The FATF has developed a series of Recommendations that are recognised as the international standard for combating of money laundering and the financing of terrorism and proliferation of weapons of mass destruction. They form the basis for a co-ordinated response to these threats to the integrity of the financial system and help ensure a level playing field. First issued in 1990, the FATF Recommendations were revised in 1996, 2001, 2003 and most recently in 2012 to ensure that they remain up to date and relevant, and they are intended to be of universal application.

The FATF monitors the progress of its members in implementing necessary measures, reviews money laundering and terrorist financing techniques and counter-measures, and promotes the adoption and implementation of appropriate measures globally. In collaboration with other international stakeholders, the FATF works to identify national-level vulnerabilities with the aim of protecting the international financial system from misuse.

The FATF's decision making body, the FATF Plenary, meets three times per year.

## History

FATF was formed by the 1989 G7 Summit in Paris to combat the growing problem of money laundering. The task force was charged with studying money laundering trends, monitoring legislative, financial and law enforcement activities taken at the national and international level, reporting on compliance, and issuing recommendations and standards to combat money laundering. At the time of its formation, FATF had 16 members, which by 2016 had grown to 37.

In its first year, FATF issued a report containing forty recommendations to more effectively fight money laundering. These standards were revised in 2003 to reflect evolving patterns and techniques in money laundering.

The mandate of the organization was expanded to include terrorist financing following the September 11 terror attacks in 2001.

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## The Forty Recommendations and Special Recommendations on Terrorism Financing

The FATF's primary policies issued are the Forty Recommendations on money laundering from 1990 and the Nine Special Recommendations (SR) on Terrorism Financing (TF).

Together, the Forty Recommendations and Special Recommendations on Terrorism Financing set the international standard for anti-money laundering measures and combating the financing of terrorism and terrorist acts. They set out the principles for action and allow countries a measure of flexibility in implementing these principles according to their particular circumstances and constitutional frameworks. Both sets of FATF Recommendations are intended to be implemented at the national level through legislation and other legally binding measures.

The FATF completely revised the Forty Recommendations in 1996 and 2003. The 2003 Forty Recommendations require states, among other things, to:

- Implement relevant international conventions
- Criminalize money laundering and enable authorities to confiscate the proceeds of money laundering
- Implement customer due diligence (e.g., identity verification), record keeping and suspicious transaction reporting requirements for financial institutions and designated non-financial businesses and professions
- Establish a financial intelligence unit to receive and disseminate suspicious transaction reports, and
- Cooperate internationally in investigating and prosecuting money laundering

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The FATF issued eight Special Recommendations on Terrorism Financing in October 2001, following the September 11 terrorist attacks in the United States. Among the measures, "Special Recommendation VIII" (SR VIII) was targeted specifically at nonprofit organizations. This was followed by the International Best Practices Combating the Abuse of Non-Profit Organizations in 2002, released one month before the U.S. Department of Treasury's Anti-Terrorist Financing Guidelines, and the Interpretive Note for SR VIII in 2006.

In February 2004 (Updated as of February 2009) the FATF published a reference document Methodology for Assessing Compliance with the FATF 40 Recommendations and the FATF 9 Special Recommendations. The 2009 Handbook for Countries and Assessors outlines criteria for evaluating whether FATF standards are achieved in participating countries. In February 2012, the FATF codified its recommendations and Interpretive Notes into one document that maintains SR VIII (renamed “Recommendation 8”), and also includes new rules on weapons of mass destruction, corruption and wire transfers (“Recommendation 16”).

## Non-cooperative countries or territories

In addition to FATF's "Forty plus Nine" Recommendations, in 2000 FATF issued a list of "Non-Cooperative Countries or Territories" (NCCTs), commonly called the FATF Blacklist. This was

a list of 15 jurisdictions that, for one reason or another, FATF members believed were uncooperative with other jurisdictions in international efforts against money laundering (and, later, terrorism financing). Typically, this lack of cooperation manifested itself as an unwillingness or inability (frequently, a legal inability) to provide foreign law enforcement officials with information relating to bank account and brokerage records, and customer identification and beneficial owner information relating to such bank and brokerage accounts, shell company, and other financial vehicles commonly used in money laundering. As of October 2006, there are no Non-Cooperative Countries and Territories in the context of the NCCT initiative. However, FATF issues updates as countries on High-risk and non-cooperative jurisdictions list have made significant improvements in standards and cooperation. The FATF also issues updates to identify additional jurisdictions that pose Money Laundering/Terrorist Financing risks.

The effect of the FATF Blacklist has been significant, and arguably has proven more important in international efforts against money laundering than has the FATF Recommendations. While, under international law, the FATF Blacklist carried with it no formal sanction, in reality, a jurisdiction placed on the FATF Blacklist often found itself under intense financial pressure.

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## FATF implications for Pakistan

At Profit, we have normally tried to stay away from politics as much as possible in our coverage of Pakistan's economy. This is not as the result of some misguided belief that politics does not have a profound impact on business and the economy, but rather because we feel that there are already enough articles on Pakistan's economy, published in local and foreign press that have the obligatory paragraphs about nuclear weapons, terrorism, and religious extremism. We would much rather talk to you about the "economy" part of Pakistan's political economy.

But sometimes, the "political" is inescapable.

It is not simply the fact that Pakistan will get placed on the multilateral Financial Action Task Force's (FATF) so-called "grey list" in June of this year, an action that is by its very definition at the intersection of the otherwise divergent worlds of counterterrorism and global finance. It is the fact that Pakistan's civil servants and diplomats walked into a strategic blunder of epic proportions by failing to read the extent to which the tide of global power politics has turned against the country.

Because make no mistake: this is much more than about arcane rules and procedures at banks about anti-money laundering (AML) and countering the financing of terrorism (CFT). This is about the fragile foundations of Pakistan's macroeconomic stability and the extent to which they are still dependent on the largesse of both Washington and Beijing. And if Islamabad does not swiftly and meaningfully change its behaviour, the government of Pakistan will begin to notice a sharp difference in tone and attitude during their next few conversations with the International Monetary Fund (IMF), especially later this year.

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### The technical details:

The FATF is a multilateral organisation originally created in 1987 by the G7 group of large industrialised nations to counter money laundering. After the terrorist attacks in the United States on September 11, 2001, the organisation added countering terrorism financing in its mandate. The FATF is headquartered in Paris.

The FATF technically has no legal powers and only consists of voluntary guidelines and cooperation agreements on AML/CFT regulations for banks and other financial institutions. In reality, however, its guidelines are being taken increasingly more seriously and have significant repercussions for a failure to comply.

At the apex of the organisational structure of the FATF is a group of countries that are directly members of the FATF, a group that includes the United States, most of Western Europe, China, India, Brazil, Turkey, and a few other countries. Other countries around the world are members of regional organisations that fall under that group. Pakistan falls into this second category of countries, which are not part of the policymaking process of the FATF.

The lists of jurisdictions ranked by their level of AML/CFT risk are maintained by the organisation's apex body, which for convenience many journalists have taken to talking about as the "grey list" and the "black list". The actual name of the grey list is "jurisdictions with strategic AML/CFT deficiencies for which they have developed an action plan with the FATF". The name of the blacklist is "jurisdictions with strategic anti-money laundering and countering the financing of terrorism (AML/CFT) deficiencies for which a call for action applies". You can see why people prefer grey list and not the blacklist.

What does all of that jargon mean in layman's terms? It is easiest to illustrate this with an example.

Let us say that you are Gul Ahmed Textiles. You own a factory that makes readymade garments, in which you have invested millions of dollars, and you rely on export orders from the United States and the European Union for your business. When you meet an American buyer from let's say Macy's at Heimtextil (a trade show in Europe), they do not know you and you do not know them, but there is a potentially profitable relationship to be had, if only the trust barrier could be resolved.

That is where the global banking system comes in. Gul Ahmed will go to a bank in Karachi and say they want a letter of credit to be able to export their goods to the United States. Gul Ahmed's bank – let's say Faysal Bank – will then contact their corresponding bank in New York, say, JPMorgan Chase. JPMorgan Chase will then connect with the Macys' bank in Chicago (US Bank, for example) and serve as an intermediary to ensure that the transaction takes place.

Faysal Bank will procure evidence from Gul Ahmed that they have put the goods on a ship in Karachi, bound for the port of New York and New Jersey. The US Bank, meanwhile, will hold money in escrow from Macy's and will inform JPMorgan Chase that it has done so. JPMorgan will then inform Faysal Bank that the money is in the bank and ready to be wired to Gul Ahmed as soon as the ship safely reaches New Jersey.

This is of course a highly simplified version of what happens, but in a nutshell, that process is the lifeblood of global commerce.

In between, however, there are several steps that take place. Before deciding that it will be the corresponding bank for Faysal Bank in the United States, for example, JPMorgan Chase will have to undertake due diligence on just how trustworthy an institution Faysal Bank is. Among the factors they will look at are the AML and CFT compliance procedures that are in place at the bank.

Now, obviously, if every corresponding bank had to physically inspect and examine every other corresponding bank's branches and audit them for AML and CFT procedures, nobody would ever have enough time to do business with anybody else, so in reality, they rely on measures of risk from third parties, one of the most important and trusted of which is the FATF.

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**The consequences of the lists:**

So if the FATF says "banks in these countries do not have good AML/CFT controls", that puts banks of other countries in a bind. Their reaction to how to proceed next is dependent on what the FATF says next. If the FATF says "they do not have adequate controls but are trying to put them in place" (the grey list), banks in other countries have a little more leeway.

"If a country is on the grey list, that just means more scrutiny on every single transaction that takes place between banks in that country and the United States, for example," said one former corporate banker who worked as the lead corresponding banker for South Asian banks at HSBC in New York, and declined to be identified.

That extra legwork that the bankers at JPMorgan would have to do for every transaction, however, may mean one of two things: either JPMorgan will charge Faysal Bank more for each transaction, or they will stop doing business with Faysal Bank altogether.

In the first case, that cost will have to be borne by someone, and Faysal Bank will no doubt pass it on to Gul Ahmed, which will raise Gul Ahmed's cost of doing business at a time when Pakistani exporters are already complaining that they face higher costs compared to competitors in Bangladesh and Vietnam.

A worse thing that JPMorgan could decide to do is to say that having to bear the burden of the extra cost of doing due diligence on every single transaction from Faysal Bank is simply not worth it (New York salaries do not come cheap, after all) and cancel the correspondent banking relationship with Faysal Bank altogether.

Now, of course, one bank cancelling their corresponding relationship with Faysal Bank is not the end of the world and there are plenty of other banks they could turn to. But how much do you think the other banks will charge Faysal for their services, knowing that JPMorgan fired Faysal as a client.

"Generally speaking, a lot of US banks decide that it is simply not worth the hassle to have those kinds of relationships, especially from countries with smaller economies and transaction sizes," said the former HSBC banker.

If, however, the FATF says that "banks in these countries do not have adequate controls in place and they are not even trying to do anything about it", a country gets placed on the blacklist and that causes all sorts of trouble.

"I have no idea what happens to those countries, because I have never seen a transaction from them," said the former HSBC banker.

There are even mechanisms in place to trace the origins of transactions so that you cannot simply evade the rules by going through a third country, though as the fines on HSBC and Standard

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Chartered Bank in New York in 2012 illustrated, there are clearly ways to get around those, especially if the banks get sloppy. However, those fines also motivated previously lax banks to tighten their AML/CFT monitoring.

One particularly unnerving impact of being on the blacklist: it gets harder for expatriates to remit money, and individuals of Pakistani origin in other countries, who send money to their families back home, may face more personal scrutiny for having a regular stream of transactions with a country on the blacklist. Some of them may decide to reduce the frequency with which they send money, or start sending it through illicit channels, both of which would have a negative impact on the country's remittance numbers.

**So, what happens now?**

Contrary to Planning Minister Ahsan Iqbal's tweet, Pakistan has never actually been on the blacklist, though it has been on and off the grey list since at least 2008, and most recently came off the grey list in February 2015. This fact has led many Pakistani commentators to say out loud some version of an argument best articulated by former federal finance secretary Waqar Masood, in an opinion column in Business Recorder: "This is not the best thing that has happened to Pakistan, but this is also not a calamity fallen on the country."

Essentially, the argument goes, if we have faced it before without the country's economy collapsing, we can face it again. In one of his astonishingly few public statements on the matter, Miftah Ismail, advisor to the prime minister on finance and de facto finance minister, said in an interview with Capital TV: "The greylisting carries with it no sanctions, so it will not make a difference… in the day-to-day life of a Pakistani industrialist or shopkeeper, there will be no difference."

Ismail, who himself owns a company that exports goods (Ismail Industries, a confectionary manufacturer), did acknowledge that there is a reputational risk associated with a grey listing. "If we go out into the capital markets to raise [sovereign] bonds, we obviously do not want to be grey listed," he said in the same interview. "It is an embarrassment that we will have to face and a question we will have to answer from investors."

Miftah Ismail's confidence in stating that this decision will have no impact comes from his assertion that there is absolutely no possibility of Pakistan ever being placed on the blacklist. While that level of confidence might perhaps not be warranted, he is certainly correct in his assertion that most serious consequences of getting on the FATF's bad side start at the blacklist level, not at the grey list level and that the probability of Pakistan being placed on the blacklist is relatively low.

The problem with this argument, however, is that it is too narrowly focused on the specific consequences of the FATF grey list itself, and – to the horror of Pakistanis who have been paying attention – not remotely concerned with the machtpolitik machinations behind it.

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**The complete blindsiding of the Foreign Office:**

It is by now cliché to say that Pakistan's foreign policy is overly obsessed with India. Yet it is nonetheless important to point out the specific ways in which that hurts Pakistan. Even now, for instance, one of the few public statements by Foreign Minister Khawaja Muhammad Asif about the FATF debacle was to blame Indian diplomacy at the FATF meeting in Paris for having been responsible for Pakistan's placement on the grey list.

The problem with the stalker-like obsession with India, however, is that the Pakistani foreign policy establishment – both civilian and military – miss when key variables from other parts of the world change around them. They have no way of understanding, let alone appropriately reacting, to changes around the world.

Yes, it is true that India made it a point to lobby for Pakistan's placement on the grey list, but India has lobbied many times before. A good strategic thinker would ask: what changed? A Pakistani military officer or diplomat would simply assert: "India finally succeeded."

What changed is that the United States now defines its strategic interests in South Asia differently than it has since 2001, a change that has been accelerated by the advent of a new administration in Washington. What changed is China finally getting more assertive about including Pakistan's alleged jihadi proxies among the list of terrorists it would like to wipe off the face of the earth. Islamabad may believe in "good Taliban, bad Taliban" but Beijing never has, and – under President Xi Jinping – is not willing to ignore it anymore.

In the case of the United States, it has been clear since the US began its drawdown of troops in 2014 that the focus of US policy in the Afghanistan-Pakistan region was inverting. In 2001, the policy started off as the United States thinking of Afghanistan as the strategic threat and Pakistan as the strategic ally. By the second term of US President Barack Obama, however, it was the opposite: Afghanistan started becoming more of a strategic partner, if not outright ally, and one that enabled the US to monitor the strategic threat emanating from Pakistan.

This change is being accelerated by the Trump Administration, which has a more overtly hostile attitude towards Pakistan, and one that is less likely to be tempered by the US State Department, which has been hollowed out, and many of the policy experts who could have pushed a dissenting view have been pushed out. There have always been anti-Pakistan hawks in the US national security establishment, and their voices grew louder after May 2, 2011 – when Osama bin Laden was found hiding in Abbottabad. Now, however, they are completely ascendant and the pro-Pakistan doves that the Pakistani national security establishment is used to dealing with are gone, never to be replaced again.

In the case of China, one needs to go all the way back to April 2000 to understand Beijing's attitude towards Pakistan. In that month, the anti-Taliban Northern Alliance had caught some Taliban fighters and gleefully paraded them in front of the cameras of the international media.

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Among those were several foreign fighters, including some men from the East Turkestan Islamic Movement (ETIM), a rebel group seeking the secession of China's Muslim-majority western province of Xinjiang.

In that moment, China very politely issued what was effectively a veiled threat to Pakistan: rein in your proxies' support of the Taliban, or else face the consequences. It was left implied that the military option was not being ruled out. Indeed, soon afterwards (June 2001), China announced the creation of the Shanghai Cooperation Organisation, which was meant to be a collaboration between China, Russia and the Central Asian republics against terrorists who had found refuge in the then-Taliban controlled Afghanistan. Pakistan's applications for membership were pointedly refused for decades, and India's application for observer status was accepted long before Pakistan's.

Islamabad took away from this the lesson that, China cannot be directly threatened and in turn could even rely on Chinese support to prevent United Nations sanctions against them. This may have been true in earlier eras, but even under former President Jiang Zemin, it was clear that China wanted Pakistan to actively help them crush the militant movement in Xinjiang.

Indeed, former President Pervez Musharraf was asked by China to give a speech in Urumqi, the capital of Xinjiang, to the Muslim community there, the theme of which was to discourage an armed uprising against Beijing. Musharraf gave the speech in Turkish, a language he is fluent in, and one that bears linguistic similarities to, and is intelligible to the native speakers of, Uighur, the language spoken by Muslims in Xinjiang.

## What To Do To Avoid Blacklist:

On the conclusion of four day visit of Asia Pacific Group (APG) of Islamabad for evaluating progress on money laundering and terror financing, the caretaker government on Friday conceded that the APG advised the authorities to share final reports on technical compliance and effectiveness of implementation by the end of August 2018.

According to official announcement made by the Finance Ministry here on Friday stated that a team of APG Secretariat and International Assessors visited Pakistan from 13-17 August 2018 in connection with mutual evaluation of the country's Anti-Money

Laundering (AML) and Counter-Financing of Terrorism (CFT) regime.

The visiting APG delegation called on the caretaker Finance Minister Dr. Shamshad Akhtar on Friday and had discussion with her about the purpose of their visit, issues in compliance of policy actions and the schedule of further activities concerning the mutual evaluation.

The minister welcomed the delegation and expressed Pakistan's commitment and full cooperation to work with APG and FATF, and to provide necessary support to the delegation to complete its task of mutual evaluation. The minister gave a strong sense that the concerned

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authorities would be able to complete their respective tasks as early as possible. The Finance Minister urged the APG delegation to be flexible and practical in their deadlines and allow full opportunity to the authorities to provide necessary materials and reports to APG.

The minister particularly highlighted the transition of government as a consequence of the general elections 2018 in the country and maintained that the incoming government would need further time to gear itself with the requirements of mutual evaluation and related matters.

Earlier the APG delegation met with the operational teams of different ministries, organisations and authorities concerned with AML/CFT, including Ministries of Finance, Interior, Foreign Affairs and Law & Justice, State Bank of Pakistan, Securities and Exchange Commission of Pakistan, CDNS, NACTA, FIA, FBR-Customs, FBR-IRS, NAB, ANF, Provincial CTDs, and FMU.

The meetings enhanced the understanding of the APG delegation on Pakistan's technical compliance with 40 FATF standards and provided necessary information and clarity in this regard. The APG delegation explained the assessment methodology of FATF, its provisional analysis of Pakistan's compliance and highlighted the need to provide all relevant materials in support of the compliance position given by Pakistan. The authorities made out a strong case of technical compliance and highlighted various legislative, administrative and regulatory instruments in support of their position.

The APG delegation acknowledged Pakistan's position and advised the authorities to share final reports on technical compliance and effectiveness of implementation with APG by the end of August 2018. The APG delegation further explained the schedule of activities in connection with the mutual evaluation process.
The APG delegation appreciated the coordination and facilitation extended by the government of Pakistan and all the authorities that remained available during the pre on-site visit to explain Pakistan's technical compliance with FATF standards. The APG delegation appreciated the clarifications provided by the Pakistani authorities, which help delegation in better understanding Pakistan's AML/CFT regime. The delegation hoped that all the preparatory work would be completed before the final on-site meeting in October, 2018.

It may be added that the caretaker Finance Minister has advised officials of the Ministry of Finance to strengthen the capacities of FMU and also requested all members of NEC in its 2nd August meeting to step up their capacities and ensure timely response to FMU on the specific components of Policy Action Plan.

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## Pakistan on FATF's grey list: what, why, and why now?

The international watchdog against money laundering and financing of terrorism, the Financial Action Task Force (FATF), has put Pakistan on a list of "jurisdictions with strategic deficiencies", also known as the grey list.

FATF's reasoning is Pakistan's "structural deficiencies" in anti-money laundering (AML) and combating financing of terrorism (CFT).

The other countries on the list, in alphabetical order, are Ethiopia, Serbia, Sri Lanka, Syria, Trinidad and Tobago, Tunisia and Yemen.

This is not the first time Pakistan has found itself on one of FATF's list of not-so-good guys; the country was there in 2008 and from 2012 to 2015.

But Pakistan stands out as the most significant name on the list with the largest population and the largest economy, not to forget the largest military.

Pakistan now has 15 months to implement an action plan to be able to negotiate an exit from the grey list.

Entry and exit from FATF's grey list is an ongoing exercise. In the past, some countries perceived to be particularly weak in money laundering and financing of terrorism, such as Panama, Kenya and Nigeria, have been able to find an exit from the grey list.

Here we break down Pakistan's placement on FATF's grey list by answering a set of questions.

**What does FATF mean by money laundering and financing of terrorism?**

Both are financial crimes. In simple terms, money laundering pertains to disguising money earned from a crime as money earned through legitimate sources.

The crime could be corruption, drug trafficking, fraud or tax evasion. Terrorist financing involves collection of funds to support acts of terror or terrorist organisations.

A key difference between the two is that, in money laundering, the source of funds has to be a crime.

In the financing of terrorism, funds may come from perfectly legitimate sources, such as donations from ordinary citizens, but the purpose has to be a crime.

**What is FATF looking for in AML and CFT?**

FATF has formulated a set of 40 recommendations which have become international standards on AML and CFT



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Over time, these recommendations have been and will continue to be updated. The recommendations list out the essential measures that countries should have in place to:

- ➔ identify the risks, and develop policies and domestic coordination;
- ➔ pursue money laundering, terrorist financing and the financing of proliferation;
- ➔ apply preventive measures for the financial sector and other designated sectors;
- ➔ establish powers and responsibilities for the competent authorities (e.g., investigative, law enforcement and supervisory authorities) and other institutional measures;
- ➔ enhance the transparency and availability of beneficial ownership information of legal persons and arrangements; and facilitate international cooperation.

FATF evaluates a country's performance based on its assessment methodology that covers:

1. technical compliance, which is about legal and institutional framework and the powers and procedures of the competent authorities, and
2. effectiveness assessment, which is about the extent to which the legal and institutional framework is producing the expected results.

A lot of these recommendations and methodology are nothing but the dry financial jargon that is characteristic of multilateral bodies and compliance professionals, such as a "risk based approach", "structural deficiencies", "materiality", "customer due diligence", "suspicious transaction report" etc.

**Is Pakistan really one of the worst performers on money laundering and financing of terrorism?**

Money launderers and terrorists do not report their crimes. It is very difficult, if not impossible, to measure these crimes directly.

FATF and others try to take an indirect route to measure the vulnerability of a country to these crimes by evaluating laws and their implementation.

Pakistan's assessment by different entities is not going to be the same.

Take for instance the ranking of Pakistan by the Basel Anti-Money Laundering Index. This index seeks to measure the risk of money laundering and terrorist financing.

It uses 14 indicators dealing with regulations, corruption, financial standards, political disclosure and the rule of law, which are aggregated into one overall risk score.

This index currently ranks Pakistan 46 out of 146 countries in 2017, better than Tajikistan (4), Mali (7), Kenya (11), Sierra Leone (26), and Panama (30) — all of which are currently not on FATF's monitoring list.



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This index is developed by the Basel Institute on Governance that describes itself as "an independent not-for-profit competence centre" that is associated with Basel University.

Chances are that it is far less political in nature than FATF. However, this index is also partially based on FATF. Now that FATF has placed Pakistan on the grey list, it would affect Pakistan's ranking on this index as well.

Regarding terrorism, many in Pakistan disagree with FATF and see the country as a victim of terrorism that has already suffered and sacrificed much.

The Global Terrorism Index 2017 by Institute for Economics & Peace, which describes itself as "an independent, non-partisan, non-profit think tank", ranks Pakistan as the fifth-most affected country from terrorism, behind Iraq, Afghanistan, Nigeria and Syria.

**What are the implications for Pakistan?**

FATF uses peer pressure through the age-old technique of name-and-shame. There are many factors at play and it remains unclear how negative Pakistan's placement on the grey list will eventually turn out to be.

There is, however, no debate that it is indeed a negative. Here are some of the ways in which grey listing could affect Pakistan.

Pakistan's banking channel could be adversely affected as it is inevitably linked with the international financial system.

The impact on Pakistan's economy could be relatively wide, touching imports, exports, remittances and access to international lending.

Foreign financial institutions may carry out enhanced checking of transactions with Pakistan to avoid risk of violations pertaining to money laundering and financing of terrorism.

They may ask more questions and apply more checks. Some such institutions may also avoid dealing with Pakistan's financial system altogether.

Another affectee is the sentiment of foreign investors. That Pakistan has been placed on the grey list has been covered in international news media and the fact will not go unnoticed by potential investors. Stock prices at Pakistan Stock Exchange appear to have already felt this impact.

Perhaps the biggest threat from being placed on the grey list is Pakistan could be pushed further down to the black list.

This black list comprises Iran and North Korea, the two countries West loves to hate. But placing Pakistan on the black list is probably a step too far to be on the cards at this stage.

These potential implications of grey listing need to be balanced against past experience.



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Pakistan was on FATF grey list from 2012 to 2015, when it completed an IMF programme and also raised funds from international bond markets.

The country has also survived far graver financial challenges, such as those posed by nuclear explosions in 1998.

**Are FATF's concerns regarding Pakistan about money laundering or financing of terrorism?**

It seems FATF's concerns are mainly regarding financing of terrorism.

The FATF's public statement issued on 29 June, 2018 begins by saying, "In June 2018, Pakistan made a high-level political commitment" to "strengthen its AML/CFT regime and to address its strategic counter-terrorist financing-related deficiencies [emphasis added]."

This is also made clear when we look at the actions Pakistan is being asked to take to exit the list:

1. terrorism financing risks are properly identified, assessed, and supervised;
2. remedial actions and sanctions are applied in cases of money laundering and financing of terrorism violations;
3. competent authorities are coordinating to identify and take enforcement action against illegal money or value transfer services;
4. authorities are identifying cash couriers and enforcing controls on illicit movement of currency and understanding the risk of cash couriers being used for financing of terrorism;
5. improving inter-agency coordination including between provincial and federal authorities on combating financing of terrorism risks;
6. law enforcement agencies are identifying and investigating financing of terrorism and prosecuting related designated persons and entities;
7. financing of terrorism prosecutions result in applicable sanctions and enhancing the capacity and support for prosecutors and the judiciary;
8. effective implementation of targeted financial sanction against all designated terrorists;
9. enforcement against financing of terrorism violations including administrative and criminal penalties and authorities cooperating on enforcement cases; and
10. facilities and services owned or controlled by designated persons are deprived of their resources.

**Is this a financial or a political issue?**

If the commentary by international news media is any indicator, Pakistan's placement on FATF's grey list is far more political than financial in nature.

It is being seen as one of the several ways the US is attempting to pressure Pakistan to "do more" on issues related to terrorism.



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The long-winded, jargon-filled recommendations and methodology used by FATF leave plenty of flexibility for the team of assessors to exercise their "informed judgement".

That is, based on the same information, assessors could reach more than one judgement, including the one sought by the politically powerful.

**By placing Pakistan on FATF's grey list, US has indeed demonstrated its intent to turn up the pressure on Pakistan.**

US is also a major financier of FATF and the current president of FATF is an Assistant Secretary from the US Department of the Treasury who heads the Office of Terrorist Financing and Financial Crimes.

If US can have Pakistan placed on the grey list, it may also make it difficult for Pakistan to exit the list.

Bottom line is that FATF's grey listing of Pakistan should not be looked at in isolation but placed in the larger picture of US-Pakistan relations that have had many ups and downs.

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## Pakistan Still at Risk of Being Placed on FATF Blacklist

Pakistan remains at risk of being placed on the "blacklist" of Financial Action Task Force (FATF), a global watchdog monitoring terror financing and money laundering around the world, experts warn.

The global watchdog's regional body — Asia Pacific Group (APG) — examined Pakistan's performance on key issues related to terror financing and money laundering at a two-day preliminary meeting in Bangkok in early September.

The final decision as to whether the country would be placed on the so-called blacklist is pending until the APG presents its final report to the FATF Plenary and Working Group meetings scheduled for later this month in Paris.

With a final decision ahead, some experts warn the stakes are high for Pakistan to be placed in the black list given the country's lack of notable progress on key demands of the FATF.

"Since no major decisions are made until October, Islamabad must know that no matter what happened in Bangkok, it's not out of the woods yet." Michael Kugleman, deputy director of South Asia Program at the Washington-based Woodrow Wilson Center, said.

"It's hard to know what transpired in Bangkok, or whether it helped or hindered Pakistan's prospects for getting relief at the important Paris meeting in October," Kugleman added.

A 15-member Pakistani delegation led by the Minister for Economic Affairs Division Mohammad Hammad Azhar met with the APG in Bangkok to evaluate Islamabad's progress.

The outcome of the evaluation has yet to be disclosed by the APG, although Indian media outlets speculated that Pakistan fared poorly in the evaluation and is headed toward blacklisting.

Pakistan Foreign Minister Shah Mahmood Qureshi denied those claims, however, brushing them aside as "Indian propaganda."

"FATF has not placed Pakistan on the blacklist! The world needs to take notice of Indian propaganda and fake news," Qureshi said in response to the media reports.

**Pakistan's stance**

Pakistan continues to defend its efforts of combating terror groups and their financial networks, emphasizing it takes quite seriously FATF requirements and the fight against terrorism.

"The Pakistan delegation effectively presented Pakistan's progress on each of the FATF action plan items and provided additional information/clarification to the APG-Joint Group," Hammad Azhar, Pakistan's minister for the Economic Affairs Division, said following APG's meeting in Bangkok.



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More recently, Pakistan's Prime Minister Imran Khan criticized India for working against Pakistan at FATF and charged that his nation has dismantled militant groups operating on its soil.

"The moment the election ended, we approached India. No response. But then we discovered they were trying to push us in the FAFT blacklist to bankrupt us. That's when we realized there was an agenda." Khan stated in his address at the UNGA.

**Definitive action**

Despite Pakistan's claims of having made headway in its fight against militant groups and their financial networks, some analysts insist Pakistan has not done enough. They say its lack of definitive action against known terrorist networks like Lashkar-e-Tayiba and Jaish-e-Mohammad are valid concerns for the international community.

Nadeem ul Haque, a former senior resident representative of the International Monetary Fund (IMF) charges that Pakistan may have fulfilled other conditions imposed on the country by FATF, but the country has yet to really counter what he called "visible terrorists".

"Pakistan is failing in catching the visible terrorists the world wants to catch. That seems to be the main problem. The rest of the conditions are virtually done," Haque said.

James Schwemlein, an expert on South Asia at the Carnegie Endowment for International Peace, charges that Pakistan has taken only modest steps.

"So far, it appears the authorities have taken modest steps to meet FATF requirements, such as freezing banking accounts and seizing properties, but are far from full compliance," Schwemlein said. "At this point, it does not appear that Pakistan has taken any irreversible step to improve its anti-money laundering and counter terror-financing regime."

Schwemlein said Pakistan's intelligence agency continues to maintain ties with militant groups.

"Pakistani authorities argue they have limited ability to constrain terror groups that operate with the support of the Pakistani intelligence services inside Pakistan, though Prime Minister Khan has pledged to gradually constrain and eliminate these militant proxy groups," he added.

**Financial consequences**

If Pakistan were to be blacklisted by FATF, it would be of detriment to its already struggling economy, analysts warn.

"With Pakistan's economy already suffering through a serious balance of payments crisis and new IMF-funded austerity measures, the last thing Pakistan needs is to be deprived of new capital and investment," Kugleman said.



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"The FATF blacklist is where the worst of the worst end up, and if Islamabad gets put on this list it will likely lose many potential new investors and banks that wouldn't want to be tainted by a sullied Pakistani brand," he added.

Schwemlein of Carnegie Endowment for International Peace believes this is a possibility.

"If Pakistan is deemed as not having made sufficient progress against its action plan, the FATF ministerial in October could choose [by consensus] to issue a call to action' to international banks and financial institutions to sever ties with Pakistani entities," he said.

The FATF's action could simultaneously affect Pakistan's $6-billion loan program with the International Monetary Fund (IMF).

"FATF blacklisting Pakistan would cause a big hiccup. They [the IMF] will remain engaged with the country but can stop or slow the pace of funds if conditions are not met by Pakistan," Haque said.

Haque confirmed the IMF would have to take into account the FATF's actions toward Pakistan.

"The economy is at a point where stoppage of flows will be very hurtful ... it will slow international transactions to the point of scaring away investors and even remittances," he added.

**Applying leverage**

Analysts charge that Prime Minister Khan's government may try to use Afghanistan and the stalled peace talks there as leverage to maneuver out of the potential blacklist.

"If the U.S. administration thinks Pakistan is being helpful in advancing U.S. policy objectives in Afghanistan, Washington is unlikely to push for Pakistan's blacklisting," Schwemlein said.

But those talks, at least between the U.S. and Taliban, appear dead for now after the Taliban intensified its violence in Afghanistan and prompted U.S. President Donald Trump to end talks with the group.

Others argue there's too much in play for Pakistan to wield geopolitical issues.

"For Pakistan, FATF is an issue with too much at stake to warrant the use of external geopolitical issues as leverage," Kugelman said.



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## FATF's policy challenges & Pakistan

Though the Financial Action Task Force (FATF) has retained Pakistan on the Grey List after its five-day plenary session in Paris, the international anti-money laundering watchdog has warned Pakistan of taking prompt action to check money laundering and terror financing. The FATF is conceived as a leading international body for combating money laundering and terrorist financing. It has issued 40 recommendations and regularly checks whether member states have implemented them into their national law. The temporary relief that is given to Pakistan is by no means a win-win situation for us in so far as the FATF-policy challenges constantly hover over our economic future.

Pakistan managed to escape being blacklisted and has been asked to meet the standards set by the international watchdog Financial Action Task Force (FATF). Pakistan has made progress towards money laundering and terror financing and we acknowledge these steps taken by the new government. Pakistan has until February to improve its counter-terror financing operations in line with an internationally agreed plan or face actions against it, Xiangmin Liu, the chairman of the Paris-based Financial Action Task Force (FATF), told a press conference on Friday. "The FATF strongly urges Pakistan to swiftly complete its full action plan by February 2020," the body said in a statement. "Otherwise, should significant and sustainable progress not be made across the full range of its action plan by the next Plenary, the FATF will take action."

Economically, Pakistanis facing pressures from three different but interlinked levels – APG, the IMF and the FATF – that would determine the country's possible exit from the FATF grey list. Given significant progress on its 10-point action plan on 27 different standards, Pakistani authorities expected to secure a couple of months of grace period to be fully compliant, but February next year is the deadline. As for the FATF policy mechanism-cum-implementation, there appears a marked difference among the core FATF member states (and the so-called "G7″ states) in implementing the international "AML" requirements with respect to the legal profession. Some of the European states are implementing it aggressively; others (mainly North American) are repeatedly found non-compliant. This divergence in making compliance is remarkable as it occurs amongst states that are otherwise similarly committed to, and are the progenitors of, the global AML regime.

And yet undeniably, the discourse in the academic and practising legal community largely construes this compliance divergence as reflective of the states' level of commitment to the rule of law. This demand for cooperation only intensifies when attempting to track money designed to fund terrorism, which has been a central goal of FATF since 2001. Flexible and informal networks of terrorists could adapt relatively easily if caught. Moreover, many terrorist operations require relatively small amounts of money. In a system designed to track the millions, or even billions, of dollars involved in drug-trafficking, transactions in the tens of thousands or even below easily fall below the radar. As with the mainstream financial system, most transactions sent through hawala financial systems are perfectly legitimate transactions.

*By forming an anti-money laundering cell in the NAB headquarters- Islamabad has profoundly bridged the gap existing between FATF's established international law on Combating the Financing of Terrorism (CFT) and Pakistan's domestic law on accountability*



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Therefore, the sensitive challenge is to separate the desirable from the undesirable without quashing the market entirely. This linking of AML to security politics also raises the degree of politicization around AML, especially given the contentious politics being played in the post-War on Terror era. Arguably put, lawfare is the use of law as a weapon of war. It is the leveraging of the international, regional and/or domestic legal system as a weapon against the adversary. Lawafare is increasingly becoming the preferred method of waging war in the 21st Century and for obvious reasons. On 28 March 2019, the UNSC Resolution 2462 (2019) reaffirmed the close collaboration between the FATF and the UN in the fight against terrorism. Resolution 2462 (2019) requires, "All States to implement the comprehensive international standards embodied in the revised 40 FATF recommendations on combating money laundering, and the financing of terrorism."

The concluding FATF-session on October 18 held in Paris shares its strategic vision in its appraisal report: "After strengthening its standards to address the money laundering and terrorist financing risks of virtual assets, the FATF has now agreed on how to assess whether countries have taken the necessary steps to implement the new requirements. Given the global nature of the virtual asset industry, it is essential that countries implement these requirements swiftly, in particular, understanding the risks and ensuring the effective supervision of the sector. From now on, assessments will specifically look at how well countries have implemented these measures. Countries that have already undergone their mutual evaluation must report back during their follow-up process on the actions they have taken in this area.

The FATF will closely monitor the developments and will continue to actively engage with the private sector to clarify the FATF's requirements as they work to comply with them. Emerging assets such as so-called "stablecoins", and their proposed global networks and platforms, could potentially cause a shift in the virtual asset ecosystem and have implications for money laundering and terrorist financing risks. In general terms, both "stablecoins" and their service providers would be subject to the FATF standards either as virtual assets and virtual asset service providers or as traditional financial assets and their service providers.

The FATF is actively monitoring emerging assets including "stablecoins". It will continue to examine their characteristics and risks, and consider further clarifications on how the FATF standards apply to "stablecoins" and their service providers, as well as whether further updates are necessary. National authorities are responsible for implementing AML/CFT rules in their jurisdiction, through national laws and regulations. The FATF will work to promote the effective global implementation of the FATF standards applicable to virtual assets and other emerging assets".

In this regard, the amendments to foreign exchange regulation laws to restrict the domestic movement of currency beyond a certain limit have already been endorsed by the National Assembly`s standing committee to help relevant agencies curb the practice of Hawala/Hundi and other forms of illegal foreign exchange transactions act. The National Accountability Bureau (NAB) has set up Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) Cell at the Bureau's headquarters.



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By forming an anti-money laundering cell in the NAB headquarters- Rawalpindi, Islamabad has profoundly bridged the gap existing between FATF's established international law on Combating the Financing of Terrorism (CFT) and Pakistan's domestic law on accountability. Pakistan has expressed hope that it has set target till February 2020 to complete all items on its Financial Action Task Force (FATF) action plan. Pakistan's Economic Affairs Minister Hammed Azhar said that Pakistan will come out of "grey" to "white" List by the given deadline. All the while, the US South Asian expert Michael Kugelman said, "For Pakistan, FATF is an issue with too much at stake to warrant the use of external geopolitical issues as leverage".

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# 3. US-China Trade War

## What's China-US trade war and how it started?

The trade war has caused a significant deterioration in the US-China ties, as the countries have gone on to exchange tit-for-tat tariffs for over a year.

Just recently, on August 13, the US had announced it would impose tariffs on Chinese goods worth $111 billion on September 1, 2019, which thereby means that overall, Chinese products worth $361 billion will be facing the American wrath through new tariffs. And more Chinese products, carrying a worth of $156 billion, will be facing additional American tariffs with effect from December 15 this year. It was also on August 23 this year that American courier services were ordered to begin searching and refusing delivery on all suspicious US-bound shipments that may contain Fentanyl, a medication for anesthesia. Fentanyl is also used as a recreational drug, often mixed with heroin or cocaine. Following this announcement, the Dow Jones Index had dropped 800 points on August 14, 2019, plummeting due to Trump administration's continuous frustration and anger over the growing American trade imbalance with China. However, the stock market recovered some of the lost ground in the days that followed. But the recovery was short-lived, and on August 23, US President Trump had literally made his country's stock market nosedive within minutes of his tweets, four of them altogether. Trump's strongly-worded tweets had vehemently attacked China and the US Federal Reserve Chairman Jerome Powell. The American head of state had "ordered" American companies to immediately seek alternatives to doing business in China; and the Dow was down 623 points for the day. Here follows a complete text of Trump's tweets:

"Our country has lost, stupidly, trillions of dollars with China over many years. They have stolen our intellectual property at a rate of hundreds of billions of dollars a year & they want to continue. I won't let that happen! We don't need China and, frankly, would be far better off without them. The vast amounts of money made and stolen by China from the United States, year after year, for decades, will and must stop. Our great American companies are hereby ordered to immediately start looking for an alternative to China, including bringing your companies home and making your products in the USA. "I will be responding to China's tariffs this afternoon. This is a great opportunity for the United States. Also, I am ordering all carriers, including Fed Ex, Amazon, UPS and the Post Office, to search and refuse all deliveries of Fentanyl from China (or anywhere else!). Fentanyl kills 100,000 Americans a year. President Xi said this would stop - it didn't. Our economy, because of our gains in the last 2 1/2 years, is much larger than that of China. We will keep it that way!" He had even typed a few words in capital letters to lay greater emphasis. Trump's Twitter rant was a reaction to China's announcement of retaliatory tariffs worth $75 billion on American goods. And last Friday, the Dow was down 431 points within a few hours. Research tells us that some 30 years before becoming president, Donald Trump had frequently vouched for the imposition of tariffs to reduce America's trade imbalance and revive manufacturing, asserting the country was being "ripped off" by its trading partners, and imposing tariffs was a major plank of his presidential campaign. (References: The CNNMoney and the New York Times).

Compiled with the help of news items appearing in various reputed global outlets like the



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Washington Post, Bloomberg, CNBC, The Guardian, BBC, Associated Press, CNN, New York Times, Reuters, and the Forbes magazine etc, here follows a brief chronology of US-China trade war that has gained more heat during Trump's regime:

On March 22, 2018, Trump asked his government to investigate applying tariffs on US$50–60 billion worth of Chinese goods. He had stated that the proposed tariffs were "a response to the unfair trade practices of China over the years" including theft of US intellectual property. Over 1,300 categories of Chinese imports were listed for tariffs, including aircraft parts, batteries, flat-panel televisions, medical devices, satellites and various weapons. On April 2, 2018, China had responded by imposing tariffs on 128 products it imports from America, including aluminum, airplanes, cars, pork, soybeans, fruit, nuts and steel piping etc. On April 4, 2018 Trump denied the existence of a trade war, saying "that war was lost many years ago by the foolish, or incompetent, people who represented the United States. He was quoted as saying: "Now we have a trade deficit of $500 billion a year, with intellectual property theft of another $300 billion. We cannot let this continue". On April 5, 2018, Trump said he was considering another round of tariffs on an additional $100 billion of Chinese imports as Beijing retaliates. The next day, the World Trade Organisation (WTO) had received request from China for consultations on new US tariffs. On May 20, 2018, Chinese officials had agreed to "substantially reduce" America's trade deficit with China by committing to "significantly increase" its purchases of American goods.

On May 29, 2018, the White House announced that it would impose a 25 per cent tariff on $50 billion of Chinese goods with "industrially significant technology"; the full list of products affected to be announced by June 15, 2018. China reacted by asserting it would discontinue trade talks with Washington if it imposed trade sanctions. On June 15, 2018, Trump had declared that the United States would impose a 25 per cent tariff on $50 billion of Chinese exports; $34 billion would start July 6, 2018, with a further $16 billion to begin at a later date.

Visibly infuriated over this American decision, China's commerce ministry accused the United States of launching a trade war and said China would respond in kind with similar tariffs on the US imports, starting on July 6, 2018. Three days later, the White House declared that the United States would impose additional 10 per cent tariffs on another $200 billion worth of Chinese imports if China retaliated against these US tariffs. The list of products included in this round of tariffs was released on July 11, 2018, and was set to be implemented within 60 days. On June 19, 2018, China retaliated, and threatened the US that it would slap its own tariffs on $50 billion of the US goods, adding that the United States had launched a trade war. On July 6, 2018, American tariffs on $34 billion of Chinese goods came into effect. China imposed retaliatory tariffs on US goods of a similar value. On July 10, 2018, the US released an initial list of the additional $200 billion of Chinese goods that would be subject to a 10 per cent tariff. Within 48 hours, China vowed to retaliate with additional tariffs on American goods worth $60 billion annually. On August 8, 2018, the US government published its final list of 279 Chinese goods, worth $16 billion, to be subject to a 25 per cent tariff from August 23, 2018.

In response, China imposed 25 per cent tariffs on $16 billion of imports from the US, which was implemented in parallel with the US tariffs on August 23, 2018. On August 14, 2018, China filed a complaint with the WTO, stating that US tariffs on foreign solar panels clashed with its (WTO) ruling, arguing they had destabilised the international market for solar PV products. On August



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23, 2018, the US and China's promised tariffs on $16 billion of goods took effect on August 27, 2018; China filed a new WTO complaint against the US regarding the additional tariffs. On September 17, 2018, the US announced its 10 per cent tariff on $200 billion worth of Chinese goods. Washington also threatened tariffs on an additional $267 billion worth of imports if China retaliated. On September 18, China imposed 10 per cent tariffs on $60 billion of US imports.

On November 10, 2018, the US alleged that a group of Wall Street billionaires were conducting an influence operation on behalf of the Chinese government by weakening the president and the US negotiating position. On December 1, 2018, the White House stated that both parties will "immediately begin negotiations on structural changes with respect to forced technology transfer, intellectual property protection, non-tariff barriers, cyber intrusions and cyber theft". On May 5, 2019, President Trump had stated that the previous tariffs of 10 per cent levied on $200 billion worth of Chinese goods would be raised to 25 per cent on May 10. On May 15, 2019, Trump signed executive order number 13873, which sought to restrict the export of US information and communications technology to "foreign adversaries" under national security grounds. This order was probably meant to support the American allegations of espionage via Chinese telecommunications firms. On June 1, 2019, China said it would raise tariffs on $60 billion worth of US goods. On June 29, 2019, during the G20 Osaka Summit, Trump announced he and his Chinese counterpart Xi Jinping have agreed to a "truce" in the trade war after extensive talks. Trump had maintained he would allow American companies to sell their products to Chinese technology giant Messrs Huawei that has a net income of US$8.656 billion, but the company would remain on the US trade blacklist. In July 2019, the IMF had found the Chinese Yuan to be correctly valued, while the dollar was overvalued. On August 1, 2019, Trump announced on Twitter that additional 10 per cent tariff would be levied on the "remaining $300 billion of goods". On August 5, 2019, the US Department of Treasury officially declared China as a "currency manipulator". The same day, China had ordered state-owned enterprises to stop buying US agricultural products totaling $20 billion per year before the trade war and $20 billion per year as of July 2019. On August 9, 2019, China had announced an accelerated decrease in holdings of US treasury holdings, targeting 25 per cent of its current holdings of $1.1 trillion. The August 13, 2019 development has been mentioned in the introductory paragraphs of this story as Trump administration had announced it would impose tariffs on Chinese goods worth $111 billion on September 1, 2019. Or in other words, Chinese products worth $361 billion overall will be facing the American tariffs in less than a week from now. And more Chinese products, carrying a worth of $156 billion- as stated above - will be facing additional tariffs with effect from December 15 this year. On August 23, 2019, the Chinese finance ministry announced new rounds of retaliatory tariffs on $75 billion worth of US goods, effective from September 1, 2019.



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## US-China trade war an opportunity for Pakistani exporters

BEIJING - Economic experts hinted at emerging trade and business opportunities for Pakistan, following US-China trade war . According to Nomura Securities strategists, Pakistan could potentially be the third most fortunate beneficiary in this feud, says a report published in China Economic Net.

Abdul Razzak Dawood, adviser to the prime minister, has also reported to have given a similar statement, "The trade war between China and the United States is getting bigger and bigger by the day… and the demand for goods is not declining (in the US market). Pakistan needs to explore ways so that it can benefit from this war." These controversial claims; however, have certain assumptions attached to them. There are three possible ways that Pakistan can turn one of the greatest economic feuds into its favor and establish itself in the international market as a key player in world economics.

First of all, the high tariffs on the Chinese products in the US makes Pakistani exports more competitive in the US market. It had always been very difficult to compete with Chinese products in any international market because of their low production costs due to cheap labor and economies of scale of Chinese firms.

However, the high tariffs have made these "cheap" Chinese product more expensive for the US buyers. Higher prices have led to a decrease in their demand. This has left a gap that can be potentially filled by alternative sellers in the US market such as Pakistan.

Ehsan Malik, Pakistan Business Council's CEO, has also brought this to our attention by saying, "The China-US trade war has put Pakistan in an advantageous position and we have become more competitive than China in some areas like textiles.

It offers an opportunity for Pakistan to boost its exports to the United States as well as revive the closed manufacturing capacity (mostly in Punjab)." Engineering, textile, surgical tools, sportswear, plastics, footwear, fishery, packaging, pharma, kitchenware, furniture and jewelry are some of the types of Chinese products that have been subjected to the high US tariffs.

Out of these many Chinese products, Pakistan has the capacity to produce a substantial amount of these products as exports for the US market. Of course, the production of items from each of these categories will depend on the availability of resources to Pakistani industries. For example, Pakistan has a flourishing industry for sportswear products.

The tariff war between China and the US could lead to potential industrial growth and inflow of foreign investment into Pakistan. The Pakistan Business Council's CEO, Ehsan Malik, is reported to have said that the Chinese manufacturers can ward off punitive tariffs on their exports to the United States by relocating their labor-intensive industries to Pakistan.



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## Trade war, SEZs and Pakistan

How can Pakistan optimally benefit from the ongoing tariff war between the US and China? This is a basic query requiring specialised focus and analysis of the export-led dynamics responsible for the virulent trade conflicts. The 'reciprocity framework' of the General Agreement on Tariffs and Trade (GATT/WTO), as explained under Articles XXVIII and XIX on 'renegotiating concessions', seems to provide legal justification for the turgid trade frictions worldwide. Moreover, tensions between major international trading partners are not a new phenomenon. Back in the 1980s, a similar trade tug-of-war was witnessed between the US and Japan. An exponentially high volume of the Chinese exports has been alarming the US pundits since 1990s. In a World Bank's policy research working paper titled "US-Japan and US-China trade conflict: Export growth, reciprocity and trading system", Chad Bown and Rachel McCulloch underline similarities and dissimilarities between the US trade friction with Japan and China. They argue that Japan, from 1950s through 1990s, and China, since 1970s, have posed vitiating challenges to the GATT/WTO trading system because of their unusually high shares of world exports and bilateral trade imbalances with the US. Such trade imbalances have been viewed, by the US policymakers, as a threat to the GATT/WTO principle stressing market-access concessions for quixotic players in the trading system.

Against this backdrop, the US continued to put pressure on the voluminous export of Chinese products. Taking offense at the US actions, according to media reports, many Chinese companies have started shifting their businesses to low-cost countries. Since Chinese companies are facing prosaic business challenges at the local level, such as rising wages, labour crunch, and the pressure of additional tariffs, Chinese companies are considering manufacturing their products in other countries in attempts to dodge the US in the ongoing tariff war. The querulous trend suggests that the trade tug-of-war between the US and China has created many business opportunities for low-cost countries such as Pakistan.

In the aftermath of the additional tariffs imposed by the US, Chinese exporters are facing a welter of business pressures to cope with the ongoing trade challenges. Prima facie, as per reports, they have three main options: increasing consumption of their products indigenously in China; diversifying their client base thus relying less on the US; and moving manufacturing of their products to other low-cost countries. If they focus on consuming their products indigenously, it may have vociferous consequences for their Open Door Policy in the long run. Given the US tariff vitriol that has followed China, Chinese exporters will also face the current trend of high wages and labour crunch locally. These factors will not allow Chinese exporters to focus on the local market for consumption of their products. The second option is to diversify the market for Chinese products internationally, thus bypassing the challenges posed by additional tariffs by President Trump. However, this is also not a plausible idea because the US is a major trading partner in the world and it is very hard for any country to bypass it. The third option of moving manufacturing to low-cost nations has several tangible merits. By doing so, Chinese exporters can easily manipulate their exports into the US by doing away with their 'Made in China' tag, as their products will be manufactured in other low-cost countries and labeled accordingly.

Meanwhile, reports suggest that the Chinese government has denied that companies have started moving their businesses outside China. However, it is argued that if Chinese exporters choose to



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manufacture their products outside China, their businesses may be at risk because the US and China may strike a deal through which China can contain the additional tariffs imposed by the US. In this scenario, the investments made by Chinese exporters in other countries may face huge losses. This creates a business conundrum for Chinese businessmen regarding whether they should shift their product production to other low-cost countries or not.

This is a time for Pakistan to keep a close eye on the ongoing international trade developments. The influx of the Chinese businessmen to other countries needs to be monitored systematically by collecting data regarding products that are high in demand in the US. Pakistan has the advantage of having geographical contiguity with China. The China-Pakistan Economic Corridor (CPEC) is another trade advantage. These comparative advantages should naturally mark Pakistan as the best option for the Chinese exporters where they can produce their products. In this regard, the location of proposed Special Economic Zones (SEZs) will have a crucial role to play as reflected in our article "Promoting SEZs: the location factor" that appeared in this newspaper on April 18, 2019.

This is the right time for Pakistan to come up with a policy plan, based on extensive research. It is not just trade, it is the entire international political landscape that will determine the future of trade between the US and China. Pakistan needs to prepare itself to accommodate the Chinese exporters willing to manufacture their products in other low-cost countries for onward export to the US. The spillover effect of the rising trade tensions between the US and China can indeed be a 'quantum leap' for Pakistan's languishing economy. Responding with a pique to the US safeguards, if Chinese companies were to move to Pakistan, the products produced will be labeled as 'Made in Pakistan', creating a trend to promote a culture of business entrepreneurship and innovation in Pakistan.

Anticipating future trade variables, particularly the ripple effects of the additional tariffs imposed by President Trump on the $200 billion worth of Chinese goods, Pakistan must be prepared to welcome Chinese companies and exporters. It is a good time to attract Chinese investors, businessmen, industrialists and exporters directly affected by US tariffs. It may be noted that during the US-Japan trade tensions in the past, many low-cost nations benefitted. The US protection targeted at Japan, according to Bown and McCulloch, promoted the export growth in textiles, steel and semiconductors in several newly industrialised low-cost economies such as Taiwan, Hong Kong, Singapore and South Korea. India, Bangladesh and Vietnam have also been the beneficiaries of the US-China trade conflicts in the textiles and apparel sectors.

Currently the investors in China are closely watching the government policies and the depreciation of Yuan to counter the additional tariffs imposed by the US. Many of them may also be double-minded either to move their factories to other countries or not, because the two countries may enter into some kind of trade agreement that can offset the tariff pressures. In these circumstances, Pakistan could be an attractive destination for Chinese exporters aiming to bypass the tariffs imposed by the US. In the wake of ongoing trade frictions, Pakistan must devise a robust policy capable of accommodating the Chinese exporters, affected by the US tariffs, alongside establishing SEZs at locations of optimal advantage to both Pakistan and China.



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## Impact Of US-China Trade War

A dock worker from the eastern port city of Ningbo said he wants China to stand unflinchingly against President Donald Trump's demands.

A salesman in Beijing hopes his country will keep punching back in the commercial ring — even if it hurts his wallet.

And a coffee shop owner in the Chinese capital said Trump's tariffs have inspired her to retaliate at the store: She's swapping US products for Chinese brands.

Experts, meanwhile said that the trade war would negatively affect the interest of US consumers, companies, and the financial system of America.

But the whole gamut of arguments surrounding the so-called "trade imbalance" between the two top trading giants goes much deeper.

As the trade war between the world's two largest economies unfolds on the international stage, analysts say Trump's brash approach to try to win concessions from Beijing has provoked a public fury that could ultimately thwart his efforts.

By imposing tariffs on $200 billion (Dh734 billion) more in Chinese goods starting next week, Trump has triggered the likelihood of price increases for many American companies and consumers.

Beijing has said it will swiftly retaliate against American exporters — a move that stands to hurt US farmers and other companies that sell their products to China.

Beijing may also raise obstacles for US companies to do business in China.

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### What's happening and its likely impact:

### What is the US doing?

The Trump administration will begin taxing $200 billion in Chinese goods starting from Monday. The tariffs will start at 10 per cent and rise to 25 per cent in 2019. The target list is huge, ranging from rattan mats to burglar alarms to bicycles. But the administration struck some items from the originally planned $200 billion tariff list, including bicycle helmets and other child safety products.

And, in a victory for Apple Inc, smart watches and some other electronics products won't be subject to the new tariffs, either. The administration and Beijing have already imposed import taxes on $50 billion worth of each other's products. Beijing's target list of US goods to penalise was heavy on agriculture. That's hardly a coincidence.

The United States has so far imposed tariffs on $50 billion worth of Chinese products.

Its tariffs are meant to deliver pain to American farmers, who overwhelmingly backed Trump in the 2016 election and whose interests are represented by powerful lobbyists and members of Congress. Exports to China account for about 60 per cent of the overseas sales of American soybean farmers, who stand to lose sales as a result of China's tariffs.

**What is behind the US-China trade rift?**

The Trump administration has accused China of using predatory tactics in a lawless drive to overtake America's technological supremacy. US officials point to Beijing's long-range development plan, "Made in China 2025," which calls for creating powerful Chinese entities in such areas as information technology, robotics, aerospace equipment, electric vehicles and biopharmaceuticals.

Foreign business groups argue that "Made in China 2025" is unfairly forcing them to the sidelines in those industries. The Office of the US Trade Representative concluded after an investigation that China's tactics range from requiring US and other foreign companies to hand over technology in return for access to the vast Chinese market to outright cyber-theft. The US also asserts that Beijing uses state money to buy American technology at prices unaffordable for private companies.

**How has China responded to the new tariffs?**

China said on Tuesday that it has no choice but to retaliate against new US trade tariffs. The Chinese commerce ministry's brief statement gave no details on China's plans, but Foreign Ministry spokesman Geng Shuang said the US steps have brought "new uncertainty" to talks between the two countries.

"China has always emphasised that the only correct way to resolve the China-US trade issue is via talks and consultations held on an equal, sincere and mutually respectful basis. But at this time, everything the US does, doesn't give the impression of sincerity or goodwill," he added. Geng said he would not comment on "hypotheticals" such as what measures Beijing might consider apart from tariffs on US products, saying only that details would be released at the appropriate time.

**What happens if China retaliates?**

Trump warned on Monday that if China takes retaliatory action against US farmers or industries, "we will immediately pursue phase three, which is tariffs on approximately $267 billion of additional imports." The latest US duties spared smart watches from Apple and Fitbit and other consumer products such as baby car seats.

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A truck transports a shipping container at the cargo terminal port in Qingdao in east China's Shandong province.

But if the administration enacts the additional tariffs it would engulf all remaining US imports from China and Apple products like the iPhone and its competitors would not likely be spared. US Commerce Secretary Wilbur Ross said on Tuesday it was up to Beijing to decide the terms of any upcoming negotiations.

**Isn't the US also sparring with other trade partners?**

Trump is battling in just about every direction. He has imposed tariffs on imported steel and aluminium — action that has drawn retaliatory tariffs from US allies like Canada, Mexico and the European Union. The president is also threatening to impose tariffs on imported vehicles and auto parts on the grounds that they pose a threat to America's national security.

Trump also wants to replace the North American Free Trade Agreement, which includes the US, Mexico and Canada, with a new agreement that would shift more auto production to the US. The administration has already reached a deal with Mexico that excluded Canada. Talks to keep Canada in a North American trade bloc have been ongoing, with the two longtime allies divided over such issues as Canada's dairy market and US efforts to shield drug companies from generic competition.

By brawling with America's friends, critics say, Trump has squandered an opportunity to build a united front against China. After all, Europe, Japan and other rich countries have the same complaints about Chinese trade practices that America does.

**Will Trump's strategy help find a resolution soon?**

"We are under no pressure to make a deal with China, they are under pressure to make a deal with us," Trump tweeted last week. The change of tone effectively ties Chinese President Xi Jinping's hands, said James Zimmerman, former chairman of the American Chamber of Commerce in China. "Getting the Chinese to the bargaining table should be all about face-saving — not a chest-thumping exercise," Zimmerman said.

"Xi has no choice but to stand firm and stand tall." There have been periodic reports that the Trump administration was on the verge of resuming talks with Beijing. Informal communications are still going on, administration officials have said, but no formal talks are scheduled.

**Have there been trade wars before?**

You'd have to go back to the 1930s to find anything close to the hostility between the US and its top trading partners right now. During the Great Depression, many countries, including the US,

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closed their markets to imports. A plunge in global trade likely worsened the Depression. Many less intense trade conflicts have followed.

President Ronald Reagan slapped tariffs on $300 million worth of Japanese imports in a dispute over the semi-conductor industry and strong-armed Tokyo into accepting limits on car shipments to the United States. In 2002, President George W. Bush imposed tariffs on Chinese steel. The move allowed US steel producers to increase prices, raising costs for companies that buy steel and pressuring them to cut back elsewhere. But the tariffs are thought to have cost significant US job losses.

US President Donald Trump's trade battles and the accumulation of global debt to pre-financial crisis levels are among factors that will drive a major reset of the world economy in the next two to three years, according to the head of the world's biggest long-haul airline.

"We have some extraordinary geopolitical forces at play," Emirates chief Tim Clark told attendees at an aviation event in the Indian Ocean nation of Mauritius. The industry could be facing a "mini" global financial crisis within two to three years and "there is going be a major reset," he added.

The US is set to impose tariffs on $200 billion of Chinese imports spanning bicycles and baseball gloves to digital cameras, two months after introducing a first round of levies. China has promised to respond in an ongoing tit-for-tat. The International Monetary Fund has warned that an escalating trade war could undermine the strongest global upswing in years.

There's already intense competition in the Chinese market and declining passenger traffic from there to North America has prompted US airlines to withdraw from some core routes to the world's second biggest economy. Air China has complained that subsidies for its rivals is distorting the market and lowering fares beyond what's economically viable. Carriers will have to learn how to deal with dumping by heavily subsidised state-owned carriers, Clark added.

Beijing: Billionaire Jack Ma sent out a grave warning regarding the trade war between the US and China: It's going to last longer and have a bigger impact than most people think.

China's richest man said the dispute could last 20 years and persist beyond the presidency of Donald Trump, as the world's two strongest economic powers battle for global supremacy.

China needs to strengthen its economy to deal with the conflict and shift trade relations from the US to regions like Southeast Asia and Africa, the chairman of Alibaba Group Holding Ltd. said during a speech at the company's investor day conference in Hangzhou.

"Short term, business communities in China, US, Europe will all be in trouble," Ma said, pacing a stage in an open white dress shirt and punctuating his remarks with forceful jabs. "This thing will last long. If you want a short-term solution, there is no solution."

Ma said Alibaba will also be affected by the rising tensions, given its wholesale business allows American merchants to source products from China. But he also said the trauma will offer

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unprecedented opportunities for companies that can take advantage of them. "We should not focus on this quarter or next quarter or next year's profit. This is a huge opportunity," he said. "If Alibaba cannot sustain and grow, no company in China can grow. I'm 100 per cent confident in that." Ma's remarks carry particular weight because he is an icon of Chinese innovation and has been seen as an ambassador to the US. Last year, he met with Trump and promised to create 1 million jobs in the US through 2021.

## 5 ways Trump's tariffs on $200b in China goods could be felt

By imposing taxes on an additional $200b in Chinese goods, President Donald Trump has intensified a battle of wills between the world's two largest economies

Baltimore: By imposing taxes on an additional $200 billion (Dh734 billion) in Chinese goods, President Donald Trump has intensified a battle of wills between the world's two largest economies — and the outcome is far from certain. Here is a look at five potential consequences:

### Consumers

Unlike the first two rounds of tariffs totalling $50 billion, the new taxes launched by Trump would more directly hit American consumers. "As president, it is my duty to protect the interests of working men and women, farmers, ranchers, businesses, and our country itself," Trump said.

Starting next Monday, the US is to begin charging a 10 per cent tax on thousands of Chinese imports — tyres, windshield wipers, baseball gloves, bicycles, snakeskin pants, backpacks, trombone cases, refrigerators and wooden furniture, among others. The list runs 194 pages. Unless the administration reaches a truce with Beijing, Trump's import tax will jump to 25 per cent in 2019.

After Trump announced tariffs on washing machines toward the start of 2018, the price for laundry equipment shot up 16 per cent between February and May, according to an analysis by Mark Perry, an economics professor at the Flint campus of the University of Michigan.

### Companies

Many companies have warned that Trump's tariffs threaten to disrupt their businesses and depress their revenue. The monthly manufacturing index by the Institute of Supply Management noted that some companies have expressed concern about tariffs despite an otherwise robust US economy.

One food and beverage firm in the ISM survey said, "Suppliers appear to be bracing us for cost increases, given increased talk of tariffs and inflation." Trump's tariffs, with their uncertain duration, make it difficult for companies to plan for the future. Ted Murphy, a trade lawyer and

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partner at Baker McKenzie, said the president is signalling that many companies will need to rethink their operations.

**Financial Markets**

So far, the stock market has taken the threats of tariffs in stride. Share prices have dipped, only to then resume their growth, in part because of deep corporate tax cuts that took effect this year and a solid US economy in its 10th straight year of expansion.

But the new round of tariffs risks triggering a more alarming response by investors. The additional taxes suggest that the two countries are struggling to make progress in settling their differences. "It's definitely a setback for the market that they can't seem to get to the table," said J.J. Kinahan, chief market strategist for TD Ameritrade.

**Global Economy**

A prolonged trade war between the US, the world's largest economy, and China, the second-largest, would ripple through the rest of the globe. Tariffs could translate into less trade, which could hinder growth in smaller nations. The US dollar has already begun to rise in value as trade tensions have mounted. This has insulated the United States from higher prices.

But the higher-valued dollar has also diminished the value of currencies of emerging markets – which has weighed heavily on their economies. In the meantime, the value of the Chinese yuan has dropped relative to the dollar, making it easier for Beijing to withstand US tariffs.

**Politics**

The Republicans' control of the House and the Senate is at stake in the midterm congressional races in November. Trump has portrayed the import taxes as a winning electoral issue because they're forcing other countries to compromise with the US. But public opinion suggests that his tariffs could prove a vulnerability.

A poll released August 24 by The Associated Press-NORC Centre for Public Affairs Research found that 61 per cent of Americans disapproved of the president's handling of trade negotiations. If Democrats win, it would possibly repudiate Trump's approach. But if many Republicans retain their seats, it could vindicate Trump's choice to announce tariffs so close to the elections.

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## Trump's trade war with China will affect all of us – this is how

Donald Trump sometimes tries to claim he's not really a crazed protectionist, merely a champion of what he describes as "fair trade". The implication is that if trade was not "rigged" by cheating foreigners, he would gladly decommission his battery of new import levies.

So if China stopped its intellectual property piracy, its forced technology transfers, its restrictions on US access to its own market, its currency manipulation, we could have trade peace in our time. If Europe would only end its discrimination against American vehicle imports, we would all be able to get along famously. And so on, with the same applying to Mexico, Canada and every other country that has felt the lash of Trump's anger on trade. But as Mitt Romney once put it, "such promises are as worthless as a degree from Trump University".

It should be pretty clear by now Trump's "fair trade" rhetoric is a study in diplomatic and commercial bad faith.

Today's 10 per cent tariffs from the White House on a further $200bn of Chinese imports – hitting handbags, rice and textiles, along with several thousand other items – take the total value of trade affected by Trump to $250bn. That's the value of roughly half the US imports from China.

It would be brave to bet against US tariffs eventually landing on the other half too, as Trump has explicitly threatened. Those who predicted the "grown-ups" in the White House would restrain the president and prevent a trade war breaking out do not look particularly prescient today.

The US claims China is not engaging with its trade concerns. Yet some in the White House privately say they are delaying imposing the full – previously threatened – 25 per cent tariff rate on imports to give US companies more time to shift manufacturing back from China to the US. It seems the real strategy is less about making global trade fairer, in Trump's eyes, than in incentivizing industrial "reshoring" onto American soil.

There is actually a reasonable case for penalising China for its flouting of the rules of multilateral trade, such as through overproduction, dumping overseas and the nation's excessive restrictions on market access. But a policy of reversing the globalisation of supply chains really does ignore the foundational economic lessons of Adam Smith about the benefits of the division of labour, and of David Ricardo on the merits of a nation recognising its comparative advantage.

The primary loser from Trump's trade deal will of course be the American consumer. The hypothetical benefits of more manufacturing jobs will be more than cancelled out by higher prices in the shopping malls.
The Trump administration has exempted consumer electronics such as smartphones after lobbying from companies including Apple which, famously, assembles its iPhones in China before importing them to the US.

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Chinese bicycle helmets and baby high chairs were also exempted, which suggests someone in the White House, if not the president himself, intuits tariffs are likely to push up domestic prices – which may not be helpful ahead of US mid-term congressional elections.

But whoever it is did not intuit enough. For the idea one can limit the domestic economic impact of tariffs by carving out exemptions for certain popular or sensitive products is naïve in the extreme. In this age of sprawling and complex cross-border manufacturing supply chains there are connections that are hard, if not impossible, to perceive.

As the Apple boss Tim Cook notes, there are iPhone components manufactured in the US which are exported to the China so it can be assembled. What if China imposes tariffs on those in response to Trump's tariffs? That will likely push up US iPhone retail prices even if there are no direct tariffs imposed by Trump. Deliberately clog the arteries of trade and the economic damage will inevitably show up somewhere, perhaps where it's not expected.

What will the impact be on the rest of the world, on growth? China is already retaliating and will probably match US tariffs dollar for dollar, at least as far as it can given its bilateral trade surplus. Europe has hit back on steel import duties with charges on Harley Davidson motorcycles and Florida orange juice.

The Bank of England has estimated a global trade war – in which everyone raises tariffs on everyone else by around 10 percentage points – would slow worldwide GDP growth by around 2.5 per cent over three years. That's a serious economic loss in the context of a $90 trillion global economy. It would hold back UK GDP growth two per cent and the US equivalent around five per cent.

But such estimates, though reasonable, are also potentially misleading. As Maury Obstfeld, chief economist of the International Monetary Fund, recently warned: "The multilateral rules-based trade system that evolved after [the Second] World War ... and that nurtured unprecedented growth in the world economy ... is in danger of being torn apart".

This regime rupture isn't an outcome which one can reliably model based on historic economic relationships. It would put us in a wholly new and dangerous world. Trump says trade wars are "easy to win". He's wrong. But multilateral trade systems could be easy for a belligerent president to break. And we may find it terribly hard to put them back together again.

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## How the US-China Trade War Could Impact the South China Sea

Trade and oceans have always been integral parts in the struggle for global supremacy. English adventurer Sir Walter Raleigh once wrote: "For whosoever commands the sea commands the trade; whosoever commands the trade of the world commands the riches of the world, and consequently the world itself." It was the case for Great Britain with the Pax Britannica in the 19th century, the United States with the Pax Americana in 20th century, and will be the case for China if it wants to build up its own Pax Sinica in the 21st century.

It was thus no coincidence that Beijing's South China Sea island-building campaign began around the same time as China overtook the United States as the world's largest trading nation. Meanwhile, unfair trade practices and military aggression in the South China Sea were the main accusations that U.S. Vice President Mike Pence made toward China in an unprecedented speech in early October. Thus, the intensifying trade war – initiated by U.S. President Donald Trump – is not a normal quarrel, but a shift from a "peaceful coexistence to a new form of confrontation" between the two global powers. Understanding the trade war in this light inevitably raises the question of how it will affect the South China Sea disputes.

The main channel of impact will be economics. An authoritarian regime like China depends mainly on socioeconomic performance for legitimacy. When the country endures economic hardship, it will be tempting for the leaders at Zhongnanhai to stir up nationalism to divert public dissatisfaction (for an example, look at Argentina's decision to start the Falklands War in 1982).

Certainly, the trade war has just started and it is still uncertain what lies ahead. However, the Chinese economy has already suffered. In the third quarter of 2018, its GDP growth decreased to 6.5 percent – the lowest in a decade – and it could even go as low as 5 percent when facing the full effects of a trade slowdown. The pessimistic mood has even infected some of China's biggest investors. Morgan Stanley, Nomura Holdings, Jefferies Group, and most recently JPMorgan have all cut down on their China-based holdings for fear of a full-blown trade war scenario. If this situation continues, it will be not surprising if Beijing chooses to play the nationalism card by taking a more aggressive stance in its maritime disputes.

This is tempting because China has the capability to do so. Beijing has invested a great deal to reinforce its military capability, particularly its naval force. A 2018 report by the U.S. Department of Defense reveals that China now possesses "the world's largest and most capable maritime militia." While the U.S. Navy has 282 deployable battle-force ships as of August 2018, the Chinese People's Liberation Army Navy (PLAN) has "more than 300 surface combatants, submarines, amphibious ships, patrol craft, and specialized types," making it the largest navy force in the Indo-Pacific region. According to Professor Robert S. Ross at Harvard University, had a naval war between China and the United States happened 10 years ago, America would have won easily. However, if it happened now, the war would be long, painful, and detrimental to both parties.

That explains why China has been confident on its bullish stance in the South China Sea since the start of the trade war. In addition to the heated exchanges between the two countries, last

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month, a Chinese destroyer challenged a U.S. destroyer when it maneuvered in the waters close to one of China's artificial islands.

The risk of conflict escalates as the United States under Trump shows no hesitation to challenge China's position directly. His top diplomat, Secretary of State Mike Pompeo, has threatened to oppose China at every turn. In recent years, the United States has boosted its military presence in South China Sea too, through "freedom of navigation" operations. Recently, it widened the scope of this patrol to the air, when a U.S. P-8A Poseidon flew past four artificial islands built by China in August, ignoring the Chinese military's constant warnings. The United States even encourages its allies to do the same, with France and the U.K. taking the call.

Trump's Indo-Pacific strategy can be seen as a counter-balancing act against China's Belt Road Initiative, and Washington is also engaging the Quad coalition to check Beijing's maritime ambition. Vietnam – a former enemy but now a U.S. strategic partner – is now able to buy U.S. weapons as the embargo was lifted in 2016. Vietnam is seen as the most defiant claimant state in the South China Sea disputes with China.

Trump's hawkish stance, set within Washington's hardening narrative of conflict with China, will be unlikely to wither as the trade war intensifies. His Chinese counterpart, President Xi Jinping, will not back off either. Being regarded as the most powerful leader since Deng Xiaoping, Xi doesn't want to look weak in front of the domestic audience. He recently told the military region that monitors the South China Sea and Taiwan to "prepare for war," in an attempt to reiterate Beijing's territorial claims. Although the chance of war is tiny, it cannot be excluded.

For other South China Sea claimants, such as Vietnam and Philippines, this complex and intertwined situation of superpower struggle has mixed implications. In terms of economics, the trade dispute between the United States and China could in fact benefit Southeast Asian countries, as many of their products are Chinese competitors. In the absence of cheap Chinese goods, ASEAN products can be ideal substitutes. In addition, foreign investment might shift to ASEAN to avoid higher tariffs, a move which is often dubbed as the "China plus One" strategy. A potential negative impact would be the possibility of Chinese consumer goods flooding into Southeast Asian domestic markets, threatening local producers' survival, especially in sectors dealing with textiles and garments, mechanical engineering, steel, and building materials.

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But in terms of an escalating maritime dispute, it comes at everyone's expense. Southeast Asian countries want a predictable and rule-based order in the South China Sea, not increasing militarization and destabilization. For their own benefit, the active U.S. involvement in the region should aim at keeping Beijing's actions in check, and making China a responsible stakeholder, rather than fueling aggressive Chinese nationalism, which risks turning the whole region into Asia's cauldron.

Being militarily and economically overwhelmed by China, Southeast Asian claimants cannot afford to compete with Beijing in a more confrontational scenario. A nationalist and wounded China, faced with the economic consequences of the trade war, will be a dangerous prospect for the South China Sea.

## The US-China trade war has set in motion an unstoppable global economic transformation

ABU DHABI, United Arab Emirates – If one strains hard enough to listen in the humid heat of this oil-rich kingdom, one can hear the rumblings of the most profound event for global energy markets and the world economy, not only for this year but perhaps for this era:

It is the decoupling of the world's two weightiest economies, that of China and the United States. The process seems as inescapable as its extent and global impact remains incalculable.

This week's news that President Trump was delaying by two weeks a tariff increase on $250 billion of Chinese goods planned for October 1, the 70th anniversary of the People's Republic of China, is unlikely to slow this trend, and neither will China's responding exemption of pork and soybeans from new tariffs.

The most knowing delegates at this year's World Energy Congress, who met here this week, continued to worry about the US-Chinese trade war. It has slowed growth and placed the biggest drag on oil prices. At the same time, however, they were shifting focus to the more momentous and generational event of decoupling.

They saw it in the Liquified Natural Gas contracts that the world's fastest growing LNG exporter, the United States, wasn't signing with the world's fastest growing importer, China. They recognized it in the recent Chinese deal to take an equity stake in Russia's Arctic LNG 2 project taken by China National Petroleum Corp (CNPC) and China National Offshore Oil Corp (CNOOC).

Delegates also heard decoupling in the only four LNG vessels that have sailed from the United States to China this year, according to the US Census Bureau, down from 32 in 2018 and 23 in 2017.

LNG has transformed global gas markets dramatically in recent years, driven largely by significant demand in China and the rest of east and southeast Asia. However, in a market where financing is driven by long-term contracts, often even before construction begins, American suppliers are already gauging the potential costs, until recently unanticipated, of lost Chinese buyers.

***The tit-for-tat tariffs and accompanying Trump tweets have been driving markets all year, but what traders haven't even begun to price in is the longer term, structural impact of this decoupling and its particular danger to individual companies.***

One can also see decoupling in the oil deliveries not made to China from the United States this year, even though the U.S. has become the world's largest oil and gas producer and a net exporter. Whereas US shipments of crude oil to China reached half a million barrels a day in summer 2018, they averaged only a third of that in the spring of 2019.



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Though delegates had come here to focus on energy markets, the implications of decoupling have begun to touch almost all economic sectors, from aviation to automobiles, from finance to farmers, and from cell phones to semiconductors.

The tit-for-tat tariffs and accompanying Trump tweets have been driving markets all year, but what traders haven't even begun to price in is the longer term, structural impact of this decoupling and its particular danger to individual companies.

Wary that U.S. leaders fundamentally want to undermine their country's rise, Chinese leaders increasingly are dissuading or outright preventing their companies from dealing with American partners. Meanwhile, chastened U.S. companies are rethinking supply chains and relocating Chinese-based manufacturing.

If nothing interrupts this process, it will reverse 40 years of increased trade, financial and economic integration of the two countries. Other nations' companies won't follow the American lead but rather look to pick up lost U.S. opportunities among China's 1.4 billion consumers.

Encouraged by his trade advisor Peter Navarro, President Trump made his own decoupling druthers clear in a late-August tweet: "Our great American companies are hereby ordered to immediately start looking for an alternative to China, including bringing your companies HOME and making your products in the USA."

President Trump's trade policies are resulting in an economic slowdown that could endanger his re-election and thus his revived efforts toward a solution. Yet, it remains unlikely that any major deal can reverse this downward trajectory in bilateral relations in any lasting manner, even as China and the United States open the 13th round of trade talks in October (no specific date set yet).

Beijing remains eager to see the U.S. remove its tariffs. Trump administration negotiators continue to want China to commit to structural changes in how it does its business, ranging from intellectual property protections to state subsidies.

**Hunkering down for the long-term**

The most profound shift of recent weeks, however, may be Beijing's move from negotiating the best deal possible to hunkering down for an epochal, systemic contest that Chinese officials fear will long outlive the Trump administration.

Speaking earlier this month to a training session for Communist party cadres, Chinese President Xi Jinping dramatically underscored this change of mood.

The summary of Xi's speech, published so it would not be missed by the official Xinhua news agency, doesn't mention the United States but focuses on "all manner of struggles" China will have to undertake to achieve the "Chinese dream" of a "great national rejuvenation" by 2049, the centenary of the People's Republic of China.



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Said Xi, "For those risks or challenges that jeopardize the leadership of the Communist Party and China's socialist system; for those that endanger China's sovereignty, security and development interests; for those that undermine China's core interests and major principles; and for those that deter China's realization of a great national rejuvenation, we will wage a determined struggle against them as long as they are there. And we must win the struggle."

The South China Morning Post, in reporting on the speech, said that the Chinese word for "struggle," douzheng, appeared nearly 60 times in the summary, underscoring the siege mentality that seems to have seeped into Chinese leadership regarding the US.

"It's a fundamental political statement," prominent Beijing political commentator Wu Qiang told the newspaper. "China will adopt an antagonist stance, position and approach to handle the deterioration of China-US relations."

Xi took considerable poetic license, reminiscent of the movie Crouching Tiger, Hidden Dragon in how he instructed Communist cadres to remain watchful of the emerging dangers. He said they should be able "to notice a deer passing by, looking at the grass and leaves, see a tiger jumping out by hearing the wind in the pines, and know the coming of autumn by spotting the changed color of a tree leaf. "

In the less nuanced world of Trump tweets and global markets, it's time to buckle up for what is likely to be a long and bumpy ride. It also may be the moment to shift one's focus from President Trump's "art of the deal" to what one Chinese expert, Li Mingjiang of Nanyang Technological University, calls President Xi's unfolding "art of the struggle."

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# 4. . China's Middle East Policy

## China’s power in the Middle East is rising

Chinese President Xi Jinping made a three-day visit to the United Arab Emirates, his second Middle East trip, after visiting Saudi Arabia, Iran and Egypt in January 2016. The most significant outcome was the elevation of the bilateral relationship to a comprehensive strategic partnership, the highest level in China’s hierarchy of diplomatic relations. The visit indicates recognition in Beijing of the UAE’s role as a major actor in Middle Eastern affairs as well as the role it is expected to play in China’s Belt and Road Initiative (BRI).

### China’s emergence in the Middle East

Xi’s visit is especially important, coming on the heels of the 7th Ministerial Meeting of the China-Arab States Cooperation Forum (CASCF) in Beijing. Held every other year, this meeting outlines the direction of China’s Middle East policy. At this year’s meeting, China announced loan, aid and development funding packages totaling $23 billion, linking stability in the Middle East to Beijing’s ambitious BRI. In his opening remarks to the forum, Xi said Arab states are natural partners in BRI cooperation and called for “comprehensive, cooperative and sustainable security.”

This commitment signals an increasingly activist Chinese approach to Middle Eastern affairs. More than 50 percent of Chinese oil imports come from the Middle East and North Africa (MENA) region, but energy is only part of the story. The BRI is the pillar of Chinese foreign policy, enshrined in the Chinese Communist Party’s constitution this year and deeply associated with Xi’s administration. The BRI, a set of maritime and overland trade and infrastructure programs, is meant to link China with states across Eurasia and Africa. MENA is a geostrategically crucial hub linking several Eurasian regions and is therefore critical to the BRI’s success.

In its bid to contribute to MENA stability, China has emphasized development rather than political or hard-power solutions. The Chinese permanent representative to the CASCF, Ambassador Li Chengwen, made this point explicit, saying, “The root problems in the Middle East lie in development, and the only solution is also development.” China’s military footprint in the region is minimal, consisting of naval visits, peacekeeping operations, relatively minor arms sales and joint military training exercises. This, combined with its hands-off approach to the domestic politics of other states, makes the China model attractive to Arab leaders long accustomed to outside calls for political reform.

### Partnerships, not alliances

Another feature of China’s MENA approach is its partnership diplomacy. Unlike the United States, China does not develop alliance relationships with other states, considering them overly costly and risky. Instead, it uses a somewhat vaguely defined set of strategic partnerships, with

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each level indicating the relative importance Beijing places on the relationship with that particular state.

The highest is the comprehensive strategic partnership, which involves multifaceted cooperation across bilateral, regional and international affairs and is reserved for states that China considers major diplomatic and economic partners. In his 2016 trip, Xi signed similar partnerships with Saudi Arabia, Egypt and Iran, the Middle East's most powerful states. That the UAE received this designation is confirmation that China sees the Emirates as an important MENA power.

The economic side of the relationship was already well established. Bilateral trade was valued at nearly $53 billion in 2017, making the UAE China's second-largest Middle East trading partner after Saudi Arabia. Dubai's Jebel Ali port provides a regional headquarters to more than 230 Chinese companies operating throughout the Middle East. The Chinese expatriate community in the UAE has grown to more than 200,000 from about 30,000 in 2006, with more than 4,000 Chinese businesses operating in the Emirates. This economic relationship, along with the UAE's unparalleled regional infrastructure, makes it an attractive BRI hub for China.

Trade relations have provided a foundation for increased cooperation across other areas, reflected in the joint statement announcing the comprehensive strategic partnership, in which the two states pledged to cooperate across 10 fields, including politics and cultural affairs. Security and military cooperation featured significantly in the statement, emphasizing counterterrorism, maritime security and joint training of personnel.

**Coordinating efforts in MENA stability**

Interestingly, the statement includes Chinese support for "the constructive role being played by the UAE in regional affairs." The Emirates, described by Secretary of Defense Jim Mattis as "Little Sparta," have taken an outsize role in Middle Eastern politics in recent years, a departure from a traditionally modest foreign policy. Speaking at Chatham House in London, UAE Minister of State for Foreign Affairs Anwar Gargash said, "In this current international system, it is no longer 'write a check and someone is going to come and secure the stability in the region.' You have to do some of the burden sharing."

This muscular regional foreign policy is a UAE response to a Middle Eastern order teetering on the verge of collapse in the post-Arab Spring era. In its efforts to support the status quo, the UAE has diverged at times from the United States, reflecting a confident assertiveness and independent streak. Washington's inconsistent approach to the Middle East over the past three administrations has reinforced the importance of self-reliance to Abu Dhabi, which has shown a willingness to pursue its own vision of regional security.

At the same time, relationships with powerful extra-regional partners is an imperative for a relatively small state in a dangerous neighborhood, and official visits in recent months included India's prime minister and a trip to Moscow for Saudi Arabia's crown prince. Xi's trip is another example of strategic hedging by the UAE.

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From China's perspective, the UAE's role in shaping events offers an important opportunity to deepen ties with an emerging Middle Eastern power at a time when Beijing needs regional stability. Whatever economic or political leverage China creates through its partnership with the UAE has the potential to contribute to the success of the BRI.

The China-UAE relationship is a reflection of orders in transition, at both the regional level in the Middle East and the international level as China's BRI gives Beijing greater clout in global affairs. Expect deeper cooperation as these ambitious states continue to adjust to changes in political orders.

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## China Smells Opportunity in the Middle East's Crisis

As the Middle East becomes ever more unstable, a surprising victor may be emerging: China. Under President Xi Jinping, China has accelerated its engagement with the Middle East — a region Beijing once treated as peripheral to its interests. Increased trade and investment, invigorated diplomatic exchanges, and expanded military ties are gradually transforming China's position in the Middle East. Unless Washington can free its focus from the crises of the moment, Beijing may realize its ambitions: a Middle East more squarely within its own economic and diplomatic orbit, where the United States remains responsible for addressing the region's most intractable challenges.

Oil has traditionally served as the glue holding together America's relationships with key Arab states. Yet while the United States has revitalized its domestic petroleum production through the fracking revolution and reduced its dependence on foreign oil, China's energy imports from the region have surged as the Middle East's demand for energy at home has grown. Today, even as Beijing seeks to diversify its sources of foreign oil away from the region, it remains the among the top three importers from Saudi Arabia, Iraq, and Iran.

China's appetite for Middle Eastern energy is creating the conditions for economic interdependence that mirrors the ties that have bound the United States to Saudi Arabia and other Gulf countries. This co-dependency runs the risk of curbing U.S. influence and rendering key Arab states more susceptible to Chinese demands. Indeed, Beijing has not shied away from using its leverage as a leading energy importer — in a recent example, it threatened to scale back oil imports from Saudi Arabia over a pricing dispute.

Beyond energy trade, China's economic influence across the Middle East has expanded through its investment. Arab countries, eager to reduce their dependency on oil exports and diversify their economies through creating new industries, are welcoming Chinese investment. Saudi Arabia and Jordan are both in discussions with Beijing to harmonize their development plans with the Belt and Road Initiative — Xi's signature piece of economic statecraft.

In the case of Saudi Arabia, this alignment of strategic visions has translated into a strong commercial signing package during King Salman's March 2017 state visit to Beijing, totaling $65 billion of bilateral agreements in the oil, space, and renewable energy sectors. Additionally, Egyptian collaboration with China on a new Suez Canal cooperation zone is underway. In Duqm, Oman, Chinese capital inflows transformed a backwater fishing village into a $10.7 billion "Sino-Oman Industrial City" featuring an oil refinery capable of processing 235,000 barrels per day.

In positioning its engagement with the Middle East as purely commercial in nature, China has enhanced its economic relations with the Arab states without endangering its similarly growing ties with Israel and Iran.

In Israel, China has invested in ports and railways, and it has become a growing player in the Israeli high-tech sector. At a time when the United States and its allies in Europe, Australia, and

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Japan increasingly regard Chinese investment as a threat to their long-term innovation edge, Israel, without taking appropriate precautions, could become a backdoor for China to obtain the technology it needs to realize its ambitions to dominate the critical industries of the 21st century.

China's economic relationship with Iran, for which it is the No. 1 trading partner, has continued to deepen. As European firms fretted last year about a return of U.S. sanctions under President Donald Trump, Chinese state-owned investment arm CITIC Group established a $10 billion credit line for Iran. In 2017, China-Iran trade exceeded $37 billion, with year-on-year growth of 19 percent. U.S. withdrawal from the Iran nuclear deal and the threat of new sanctions puts all foreign companies under growing pressure to scale down their presence in Iran. Yet the specter of sanctions does not appear to have dissuaded Beijing from continuing to enhance its trade and investment relationship with Tehran, which will — as it did prior to the nuclear deal — have few alternatives to China going forward.

China's burgeoning ties with the Middle East — though still primarily economic — are not limited to commercial and financial activity. Xi is augmenting the country's economic gains with diplomatic exchanges, notably his January 2016 tour of Saudi Arabia, Egypt, and Iran. Xi subsequently welcomed Saudi Arabia's King Salman and Israeli Prime Minister Benjamin Netanyahu to Beijing for official visits. China has also demonstrated a new, if cautious, willingness to make forays into some of the region's disputes. For example, Beijing has given the Bashar al-Assad regime and its patron in Moscow diplomatic backing as well as consistent support in the Chinese media. Beijing has also hosted Israelis and Palestinians for a Peace Symposium. Although it is unlikely that China will ever play a prominent role as a mediator in either of these crises, its increasing willingness to wade into divisive regional issues demonstrates Beijing's changing perception of its role in the region.

Beyond these diplomatic overtures, China has ramped up its military engagement across the Middle East.
Beyond these diplomatic overtures, China has ramped up its military engagement across the Middle East.
The Chinese navy has made efforts to demonstrate its presence in the vicinity of strategic chokepoints such as the Strait of Hormuz, the Bab el-Mandeb strait, and the Suez Canal. Since 2010, the navy has conducted port calls in every nation in the Gulf Cooperation Council (GCC), Egypt, Israel, and Iran. In June 2017, China and Iran conducted a joint naval exercise on the fringe of the Strait of Hormuz. Building on port visits and exercises, and leveraging dual-use infrastructure created by its regional investments, China could ultimately seek to obtain military access in the region — much as it did in nearby Djibouti.

China has also emerged as a boutique source of armaments for the Middle East, given its willingness to supply military-grade unmanned aerial vehicles (UAVs) that until very recently were subject to U.S. export controls. Preliminary open-source satellite imagery indicates that China recently sold such UAVs to the United Arab Emirates. Reporting from Yemen indicates that these drones are being actively employed in the ongoing campaign to eliminate prominent Houthi leaders.

Moreover, China has reportedly inked an agreement to open a new facility in Saudi Arabia to

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manufacture military drones. Although China has little hope of displacing the United States as the region's preeminent arms supplier, military sales to the Middle East generate new markets for China's low-cost, high-tech weapons systems, which further incentivize Chinese indigenous research, development, and production. And China's willingness to sell weapons to nearly any actor, regardless of its intentions, could exacerbate regional conflicts by providing countries with the means to wage war at attractive prices.

Now is the time for the United States to engage key regional allies and partners on China's growing involvement in the Middle East. This can start by debunking Beijing's narrative that it is a purely commercial actor without a geopolitical agenda.

The Trump administration should, in particular, publicly and privately highlight to the GCC members and Israel the nature of China's relationship with Iran, which has too often remained overlooked. The United States should also have a quiet — and candid — dialogue with Israel on the challenges posed by China's investment in its high-tech sector, and it should work to align their screening processes.

In the economic domain, the United States need not match the level of Chinese trade and investment. But it must advance a positive vision for the Middle East. This could take the form of a new infrastructure initiative in partnership with Saudi Arabia and the UAE, U.S. allies that are keen to play the role of hubs linking the region both internally and to Africa and the Indian Ocean.

With many countries in the Middle East eager to diversify their sources of domestic energy production away from fossil fuels, the United States should consider a regional energy agenda premised on efficiency and the use of renewables. On both infrastructure and energy, Japan, which ranks among the top five export destinations for all GCC countries, could play a pivotal — and reinforcing — role in counterbalancing China's regional economic influence.

Finally, the United States should continue pressing China to expand the Belt and Road Initiative to countries in need of reconstruction assistance, such as Iraq, Syria, and Yemen. Washington should be unafraid of comparing the hypocrisy of Xi's "community with shared future for mankind" with Beijing's tepid interest in post-conflict reconstruction efforts.

With tensions roiling the Middle East, it would be easy for the United States to simply ignore China's quiet power play. But that would be a mistake — one that will enable Beijing to continue to capitalize on economic opportunities across the region and solidify its diplomatic influence while leaving Washington to carry the burden of crisis management.

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# China in the Middle East: A 'Quiet Strategy' of Balancing

In January 2016, China issued its first official Arab policy paper outlining the guiding principles and development of China-Arab relations. This became a focal point of the discussion about China's possible new strategy towards the Middle East, a region traditionally perceived to be under the influence of the United Sates (US). However, after the reduced presence of the US in the region and its effort to shift its economic power to the 'Far East' under Obama's 'Pivot to Asia', the Middle East not only experienced a growing security vacuum, but a number of countries started to look eastwards, too, in search for stronger cooperation.

Given the unfavorable legacy of the West in the Middle East, China seems to be avoiding precisely that. In fact, as Prof. Wang Suolao, expert on China's relations in the Middle East and North Africa (MENA) region at Peking University, points out: ''The US retrenchment or shrink from the Middle East has little influence on China's Middle East policy, which is largely driven by energy and economic cooperation, obviously different from American Middle East policy mainly driven by military and security cooperation.''

As the aforementioned policy paper outlines, China's approach in the Middle East focuses on the establishment of a new type of relations based on 'win-win cooperation'[1] while upholding the Five Principles of Peaceful Coexistence:[2] respect for sovereignty and territorial integrity, non-aggression and non-interference into other's internal affairs, equality and mutual benefits, and peaceful coexistence. The principle of non-interference, however, is the one that would cause China most problems if it were to play a stabilizing role in the region's politics and security. Such predictions have been made for a number of years, and even though China's presence in the region has been increasing (for example, China is deploying its special operation forces to Syria, as reported in late 2017, and established its first overseas military base in Djibouti in the same year), it has been successful in maintaining the appearance of a low-profile country.

If China were to become a new active leader in the Middle East it would have to be willing to, first, bear the costs, and, second, adopt a more complex global leadership strategy. It remains currently unclear whether China is considering this scenario. The complexity of the region would provide China with a number of challenges, most importantly, how to balance between maintaining its principle of non-interference and adopting a new principle capable of maintaining its legitimacy across the region. In this case, China would benefit more from continuing to play according to its traditional rules: remain neutral, promote stability and refrain from direct interference.

The role of the Middle East in China-Middle East relations has traditionally focused on its importance to China's energy security. ''China delicately maintains the balance between opposite states (Israel-Palestine, Iran-Saudi Arabia) and makes effort to develop its friendships with conflicting countries. In the Middle East, National Interests are more important than the so-called ideology and alignment.'', Prof. Wang points out.

However, no major economic engagement comes without political considerations. Looking at the Middle East in light of recent conflicts, the region is again divided and in the state of a new 'Cold War', words traditionally used to describe animosity between the region's two biggest

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rivals: Iran and Saudi Arabia. Both Saudi Arabia ($44 billion) and Iran ($22.5 billion) are major partners when it comes to Chinese trade in the Gulf.[3] Nonetheless, if tensions between the two rivals continue to escalate, China will have to face an important decision. On one hand, it can continue on a path which is more akin to its 'quiet presence' in the Middle East and play its traditional role of balancer between the two countries, or, on the other hand, it can dedicate its resources and support for more defined goals while picking a side in the conflict. Given that China's policy in the Arab world is based on defense, rather than aggression, it is very unlikely that China would pick a side in an open conflict. Despite Iran being a more valuable partner for China than KSA, (especially because of its hostile relations with the US) China has to, in the first place, maintain stability, and, second, to preserve security and favorable circumstances for the development of its Belt and Road Initiative (BRI). The massive investments and the importance of the Initiative to Beijing's neighborhood diplomacy will mitigate any possibility of Chinese support for any kind of open conflict in the region. At the same time, there are the issues of Islamic extremism and Saudi-funded madrassas (Islamic schools), which in Chinese views have become a major threat to China's territorial integrity, especially in its northwestern autonomous region of Xinjiang. While the issues are greatly important to Beijing, they push China to seek cooperation and consensus with Saudi Arabia, rather than to completely alienate itself from it.

Analyzing China's current relationship with Middle Eastern countries, China appears to be willing to play the role of a balancing power, especially in terms of development and economic support, yet it refrains from stepping in the major ideological and historical conflicts between these countries. This is not only because of its strategic interest in the region (BRI, containment of Islamic extremism), but also because of its fundamental principles of peaceful diplomacy. In short, China is trying to be the good guy who is friend with everyone in the region, as long as they are willing to cooperate, to maintain stability, and to do business together. These multilateral friendships provide China with the possibility to play a balancing power, as in the case of Israel and Palestine, where President Xi pledges to make 'unremitting' efforts[4] toward promoting peace. According to Prof. Wang, ''China firmly supports the two-state solution and the peace process, at the same time, China also respects the US unique role on the Israeli-Palestinian peace talks, and has no intention to replace American position.'' While it is clear that China seeks cooperation with the US to maintain stability in the region, ''China has no appetite to end American dominance over the Middle East, that is why American key allies become close to China in the recent years'', Prof. Wang expounds.

Nonetheless, even though for the time being everyone seems to benefit from China's presence, problems can surge once China's increasing military imprint in the Middle East starts to be perceived as a threat by any other major country in the region. In that case, China will have to come up with a new code of conduct — one that considers confrontation as a contingency. Until then, we can continue to observe China unfolding its current 'quiet strategy'. Whether China will succeed in the world's most tumultuous region of the 21st century is yet to be seen.

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# How China Is Trying to Dominate the Middle East

Tensions between the United States and China seem to be defining the bilateral relationship between the two countries these days. From a growing trade war to the Trump administration's characterization of China as a "strategic competitor seeking to undermine U.S. power and influence" in its 2017 National Security Strategy , political and economic relations appear to have settled at a recent nadir.

But great power competition between the two most powerful militaries and economies is not geographically limited. China is indicating its intent to shape the Middle East's regional and military landscape through trade relationships with regional states as well as through projection of its own military might. Below are three areas to watch where China's more assertive Middle East engagement may lead to tensions with America.

## Iran Becomes the Focal Point of the Trade War

Crude oil is a key strategic, imported commodity for Beijing, and the Middle Eastern states trail only Russia as supply sources for China. As the world's largest petroleum consumer with declining domestic petroleum production, China aims to expand its refining and storage capacity to decrease its exposure to global energy market volatility. The U.S. goal of bringing Iran's crude exports to zero threatens China's import-based strategy, and all indications are that Beijing—Tehran's top importer—will duly ignore the sanctions and continue business more or less as usual. Iran also figures to be a linchpin in China's Belt and Road Initiative (BRI), with Chinese infrastructure investment in Iran totaling $8.5 billion in loans from the Export-Import Bank of China through early 2018.

As full secondary sanctions on oil are re-imposed in November, Iran threatens to become the focal point of the looming U.S.-China trade war, with potentially grim implications. Oil prices are likely to climb in 2019 as Iranian oil comes offline, resulting in higher costs for downstream products, although it is possible the effect will be a wash for the U.S. economy.

Furthermore, because Iranian oil purchases run through the sanctioned Central Bank of Iran, the People's Bank of China (PBoC) would be subject to U.S. secondary sanctions. The PBoC could respond with a raft of asymmetrical options for retaliation, including devaluing the renminbi, targeting U.S. companies with retaliatory regulations, or the nuclear option—selling some of its $1.2 trillion in government-held U.S. treasury bonds. Already, broader trade tensions and the threatened imposition of tariffs on U.S. oil imports earlier this month have discouraged Chinese purchasers from buying U.S. crude. Considering the factors at play, the November secondary sanctions deadline could become a flashpoint for further tensions.

## Chinese Tiles in the Gulf Mosaic

Economic engagement and security relationships are key facets of China's engagement with the Arab Gulf states. China tries to leverage business to balance tensions between Saudi Arabia and Iran. For example, China overtook the United States as Saudi Arabia's largest trading partner in

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2017, making it the key trade leader with both Iran and Saudi Arabia. In 2017, Saudi Arabia's King Salman signed $65 billion-worth of memorandums of understanding in Beijing, and the two countries began implementing agreements in petrochemical, technology, and other sectors. Moreover, Saudi Arabia also courted China as a host for the now-shelved Saudi Aramco. However, rising prices led China to decrease its Saudi crude imports in 2018.

China is wary of veering too closely to Saudi Arabia or Iran at the risk of alienating the other, and one fundamental question will be whether the Chinese build on already high rates of cross-investment with the kingdom as secondary sanctions against Iran are re-imposed. Chinese diplomats have tried to draw linkages between the BRI and Vision 2030 plans, although concerns over opaque Saudi government regulation may limit Saudi-Chinese cooperation. Also, the Trump administration's apparent willingness to broach a nuclear deal with the kingdom also may have created a leverage point in America's favor.

Beyond Saudi Arabia, Beijing pledged $23 billion in development aid to the region during the China Arab States Cooperation Forum. Chinese president Xi also visited the United Arab Emirates last month to discuss economic cooperation and regional security. This is because as much as 60 percent of China's trade with Europe and Africa passes through the UAE. Additionally, China's relations with the Gulf states are economically promising and could suggest a growing acceptance of Beijing's influence.

Militarily, the Chinese have recently increased naval patrols near the Gulfs of Oman and Aden. Beijing has also established a base in Djibouti with an eye to protecting business and trade interests in the area and perhaps a longer-term military buildup. China could also play a constructive role in maritime missions like counter-piracy or anti-smuggling, although the United States and its naval forces at CENTCOM will surely be monitoring developments closely.

However, Beijing's willingness to deal with Tehran may prove problematic for cooperation in the security sphere, even as China ramps up its regional military presence. China's relationship with Iran has prevented it from getting as close to Arab states as is necessary to pose a challenge to the United States as the region's dominant security force. So long as Beijing remains close to Tehran, it is unlikely Saudi Arabia and the Gulf will turn to China for more than occasional purchases of drones, special ops gear, and other military hardware in the short-term.

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**Russia and China: Competition or Cooperation?**

Russia's role as another external power in the region vis-a-vis China is also worth examining. Moscow seized the great power driver's seat in Syria, where it has attempted to de-escalate tensions between Israel, Iran, its proxies, and the Assad regime along the country's southwestern border. Its success in that endeavor has been questionable, but Putin's supposed mediation between the Iranians and Israelis has become a Kremlin talking point.

China has acted largely in concert with Russia in Syria, continuing to support Syrian President Bashar al-Assad and engaging in diplomatic obstructionism against intervention at the United Nations since the civil war's early days. While China could potentially play a significant role in Syria's reconstruction, it remains unclear if Beijing is willing to do so.

## China's Middle East Policy: Speak Softly and Wave a Large Purse

The Middle East is low on the list of China's global priorities, and this is unlikely to change in the foreseeable future. Yet "low priority" is a relative term when it comes to a global player with pockets as deep as Beijing's. True, the government's ambitious Belt and Road Initiative (BRI) largely skips the heartlands of what China calls "West Asia," focusing instead on establishing commercial land and sea routes to Europe via Central Asia, the Indian Ocean, and the Suez Canal. Even so, Chinese corporations—with full backing from Beijing—are investing tens of billions of dollars in infrastructure projects, acquisitions, and other initiatives in most countries of the Middle East.

The main issue for China these days is the trade war with the United States. Underneath the party line of "hitting back" at American pressure lies a growing concern that escalating tariffs will seriously damage the global economy, which could in turn harm China's GDP and domestic stability. Officials in Beijing are also closely monitoring attempts by other Asian powers to contain China's rapid rise, especially as Washington and other players cultivate the Indo-Pacific system of cooperation first proposed by Japan.

Against this backdrop, China measures its influence and presence in the Middle East mainly in terms of securing energy supplies, trade ties, and business benefits. Beijing is comfortable with its current policy of avoiding political involvement in the region's myriad disputes, and any isolated statements that run contrary to this posture—such as an ambassador's 2018 claim that his government would consider helping the Syrian regime fight rebels in Idlib—are abruptly dismissed. China likewise steers clear of taking sides in the Iran-Saudi Arabia showdown or intra-Arab disputes such as the Qatar embargo, preferring to deal with the Arab League as its main address for dialogue.

This includes consistently supporting the league's positions on the Israeli-Palestinian conflict. One of China's voting habits at the UN is to back all anti-Israel resolutions. Beijing is fully aware that Gulf governments are quietly pursuing cooperation with the Israeli government on several fronts, but as long as their formal public stance remains frosty, China will keep voting accordingly.

Recent deliberations with senior Chinese officials yield a number of other noteworthy conclusions:

China will continue to import Iranian oil. In doing so, it will try to bypass the Trump administration's sanctions without directly challenging or dismissing them. Yet even as it strives to cultivate cordial relations with the Islamic Republic, Beijing does not plan to rescue the regime from its financial distress or supply it with significant arms, although some Chinese officials seem very concerned about the possibility of a new deal between Washington and Iran. For its part, Tehran has no qualms about accepting India's help to develop Chabahar port as a competitor to the Chinese-built Gwadar port in Pakistan, one of the main links in the BRI.

China is not yet ready to consider major investment in Syria. Beijing is interested in the opportunities presented there but is in no hurry to explore them, despite repeated pleas from Russia to help with postwar reconstruction. China has established Syrian intelligence exchanges



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with Moscow and various Central Asian governments, but their main purpose is to monitor East Turkestan jihadists fighting there and detect any Uyghur Muslim militants attempting to return home to Xinjiang.

China is concerned about the Middle East Security Alliance. This ambitious U.S.-backed regional initiative has failed to take off thus far, and Egypt has already dropped out. Nevertheless, Chinese officials still fear the prospect of U.S. allies establishing joint, long-term military control over sea lanes stretching from the Suez Canal and Red Sea to the Indian Ocean—a key route in the strategic vision underlying the BRI. Accordingly, Beijing has focused on upgrading relations with Saudi Arabia and, to a lesser degree, the United Arab Emirates and other Gulf states. It also seems willing to provide Riyadh and the UAE with advanced missile technology and perhaps even nuclear know-how, and would not be deterred by protestations from Iran. Meanwhile, China has a small military base in Djibouti and is planning to establish a presence in the Omani port of Duqm. Yet officials are quick to emphasize that China does not need a military presence anywhere else in the region; to illustrate this point, they recounted how the government evacuated Chinese citizens from war-torn Libya rather than trying protect its substantial interests there.

China will continue handling Israel with caution. The United States casts a long shadow over Chinese relations with Israel. Washington has made clear on numerous occasions that it would like Jerusalem to keep its cooperation with Beijing lukewarm, and to restrict Chinese involvement in sensitive sectors of Israel's flourishing high-tech and cyber industries. Beijing is also well aware that no arms transactions can be contemplated, and it generally acknowledges that Israel has to take American reservations very earnestly—though officials are quick to point out that some of Washington's Arab allies have demonstrated greater flexibility with China.

Ultimately, Beijing shows no intention of revising its traditional diplomacy toward Israel or its unfavorable voting pattern in international forums. The Chinese are keenly interested in innovative Israeli technologies, but they do not believe that developing economic ties requires them to change their foreign policy. The Chinese government does not facilitate the entry of Israeli exports to China; mutual trade reached $14 billion last year, but most of the Israeli sales were made by Intel plants. Chinese companies have acquired some major Israeli firms (mainly in the chemical and dairy sectors) and won tenders to manage new sections of Haifa and Ashdod ports, but Israeli regulators have prevented their entry into the cyber and insurance sectors (the latter is significant because China has sought access to data about Israeli security personnel via pension programs). Finally, Chinese officials seem uninterested in developing a trade route through the Gulf of Aqaba to the port of Eilat with a railroad to the Mediterranean Sea, arguing that Egypt opposes any alternative commercial transport system to the Suez Canal.

Chinese investments in Egypt are growing rapidly. This includes infrastructure for the new capital city that the president has decided to establish outside Cairo. Beijing believes that Egypt's stability must be assured in order to achieve progress on the BRI, since the Suez Canal forms an essential link for container ships headed to Europe.



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China does not want to get involved in the Palestinian Authority. Chinese officials made clear that they will not undertake any economic projects in the PA, and that their participation in financial aid efforts will be limited. More specifically, Beijing will not allow Chinese companies to operate across the Green Line, nor inside the Gaza Strip so long as Hamas is in control there.

Chinese analytical interest in the region is growing. Despite the relatively limited attention that Beijing devotes to "West Asia," the government will continue funding new think tanks and institutes to research the region. Similarly, Chinese universities have shown a marked increase in the number of students learning Arabic (though less so with Persian and Turkish).

In sum, China will keep treading cautiously in the Middle East, maintaining a low diplomatic profile and eschewing a military footprint while aggressively pursuing business opportunities—especially in infrastructure enterprises related to Saudi Arabia's "Vision 2030" and the energy sector. The region may not attract serious Chinese political and military involvement until after major BRI projects mature in Pakistan and Central Asia.

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## China's great game in the Middle East

China has become an increasingly significant player in the Middle East in the past decade. While it is still a relative newcomer to the region and is extremely cautious in its approach to local political and security challenges, the country has been forced to increase its engagement with the Middle East due to its growing economic presence there. At a moment when the United States' long-standing dominance over the region shows signs of decline, European policymakers are increasingly debating the future of the Middle Eastern security architecture – and China's potential role within that structure. However, many policymakers have little knowledge of China's position and objectives in the Middle East, or of the ways in which these factors could affect regional stability and political dynamics in the medium to long term. Given that China's rise has led to intensifying geopolitical competition in Europe's neighbourhood, European policymakers should begin to factor the country into their thinking about the Middle East. This series of essays addresses how they can do so by bringing together Chinese, Middle Eastern, and Western perspectives on China's evolving role in the region.

China's relationship with the Middle East revolves around energy demand and the Belt and Road Initiative (BRI), launched in 2013. In 2015 China officially became the biggest global importer of crude oil, with almost half of its supply coming from the Middle East. As a strategically important crossroads for trade routes and sea lanes linking Asia to Europe and Africa, the Middle East is important to the future of the BRI – which is designed to place China at the centre of global trade networks. For the moment, China's relationship with the region focuses on Gulf states, due to their predominant role in energy markets.

As Jonathan Fulton argues, the centrality of economic cooperation and development to China's engagement with Middle Eastern countries is reflected in two key Chinese government documents, the 2016 "Arab Policy Paper" and the 2015 "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road". The cooperation framework outlined in these documents focuses on energy, infrastructure construction, trade, and investment in the Middle East. They barely mention security cooperation – in line with Beijing's narrative that its involvement in the region does not advance its geopolitical goals. Beijing is careful to avoid replicating what it sees as Western intervention and puts forward a narrative of neutral engagement with all countries – including those that are at odds with each other – on the basis of mutually beneficial agreements. As Degang Sun explains, China has a vision of a multipolar order in the Middle East based on non-interference in, and partnerships with, other states – one in which the country will promote stability through "developmental peace" rather than the Western notion of "democratic peace".

However, Beijing will likely struggle to maintain its neutral narrative as Chinese interests in the volatile region grow. This will be especially true if the US speeds up its apparent withdrawal from the Middle East, a trend that is likely to force China to protect these interests itself. China may not want to strengthen its political and security presence in the region – but it may feel that it has no choice in the matter. Meanwhile, China's deepening engagement with countries on both sides of fierce rivalries could drag it into disputes unrelated to its core objectives. While it is apparently happy to maintain a more distant role for the moment, China is already showing



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initial – albeit still small – signs of deepening political and security involvement in the Middle East. It remains to be seen how far the country will take this, and to what end goal.

**From economic interests to political and security engagement?**

To date, China has concluded partnerships agreements with 15 Middle Eastern countries. It participates in anti-piracy and maritime security missions in the Arabian Sea and the Gulf of Aden, and has conducted large-scale operations to rescue its nationals from Libya in 2011 and Yemen in 2015. It has increased its mediation efforts in crises such as those in Syria and Yemen – albeit cautiously so; was instrumental in persuading Tehran to sign the Iran nuclear deal; and appointed two special envoys to Middle Eastern countries in conflict. Moreover, China's establishment of its first overseas military base, in Djibouti, as well as the probable militarisation of the Pakistani port of Gwadar, contributes to the growth of the country's military presence near crucial maritime chokepoints the Strait of Hormuz and Bab el-Mandeb. Finally, China has supplied arms to several Middle Eastern countries, albeit on a small scale.

But Beijing has been extremely careful not to become too involved, still believing that the US can take responsibility for managing security in the region. China has played next to no role in easing geopolitical tension in the Middle East, as indicated by the distance its political representatives maintain from major conflicts there. While China has worked with Russia on the UN Security Council to protect the Syrian regime, this stems from its desire to adhere to the principle of non-interference rather than its direct interests in the Syrian conflict.

Given the recent series of incidents in the Strait of Hormuz that increased tension between Iran and its geopolitical opponents, China could be forced to take on a greater security role to protect the freedom of navigation crucial to its energy security. Beijing has kept to a very cautious line following the recent incidents, showing that it is not ready yet to step in significantly. However, a few announcements have marked a departure from this traditional rhetoric. The Chinese ambassador to the United Arab Emirates announced in August 2019 that China might participate in maritime security operations in the strait. The following month, Iranian sources declared that China would be involved in a joint naval drill with Iran and Russia in the Sea of Oman and the northern Indian Ocean. Beijing has not confirmed these declarations. It seems that China will most likely continue its anti-piracy and peacekeeping operations as usual – but these announcements are striking in the sense that they would have been unthinkable only a few years ago.

China appears to be in learning mode in the Middle East. Yet while the region is still relatively peripheral to its foreign policy priorities, there is a widening debate within China about whether greater involvement is necessary to protect Chinese economic interests. An increasing number of Chinese experts argue that their country should shed its image as a free-rider and increase its military presence in the region.

Beijing is also motivated to do so by its desire to challenge US dominance in the Middle East and other regions – as Degang writes. In this respect, the BRI not only promotes global trade and connectivity but also creates an economic system outside Washington's control.



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Nonetheless, for the moment, the US remains the indispensable power in the Middle East – as Fulton contends. This is why China has been careful not to antagonise the Americans on sensitive issues such as Iran. While it has criticised China for being a free-rider in the region, the US would most likely oppose a greater Chinese military presence in the area.

Middle Eastern countries face a similar dilemma. China's capacity to invest, build infrastructure, and provide public services in developing countries has drawn significant attention from Middle Eastern states and heightened their expectations. For example, Gulf countries have made great efforts to become involved in the BRI and attract Chinese businesses. As Naser Al-Tamimi contends, many of these states perceive China as a useful tool in their strategies to diversify not just economically but also politically at a moment of apparent US retrenchment. Washington's reaction to recent Iranian attacks in the Gulf – particularly its unwillingness to respond with force – has undermined Arab monarchies' confidence in the US security guarantee. This has pushed them to seek alternative partners, including China, as part of a hedging strategy.

However, as Tamimi points out, Middle Eastern states are also aware of China's limitations as a security provider and are, therefore, carefully managing their relationships with the US. For instance, after the US expressed alarm about the possible security consequences of increased technological cooperation between Israel and China, some Israeli companies reportedly drew back from deals with Chinese firms.

Although many Middle Eastern countries support the principle of non-interference and condemn Western intervention in the region, this principle is likely to become a major weakness for China in the near future. China's opportunistic approach and lack of interest in the region's politics makes Middle Eastern countries wary about its real value as a partner. For now, China seems content with its relatively passive role.

**Consequences for European interests**

There are several areas in which China's engagement with the Middle East will likely have important consequences for European economic and security interests in the medium and long term. By providing a model of non-democratic development and economic engagement with the region, China is slowly establishing itself as a competitor to Western influence in the Middle East. Amid severe regional turmoil, it is important for Europeans to acknowledge this shift, monitor the evolution of China's economic and security presence there, and find new ways to engage with the country on Middle Eastern affairs. Doing so will help them persuade Beijing to support a stable multilateral framework that protects European interests.

Even if China remains cautious in its political and security involvement in the Middle East, the country's economic presence there is likely to have important ramifications for Europeans. China is emerging as a crucial development actor in the region, through both direct investment and development support. Its economic importance to the region has the potential to outweigh that of the US and Europe. Middle Eastern countries – particularly those affected by conflict – will need Chinese money to develop critical infrastructure, and such assistance could have far-reaching consequences for them.



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China's standards on the viability of development projects and the conditions attached to them – in relation to good governance, economic infrastructure, the rule of law, and respect for human rights – differ to those of the West. As Degang states, China believes that economic development and the provision of public goods are important to peace and stability but that democratic reforms are not. In this approach, development projects that focus on resource extraction risk reinforcing authoritarian regimes, clientelist networks, and social inequality – with long-term consequences for the political and economic stability of the countries involved.

The Chinese model of authoritarian capitalism already fascinates many Middle Eastern regimes, which see cooperation with China as a means to resist Western pressure to pursue governance reforms and human rights accountability in return for development aid and investment. China's exports of goods such as advanced surveillance technology could also reinforce authoritarian regimes in the Middle East.

There are many unknown elements in the potential security consequences of Middle Eastern countries' acquisition of 5G networks and Chinese technology more broadly. With the US having already raised its concerns on this front, Europeans should follow the issue closely in the coming years.

In this context, Europeans can do more to refocus China's economic role on constructive efforts. For example, several European development agencies are already experimenting with cooperation with China in African countries. The extension of these partnerships to the Middle East could help Europeans understand Chinese developmental practices and promote European governance standards. Moreover, Europeans could provide Chinese actors with the know-how, experience, and networks they seek in the region in return for economic support. If the sides develop a constructive relationship in this way, China could support European stability initiatives in the Middle East. Such cooperation would also provide an opportunity to shape China's political engagement with the region. Even if China prioritises economic development above political reform, Europeans should not see this as a zero-sum competition.

On a broader political level, China's limited involvement in the Middle East has been driven by a desire to project an image of itself as a new global power. This has led to unrealistic expectations about the country's influence in the region, providing Beijing with symbolic power that does not always reflect its real capacities and ambitions.

Middle Eastern states have capitalised on this, using China as a bargaining chip in their interactions with the US and Europe. For instance, earlier this year – only a few months after the killing of Saudi journalist Jamal Khashoggi – Saudi Crown Prince Mohammed bin Salman appeared to use his tour of Asia to affect debates in the US and European countries on arms sales to his country. Rather than only seeking to diversify Saudi partnerships with Asian powers, he aimed to issue a strong response to his Western critics. In a similar vein, Gulf countries' purchases of Chinese military drones have pushed the US to lower its threshold for selling controlled weaponry of this kind.

European countries should not overestimate China's political influence in the Middle East either. Countries in the region – especially those at odds with the US, such as Iran and Syria – tend to



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exaggerate their ties with China to ease their isolation. China is not quite as important to the Middle East as it can sometimes seem to be.

Many of the projects and investments China announced within the framework of the BRI have been abandoned or heavily delayed. Meanwhile, in areas such as arms sales, Chinese firms are far from being credible alternatives to Western suppliers.

Therefore, Europeans should recognise the value of their own engagement with regional actors. China – much like Russia, and even the US under President Trump – still falls short of Middle Eastern states' expectations, thereby giving Europeans space to advance their own positions and interests. As part of this, improved monitoring of China's regional projects would help Europeans understand how the country is building up its influence in the region. It would also help them avoid becoming too susceptible to their Middle Eastern partners' bargaining tactics where Chinese leverage is not as strong as it initially seems to be.

European countries should seek new ways to engage with China in the Middle East. In some respects, both sides want the same thing – a stable regional order – and may have room to advance shared policies in pursuit of this goal. European countries will not realistically be able to counter the Chinese economic juggernaut in the region, but they may be able to continue working towards a more stable Middle East while offsetting the authoritarian dimensions of China's regional expansion. Given China's desire to keep its distance from Middle Eastern conflicts, Europe can be a useful partner due to its long-standing relationships, personal networks, cultural proximity, and deep understanding of the region that China still lacks. Europeans should think about how to establish a constructive partnership with China – one that ties the country into a cooperative multilateral order as it continues its rise across the Middle East.

***CHINA'S CHALLENGE TO US DOMINANCE IN THE MIDDLE EAST***
***Jonathan Fulton***

China's announcement of the Belt and Road Initiative (BRI) in 2013 signalled a change in its role in the Middle East. Connecting China to states across Eurasia and the Indian Ocean region, the BRI is the most important foreign policy initiative the country has undertaken since its arrival as a power with global interests. Because the Middle East is crucial to the BRI, China's approach to the region is becoming more ambitious and complex on economic, diplomatic, and – to a lesser degree – security issues there. This is reflected in two Chinese white papers, "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road" and "China's Arab Policy Paper".

"Vision and Actions" says little about the Middle East specifically but announces five cooperation priorities for developing relations with states that participate in the BRI: political coordination, facilities connectivity, unimpeded trade, financial integration, and people-to-people bonds. The absence of security and military cooperation in "Vision and Actions" supports the Chinese narrative that the BRI is a development-centred initiative rather than part of a geopolitical strategy. Consistent with China's past approach, these cooperation priorities provide a road map for the development of its relationship with the Middle East in the coming years.



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"China's Arab Policy Paper", released to coincide with Xi Jinping's first presidential trip to the Middle East, outlined a Chinese vision for the region in which "China is willing to coordinate development strategies with Arab states, put into play each other's advantages and potentials, promote international production capacity cooperation and enhance cooperation." Central to this is the "1+2+3 cooperation pattern", with "1" representing energy as a core interest; "2" infrastructure construction, as well as trade and investment; and "3" nuclear energy, satellites, and new energy sources. While largely dismissed upon its release as short on specifics and long on platitudes, the paper has, in hindsight, signalled trends in Chinese engagement with Arab states.

**Energy at the core**

China remains a major buyer of oil and natural gas from Middle Eastern exporters. The Middle East accounts for more than 40 percent of China's oil imports, and is also a key supplier of the country's liquefied natural gas. China is likely to be increasingly reliant on energy from the region in the coming years, as the country is projected to dramatically increase its energy consumption and only modestly raise its domestic production.

In this, diversity is important for China. The country has long maintained a somewhat balanced approach to its Gulf energy imports. Given the Gulf monarchies' close ties to the United States, Beijing is concerned that Washington could put pressure on them to disrupt the flow of oil into China. This concern increases the perceived importance of Iran, which China sees as more resistant to US policy. At the same time, the current round of US sanctions on Iran underscores China's reliance on the Arab side of the Gulf. Chinese oil imports from Saudi Arabia rose from 921,811 barrels per day in August 2018 to 1,802,788 in July 2019. Beijing is likely concerned about this level of dependence upon one energy source.

For China, another consideration is the United States' central role in the protection of Middle Eastern shipping lanes crucial to Chinese oil imports. This vulnerability has become even more evident during the Sino-American trade war. With its main strategic rival able to threaten its energy security in this way, China has one more reason to expand its naval presence across the Indian Ocean – a process that could, in turn, lead to a larger Chinese security presence in the Middle East.

**Construction, trade, and investment**

The Gulf monarchies have been major sources of infrastructure construction contracts for Chinese firms, such as those for Qatar's Lusail Stadium – the lead venue for the 2022 FIFA World Cup – and Saudi Arabia's Yanbu Refinery and high-speed rail line that connects Jeddah with Mecca and Medina. Gulf Vision development programmes, which include major infrastructure projects, provide opportunities for further cooperation. Chinese firms have been active throughout the Middle East, often focusing on projects that lend themselves to the BRI goal of connectivity. Ports and industrial parks have been central to such cooperation, as they create an economic chain that links China to the Gulf, the Arabian Sea, the Red Sea, and the Mediterranean. Beijing first described this – which it calls the "industrial park – port interconnection, two-wheel and two-wing approach" – in summer 2018, predicting that it would



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be a major feature of China's economic presence in the Middle East. The United Arab Emirates' Khalifa Port, Oman's Duqm Port, Saudi Arabia's Jizan Port, and Egypt's Port Said, and Djibouti's Ain Sokhna Port all form part of this project. Chinese firms are also likely to play a major role in reconstruction projects in Iraq, Syria, and Yemen.

Meanwhile, Chinese trade with the Middle East has sharply increased in recent years, making the country the region's largest trade partner. According to the International Monetary Fund, the volume of trade between China and the Gulf states was just under $197 billion in 2017. In 2016 China became the largest source of foreign investment in the Middle East. Projects linking China's domestic development programmes to the BRI have also taken on greater importance in its bilateral relations across the Middle East.

**Energy and space**

The "3" in "China's Arab Policy Paper" is especially interesting. Nuclear energy was once widely seen as a Western strength, but South Korea's contract with the UAE to build the Barakah power plant demonstrates that the field has become more competitive. Chinese firms are also trying to enter this market in the Middle East. Saudi Arabia is an important potential customer, as it has long explored the possibility of commercial nuclear reactors as a source of domestic energy. Making initial inroads into the market, the China Nuclear Engineering Group Corporation signed a memorandum of understanding with a Saudi firm to desalinate seawater using gas-cooled nuclear reactors.

As part of the "digital Silk Road", satellites are another priority for China in the Middle East. China's BeiDou satellite navigation system has been used across the Middle East, as it has applications in telecommunications, maritime security, and precision agriculture. Telecommunication companies in Bahrain, Egypt, Kuwait, Saudi Arabia, and the UAE have all partnered with Huawei to build 5G networks.

Chinese firms have also been active in solar, wind, and hydroelectricity projects in the Middle East. This is especially true in the Gulf monarchies, where development projects such as Saudi Arabia's Vision 2030 have prioritised the diversification of energy sources.

**China's partnership diplomacy**

China has complemented its "1+2+3" plans for economic cooperation in the Middle East with strategic partnership diplomacy. Almost all of the strategic partnership agreements China has signed with countries in the Middle East and north Africa came about in the past decade (the one with Egypt, signed in 1999, is the sole exception). China has established comprehensive strategic partnerships with Algeria, Egypt, Iran, Saudi Arabia, and the UAE, as well as strategic partnerships with Djibouti, Iraq, Jordan, Kuwait, Morocco, Oman, Qatar, and Turkey. Coinciding with the expansion of the BRI, this flurry of diplomatic activity indicates that Chinese leaders increasingly perceive the Middle East as important to their political and strategic goals.

China's relative lack of security commitments in the region – in comparison to the US – can



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create the impression that it does not take sides in regional rivalries or tip the scales in any of its partners' favour. But this view misses the hierarchical nature of China's partnerships, in which it privileges relations with comprehensive strategic partners above others. It also fails to account for China's preference for stability in the Middle East; status quo-orientated states that are networked throughout the region offer more to Beijing than isolated states. Thus, when Xi visited the UAE in 2018 to upgrade China's relationship with the country to the highest level, he demonstrated that it was a central pillar of China's Middle East policy. In contrast, when Qatari Emir Hamdan Al Thani visited Beijing in January 2019, China did not upgrade the relationship but rather stated that it wanted to continue working with the framework established in 2014's strategic partnership. This signalled China's perception of Qatar as being less important than the UAE.

As China's economic and diplomatic engagement with the Middle East continues to grow, it seems that security cooperation will soon follow – and there have been nascent moves in this direction. The People's Liberation Army Navy (PLAN) began visiting ports on the Arabian Peninsula as part of the international anti-piracy mission in the Gulf of Aden, giving Chinese naval officers the opportunity to develop relations with their Arab counterparts. China has also contributed UN peacekeepers to Lebanon since 2006. And there has been an increase in Chinese private security contractors' work in the Middle East, as part of a response to deeper Chinese engagement with conflict-affected countries such as Iraq.

China's arms sales to the Middle East have also increased in recent years – even if they are still minimal compared to those of Western states. Much of China's success has been in filling orders that the US cannot because of congressional oversight, in areas such as armed drones and ballistic missile systems. Chinese companies can supply complete systems and accompanying services without political considerations. Nonetheless, Middle Eastern states generally prefer to purchase arms from the US, due to its advanced technology. However, China's decision to only sell drones to countries such as Iraq, Jordan, Saudi Arabia, and the UAE implies that it supports status quo powers. It has not sold advanced systems to non-state actors or revisionist states such as Iran (while the proliferation of armed drones is a real concern in the Middle East, it is likely to continue with or without Beijing's help).

Another important security development has been the establishment of the PLAN Support Base in Djibouti, China's first overseas facility of this kind. The move was a break from a long-standing Chinese practice of not constructing military installations in other countries. Given the dramatic growth of Chinese overseas interests, assets, and expatriates, Beijing needed to demonstrate that it had the capacity to protect these interests and did not need to rely on the US security umbrella. Substantial Chinese investments in Middle Eastern industrial parks and ports are commercial in nature for now, but may eventually have a military purpose. Host countries seem unlikely to allow this to happen in the near future, as many of them fear that it could compromise the security cooperation with the US they rely on. However, like the Djibouti base, China's development of the Pakistani port of Gwadar has increased its maritime capacity in the region.

These features of Chinese economic, diplomatic, and security engagement with the Middle East



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form part of a deeper, broader, and more advanced strategy than might appear at first glance. China is changing gears, and leaders throughout the region are responsive to this.

**Why is China's approach to the Middle East changing?**

The unipolar international order that emerged following the end of the cold war fundamentally shaped China's approach to the Middle East. The US has been the dominant military power in the Middle East since Operation Desert Storm in 1990. With the US having established a regional security architecture that maintained the status quo it favoured, other foreign powers had to either work within that framework or challenge it. The US security umbrella helped China establish itself as a major economic and political power in the Middle East. Beijing has built its presence there through strategic hedging – steadily increasing in its economic engagement with the region, establishing relationships with all states there, steadfastly alienating no one, and avoiding policies that would challenge American interests in the region.

This approach has created a widespread perception of China as an opportunist that takes advantage of the US security umbrella to focus on its economic projects while providing little in the way of public goods. As the architecture of the BRI takes shape, this perception becomes increasingly difficult to sustain. China's infrastructure projects complement domestic development programmes throughout the region, while its substantial investments, trade, and aid come at a time when the West suffers from Middle East fatigue. Rather than free-riding, China is providing public goods that can contribute to Middle Eastern development and stability.

More important, however, is Middle Eastern states' perception of US retrenchment from the region. Many leaders in the Middle East felt that the election of Donald Trump as US president signalled a return to a robust American presence there – one that would support Gulf countries and Israel while boxing in challengers to the regional order, particularly Iran and its proxies.

Since then, the Trump administration's regional policy – or lack thereof – has confounded expectations. In pulling out of the Joint Comprehensive Plan of Action, the US applied pressure on Iran, but a lack of a clear policy to replace it has emboldened Tehran – as shown by the disruptions to shipping through the Strait of Hormuz in summer 2019. Trump followed up his threat to retaliate against Iran after the country shot down a US surveillance drone by calling off the planned strike, reinforcing the perception that the US commitment to stabilising the Gulf – which had remained steadfast since the announcement of the Carter Doctrine in 1981 – had diminished.

Beyond the Gulf, Trump's announcement of a withdrawal from Syria has also signalled a decline in Washington's presence, despite the overwhelming US military presence in the Middle East. Echoing the accusations that China was a free-rider made by his predecessor, Barack Obama, Trump tweeted: "China gets 91% of its Oil from the Straight [sic], Japan 62%, & many other countries likewise. So why are we protecting the shipping lanes for other countries (many years) for zero compensation. All of these countries should be protecting their own ships on what has always been a dangerous journey."

In this context, China's moves towards a greater role in Gulf security and trade could have



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significant implications. The country's announcement in August 2019 that it might participate in a US-backed Gulf maritime security coalition could well signal the beginning of a deeper level of military engagement with the Middle East.

Despite its calls for an end to free-riding, the US has not been receptive to China's expansion into the region. This is not especially surprising: the expansion of Chinese influence in the Middle East is a challenge to US dominance.

For now, the Trump administration is warning its Middle Eastern partners about the consequences of establishing deeper ties to China. The recent dispute over Shanghai International Port Group's management of Haifa port is illustrative of this. Secretary of State Mike Pompeo and then-national security adviser John Bolton both told Israeli officials to choose between Beijing and Washington. And US officials have strongly opposed Huawei's introduction of 5G systems into Middle Eastern markets, citing potential security risks that could come with the company's access to their networks such as invasive surveillance technology. The recent case of Turkey's purchase of the Russian S-400 surface-to-air missile system, which US officials believe compromises the security of US-made F-35 aircraft, could resonate with Middle Eastern states.

**Conclusion**

In the face of inconsistent policies from the US and with an eye to a future with greater Chinese power and influence, leaders in the Middle East have been receptive to Chinese outreach so far. The BRI addresses their domestic development concerns and, at the same time, signals Beijing's intention to become more invested in the region. This comes at a moment when Western countries, particularly the US, suffers from Middle East fatigue. At this stage, it is hard to determine whether this is merely a hedging strategy designed to diversify their extra-regional power partnerships or if it signals the beginning of a realignment that stretches across the Middle East to east Asia. It is clear, however, that China will be an engaged partner with a clearly articulated approach to building a stronger presence in the region.

***CHINA'S APPROACH TO THE MIDDLE EAST: DEVELOPMENT BEFORE DEMOCRACY***
***Degang Sun***

Since Xi Jinping became president in 2013, the Chinese government has had strong aspirations to win greater support at home by transforming China from a regional power into a world power. With this mission in mind, Beijing launched the Belt and Road Initiative (BRI); established the Asian Infrastructure Investment Bank and the Silk Road Fund; strengthened the Shanghai Cooperation Organisation (SCO) and the BRICS; and proactively participated in the G20, the Conference on Interaction and Confidence-Building Measures in Asia, and other forums. These ambitious endeavours are designed to promote a new wave of globalisation in Asian, African, and European countries; increase their economic interdependence to enhance China's global status abroad; and win the hearts and minds of the Chinese people.



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For many years following the end of the cold war, China perceived the Middle East and north Africa (MENA) as a "chaotic and dangerous graveyard burying empires", as Li Shaoxian of Ningxia University puts it. Compared to Asia, MENA was fragmented and insignificant due to its intense political instability. Yet, since 2013, China has regarded MENA as a crucial asset for promoting its status as a world power. Thus, Beijing's position on MENA is shifting away from harvesting economic benefits while avoiding political entanglements and towards multidimensional engagement that covers all interests – albeit in a cautious way. In the coming years, China will incrementally increase its political and economic presence in MENA, with economic cooperation still the centrepiece of this effort.

**China's interests in MENA**

In the new era, China – as a rising power – has a wide range of interests in the region. The most important of these is its interest in maintaining predictable great power relations, to enhance its political influence. China favours multipolarity rather than unipolarity in MENA. It seeks to expand its political influence vis-à-vis other great powers through its mediation of disputes across the region, particularly the Syrian war – which it has affected through its veto on the United Nations Security Council – and the disagreements that led to the 2015 Iran nuclear deal. In many ways, the relationship between China and MENA countries amounts to an attempt to hedge their bets against US predominance. Through strategic assertiveness and policy flexibility, Beijing wants to demonstrate to the Chinese people that, diplomatically, China is no longer a yes man but a respected world power – that it can maintain a strategic equilibrium with Europe, Russia, and the United States in the MENA and world arenas.

China's second key interest relates to its principled support for state sovereignty and territorial integrity. China wants to promote this policy in MENA, largely through its position in the UN Security Council, to ensure wider international adherence to these norms. For instance, in July 2019, many Western countries criticised China for establishing re-education camps in Xinjiang, but Iran, Kuwait, Oman, Saudi Arabia, Syria, and other MENA countries publicly backed what Beijing calls its "deradicalisation efforts" in the autonomous region – in what appeared to be a staunch show of support for China's sovereignty.

China's third interest relates to its commercial ties, which include energy, trade, and investment. There is a convergence of BRI projects in MENA, which sits at the crossroads of Africa, Asia, and Europe. According to China's General Administration of Customs, in 2018, China imported around 462m tonnes of oil (almost half of which came from MENA), and was the largest trading partner of 11 MENA countries, including Iran and ten Arab states. By mid-2019, China had signed agreements with 21 MENA countries (including 18 Arab states) on joint BRI projects. China's growing ambitions to incorporate MENA into the BRI, for both economic and wider strategic reasons, has led it to significantly increase its engagement with the region.

Finally, China has diplomatic interests in MENA. In 2016, when a territorial dispute in the South China Sea intensified, the Arab League supported China through the Doha Declaration. The organisation sided with Beijing's position that the conflicting parties should settle their disputes bilaterally, without the involvement of foreign states or international organisations such as the



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Permanent Court of Arbitration. Support from 22 Arab countries mitigated China's isolation and embarrassment in south-east Asia after the court ruled against it on the dispute.

To safeguard all these interests, China has relied on four measures: mediation diplomacy; the expansion of its political partnerships with pivotal MENA countries; the deployment of peacekeepers; and deepening economic cooperation.

**Mediation diplomacy**

Prolonged wars in MENA have provided Beijing with a significant opportunity to enhance its status as a world power through conflict resolution. In October 2017, Xi emphasised that "China is increasingly approaching the centre of the world stage" and, therefore, had a duty and a desire to make a greater contribution to MENA conflict resolution – and to create public security goods in the region through bilateral and multilateral cooperation. China has now nominated special envoys for African affairs (Sudan), the Middle East peace process (Israel-Palestine), the Afghan conflict, and the Syrian war. Chinese special envoys are generally more pragmatic and patient than their European and US counterparts, seeking incremental solutions to thorny problems – albeit through responses that can be passive and inefficient at times.

China's involvement in mediation in MENA often takes the form of a cautious approach to conflict resolution in which it becomes engaged with the process but does not play a decisive role. Beijing chooses to participate rather dominate; to follow rather than lead; to put forward constructive ideas rather than set agendas; and to pursue de-escalation rather than all-out resolution in complicated wars.

China's involvement in these mediation efforts is selective, largely dependent on its interests and capabilities. Due to its still-limited influence, China only acts as a mediator in four broad ways. The first of these is multifaceted interventions in places such as Sudan and South Sudan, countries in which China's huge investments have given it significant political influence. The second is proactive engagement with disputes such as those around the Iranian nuclear programme and the Israeli-Palestinian conflict. The third is limited intercession such as that in the Libyan civil war, the Syrian conflict, the Yemeni war, the Saudi-Iranian dispute, and the Gulf states' blockade of Qatar – all situations in which China has limited influence. The fourth way is indirect participation such as that through the UN on the Somali crisis; the Western Sahara issue; Iran's maritime disputes with the United Kingdom and the US; the sectarian conflicts among Sunni, Shi'ites, and Maronites in Lebanon; and military campaigns against the Islamic State group, al-Qaeda, and their affiliates. Because it lacks substantial interest in or influence on the parties, China's involvement in these cases is minimal – merely a gesture of goodwill.

**Strategic partnerships**

China's regional partnerships differ from those of the Western alliance: the former seeks flexible political cooperation based on informal political bonds while the latter often targets external enemies based on defence treaties. Since 2013, China has gradually constructed a multidimensional global partnership network that involves great powers, neighbouring countries,



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and developing countries, as well as regional organisations such as the African Union and the Arab League. China sees these 90 layered partnerships as interlinked and mutually reinforcing.

China's relationships in MENA are a crucial component of its global partnership network. These 15 relationships – spread across the eastern Mediterranean, the Gulf, the Maghreb, and the Red Sea – fall into four broad categories in line with their importance. The first category comprises comprehensive strategic partnerships with Algeria, Egypt, Iran, Saudi Arabia, and the United Arab Emirates. The second includes a comprehensive innovation partnership with Israel and a strategic cooperative relationship with Turkey (the latter being inferior to a strategic partnership, while a strategic partnership is inferior to a comprehensive strategic partnership). The third covers strategic partnerships with several mid-sized countries: Iraq, Morocco, and Sudan. The fourth comprises strategic partnerships with the smaller states: Djibouti, Jordan, Kuwait, Oman, and Qatar. The Gulf is the focal point of China's strategic partnerships, because there are substantial Chinese interests there.

Governments in MENA generally welcome partnerships with Beijing because, they claim, it treats them as equals rather than junior partners or colonial proxies. Combined with its policy of non-interference in others' internal affairs, non-alignment, and refusal to engage in proxy wars, China has stayed on good terms with all conflicting parties – including Iran and Saudi Arabia, Arab countries and Israel, and Algeria and Morocco – because its partnerships do not harm or provoke third parties.

**Peacekeeping**

Although China adheres to what it calls its "zero enemies" policy in MENA, it has cautiously engaged with the region militarily to safeguard its interests. As the Trump administration begins to disengage from MENA, China is finding it harder to play a low-key role in the region.

China has few military assets in MENA. According to the Stockholm International Peace Research Institute, the US supplied 54 percent of arms transfers to the region between 2014 and 2018, while Russia provided 9.6 percent, and France 8.6 percent. In comparison, China's share was minimal – less than 5 percent. However, Chinese arms sales to MENA have increased in recent years. Its drones are manufactured in Saudi Arabia and deployed to Egypt and Iraq for counter-terrorism purposes. According to China's Ministry of National Defence, the country has deployed around 1,000 troops to Obock logistics base, in Djibouti, for anti-piracy missions. By July 2019, China had dispatched 32 convoy flotillas to Somali and adjacent waters to provide security in the Red Sea and the Arabian Sea.

Despite this light, independent military footprint in MENA, China's peacekeeping contingent in the region is, according to the UN, the largest of any permanent member of the Security Council. In 2015 Xi declared that China would donate $1 billion to the UN's Peace and Development Trust Fund, and that it would train 2,000 peacekeepers for other UN member states. As of April 2018, China had contributed more than 1,800 soldiers and police officers to UN peacekeeping missions in or near MENA: Western Sahara (MINURSO, ten personnel), Darfur in Sudan (UNAMID, 371 personnel), Lebanon (UNIFIL, 418 personnel), South Sudan (UNMISS, 1,056 personnel), and Israel-Palestine (UNSCO, five personnel).



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In addition, the Chinese military has engaged in operations approved by the UN Security Council. For example, in 2013, Chinese navy vessels escorted UN ships carrying chemical weapons out of Syria for destruction in Cyprus. China has often deployed military forces to support the evacuation of Chinese citizens from MENA countries such as Lebanon in 2006, Libya in 2011, and Yemen in 2015.

Finally, Chinese investors do not simply rely on Western private security contractors and local security forces: China dispatches private security contractors to war-torn countries and regions to protect Chinese expatriates and Chinese-funded infrastructure. The "Snow Leopard" commando unit (which is affiliated with China's armed police), Tianjiao Tewei (GSA), and Huaxing Zhong'An are just a few of the Chinese firms involved in the private security market in MENA.

**China's developmental peace model**

As the largest foreign investor in MENA, China regards the region as a potential market rather than an important security environment. According to the Chinese Ministry of Commerce, in 2018, China's trade with 22 Arab countries reached $244.3 billion; Sino-Iranian trade nearly $36 billion; Sino-Israeli trade $13.9 billion; and Sino-Turkish trade $21.6 billion. China signed investment contracts worth $33 billion with Arab countries in 2017. Today, there are more than one million Chinese expatriates in MENA for business or study, or on pilgrimages. China has engaged in post-war reconstruction projects in Iraq in the name of development and will continue to pursue business opportunities in Lebanon, Libya, Sudan, and Syria.

China has pushed the concept of developmental peace – in contrast to the Western concept of democratic peace – in MENA, arguing that the root cause of regional insecurity is economic stagnation, high unemployment, poor infrastructure, rapid population growth, and brain drain rather than a democracy deficit. Therefore, while Moscow and Western capitals play an important role in the conflicts in Iraq, Lebanon, Libya, Palestine, Syria, and Yemen, Beijing may become deeply involved in these countries after they move towards post-war reconstruction.

China's argument that, for all MENA countries, development is more important than democracy is reflected in its development-orientated approach to governance. Beijing believes that the international community should provide badly needed economic assistance to MENA countries instead of exporting ill-fitting democracy to them. Despite having different methods, China and Western powers could have similar end goals in the region and could find ways to converge on them: their immediate aim is development, which will lay a foundation for the West's long-term goal of establishing democracy in MENA.

Chinese development aid to war-torn MENA countries is in proportion to Beijing's general influence there. It has provided $100m to the UN peacekeeping mission in Somalia since 2015. Since 2018, China has supplied approximately $85m to humanitarian reconstruction in Lebanon, Jordan, Syria, and Yemen; $14m in humanitarian aid to Palestine; $140m to Arab countries for capacity building; and $42m to Arab countries for training law-enforcement officers. Beijing argues that, through economic and social reconstruction, MENA governments can eradicate violence and radicalisation. China's reform and opening-up experience taught it that economic and social development is an absolute necessity for MENA countries in transition.



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**Conclusion**

Beijing has a negative view of the Western practices of alliance politics, spheres of influence, and economic sanctions. It is wary of the concept of the responsibility to protect, opposes regime change, and dismisses the argument that some governments in war-torn MENA countries are evil or are troublemakers. Beijing stresses that all MENA states are partners in a dialogue on inclusive and comprehensive solutions to conflicts. China attempts to burnish its world power status by upholding these standards.

As a rising power, China engages with MENA in experimental and preliminary ways that are devoid of a clear strategy. The ruling party aims to increase its popularity at home rather than seek a geopolitical rivalry with the US in MENA. It does so by maintaining stable great power relations and expanding its commercial interests across MENA. Thus, China avoids direct contests for control with established powers such as the European Union, Russia, and the US. China and Russia have jointly vetoed seven draft UN Security Council resolutions on the Syrian war, but Beijing has refrained from forging a full alliance with Moscow. Unlike Moscow, Beijing does not establish military bases in conflict zones. Nor does it seek to establish a sphere of influence in MENA.

China feels comfortable with its independent policy in MENA. It believes that other powers should abandon what it sees as their cold war mentality to establish a new security order based on burden-sharing and public goods, thereby promoting sustainable peace and development. Since it seeks partnerships with other powers, China is likely to strengthen its cooperation with the EU in seeking to de-escalate conflicts in Israel-Palestine, Libya, Syria, and Yemen, and to address the Iranian nuclear issue. Both China and the EU emphasise the need to stick to the Iran nuclear deal; support the two-state solution to the Israel-Palestine conflict; back a political resolution, and oppose any power's attempt to dominate security affairs, in the Syrian war; and underscore the central role they believe the UN should play in resolving the Libyan and Yemeni conflicts. For years to come, China's BRI and European powers' economic investments will provide the kind of development assistance to MENA countries that is conducive to regional peace and stability. The two sides will form a partnership to solve MENA refugee issues.

Because the established powers have lost some of their interest in MENA affairs, China does not think it will be able to maintain its low-key approach to the region for much longer. Thus, it will explore channels to defend its commercial interest and construct congenial and cooperative great power relationships in MENA. China's position on the region may shift a great deal more in the years to come.



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# 5. Pak-India Relations

**Historical Background:**

**August 1947:**

Britain ends its colonial rule over the Indian subcontinent, which becomes two independent nations — Hindu-majority, but secularly governed India and the Islamic Republic of Pakistan. The division, widely known as Partition, sparks massive rioting that kills up to 1 million, while another 15 million flee their homes in one of the world's largest human migrations.

**October 1947:**

The two young nations begin a war over control of Kashmir, a Muslim-majority kingdom ruled by a Hindu maharaja. A UN-brokered cease-fire ends the war in a year with Kashmir divided between them.

**January 1949:**

India and Pakistan agree to a UN Security Council resolution calling for a referendum in which Kashmiris would determine their future; the vote never takes place.

**September 1960:**

Pakistan and India sign a World Bank-brokered Indus Water Treaty governing six rivers, or three rivers each. It is the only Pakistan-India treaty that has held.

**August 1965:**

A second war begins over Kashmir, ending a month later in another UN-mandated ceasefire.

**December 1971:**

A third war is fought, this time as India supports secessionists in East Pakistan. The war ends with the creation of Bangladesh.

**July 1972:**

The countries' prime ministers sign an accord for the return of tens of thousands of Pakistani prisoners of war.

**May 1974:**

India conducts a nuclear test, becoming the first nation to do so that's not a permanent UN Security Council member.

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**December 1989:**

Armed resistance to Indian rule in Kashmir begins. India accuses Pakistan of giving weapons and training to the fighters. Pakistan says it offers only 'moral and diplomatic' support.

**May 1998:**

India detonates five nuclear devices in tests. Pakistan detonates six. Both are slapped with international sanctions.

**February 1999:**

Indian Prime Minister Atal Bihari Vajpayee rides a bus to Lahore to meet with Pakistan counterpart, Nawaz Sharif, and sign a major peace accord.

**May 1999:**

Conflict erupts in Kargil as Pakistani forces and Kashmiri fighters occupy Himalayan peaks. India launches air and ground strikes. The US brokers peace.

**May 2001:**

Vajpayee and President Pervez Musharraf meet in the Indian city of Agra, but reach no agreements.
Indian Black Cat commandos escort civilians outside the Parliament House as half a dozen armed men stormed the complex in New Delhi, India, Dec. 2001.

**October 2001:**

Insurgents attack the legislature building in Indian-controlled Kashmir, killing 38 people.

**December 2001:**

Gunmen attack India's Parliament, killing 14. India blames militant groups Lashkar-e-Taiba and Jaish-e-Muhammad, and deploys troops to its western frontier with Pakistan. The standoff ends in October 2002 after international mediation.

**January 2004:**

Musharraf and Vajpayee hold talks, launching bilateral negotiations to settle outstanding issues.

An Indian soldier takes cover as the Taj Mahal hotel burns during gun battle between Indian military and militants inside the hotel in Mumbai, India, Nov. 2008.

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**February 2007:**

A train service between India and Pakistan, the Samjhauta Express, is bombed in northern India, killing 68.

**October 2008:**

India and Pakistan open a trade route across divided Kashmir for the first time in six decades.

**November 2008:**

Gunmen attack Mumbai, killing 166 people. India blames a Pakistan-based militant group.

**May 2014:**

India's new Prime Minister Narendra Modi invites Pakistani counterpart Nawaz Sharif to New Delhi for his inauguration.

**December 2015:**

Modi makes a surprise visit to the Pakistani city of Lahore on Sharif's birthday and the wedding of his granddaughter.

**January 2016:**

Six gunmen attack an Indian air force base in the northern town of Pathankot, killing seven soldiers in a battle that lasted nearly four days.

**July 2016:**

Indian soldiers kill Kashmiri separatist Burhan Wani, sparking months of anti-India protests and deadly clashes in the region.

**September 2016:**

Suspected rebels sneak into an Indian army base in Kashmir and kill 18 soldiers. Four attackers are also killed.

Mega Lecture

## Indo-Pak relations

India and Pakistan are two immediate neighboring countries of South-Asia. Seven decades have passed; the relations of these two unfortunate countries have never been normal and are at their lowest level today. The clash of their national interests and unresolved issues are the main reasons.

Indo-Pak relations are an elaborate chapter and therefore should be seen in the light of their long historic background. India and Pakistan both had been created on the basis of "Two Nation" theory and under the formula of Hindu majority areas of the Sub-Continent as an independent sovereign India and the Muslims –majority areas as Pakistan. The hawkish Hindu political leaders of India, who had for a long time been dreaming of "Akhand Bharat" became disappointed and had not accepted the creation of Pakistan.

India has produced dynamic political leaders. They had the vision and desire to see India to emerge as a World-Power, leader of Asia and its supremacy over the Indian Ocean.

The megalomaniac leaders of India had therefore started with occupying the nearby islands in Indian Ocean, then with fake documents prepared from the ruler of the state of Jammu Kashmir and an absurd plea had attacked and occupied the state and lastly violating the agreement as before attacked and occupied pro-Pakistan rulers' states of Hyderabad and Junagarh.

Following the occupation of Kashmir in 1947, India then in 1948, in collaboration a prominent ruler of Baluchistan had attacked Baluchistan from the soil of Afghanistan.

In reply, the Pakistan Army under command of Gen. Akbar Rangroot had repulsed the attack, captured all enemy-soldiers and presented them before Quaid-e-Azam Muhammad Ali Jinnah, Governor General of Pakistan.

In 1965 war between India and Pakistan inside the disputed state of Jammu and Kashmir, India had violated by attacking Pakistan at its international borders.

In 1971 then, the Government of Prime Minister Mrs. Indira Gandhi and it's agencies, who in collaboration with their political agents and facilitators in East Pakistan had been operating for a long time attacked Pakistan, won the war and disintegrated it.

Following this glorious victory, Mrs. Indira Gandhi wasted no time, carried its first nuclear explosion and made India a Nuclear power.

The political leadership of Pakistan foreseeing and smelling the Indian future designs goals and their intentions against Pakistan, in spite of great hurdles had therefore decided to become Nuclear in its defense and deterrence against India.

Afterwards, the day Mr. Modi became the Prime Minister of India, he and fanatic Hindu extremist political parties known for their anti-Muslim and anti-Pakistan stance and enmity, he has constantly been busy in brutally crushing the movement of self-determination of the people

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of Jammu and Kashmir lasting for seventy long years. The defense forces of India are committing barbarism over local Muslim population, their massacre and gross human rights violations.

His government is also trying to change 35-A constitutional status of Kashmir. Mr. Modi, remember, India has lost Kashmir forever is written over the wall.

Regarding Mr. Modi's policy for Pakistan, he has started a proxy war of terrorism inside Pakistan financially supporting the separatist movement in Baluchistan and trying to destroy its economy.

Moreover Mr. Modi has stopped water supply of Pakistan, necessary for its agriculture and has further threatened and vowed to convert Pakistan into desert, which is a very dangerous step.

Both the governments of India and Pakistan should remember that, no government of India shall ever have the political will or dare to solve core issue of Kashmir with Pakistan. Similarly, no government of Pakistan shall ever forget Kashmir issue and leave it alone.

Therefore, the chances of good relation between India and Pakistan are bleak. India claims itself to be the biggest democracy of the world shall have to solve the issues one day.

In spite of all challenges, however, it is encouraging that the majority of people on both sides have a great desire for the dialogue between India and Pakistan, solve their issues amicably, visit each other's countries, exchange social functions and live amicably.

They also desire to revise their visa system and change insulting system of issuing visas to the public on both sides.

Visit any country of the world, you will find both people of India and Pakistan living peacefully, eating together, enjoying together and helping each other.

Lastly relating to visa availability for the citizens of both countries, in normal circumstances and routinely, a visa is issued by the embassy of every country to visit freely and move freely all over that country.

In case of India and Pakistan however, visa is issued not for the entire country but only for the cities, restricted to five cities. In addition, the citizens of both countries are bound to report their arrivals and departure every time to the police stations.

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## Reason for optimism on Pakistan-India relations

Under the auspices of the Shanghai Cooperation Organization (SCO), Pakistan and India are participating in six days of anti-terrorism exercises in Chebarkul, a town in Chelyabinsk Oblast in Russia.

There is a 110-member contingent from Pakistan, a 200-member contingent from India, and 748 members from China – altogether 3,000 professional troops from all member states are conducting joint anti-terrorism exercises. They will continue until Wednesday.

Pakistan and India joined the SCO in 2017 and attended their first summit this June in Qingdao, China. The SCO is a platform for regional cooperation in security, trade and culture. After joining the organization, all member states are bound to resolve all their disputes through peaceful dialogue.

Pakistani Prime Minister Imran Khan, just after winning election, in a speech on July 26 said Pakistan wanted good relations with all countries, and he particularly mentioned India. Later on, in a tweet on August 21, Khan proposed talks with India on all issues including Jammu and Kashmir.

He further proposed that bilateral trade agreements be considered as a first step toward confidence-building.

For his part, Indian Prime Minister Narendra Modi also mentioned the possibility of dialogue in his message to Khan on the occasion of his winning the July 25 election.

It is worth mentioning that Pakistani and Indian forces have worked together under United Nations peacekeeping missions in the past.

**Traditional rivals**

Pakistan and India won independence from British rule in 1947. Since independence, they have fought three major wars and have had numerous border disputes. The two countries are traditional rivals and have engaged in a cold war, an economic war, and a diplomatic war. Yet both countries face similar challenges, such as poverty.

Common citizens are deprived of basic necessities of life such as education, good food, and health care. Both countries face extremism, intolerance and global warming. If bilateral relations were normalized, the money saved on defense expenditures could be utilized for socio-economic welfare. The poor on both sides would benefit.

However, a lot has to be done and hard decisions have to be made. India recently signed a defense agreement with the United States worth US$8 billion, which should be reviewed as it will create an arms race and destabilize the whole region. India has disputes with all of its neighboring countries and any increase in the defense budget may be a direct threat to neighboring states.

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The US is extending economic assistance and defense support to India to contain China, but India may not use its strength against China, but more likely against its smaller neighbors. The US is providing India with the latest technologies, the latest weapons, and India has become the largest beneficiary of the US after Israel. India is also collaborating with Israel closely in defense and economic matters.

India is facing serious domestic issues, especially with its lower castes and minorities. Superior-class Hindus and extremist Hindu organizations are given a free hand to suppress "untouchables" and minorities.

Women are the worst victims. The number of rape cases is growing. Homeless people, street children, lack of clean drinking water and toilet facilities, and malnutrition are major domestic challenges. Human-rights violations are widespread. Uprisings in Punjab, Bihar, Kashmir and Nagaland are gaining momentum.

Pakistan is a peace-loving nation and would like to offer all possible options to India to change its mindset and move forward for peace. It has made such proposals to India in the past, and the new government is also offering to normalize relations with India.

We Pakistanis believe in diplomacy and dialogue. The SCO platform is also a good option for resolving disputes. Pakistan is an open-minded country and willing to discuss all possible options based on mutual benefits.

The new prime minister, Imran Khan, is a man of principles and believes in justice for all. He respects others and expects respect in return. He may move two steps forward if India moves one step forward, as he mentioned in his post-election speech.

We already missed an opportunity with the South Asian Association for Regional Cooperation (SAARC), which promotes regional peace, stability, cooperation and development, as India tried to hijack it and turn it into a dysfunctional organization. We should learn the lessons from the past and avoid repeating the same mistakes again and again, especially under the current geopolitical scenario, which is rather tense and hostile.

I am optimistic that India will understand and avail this opportunity of resolving all issues permanently. The ball is in India's court. I also request that intellectuals, academicians, civil society, think-tanks, and the middle and lower classes of both sides promote peace. Let the people of both sides enjoy the basic amenities of life instead of hostility.

International development agenda has been actively led by the United Nations (UN) and its technical agencies and funds from their inception in the late 1940s. Till 1990s, the approach was fragmented and disjointed initiated by its specialized agencies or funds at various World Summits and Conferences to address three dimensions of development — economic, social, and environmental. The Millennium Declaration and Millennium Development Goals (MDGs) saw the convergence of development agenda of United Nations Development Program (UNDP); United Nations Environment Program (UNEP); World health organization (WHO); United Nations Children's Fund (UNICEF); United Nations Educational, Scientific and Cultural

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Organization (UNESCO); and other development agencies.(1) Recently adopted Sustainable Development Goals (SDGs) reflect further strengthening convergence of the development agenda. The SDGs also strengthen equity, human rights, and nondiscrimination.

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# Kashmir: Why India and Pakistan fight over it

## How old is this fight?

Kashmir is an ethnically diverse Himalayan region, covering around 86,000 sq miles (138 sq km), and famed for the beauty of its lakes, meadows and snow-capped mountains.

Even before India and Pakistan won their independence from Britain in August 1947, the area was hotly contested.

Under the partition plan provided by the Indian Independence Act, Kashmir was free to accede to either India or Pakistan.

The maharaja (local ruler), Hari Singh, initially wanted Kashmir to become independent - but in October 1947 chose to join India, in return for its help against an invasion of tribesmen from Pakistan.

## Kashmir profile - Timeline

A war erupted and India approached the United Nations asking it to intervene. The United Nations recommended holding a plebiscite to settle the question of whether the state would join India or Pakistan. However the two countries could not agree to a deal to demilitarise the region before the referendum could be held.

In July 1949, India and Pakistan signed an agreement to establish a ceasefire line as recommended by the UN and the region became divided.

A second war followed in 1965. Then in 1999, India fought a brief but bitter conflict with Pakistani-backed forces.

By that time, India and Pakistan had both declared themselves to be nuclear powers.

Today, Delhi and Islamabad both claim Kashmir in full, but control only parts of it - territories recognised internationally as "Indian-administered Kashmir" and "Pakistan-administered Kashmir".

## Why is there so much unrest in the Indian-administered part?

An armed revolt has been waged against Indian rule in the region for three decades, claiming tens of thousands of lives.

India blames Pakistan for stirring the unrest by backing separatist militants in Kashmir - a charge its neighbour denies.

Now a sudden change to Kashmir's status on the Indian side has created further apprehension.



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Indian-administered Kashmir has held a special position within the country historically, thanks to Article 370 - a clause in the constitution which gave it significant autonomy, including its own constitution, a separate flag, and independence over all matters except foreign affairs, defence and communications.

**Why a special law on Kashmir is controversial?**
**What happened in Kashmir and why it matters?**

On 5 August, India revoked that seven-decade-long privileged status - as the governing party, the Bharatiya Janata Party (BJP), had promised in its 2019 election manifesto. The Hindu nationalist BJP has long opposed Article 370 and had repeatedly called for its abolishment.

Telephone networks and the internet were cut off in the region in the days before the presidential order was announced. Public gatherings were banned, and tens of thousands of troops were sent in. Tourists were told to leave Kashmir under warnings of a terror threat.

Two former chief ministers of Jammu and Kashmir - the Indian state which encompasses the disputed territory - were placed under house arrest.

One of them, Mehbooba Mufti, said the move would "make India an occupational force in Jammu and Kashmir," and that "today marks the darkest day in Indian democracy".

Pakistan fiercely condemned the development, branding it "illegal" and vowing to "exercise all possible options" against it.

It downgraded diplomatic ties with India and suspended all trade. India responded by saying they "regretted" Pakistan's statement and reiterating that Article 370 was an internal matter as it did not interfere with the boundaries of the territory.

Within Kashmir, opinions about the territory's rightful allegiance are diverse and strongly held. Many do not want it to be governed by India, preferring either independence or union with Pakistan instead.

Religion is one factor: Jammu and Kashmir is more than 60% Muslim, making it the only state within India where Muslims are in the majority.

Critics of the BJP fear this move is designed to change the state's demographic make-up of - by giving people from the rest of the country to right to acquire property and settle there permanently.

Ms Mufti told the BBC: "They just want to occupy our land and want to make this Muslim-majority state like any other state and reduce us to a minority and disempower us totally."

Feelings of disenfranchisement have been aggravated in Indian-administered Kashmir by high unemployment, and complaints of human rights abuses by security forces battling street protesters and fighting insurgents.



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Anti-India sentiment in the state has ebbed and flowed since 1989, but the region witnessed a fresh wave of violence after the death of 22-year-old militant leader Burhan Wani in July 2016. He died in a battle with security forces, sparking massive protests across the valley.

Wani - whose social media videos were popular among young people - is largely credited with reviving and legitimising the image of militancy in the region.

**The teenager blinded by pellets in Kashmir**
**'Modi's Kashmir move will fuel resentment'**
**WATCH: The boy drawing Kashmir's conflict**

Thousands attended Wani's funeral, which was held in his hometown of Tral, about 40km (25 miles) south of the city of Srinagar. Following the funeral, people clashed with troops and it set off a deadly cycle of violence that lasted for days.

More than 30 civilians died, and others were injured in the clashes. Since then, violence has been on the rise in the state.

More than 500 people were killed in 2018 - including civilians, security forces and militants - the highest toll in a decade.

**Weren't there high hopes for peace in the new century?**

India and Pakistan did indeed agree a ceasefire in 2003 after years of bloodshed along the de facto border (also known as the Line of Control).

Pakistan later promised to stop funding insurgents in the territory, while India offered them an amnesty if they renounced militancy.

In 2014, India's current Prime Minister Narendra Modi came to power promising a tough line on Pakistan, but also showed interest in holding peace talks.

Nawaz Sharif, then prime minister of Pakistan, attended Mr Modi's swearing-in ceremony in Delhi.

But a year later, India blamed Pakistan-based groups for an attack on its airbase in Pathankot in the northern state of Punjab. Mr Modi also cancelled a scheduled visit to the Pakistani capital, Islamabad, for a regional summit in 2017. Since then, there hasn't been any progress in talks between the neighbours.

**Are we back to square one?**

The bloody summer of street protests in Indian-administered Kashmir in 2016 had already dimmed hopes for a lasting peace in the region.



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Then, in June 2018, the state government there was upended when Mr Modi's BJP pulled out of a coalition government run by Ms Mufti's People's Democratic Party.

Jammu and Kashmir was since under direct rule from Delhi, which fuelled further anger.

The deaths of more than 40 Indian soldiers in a suicide attack on 14 February, 2019 have ended any hope of a thaw in the immediate future. India blamed Pakistan-based militant groups for the violence - the deadliest targeting Indian soldiers in Kashmir since the insurgency began three decades ago.

Following the bombing, India said it would take "all possible diplomatic steps" to isolate Pakistan from the international community.

On 26 February, it launched air strikes in Pakistani territory which it said targeted militant bases.

**Pakistan shows off disputed air strike site**
**Pakistan's dilemma over anti-India militants**

Pakistan denied the raids had caused major damage or casualties but promised to respond, fuelling fears of confrontation. A day later it said it had shot down two Indian Air Force jets in its airspace, and captured a fighter pilot - who was later returned unharmed to India.

**So what happens next?**

India's parliament has now passed a bill splitting Indian-administered Kashmir into two territories governed directly by Delhi: Jammu and Kashmir, and remote, mountainous Ladakh.

China, which shares a disputed border with India in Ladakh, has objected to the reorganisation and accused Delhi of undermining its territorial sovereignty.

Pakistan's Prime Minister Imran Khan has vowed to challenge India's actions at the UN security council, and take the matter to the International Criminal Court.

In an ominous warning, he said: "If the world does not act today... (if) the developed world does not uphold its own laws, then things will go to a place that we will not be responsible for."

But Delhi insists that there is no "external implication" to its decision to reorganise the state as it has not changed the Line of Control or boundaries of the region.

US President Donald Trump has offered to mediate in the crisis - an overture that Delhi has rejected.



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## The Latest Kashmir Conflict

On August 5, India decided to take a long-considered move using article 370 of its constitution to change the status of the state of Jammu and Kashmir. Although this has long been a part of the platform of Prime Minister Narenda Modi's Bharatiya Janata Party (BJP), the overwhelming majority of parliamentarians across all parties supported the decision—with 351 votes for and 72 against. Even the general secretary of the opposition Congress Party expressed his approval. This has been a move long in the making, with the backing of a wide swath of Indian political actors. But, the question remains, why now?

New Delhi made this move in an effort to stabilize Jammu and Kashmir and integrate it more fully with the Indian state. The Modi government's decision is aimed at promoting local governance and encouraging investment in a state that has lagged behind for decades. The lack of effective local governance has hampered the development of the entire state of Jammu and Kashmir, including Ladakh, Jammu, and tourism dependant areas like Sonamarg and Gulmarg.

Although much criticized, New Delhi's stepped-up security and communications restrictions implemented along with the August 5 decision were lifted in 136 of 197 police station areas. Many schools have also reopened. Jammu and Kashmir will gradually return to normal, barring any terrorist activity or violence.

India believes that the accession of Jammu and Kashmir is final, and any unfinished business regarding partition of the greater Kashmir region only concerns areas occupied by Pakistan. Reorganizing Jammu and Kashmir made no territorial changes, but sought to more closely integrate the state with the rest of India. Therefore, for India, the dispute between India and Pakistan remains unchanged.

The advancement of U.S.-Taliban talks, and the imminence of a deal, has demonstrated to India that the U.S. is serious about withdrawing from Afghanistan. India fears that this could lead to history repeating itself. When another superpower, the Soviet Union, left Afghanistan some 30 years ago, intense terrorism in Kashmir immediately followed, as those who fought the Soviets turned to India.

To India, Islamabad's objections to the move ring hollow. Over the years, Pakistan has unilaterally changed the status of other territories it occupies in the greater Kashmir region, namely Azad Kashmir and Gilgit-Baltistan. Just last year, Pakistan changed the structure of Azad Kashmir's government. India protested the change. But, unlike Pakistani Prime Minister Khan's warning of a heightened risk of war and terrorism following the August 5 decision, India did not resort to threats over Azad Kashmir.

Islamabad now has a choice. It can continue to support terrorism in Kashmir, which has not only devastated the region, but also severely hurt Pakistan's economy. Or it can choose to cease such support and focus on its internal economic problems. Once the threat of terrorism is removed, there will surely be room for dialogue.



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By rooting out terrorism, Pakistan can focus on economic development and more effectively leverage its immense resources to boost its economy. This could encourage economic linkages across the region, leading to greater regional stability in the long run.

**What are the consequences for India, Pakistan and the region?**

Jilani: India's unilateral decision to revoke Article 370 of its constitution has severely hampered the chances of a renewal of the peace process between New Delhi and Islamabad. From Pakistan's perspective the Indian action constitutes a grave violation of the U.N. Security Council resolutions on Kashmir and bilateral Pakistan-India agreements, such as the 1972 Shimla Agreement and the Lahore Declaration.

Prime Minister Narenda Modi's government's decision will have far reaching consequences for Pakistan-India relations and regional peace and security. Islamabad says that increased repression and human rights violations by Indian forces in Indian Occupied Kashmir will breed violence, fuel indigenous uprising, and further generate tension with Pakistan. Yet, since August 5, India has mobilized hundreds of thousands of troops, detained thousands of Kashmiris, and imposed a curfew resulting in food and medicine shortages. In Islamabad's eyes, the disputed region of Jammu and Kashmir has become a garrison area.

With the illegal steps taken by the Indian government—imposition of curfew, arrests of political leaders and blockade of communications—the situation has reached a tipping point. Intensifying violence in Indian-occupied Kashmir poses serious challenges for Pakistan and the region. These challenges include:

- For Pakistan, Kashmir remains the core issue and Islamabad cannot envision a dialogue with India that excludes the Kashmir issue.
- Islamabad rejects India's claim that Kashmir is an internal matter, pointing to past and present international and bilateral calls for a peaceful resolution through dialogue. India's move violates multiple U.N. Security Council resolutions and is unacceptable to Pakistan and the international community.
- The faint hope for a reasonable settlement based on the four-point formula—which became the basis of back-channel negotiations during the 2004-08 peace process and envisaged self-governance for Kashmiris, demilitarization, travel across the Line of Control and a monitoring mechanism, while also protecting the vital interests of the two countries—has been extinguished.
- Pakistan fears India could stage a false flag in either Jammu and Kashmir or mainland India and blame it on Pakistan in order to divert attention from the volatile situation in Kashmir.
- The possibility of direct Indian intervention in Azad Kashmir or subversion inside Pakistan cannot be ruled out. In case India directly intervenes in Pakistan or in Azad Kashmir or Gilgit-Baltistan (both of which are part of what the U.N. calls Pakistan-administered Kashmir), it could result in war between the nuclear powers with incalculable implications for both countries and the region.
- The outcome of the current Indian actions could result in more refugees from India into Pakistan.



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- The latest Indian action will complicate the resolution of other long-standing disputes over issues like the Siachen Glacier and Sir Creek.
- The Indian decision will adversely impact people-to-people contacts and trade relations between the two countries.
- Tension between India and Pakistan will have a negative impact on regional security. The South Asian Association for Regional Cooperation process is already suspended due to India-Pakistan tensions. India's move is a further blow to regional cooperation.

Irrespective of India's actions, the fact is that Kashmir is an internationally recognized disputed territory and will remain so until the legitimate aspirations of the Kashmiris are fulfilled. India's repression in Kashmir is unlikely to change this reality.

Ainuddin Kibzai Mega Lecture

## What Is Article 370, and Why Does It Matter in Kashmir?

Kashmir, a mountainous valley that borders Pakistan and India, has been a center of conflict between the two nuclear-armed countries since the 1947 partition of British India.

At the time of the partition, the British agreed to divide their former colony into two countries: Pakistan, with a Muslim majority, and India, with a Hindu majority. Both nations covet Kashmir, which is Muslim majority, and occupy portions of it with military forces.

For decades, an uneasy stalemate has prevailed, broken by occasional military incursions, terrorist attacks and police crackdowns. But on Monday, the Indian government decided to permanently incorporate the territory it controls into the rest of India.

The administration of Prime Minister Narendra Modi revoked Article 370 of the Indian constitution, a 70-year-old provision that had given autonomy to the state of Jammu and Kashmir, which includes the Hindu-majority area of Jammu and the Muslim-majority Kashmir valley.

The government also introduced a bill to strip the region of statehood and divide it into two parts, both under direct control of the central government.

But Mr. Modi, a Hindu nationalist, had campaigned for re-election in part by stoking patriotic fervor against Muslim-led Pakistan. He promised the full integration of Kashmir, a cause which his party has championed for decades, and now he is delivering on that pledge.

Pakistan condemned India's moves. Pakistan's prime minister, Imran Khan, called on President Trump to follow through on an offer he made two weeks ago to mediate the Kashmir dispute.

**What are the roots of the conflict?**

In 1947, the sudden separation of the area into Pakistan and India prompted millions of people to migrate between the two countries and led to religious violence that killed hundreds of thousands.

Left undecided was the status of Jammu and Kashmir, a Muslim-majority state in the Himalayas that had been ruled by a local prince. Fighting quickly broke out, and both countries eventually sent in troops, with Pakistan occupying about one-third of the state and India two-thirds.

The prince signed an agreement for the territory to become part of India. Regional autonomy, which was formalized through Article 370, was a key inducement.

Despite efforts by the United Nations to mediate the Kashmir dispute, India and Pakistan continue to administer their portions of the former princely territory while hoping to get full control of it. Troops on both sides of the so-called "line of control" regularly fire volleys at each other.



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Muslim militants have frequently resorted to violence to expel the Indian troops from the territory. Pakistan has backed many of those militants, as well as terrorists who have struck deep inside India — most brutally in a four-day killing spree in Mumbai in 2008, which left more than 160 people dead.

**What is Article 370?**

Article 370 was added to the Indian constitution shortly after the partition of British India to give autonomy to the former princely state of Jammu and Kashmir until a decision was made about its rule. It limited the power of India's central government over the territory. A related provision gave state lawmakers the power to decide who could buy land and be a permanent resident -- a provision that irked many non-Kashmiris.

Although it was intended to be temporary, Article 370 says that it can only be abrogated with the consent of the legislative body that drafted the state constitution. That body dissolved itself in 1957, and India's Supreme Court ruled last year that Article 370 is therefore a permanent part of the constitution.

The Modi government disagrees and says the president of India, who is beholden to the ruling party, has the power to revoke the article.

**Why did the conflict heat up this year?**

The immediate cause was the Feb. 14 suicide bombing by a young Islamic militant, who blew up a convoy of trucks carrying paramilitary forces in Pulwama in southern Kashmir.

Indian aircraft responded to that attack by flying into Pakistan and firing airstrikes near the town of Balakot. The Indian government claimed it was attacking a training camp for Jaish-e-Mohammed, the terrorist group that claimed responsibility for the bombing.

The next day, Pakistani and Indian fighter jets engaged in a skirmish over Indian-controlled territory, and Pakistani forces downed an Indian aircraft — an aging Soviet-era MiG-21 — and captured its pilot. It was the first aerial clash between the rivals in five decades.

Pakistan quickly returned the pilot, easing the diplomatic tensions. But Mr. Modi exploited a wave of a nationalist fervor over the Pulwama attack as part of his re-election campaign that helped his Bharatiya Janata Party win a sweeping victory.

Pakistan’s prime minister, Imran Khan, was elected last year with the backing of his country’s powerful military, and he wants to show that he can stand up to India, even as his country’s economy is so weak that he sought bailouts from Saudi Arabia and China.

**Will the United States and other global powers get involved?**

On July 22, Mr. Trump hosted Mr. Khan at the White House. Although the meeting was focused on how to end the war in Afghanistan, Mr. Trump told reporters that Mr. Modi had asked him to



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help mediate the Kashmir dispute. Mr. Khan welcomed his involvement. The Indian government denied making any mediation request and has long insisted on direct negotiations with Pakistan to resolve the dispute.

Under Mr. Trump, American foreign policy has shifted away from Pakistan, a longtime recipient of American aid, toward India, which the administration views as a bulwark against China's rising influence in Asia.

China, meanwhile, has become a close ally and financial patron of Pakistan. The Chinese government recently urged India and Pakistan to settle their conflicts through bilateral discussions. China shares a border with Jammu and Kashmir state, and India and China still do not agree on the demarcation line.

**What is likely to happen next?**

The constitutional changes, issued through a presidential order, could face legal challenges. Last year, India's Supreme Court ruled that Article 370 could not be abrogated because the state-level body that would have to approve the change went out of existence in 1957.

"My view is that this presidential notification is illegal," said Shubhankar Dam, a law professor at the University of Portsmouth in Britain and the author of a book on executive power in India. "The question is one of jurisdiction: Does the government of India have the power to do this?"

Pakistan, for its part, said it will "exercise all possible options to counter the illegal steps" taken by India.

Mr. Modi's moves to integrate Kashmir into India are likely to be popular in much of the country. But there is widespread panic in Kashmir, where there have been decades of protests against Indian rule.

AinuddinKibzai MegaLecture

## It Doesn't Have to Be This Way: Stepping Away From a Disastrous War Over Kashmir

At a massive rally in Houston, Indian Prime Minister Narendra Modi told a stadium packed with supporters that India had bade "farewell" to a constitutional clause granting autonomy to the Himalayan region of Kashmir. "Article 370 had deprived people of Jammu and Kashmir and Ladakh of development," Modi told the crowd. "Terror and separatist elements were misusing the situation. Now, people there have got equal rights." The crowd responded with roaring applause.

Modi's remark about "equal rights" was a jarring contrast to the news reports that have come in from Kashmir describing thousands of detentions, cases of torture and death, and a communications blackout that has severed Kashmir from the rest of the world. The de facto annexation of the long-contested region has further strained relations between India and Pakistan. It has also raised the specter of a full-blown insurgency pitting the Indian government against disaffected Kashmiris.

For those to whom these ratcheted-up tensions look like another flare-up in a troubled area of the world, the situation bears a caveat: This time is different.

If war over Kashmir does break out, it will be all the more tragic for having been avoidable.
Modi's decision on Kashmir, so raucously cheered in Houston, would essentially close the door on any optimistic vision of a peaceful resolution to this long-running conflict. Clashes have already begun in the troubled territory, even under a heavy security lockdown. When the current restrictions on movement and communication are eventually lifted, violence is almost certain to increase.

Yet the escalation brought with it international scrutiny. In a press conference on Thursday at the United Nations General Assembly, the State Department's Acting Assistant Secretary for South and Central Asian Affairs Alice Wells said that "the United States is concerned by widespread detentions, including those of politicians and business leaders, and the restrictions on the residents of Jammu and Kashmir." Wells added that conditions should be created in the region that lead to the "improvement of relations between the two nuclear powers," referring to India and Pakistan.

The two countries have fought several wars over Kashmir in the past. The recent tensions, however, have reached a level not seen in years. Speaking at a session of the United Nations Human Rights Council in Geneva, Pakistan's foreign minister warned on September 10 that the two countries were at risk of "an accidental war" over Kashmir.

If such a war does happen, it will be all the more tragic for having been avoidable.

THE CONFLICT IN Kashmir is, at its root, about a vote on local self-determination that never took place. In 1948, shortly after the Partition of the Indian subcontinent into the nations of India and Pakistan, the U.N. called for a plebiscite to be held in Kashmir that would let the local



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people decide their political future: whether they wanted to remain with India, join Pakistan, or become an independent nation.

The vote never happened, though many Kashmiris continue to demand it. Instead, following a rigged state election in 1987, an armed movement aiming for self-determination broke out against the Indian government. That movement was met with ferocious repression. Tens of thousands have now been killed in Kashmir, with entire generations having grown up under occupation.

Scenes from the Texas India Forum / Howdy Modi event between Indian Prime Minister, Narendra Modi and US President, Donald Trump, Sunday, September 22nd. 2019 at NRG Stadium in Houston, Texas.Todd Spoth for The Intercept.
Related

"The ideal thing is that a plebiscite vote should take place in Kashmir under U.N. auspices," said Altaf Wani, chair of the Kashmir Institute of International Relations, an activist group that advocates for holding the referendum. "The people of Kashmir should be able to vote and decide their fate, along with the possibility of regional votes that take the perspective of minorities in Kashmir into consideration. But the failure to have a plebiscite at all is why we are facing this crisis today."

"And unfortunately," Wani added, "a free vote has become a remote possibility in the present circumstances, now that India has taken the extreme step of completely wiping out Kashmiri autonomy."

Modi's recent speech in Houston and the uproarious reaction to annulling Kashmiri sovereignty has made the prospect of violent confrontation with either Kashmiris themselves or their Pakistani supporters more likely.

DESPITE THE HARDENING of Modi and India's approach, there is still a way to step away from the current precipice. A recent guidance document issued by a network of Kashmir-focused academics laid out a number of steps for easing the conflict in both the short- and long-term. Among these are releasing the thousands of political prisoners currently held in detention, demilitarizing both the Pakistani- and Indian-held zones of Kashmir, allowing freedom of movement across the border separating these two zones and creating a special rapporteur to investigate human rights abuses.

The thrust of the paper calls for international mediation to ensure not just the end of human rights abuses, but also a settlement that addresses the political causes of the ongoing conflict. "This just settlement must be mediated within the framework of the rights of all Kashmiri peoples to determine their own political future," it states.

The conflict at its heart continues to revolve around the political future of Kashmiris themselves: the issue of voting for their own self-determination. Various proposals have been laid out in the past for how a vote could work. Kashmir is divided into several regions, including the Muslim-majority Kashmir Valley and Jammu, which today is majority Hindu. A plebiscite vote that gave

local people the option to either seek independence or join one of the two neighboring countries would prevent any majoritarian solution from being forced on minorities. It would also give both India and Pakistan some stake in the final outcome and remove the main irritant in their troubled seven-decade relationship.

A final settlement in which Kashmiris have the right to freedom of movement, self-governance, and demilitarization of their region would likely be enough to stave off a conflict that otherwise seems inevitable.

The desire for an independence vote has also been growing in Pakistani-held Kashmir, where some locals blame the Pakistani government for "polluting" their national cause by connecting it with Islamic extremist groups. "We were freedom fighters, made up from the Kashmiri people. But then Pakistan pushed groups like Lashkar-e-Taiba on our movement. People began to confuse our struggle for freedom with a desire for terrorism," one former militant recently said.

In addition to a vote on self-determination, over the years proposals have been raised for defusing the conflict, including implementing soft borders and a free-trade regimen between the Indian- and Pakistani-held sides of Kashmir.

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INDIA AND PAKISTAN have come close to negotiating a bilateral resolution to the Kashmir conflict on their own. In the early 2000s, a summit was held in the Indian city of Agra between Indian and Pakistani leaders. The aim of the two-day summit was to resolve the outstanding territorial disputes between the two countries.

Four major steps for resolving the conflict were laid out, including demilitarization, freedom of movement for Kashmiris across the Line of Control between India and Pakistan, and an end to Pakistani support for armed militants. The agreement also included the right to self-governance for Kashmiris. The talks ultimately collapsed as a result of internal divisions among Indian and Kashmiri leaders — just as things were reportedly on the verge of going to a signing ceremony.

Until a few months ago, there were hints that India and Pakistan might again try and peacefully resolve their differences over Kashmir on their own. With the current deterioration of relations, however, that seems unlikely.

Pakistani Prime Minister Imran Khan, who had previously suggested that Modi's reelection would make India a good peace partner, has found himself cornered by the Indian leader's sudden annexation declaration. Khan, in response, has radically changed his message. He now says that Pakistan is ready to "fight to the end" over the disputed territory. In a New York Times op-ed, he characterized Modi as ideologically inspired by German Nazism. The Pakistani public is also being primed for potential conflict. On the last Friday of August, major Pakistani cities came to a halt for half an hour in solidarity with Kashmiris living under a security and communications lockdown.



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All indications suggest that the stage is being set for something terrible in Kashmir.

The signs from India have been even more concerning. Indian officials have publicly indicated that they no longer intend to abide by a "no first use" nuclear weapons policy in any future conflict. They also seem ready to go to war with Kashmiris themselves. A rolling government crackdown has effectively decapitated Kashmiri civil society, thrusting thousands of intellectuals, civil rights activists, and local politicians into detention centers. Millions of ordinary people are living under a state of siege. For the outside world, communicating with those inside Kashmir has become nearly impossible. Life there has been effectively paralyzed, with allegations of torture and other abuses taking place in the shadows.

Once the restrictions are lifted, large protests are likely. During past demonstrations, Indian military forces have shown little hesitation to fire into crowds of protesters. The U.N. High Commissioner for Human Rights Michelle Bachelet recently issued a statement expressing concern over the rapidly deteriorating human rights situation in the region. All indications suggest that the stage is being set for something terrible in Kashmir.

FOR KASHMIRIS, THE one silver lining in Modi's actions has been the unintentional internationalization of the conflict. After years of being relatively ignored, Kashmir is on the front pages of newspapers around the world. There has also been a growing response from U.S. politicians. Last week, four senators issued a letter expressing grave concerns over the "humanitarian crisis" in Kashmir. Democratic presidential hopeful Sen. Bernie Sanders, I-Vt., recently called the situation "unacceptable" and expressed support for "a U.N.-backed peaceful resolution that respects the will of the Kashmiri people."

If the situation in Kashmir has taken a dire turn following drastic decisions made by the Modi government, it has also brought back to global attention the urgency of resolving this long-running conflict that involves two nuclear powers. Modi's speech in Houston proudly trumpeting the annulment of Kashmiri autonomy as a major accomplishment of his rule demonstrates that, absent international pressure, the situation is likely to deteriorate into an even more dangerous conflict. Khan, the Pakistani prime minister, warned at the U.N. of a "massacre" in Indian-held Kashmir if, as likely, protests begin after the current restrictions are lifted.

"India is currently in the most draconian form it has ever been, but it is now also taking these steps against Kashmiris in full view of the international community," said Mona Bhan, an associate professor of anthropology at DePauw University. "We need to focus on stopping the human rights violations occurring at present, but also must see the larger issue at hand: restoring political rights, including the right to self-determination for Kashmiris, which have been denied for several decades."



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# 6. Pakistan's Growing Relations with Russia

## Pak-Russia Defense Relations

The emerging defense co-operation between Pakistan and Russia, the erstwhile Cold War antagonists may seem rather odd in the backdrop of Russia's 70 year-long close strategic partnership with India, a longstanding adversary of Pakistan. But this is a reality that defies conventional wisdom and it is being eyed with interest and speculation as well as apprehension by the regional and global powers.

This new arrangement is essentially a paradigm shift in the global policy framework. Old allies such as US and Pakistan are drifting away amid changing geo-political world situation. Russia's cozying up to Pakistan is indeed a sign of Pakistan's rising importance in the emerging international arena. The lifting of the arms embargo against Pakistan in 2015 clearly signifies that Russia is getting comfortable with the idea of co-operation with Pakistan. It can further be explained by understanding the burgeoning relationship between the two states.

To help fathom this new convergence of the two states, some points cannot be overlooked. Firstly, the Crimean annexation and trouble in East Ukraine put Russia under several stringent economic sanctions by the European Union and the United States. This resulted in Russia turning to China as well as other countries to stabilize its economy. Additionally, it is possible that the Chinese interest in Pakistan's strategic location in terms of the Pak-China Economic Corridor, highly crucial for China's trade and security, may also have tickled Russia's fancy of reaching the warm waters of Indian Ocean. Secondly, India's growing close association with the US is also a factor compelling the Russian Federation to look for alternative allies in South Asia. Thirdly, since Russia's major arms importers such as India, Vietnam and Venezuela have also been doing more than window-shopping for arms elsewhere, it needs new buyers for its defense equipment. It is imperative for Russia to sign arms deals with other countries to boost its economy. After all, its arms exports amounted close to a staggering $15 Billion in the year 2015. Since Pakistan is the world's 7th biggest arms importer, it could be a promising buyer of Russian arms. Fourthly, a close scrutiny of the containment of the Soviet Union by the US and its allies provides a deep insight into how in the future, a similar approach could be applied by the Western countries to contain Russia once again. Keeping the recent history in mind, Russia should follow China's example whose assessment of a possible containment policy might have also led to its seeking a route to the Arabian Sea through CPEC.

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It is also pertinent to mention that the global power center is now shifting to Asia and Russia realizes this strategic change. Both Pakistan and China are Nuclear powers and retain huge armies. Therefore, it is in Russia's interest to forge new alliances in the region.

The official narrative of Russia's defense, however, remains somewhat ambivalent. It is possible that Russia does not want to estrange India at the moment despite the latter's budding relationship with the US. However, a quick glance at the Russian foreign policy of 2008, under President Medvedev, shows that Pakistan was listed as a leading regional state with which Russia sought to further develop relations in bilateral and multilateral formats.

The recent turn of events, wherein Russia lifted its arms embargo on Pakistan to sell four Mi-35 attack helicopters to Pakistan and talks of selling SU-35 and Su-37 fighter jets; Russia's joint military exercise with Pakistan inside Pakistan's Khyber-Pakhtunkhwa region; and its silence in joining India in blaming Pakistan for terrorism during the BRICS Summit in India indicates a policy change in the Kremlin. It is important to analyze that days before the joint military exercise titled Druzhba-2016 (Friendship-2016) took place, the Uri attack was conducted by militants in the Indian Occupied Kashmir for which India as usual was quick to accuse Pakistan. Despite India's pressure to postpone these joint exercises with Pakistan, Russia did not budge and expedited the process. A few months later, at the BRICS Summit, Russia did not support the Indian claim of Pakistan perpetrating terrorism into India.

In the realm of defense cooperation, both the countries can prove to be reliable allies. Russia's technological expertise, it's advanced weapons systems and experience in terms of conventional war can prove to be highly beneficial for Pakistan. Its use of 'hybrid war' where it uses not only its military but also local population, media and propaganda to push its case was very effective in Crimea. In fact, Pakistan can use this experience within its own territory to combat militancy on its western border. Likewise, Russia deems Pakistan's experience in fighting militancy, insurgency and terrorism to be very important and the recent joint military exercise validates it. Moreover, Pakistani scientists, engineers and technicians can be trained in Russia and prove to be mutually beneficial.

It can thus be concluded that Russia and Pakistan are seeing an unprecedented era of convergence between them. Though still in a nascent stage, it signals a promising prospect for both states. Pakistan needs allies that are both technologically advanced as well as reliable not only to enhance but also better the standards of its defense production. The use of Russian RD-93 engine in Pakistan's JF-17 Thunder is an example of such co-operation. Through this diversification of arms producers, Pakistan will be in a better position to defend itself against a foreign or internal threat. Of course this will have positive ramifications for Russia; Pakistan's improving economy could afford a market for its innovative weapons and defense systems. Lastly, it goes without saying, that a Russia-Pakistan-China alliance would be formidable enough to cater to any threat posed by the US and its allies.

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# Pakistan-Russia Cooperation: Trouble for the United States?

As relations between the United States and Pakistan deteriorate and Washington's influence over Islamabad decreases, Pakistan and Russia, former Cold War-era rivals, have significantly strengthened their bilateral ties. The rapprochement between the two countries over the past few years has opened up a path toward a strategic relationship, with both sides rapidly building diplomatic and economic ties. A wide range of common security and economic interests have also required that the two develop a military-to-military relationship—Russia and Pakistan's growing closeness is primarily driven by their shared interest in countering emerging militant threats in the region, specifically in Afghanistan. In so doing, however, they seem to be utilizing and bolstering the Afghan Taliban, in a move that is likely to alienate the United States. Washington's likely opposition to Moscow and Islamabad's plans for Afghanistan may further complicate the war-torn country's political and security situation. Therefore, Pakistan-Russia cooperation is unlikely to bode well for a resolution to the Afghan conflict.

## A Strategic Partnership

Islamabad's desire to engage Moscow strategically is significant, as Pakistan has historically partnered with the United States to oppose Russian presence but is now welcoming Moscow into the region. And now this partnership appears to be growing at the expense of the United States' military and economic interests in the region: for instance, Islamabad, which for decades has relied on Washington's military hardware, is now significantly deepening its military ties with Moscow. Military-to-military cooperation between Russia and Pakistan is rapidly increasing: in 2014, both countries signed the Pakistan-Russia Defense Agreement paving the way for increased bilateral defense and intelligence cooperation. In 2016, Pakistani and Russian ground troops took part in a joint military exercise in Pakistan. Last year, a high-level Russian military delegation visited Pakistan's tribal areas, which included briefings from the Pakistani military regarding its counterterrorism efforts in the region.

Further, signposts in Russian on roads leading to Pakistan's tribal regions and capital have been erected, indicating that Pakistan's ties with Russia are more than just tactical. Last month, Pakistan's Defense Minister, Khurram Dastgir Khan, announced talks with Russia to purchase sophisticated military hardware, including air defense systems and Su-35 fighter jets. And last week, Pakistan offered Russia a "multidimensional strategic partnership" in an effort to expand bilateral relations in the strategic military and diplomatic sectors. Later this year, a contingent of Pakistani troops is expected to travel to Russia in order to participate in a two-week joint military drill focusing on counterterrorism operations, joined by India and China.

## Threat of IS

Russia's growing ties with Pakistan have come against the backdrop of its renewed interest in Afghanistan. The security situation in Afghanistan remains precarious, including due to the growing threat of the Islamic State (IS). IS is ramping up its presence in Afghanistan with its brutal suicide bombing campaign. Russia has expressed concern about the group's inroads into Central Asia—according to some reports, between 2,000 and 4,000 Central Asians have joined IS already. Following an IS-claimed attack in Saint Petersburg last year, carried out by a Kyrgyz

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national, Moscow is now worried about growing Islamic extremism along its southern frontier in Central Asia. If IS succeeds in building a strong base in Afghanistan, the group can easily penetrate into Central Asia, and eventually, Russia.

To this end, Russia has claimed that the United States is downplaying "unchecked proliferation of Daesh" in Afghanistan, alleging that Washington's lack of action has allowed IS to grow in Afghanistan, which is directly threatening Moscow's interests in the region. Pakistan, which has been at the receiving end of IS attacks, has backed this Russian claim. To counter the threat of IS in Afghanistan and beyond, Pakistan and Russia recently announced the creation of an anti-terror military cooperation commission. Arguably, for both Moscow and Islamabad, the worsening security situation in the region is due to Washington's policy of non-engagement with the Taliban, who remain key stakeholders in any negotiated settlement of the Afghan conflict. While the United States remains focused on countering the Taliban in Afghanistan, Washington is unable to thwart the presence of IS in the country.

## Diminishing U.S. Influence

It is no secret that Pakistan and Russia's ties are thriving at a time when Pakistan and the United States' bilateral relations are weakening, furthered by the United States' aggressive South Asia strategy that has put Pakistan under the microscope. Holding Pakistan accountable for fueling terrorist activity in Afghanistan, Washington suspended military aid to Islamabad earlier this year until quantifiable action was taken against the Taliban and Haqqani militants in the region. While Pakistan is alienated from the United States, it has developed consensus with Russia and China on important regional security issues.

## Conclusion

Russia and Pakistan now acknowledge that close military and diplomatic cooperation serves the regional security interests of both sides. With Pakistan relying more on Russia to fulfill its military and security objectives, the United States' influence over Pakistan will inevitably diminish further. It remains to be seen what Washington's reaction to this strategic realignment of ties will be. On the other hand, however, this emerging shift which sees Washington's longtime ally, Islamabad, partnering with its longtime rival, Moscow, will only create an environment of competition rather than cooperation in Afghanistan, which is fast becoming the center of regional geopolitical rivalries. Given the existing regional security situation, continued threat of militancy, and shifting of interests, one thing remains clear: Pakistan and Russia's strategic partnership is here to stay for the foreseeable future.

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# Russia-Pakistan Relations: Towards a Strategic Partnership?

Russia and Pakistan are well on the their way to reaching a strategic partnership with one another in light of four very high-profile events from the past two weeks, and sticking to the roadmap of "Rusi-Pakistani Yaar Yaar" ("Russians and Pakistanis are buddies") could allow their relations to blossom to the point of resembling Moscow's Soviet-era ones with New Delhi that were popularly known as "Rusi-Hindi Bhai Bhai" ("Russians and Indians are brothers"), albeit this time the Kremlin will be seeking to "balance" affairs in South Asia instead of decisively siding with one country over the other.

## Four High-Profile Visits In Two Weeks

Russian-Pakistani relations are at their best-ever point in history and only continue to strengthen by the day, putting these former Old Cold War rivals way past the point of a rapprochement and well on the way to clinching a strategic partnership. These past two weeks have represented a milestone in their ties and saw four high-profile visits between these two states. The first one took place last week and saw the Pakistani Vice Chief of Naval Staff and a few ships from his country's flotilla travel to Saint Petersburg and attend Russia's Navy Day celebrations and participate in its maritime parade. Moscow and Islamabad consequently sealed a naval cooperation deal with one another too that will importantly help Russia deepen its influence in the Afro-Bengal Ocean, a centuries-long strategic goal of the continental Eurasian state.

## Russian Deputy Defense Minister went to Islamabad

Shortly thereafter and earlier this week, the Russian Deputy Defense Minister went to Islamabad and signed an agreement that allows his country to train Pakistani soldiers at its military institutions. It should be no surprise then that Pakistan's Chairman of Joint Chiefs of Staff Committee came to Moscow immediately afterwards to meet with his Russian counterpart and "share their positions on regional security and the state and prospects of bilateral cooperation in the military and military-technical areas". Interestingly, this coincided with Russia's Ambassador to Pakistan calling on his host's new Prime Minister Imran Khan and conveying President Putin's "wishes to improve relations with Pakistan…(and) foster economic cooperation and people-to-people contact as well." The comprehensive robustness of the Russian-Pakistani friendship is such that it's now possible to speak about a new era of relations between them.

## Military And Energy "Balancing"

Russia's Old Cold War-era ties with India were popularized by the slogan "Rusi-Hindi Bhai Bhai" ("Russians and Indians are brothers") that accurately described the Kremlin's regional partiality in support of New Delhi, but the times have since radically changed ever since Moscow's decades-long partner decided to pivot towards the US in the New Cold War. There's no longer any "brotherhood" between them to speak of but just a standard transactional relationship, though one that brings in billions of dollars of much-needed cash to sanctions-hit Russia in exchange for the export of military and nuclear energy technology, thus allowing ties to remain mutually beneficial. That said, the planned century-long American-Indian Strategic

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Partnership is regionally disruptive and is creating a demand for Russia to "balance" South Asian affairs like it's doing elsewhere across the world and especially in the Mideast.

Russia's 21st-century grand strategy envisions the country becoming the supreme "balancing" force in Afro-Eurasia, to which end it's fearlessly pioneered unprecedented rapprochements with non-traditional partners like Pakistan, with developments such as these not being aimed against any third country but simply designed with the interests of regional – and relatedly, Afro-Eurasian – stability in mind. The ongoing intensification of "military diplomacy" between Moscow and Islamabad has expanded far beyond the sale of four helicopters that originally "broke the ice" between them and now includes joint anti-terrorist drills every year on one another's territory. There are also talks that the two sides are discussing the sale of more conventional military equipment, which would make sense because Russia needs to diversify its customers in order to compensate for the future loss of revenue from the US and Israel's growing presence in the Indian arms market.

The recently concluded naval and training deals provide a solid foundation for taking Russian-Pakistani military relations to the next logical level, but there's more to their partnership than just that. Russia is constructing the North-South gas pipeline from the southern port city of Karachi to the centrally positioned one of Lahore, and the tentative plans for Moscow to build an Iranian-Pakistani-Indian offshore one could also be connected to this venture for laying the basis for a future CPEC-transiting energy corridor from the Mideast to China. It also helps that PM Khan invited Russia to participate in more drilling operations in the country during the Russian Ambassador's visit, especially since a major energy discovery of uncertain but nevertheless enormous size was just announced, and it's a welcome sign that the foreign dignitary expressed interested in exploring peaceful nuclear energy cooperation with Islamabad.

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**"Rusi-Pakistani Yaar Yaar"**

The geostrategic grounds have already been reached for transforming the Russian-Pakistani bilateral partnership into a crucial component of the new Multipolar Trilateral with China, and consequently, the underlying axis of stability for forming the Golden Ring superstructure of multipolar Eurasian Great Powers, but the socio-economic closeness that once characterized Russian-Indian relations is lacking in its Russian-Pakistani counterpart. It's for this reason why an analogue to "Rusi-Hindi Bhai Bhai" must be popularized as soon as possible, though given the contemporary context of International Relations and Russia's grand strategy of "balancing", it wouldn't be right to simply replace "Hindi" with "Pakistani" in describing this new relationship as being a "brotherhood". It's nothing of the sort, though that's not anything negative but rather an objective assessment of the present state of affairs and the underlying intentions of both parties.

**Modi Putin Xi Jinping**

Russia's newfound partnership with Pakistan isn't aimed against India, just like Pakistan's with Russia isn't directed against the US, so painting this duo as an "alliance" of "two brothers" would give off the wrong idea and further complicate Greater South Asian geopolitics. Instead, it's best to describe these two countries as "buddies", which in Urdu would be "yaar", so one can

therefore speak about their promising partnership as the era of "Rusi-Pakistani Yaar Yaar" ("Russia and Pakistan are buddies"). This would send the clearest signal of intent that neither country intends to return to the outdated Old Cold War-era model of "alliances" ("brotherhoods"), let alone those aimed against third parties like the Russian-Indian and American-Pakistani ones of that time were. Like it was written earlier, the times have certainly changed, and there's no better sign of that than Rusi-Pakistani Yaar Yaar.

**The Roadmap**

In keeping with President Putin's conveyed desire to "foster economic cooperation and people-to-people contact" with Pakistan and his Pakistani counterpart's enthusiasm to continue with his predecessors' Eurasian "rebalancing" strategy, it's worthwhile to chart a rudimentary roadmap for both sides to pursue as soon as possible. Everything is expressed in simple bullet point form for simplicity's sake, and the first set of ideas shared below are based upon the author's December 2017 policy proposal pertaining to "The Next People-To-People Phase Of The Russian-Pakistani Rapprochement". It's incumbent on the professionals in both countries to expand upon all of the following proposals and those within the aforementioned article in order to fulfill their leaderships' dreams of developing an all-around strategic partnership.

Here's what Russia and Pakistan should do on the socio-economic, technical-infrastructural, diplomatic, military, and strategic fronts:

**Socio-Economic**

- Popularize the slogan Rusi-Pakistani Yaar Yaar in order to make both publics aware of this new friendship and increase interest in learning more about it.
- Sign agreements for more academic exchanges and possibly even visa-free travel so that interested individuals in both countries can have more opportunities to learn about one another.
- Explore the potential for informational cooperation between publicly financed & private media outlets and possibly even the creation of a new joint multimedia platform.
- Establish Friendship Centers in one another's countries in order to manage socio-economic and cultural exchanges as well as to serve as points of contact for each country's interested citizens.
- Promote economic ties on the micro-, mid-, and macro-levels, facilitated by the Friendship Centers and Pakistan's proposed membership in the Eurasian Development Bank, and engage entrepreneurs.

**Technical-Infrastructural:**

- Develop an economic presence in Gwadar that may or may not be openly affiliated with CPEC.
- Link the North-South gas pipeline with the prospective Iran-Pakistan-India one and consider expanding this network to China.
- Streamline physical connectivity through a three-pronged Russian-Pakistani Economic Corridor (RPEC) that transits through Azerbaijan & Iran, Central Asia, and China.

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- Enter into peaceful nuclear energy cooperation with one another.
- Reach for the stars by inking space and satellite cooperation agreements.

**Diplomatic:**

Russian Foreign Minister Sergei Lavrov, left, welcomes Pakistani Foreign Minister Khawaja Muhammad Asif during a visit to Moscow on Feb. 20, 2018

- Expand cooperation between prestigious think tanks such as the Valdai Club and Pakistan House in order to strengthen Track II diplomacy.
- Continue to advance a political solution to the War on Afghanistan by including the Taliban in the Moscow peace process and rebranding them as a "National Liberation/Resistance Movement".
- Reach an understanding whereby neither country challenges one another at international fora (especially regarding the Nuclear Suppliers Group, Crimea/Syria, and Kashmir issues).
- Build trust to the point where both parties feel comfortable enough openly cooperating with one another at international fora on topics of shared interest (e.g. Afghanistan, Silk Road, Iran).
- Unveil a coordinated sanctions relief strategy for Iran and one another (especially in the event that the US sanctions Pakistan for CPEC) and remove administrative barriers to trade.

**Military:**

- Concentrate on replacing the void left by their traditional Indian and American partners expanding cooperation with one another at their expense but stress that strengthened ties aren't against them.
- Take anti-terrorist cooperation to the next level by expanding the Russian-Pakistani drills to include a trilateral Tajik component.
- Broaden naval cooperation to the point where the export of Russia's Kalbr cruise missile-armed Project 22800 corvettes is a realistic possibility.
- Consider signing a deal for Russia to export Su-35s and T-90s to Pakistan in order to buttress its air and land capabilities.
- Think deeply about the long-term mutually beneficial "balancing" advantages that the sale of S-400 anti-missile defense systems would reap.

**Strategic:**

- Rely on coordinated diplomatic and informational means to thwart the forthcoming US-Indian infowar against them but do so defensively without going on the joint (key word) offensive against either.
- Leverage their expanding relations, especially in the economic sphere, in order to bargain for the most competitive Silk Road deals from China.

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- Brainstorm ways that their maritime cooperation in the Afro-Bengal Ocean could be used as the basis for formulating a comprehensive joint approach to Africa, especially in the Horn of Africa region.
- Go on the initiative to jointly engage the many transit states between them in order to get all stakeholders involved in the Golden Ring vision and its attendant sub-component of RPEC.
- Pursue the most symbolic crowning achievement of Rusi-Pakistani Yaar Yaar by scheduling the reciprocal visits of President Putin and PM Khan to one another's countries.

**Concluding Thoughts**

Ties between Russia and Pakistan represent one of the 21st century's most promising partnerships and perfectly embody the very essence of multi-polarity, which is why they must be prioritized by both countries' leaderships in order to take them to the strategic level as soon as possible. The most efficient way to do that is to chart a roadmap for cooperation and establish a checklist of objectives that need to be accomplished, which will in turn incentivize the relevant decision makers in each state's permanent bureaucracies to make progress on the track that's most pertinent to them. Importantly, however, average citizens in both countries must also be engaged in this effort if their relations are to truly become strategic and encompass all spectra of society, hence the salience of publicly unveiling the Rusi-Pakistani Yaar Yaar policy.

People are inspired by slogans that concisely encapsulate ambitious visions of the future, and Rusi-Pakistani Yaar Yaar does just that by confirming that two former Great Power rivals have finally turned the page on their complicated histories and are confidently entering into a new era of unprecedented friendship. The similarity to the Old Cold War-era slogan of Rusi-Hindi Bhai Bhai is deliberate because the intention is to show the evolution of Russia's South Asian strategy from lending partisan support to its then-"brother" to now "balancing" regional relations in partnership with its new buddy, to which neither party has any unrealistic obligations unlike those that are implied if they were in a "brotherhood" with one another. Accordingly, Rusi-Pakistani Yaar Yaar expresses the friendly pragmatism of both sides' contemporary relations and encourages their citizens to embrace it as well.

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## Russia-Pakistan relations and its impact on India

The Russia-Pakistan relationship, growing at a slow pace after the collapse of the Soviet Union, has acquired a certain momentum in recent years. The ties in the initial years after establishment of Pakistan were saddled with distrust of the Cold War period, most glaringly after the support extended by Pakistan to the Mujahedeen to help the CIA in Afghanistan in the 1970s-80s. The fact that the USSR was a close friend of India as Pakistan sided with the US had limited the scope of bilateral interactions.

In the immediate post-Soviet years, no concerted effort from either side was made to improve the relationship. In 2003, Pakistani president General Pervez Musharraf visited Moscow, while from the Russian side, the prime ministerial level visit took place in 2007 when Mikhail Fradkov visited Pakistan, but could only manage 'meagre results.'

*Foreign Minister Sergei Lavrov visited Pakistan in 2012 after a gap of six years, followed by the visit of Defence Minister Sergei Shoigu in 2014, which was an important point in the relationship. Subsequently, Russia decided to lift its embargo on Pakistan and agreed to supply four Mi-35 helicopters besides building of a $1.7 billion gas pipeline from Karachi to Lahore.*

Some progress was seen with regular meetings between presidents Dmitri Medvedev and Asif Ali Zardari, resulting in the latter's visit to Moscow in 2011. Foreign Minister Sergei Lavrov visited Pakistan in 2012 after a gap of six years, followed by the visit of Defence Minister Sergei Shoigu in 2014, which was an important point in the relationship. Subsequently, Russia decided to lift its embargo on Pakistan and agreed to supply four Mi-35 helicopters (completed in 2017) besides building of a $1.7 billion gas pipeline from Karachi to Lahore. This signaled the intent of both parties to engage — despite the concerns of India regarding this proximity in ties.

### The improvement in Russia-Pakistan relations

This gradual improvement of ties did not happen out of context of the changing regional situation. The US had announced a troop draw-down from Afghanistan in 2012, followed by the announcement of a withdrawal in 2014. By then, Russia had already demonstrated its willingness to expand its influence in its neighborhood and push back against the US, looking at Afghanistan as another area to assert its position. Apart from this rationale, Russia is particularly interested in Afghanistan due to its impact on security in the broader Central Asian region and also concerned about the threat of terrorism and drugs flowing into its borders via Central Asia. Moscow also noted the threat to regional stability arising from the presence of Islamic State in Afghanistan as the reason for its renewed interest there. In this context, building relations with Pakistan became relevant due to its strategic location and influence.

*Moscow has over the years built its contacts with the Taliban, unlike India, a change from its earlier position of supporting the Northern Alliance against the Taliban.*

While Russia sees Pakistan as an important player in dealing with the evolving situation in Afghanistan, India believes it to be responsible for the situation due to its support of Taliban and Al-Qaeda. Moscow has over the years also built its contacts with the Taliban, unlike India, a



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change from its earlier position of supporting the Northern Alliance against the Taliban. 2016 saw China, Pakistan and Russia come together to discuss Afghanistan, which came under criticism for not including Afghan representatives. This has since been expanded to also include Afghanistan, Iran and India. The inclusion of Pakistan into SCO and the finalisation of the roadmap for the SCO-Afghanistan Contact Group gives the two countries another venue for cooperation on the issue. Pakistan, which has seen military assistance from US frozen during the Trump administration and a worsening of overall ties, has been eager to embrace Moscow.

In practical terms, this has meant more frequent visits at the ministerial and heads of armed forces level and participation in joint military drills that have been held annually since 2016. The drills caused much consternation in India in 2016 when it was reported that they were to be held in Gilgit-Baltistan, an area New Delhi considers to be illegally occupied by its neighbour. The drills were eventually held in Cherat. In 2017, a military-technical cooperation agreement was signed which deals with arms supply and weapon development. A year later, this led to the decision to set up a commission on military-technical cooperation but no new arms deals have been announced as yet. Gazprom is also looking at the prospect of supplying LNG to Pakistan and construct regional pipelines which have been bogged down in security concerns and geopolitical tussles. A naval cooperation agreement has also been signed in 2018. The Russia-Pakistan Joint Working Group on Counter-terrorism and other Challenges to International Security that had since its establishment in 2002 only held four rounds of meetings till 2009, was revived in 2014. Since then, it has met in 2016 and 2018, with another meeting is expected this year.

Bilateral trade in 2018 was estimated to touch $800 million, up from $600 million the previous year. The Intergovernmental Commission (IGC) on trade, economic, scientific and technical cooperation, which was set up in 2000 has met very irregularly since then.

*The Russia-Pakistan Joint Working Group on Counter-terrorism and other Challenges to International Security that had since its establishment in 2002 only held four rounds of meetings till 2009, was revived in 2014. Since then, it has met in 2016 and 2018, with another meeting is expected this year.*

**The India angle**

When compared to the figures for India, the difference is rather stark. India-Russia trade touched $10 billion in 2017, which despite not being adequate, is miles ahead of the Russia-Pakistan trade. In the defence sector, in 2018 alone, India decided to sign the contract for supply for S400 missile defence system worth $5.2 billion, four frigates worth $950 million followed the next year by a $3 billion deal for a nuclear submarine to replace INS Chakra, approval for purchase of 464 T-90 tanks for $2 billion and the launch of the joint project to manufacture AK-203/103 rifles. The two countries have been holding annual summits without interruption since 2000 and the leaders meet on the side-lines of multilateral summits regularly. Recent steps appear to have also erased the sense of stagnation that prevailed earlier in the relationship. Both India and Russia continue to value the strategic nature of their relationship that has spanned over seven decades.



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Some experts maintain that as a consideration for the ties with India, the Russian president has refrained from having a bilateral summit in Islamabad. While there has been an uptick in arms supply, making Russia the third largest supplier to Pakistan — the largest beneficiary of a decline in US sales to Pakistan has been China, as is evident from the table below. In the case of India, there has been a decline in the Russian share of supply of conventional weapons from the high of 70% in 2010-14 to 58% in 2014-18.

**Top three suppliers of conventional weapons to Pakistan (%)**

| | China | US | Sweden | Italy | Russia |
|---|---|---|---|---|---|
| 2007-11 | 42 | 36 | 5 | -- | -- |
| 2011-15 | 63 | 19 | -- | 4.6 | -- |
| 2014-18 | 70 | 8.9 | -- | -- | 6 |

**Source: SIPRI**

Thus, in absolute terms, the Indo-Russia relationship far surpasses the newer relationship with Pakistan but concerns in New Delhi remain. The willingness of Russia to engage with Pakistan despite the concerns of its special and strategic partner reflect not just its immediate interests in Afghanistan and Central Asia but is also a way for it to signal its displeasure to India regarding its increasingly close ties to the US. Besides an enhanced cooperation with US, the enunciation of the Indo-Pacific policy and Moscow's increased closeness to China has also complicated the dynamics.

*While there has been an uptick in arms supply, making Russia the third largest supplier to Pakistan — the largest beneficiary of a decline in US sales to Pakistan has been China.*

**Conclusion**

The strategic rationale for Russia to engage closely with Pakistan has already been explored, but at present, Moscow has sought to carefully navigate this relationship so as to not offend India. Even at the recently concluded BRI forum and SCO summit, Putin and Imran Khan only held informal discussions. In contrast, not only did Modi and Putin meet in a formal setting at SCO, the Russian president also once again extended the invitation to the Indian leader to be the chief guest at the September 2019 Eastern Economic Forum. The Sochi informal summit in 2018 was also an attempt by both sides to revive the stagnating relationship.

Russia is aware of the growing asymmetry of its ties with China and the weakness of its position in the rapidly growing Asia-Pacific. In this situation, if India senses any formation of Russia-China-Pakistan axis, it would be deeply detrimental to Moscow's interests. Not only is India a time-tested strategic partner, it is also a significantly larger market than Pakistan, the relationship with whom forms a critical part of the multi-vector policy Russia aims to follow. Also, Russia would not consider a win for itself if its actions push India to move further closer to the US. India, with its growing economic and strategic influence, is important for Russia's pivot to Asia to succeed.



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Russia is aware of the growing asymmetry of its ties with China and the weakness of its position in the rapidly growing Asia-Pacific. In this situation, if India senses any formation of Russia-China-Pakistan axis, it would be deeply detrimental to Moscow's interests.

India too benefits from its close partnership with Russia and would do well to proactively improve the bilateral relationship to prevent any deterioration in ties even as it seeks to build new partnerships in the Indo-Pacific. Already, despite the concerns over growing Russia-China bonhomie, it has sought to strike a balanced approach in its foreign policy through engagement in non-Western multilateral forums like RIC, SCO and BRICS. While some restructuring is bound to happen in the bilateral relationship on account of both domestic priorities and changing global order, the two sides can take steps to strengthen the Indo-Russia ties.

Steps to improve the economic partnership and charting of a clear future plan of action should be a priority for India to moderate Russia's tilt towards Pakistan. Russia would also benefit from keeping Indian concerns in mind so as to not damage a long-standing partnership with an emerging power.

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## A thaw in Pak-Russia relationship

Soon after independence in 1947, government leaders in the United States and the former Soviet Union invited the Pakistani leadership to visit these countries. Then prime minister, Liaquat Ali Khan, declined the Soviet invitation and paid an official visit to the US. Pakistan later joined the South East Asian Treaty Organisation and the Central Treaty Organisation. This further damaged the relations with Russia.

From 1950 onwards Russia treated India as an ally while Pakistan joined the US camp. It was during Khrushchev's tenure that the Soviet Union decided to neutralize American influence in the region. In 1980, a US spy plane taking off from Badaber in Khyber Pakhtunkhwa was shot down by the Soviet Army. The incident further soured relations between Pakistan and Russia. After the 1965 war, the Soviet Union hosted a peace conference in Tashkent in 1966 and facilitated the signing of the Tashkent Declaration.

In 1971, ties between the two countries deteriorated further after Pakistan facilitated a secret visit to China by Henry Kissinger. Russia played a key role in the 1971 war, helping India in its support of Mukhti Bahini and later the Indian attack on East Pakistan by supplying weapons.

Zulfikar Ali Bhutto visited Soviet Union twice during his tenure and the Soviet Union agreed to build a steel mill in Pakistan. However, Pakistan's relations with the Soviet Union deteriorated after the Soviet invasion of Afghanistan in December 1979 in support of Noor Muhammad Taraki who came to power after the Saur revolution.

The Soviet invasion of Afghanistan changed the dynamics of the entire region. The Soviet Union thereafter continuously accused Pakistan of interfering in Afghanistan's internal affairs. Pakistan, the West and Saudi Arabia supported Afghan Mujahideen who were waging a war against Soviets and Afghan forces.

Meanwhile, Russia maintained warm relations with India. It supported India in its disputes with Pakistan, especially on the Kashmir issue. Relations with Pakistan improved only after the withdrawal of Soviet troops from Afghanistan. Pakistan and Russia granted each other the most favored nation status and signed a number of trade and economic cooperation agreements. After Kosygin's visit to Pakistan in 1969, Mikhail Fradkov was the first Russian prime minister to visit Pakistan (on April 13, 2007).

***India will no longer get preferential treatment from Russia vis a vis Pakistan***

In October 2012, Gen Ashfaq Pervaiz Kayani, then chief of army staff, visited Moscow. This provided an opportunity for interaction at military levels.

Today, Pakistan and Russia have strategic ties. This is because of a shared interest in the emerging threat in the region, specifically Afghanistan, from non-state militants. Military-to-military cooperation between Russian and Pakistan is increasing. In 2014, the Pakistan-Russia Defence Agreement was signed leading to an increase in defence cooperation and intelligence



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cooperation. In 2017, a high-level Russian military delegation visited the tribal areas bordering Afghanistan and studied Pakistan's counter terrorism efforts.

In 2016, the two countries held their first joint defence exercises and in 2017 the second. A Pakistan Army contingent participated in a six-day exercise – Peace Mission 2018. The exercise was hosted by Shanghai Cooperation Organization in Chebarkul town of Russia.

In 2016, Russia supplied MI-35 assault helicopters worth $153 million to Pakistan. India lodged a protest with Russia over its joint military exercises with Pakistan. India resented these exercises and Indian ambassador to Russia said these could create problems and that the Russian approach was wrong.

Russia has shown clear signs of improving relations with Pakistan based on trust and mutual cooperation. Moscow is now backing a peace process in Afghanistan and seeks to reconcile with the Taliban and the Afghan government. Russia is also paying attention to Eurasian economic integration with China's Belt and Road Initiative. Cargo from Europe via rail will go through Russia, generating revenue for Russia.

According to the Russian news agency, Pakistan has shown interest in purchasing Russian military hardware worth $9 billion. This will include jets, air defence systems, tanks and combat helicopters. This means that Pakistan's reliance on US weapons is decreasing. Never in the past has Pakistan purchased so much military hardware. The deal is expected to have a training component. The United States has recently stopped inviting Pakistan's military officers to its training programmes. Russia is likely to fill the gap. This implies that Russia will no longer give preferential treatment to its India vis a vis Pakistan.

Pakistan sees Russia as an ally in Afghanistan and Central Asia. At the end of BRICS (Brazil, Russia, India, China) summit, India was highly annoyed because Russia did not support a statement pointing a finger at Pakistan for terrorism in the region. Times of India carried the headline "BRICS Summit: China bulldozed India's security concern as Russia looked another way". President Vladimir Putin was requested to condemn the 2016 Uri attack. The request was not honoured. Russian Foreign Minister Sergei Lavrov said recently that Russia intended to host peace talks between Pakistan and India. Russian role and influence as an international player in maintaining world order and peace as a permanent member of the UNSC and also as a player in Afghanistan cannot be ignored.

After the withdrawal of American troops from Afghanistan, Russia will be an important player for peace and stability in Afghanistan and the region. Pakistan is of greater importance for Russia due to Afghanistan and the CPEC, which will provide it access to the Arabian Sea and beyond. After the withdrawal of US forces from Afghanistan, Russia and Pakistan are real stakeholders in peace in Afghanistan.

Russia is worried that the so-called Islamic State in Iraq and Syria is gaining a foothold in Afghanistan and is trying to use Afghanistan to threaten Russian regional security interest. Now Russia has become a supreme balancing force in Afro-Eurasia. Pakistan can help Russia bring peace to Afghanistan. Peace and stability in the Central Asian States will thus be assured.



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Pakistan and Russia must coordinate their policies to prevent the outbreak of another Afghan civil war following the US withdrawal. Peace and stability in Afghanistan means peace and stability in Central Asian States and Pakistan. Now is the time for Pakistan to seize the opportunity for close strategic, military and economic relations with Russia. This should not annoy the US.

According to Pakistani media, Russian President Vladimir Putin is expected to visit Pakistan in a couple of months. The visit is expected to usher in a new era of cooperation between the two countries and to have a deep impact on the region.

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## Let's get real about Pak-Russia relations

The brief but relatively pleasant interactions between Pakistan's prime minister Imran Khan and his Russian counterpart Vladimir Putin on the sidelines of the recently concluded SCO summit in the capital city of Kyrgyzstan were widely reported in Pakistan's mainstream media and hailed by the youth of the country on social media potentially as a "quick reset" in ties between the two Cold War rival nations. In other words, many at home in Pakistan seemed to think that Russia and Pakistan are now strong allies because Khan had some good moments with Putin unlike Mr. Modi, a recently re-elected leader of Pakistan's archrival India. Wrong!

It is quite interesting to see that both Imran Khan and Vladimir Putin nonetheless share some spectacular attributes (both innate and acquired) such as their year, month and close days of birth (Oct 05 and 07, 1952), athletic and fit physiques, ultra-nationalism and patriotism, anti-Americanism, strong stand against corruption, and pro-people policies etc. However, their polar differences such as their divergent stand on the freedom of media, human rights, democracy; revolution ('Tsunami' in Khan's language), international relations, pragmatism and much more outshine their similarities.

***Pakistan's Imran Khan needs to understand the Russian leader Vladimir Putin as well as the country that the latter has been ruling since 1999, in order to launch meaningful ties with the powerful bear to the north***

This is in addition to the fact that Khan is a newcomer in government with little-to-none diplomatic skills while Putin is a former elite KGB spy who has been successfully ruling his country for the past twenty years now and who has flamboyant diplomatic skills with epic articulation.

Long gone are the days when alliance systems among nations used to be based upon and cemented by the personal chemistry between political leadership, ideological kinship, usual spell of diplomacy, and other such intangible and immaterial attributes. This marked shift has especially been a hallmark of the post-bipolar world.

What we see and term today as "cordial or special relationship and or a strong bond" among certain nations of the world basically stems from the strong economic and or technological interdependence that have held them together; hence the term "economic diplomacy." This certainly does not apply when we speak of Pak-Russia relations especially vis-à-vis Indo-Russia relations and despite some military-to-military contacts in the past few years between Pakistan and Russia.

Pakistan's Imran Khan needs to understand the Russian leader Vladimir Putin as well as the country that the latter has been ruling since 1999, in order to launch meaningful ties with the powerful bear to the north.

Ever since Vladimir Putin assumed the reins of power, there has been only one thing on his mind, advancing and stabilizing his country's economy. The KGB spy-turned president knew well that without an economically viable Russia, competition with the US led free world was



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only a mad man's dream. This approach can be corroborated by the fact that in 2000, the GDP per capita of Russia was only US$1,899 but in 2017 it stood at US$10,966. Also, Russia is forecasted to become the 5th largest economy of the world by 2022. This happened due to- among many other measures- Putin's emphasis on revitalizing the fractured economic bonds between Russia and some powerful economies in Europe and Asia.

For instance, Russia's bilateral annual trade volume with Japan in 2003 was $6 billion whereas it jumped up to $14 billion in 2018, with China it was below $2 billion in the late 1990's while it stood at $107.06 billion as of 2018, and lastly trade with India; Pakistan's long time rival, is expected to hit $30 billion by 2025.

On the other hand, Putin's Russia appears to be least interested in forging even near-strong ties with nations such as Pakistan, Bangladesh, Afghanistan and Sri Lanka etc for they are faced with the scourge of terrorism and sweeping corruption at home and thus offer very little market for Russian exports or geostrategic influence. This is substantiated by the fact that the Russian president has not visited any of the said countries since his coming to power in 1999 as prime minister of the Russian Federation. Likewise, trade with any of these countries is hardly above US$1 billion as of 2018.

When it comes to Pakistan's relations with Russia, it has surely moved slightly in the positive direction especially in the backdrop of some high profile visits of military and political personnel between the two countries and of discussions over some limited military sales to Pakistan. However, according to Ajit Doval, India's national security adviser, Russia has no plans to diversify the spectrum of its defense relationship with Pakistan and that it would rather prefer to keep it limited. In other words, Russia cannot afford to alienate an ever growing export market in a powerful India only to appease an economically struggling Pakistan in return for defense projects worth only peanuts.

As far as the news of Russia's interest in the CPEC (a flagship project of the Chinese sponsored Belt and Road Initiative), it is far from a reality at the moment at least. Part of the reason is, Russia's major consumer of gas is Europe, China and it is actively pursuing new ways to further it rather than thinking of the Middle East and Africa- probably last of the last options for Russian energy exports.

Apart from the above, Russia appears to have no geostrategic interests in Pakistan, except for using the "Pakistan card" to modify the behavior of India and to turn it to its own interests. Russia is wary of deepening Indo-US economic and defense ties which is why it sometimes plays the Pakistan card.

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# RUSSIA-PAKISTAN RELATIONS AND AFGHANISTAN: BROADENING STRATEGIC CONVERGENCE

On the sidelines of last month's United Nations General Assembly (UNGA) session, Russian and Pakistani foreign ministers hinted at transforming their burgeoning cooperation into a broader strategic partnership. Converging interests in Afghanistan have been a key factor in warming Russo-Pak relations. For Russia it is strategically important to minimize the spillover of terrorism into its periphery, which could impact potential Russian economic projects in Central Asia. Moscow has also proposed connecting the Eurasian Economic Union (EEU) with the Belt and Road Initiative (BRI), which might ensure its access to the warm waters of the Arabian Sea through Pakistan. For Pakistan, geographical necessity makes stability in Afghanistan critical both for security and economic interests, such as bolstering a workable environment for the China-Pakistan Economic Corridor (CPEC).

Russia and Pakistan have each been making efforts to mainstream the Taliban and counter Daesh's regional affiliate, the Islamic State Khorasan Province (ISKP). Although the current impasse in the U.S.-Taliban negotiations presents a temporary setback, Russia and Pakistan have each actively pushed the United States to resume the peace process. Notably, the Afghan peace process serves as the main force behind improved Russo-Pak relations, and has previously been a source of cooperation between the United States, Pakistan, and Russia. Greater stability in Afghanistan could also help lead the Russo-Pak partnership from a narrow strategic area of cooperation (counterterrorism) to potential longer term regional cooperation.

Greater stability in Afghanistan could also help lead the Russo-Pak partnership from a narrow strategic area of cooperation (counterterrorism) to potential longer term regional cooperation.
Narrow Convergence: Counterterrorism Interests and U.S.-Taliban Negotiations

Russia has a long history of involvement in Afghanistan security, and shares Pakistan's strategic interest of combating ISKP, making Russo-Pak cooperation on the Afghan peace process a natural development. Russia and Pakistan have each made efforts to mainstream the Taliban. Islamabad has long encouraged political talks with the Taliban, which, if in power, would help Pakistan's geostrategic interests in the region. Russia's recognition of the Taliban has endorsed Pakistan's stance. Additionally, establishing its own role in the peace process has helped its image as a power broker in the region and assert its role on the world stage.

The beginning of the U.S.-Taliban peace talks in October 2018 was a diplomatic victory for both Russia and Pakistan. Islamabad and Moscow held a shared recognition of the Taliban as a stakeholder in the region, for instance, Russia arranged the Moscow format of consultations to supplement the U.S.-Taliban negotiations. The Moscow-based talks engaged multiple stakeholders of the Afghan dispute including the regional powers, Afghan opposition leaders, and the insurgent group – although the Kabul government did not send representatives. Pakistan endorsed and participated in both meetings of the Moscow talks and also hosted a separate trilateral mechanism with China and the Afghan government to facilitate the prospects for peace in Afghanistan. Russia and Pakistan have also often mutually voiced affirmations of cooperation and support for efforts to restore peace and stability in Afghanistan.



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Russia and Pakistan's interests continue to align in the collapse of the U.S.-Taliban peace talks, as both pursued an active Afghan diplomacy on the sidelines of the recent UNGA session. Russia's continued interest in the peace process was underscored by the Taliban's visit to Moscow a few days after the United States cancelled negotiations, whereas Pakistan has also played a continued role, recently hosting Zalmay Khalilzad and Taliban leadership for reportedly multiple meetings in Islamabad. The U.S. willingness to re-engage with the Taliban, affirms past Russo-Pak stances on the necessity of bringing Taliban representatives into the Afghan peace process.

Shared alarm over the rise of ISKP has furthered Russia and Pakistan's alignment in Afghanistan. While at the UNGA, Russian Foreign Minister Sergey Lavrov asserted that economic cooperation with Afghanistan cannot be implemented unless the Daesh threat is addressed. Russia also fears spillover and regional instability emanating from a growing ISKP threat. For Islamabad, the threat of the Daesh affiliate's presence in Afghanistan is particularly problematic because of its ties to proscribed terrorist groups that have historically targeted Pakistan. Notably, Daesh's overambitious transnational approach and ultra-orthodox ideology puts it at odds with the Taliban, and both the groups have been locking horns in a strategic rivalry. Thus, mainstreaming the Taliban may help Pakistan and Russia counter the rise of ISKP.

**Military-to-Military Cooperation**

Russia and Pakistan have been improving defense ties since 2014 when Russia surprisingly lifted its arms embargo on Pakistan. With the recent emergence of ISKP and a NATO draw down on the horizon, Pakistan may have been seen as a valuable regional partner. The transfer of significant military technology, annual exercises between the security forces, and visits of top military officials to operational areas have played a crucial role for Pakistan in targeting extremist elements operating along the country's border with Afghanistan. The end of the Russian arms embargo built trust between the two countries and has paved the way for new avenues of military cooperation, such as a recent landmark agreement for Russian training of Pakistani military personnel. While the beginnings of military cooperation can be traced a convergence of interests in Afghanistan, the ongoing strength of military ties indicates a potentially more robust partnership in the years to come.

The growing cooperation in the strategic realm has prompted both nations to coordinate their broader policy stances. For instance, Moscow and Islamabad have signed a recent bilateral naval agreement, indicating cooperation beyond the scope of counterterrorism in Afghanistan. More recently, the Commander-in-Chief of Russian Ground Forces Oleg Salyukov met with Pakistan Chief of Army Staff General Qamar Javed Bajwa where the two discussed forging strong and broad-based relations with Afghanistan. Underlying the renewed exchanges between the two nations seems to be the urge to further their cooperation towards a broader and long-term partnership.

Underlying the renewed exchanges between the two nations seems to be the urge to further their cooperation towards a broader and long-term partnership.
Prospects for Economic Cooperation



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Greater stability in Afghanistan has the potential to open doors for regional economic cooperation, particularly between Moscow and Islamabad. Russia's ambitions to connect the BRI with the EEU and Pakistan's decision to allow the former to use Gwadar Port indicate a step in warming relations between the two countries. Additionally, proposals are under discussion for a railway corridor stretching from Russia to Pakistan, passing through Central Asia and Afghanistan. While still aspirational at this point, the discussion of such plans suggests Pakistan may be playing a greater role in Russia's economic interests in the region. Russia and Pakistan's economic ties have also deepened with Russia's planned investments in Pakistan's energy and pipeline sectors.

Peace in Afghanistan is also crucial for CPEC, as there are plans to extend the flagship project into Afghanistan through a set of six proposed sub-projects including multiple energy and infrastructure projects connecting Pakistan to Central Asia. Markedly, these projects could also assist Russia in merging and implementing the economic plans the country wants to undertake after dealing with ISKP in Afghanistan. Although hurdles to these grand projects exist (e.g. local opposition, funding issues, and corruption), if successful, these grand projects could assist in bringing economic opportunities and improving socio-economic security. Stability in Afghanistan remains pivotal for Russia's economic interests in Central Asia, and for potential future infrastructure projects that would interlink Pakistan with the region. As Moscow and Islamabad strengthen ties over shared strategic interests – such as targeting the ISKP – this may open the door for stronger economic ties as well.

**Conclusion**

Pakistan and Russia's main area of strategic convergence continues to be cooperation in Afghanistan by negotiating with the Taliban as a key political actor and countering the rise of ISKP – the most immediate threat in the region. While initially narrow, this cooperation has already opened the door to greater military and potential future economic cooperation in Afghanistan. With the cooperation of other powers, especially China and the United States, the burgeoning Russo-Pak partnership could be instrumental in connecting resource-rich Central Asia with populous and resource-deficient South Asia.

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# 7. Importance of Indus Water Treaty for Pakistan

## INDUS WATER TREATY: THE FACTS

### HISTORY:

British government, while partitioning India, may be deliberately, left a number of conflicts between the two newly formed states, especially over the plentiful waters of the Indus basin. The newly formed states were at odds over how to share and manage what was essentially a cohesive and unitary network of irrigation. Furthermore, the geography of partition was such that the Source Rivers of the Indus basin were in India. Pakistan felt its livelihood threatened by the prospect of Indian control over the tributaries that fed water into the Pakistani portion of the basin. Whereas India, deceitfully had its own ambitions for the profitable development of the basin.

Water is a great blessing of Nature on the earth, it is said GOD gifted Nile to Egypt and Indus to the state of Pakistan. The main stream of the Indus along with other rivers such as Jhelum and Chenab that flows into Pakistan come from the state of Jammu and Kashmir. However, Ravi, Beas and Sutlej have their veins from India.

The waters of the Indus basin start from Tibet and the Himalayan Mountains, flows from the hills through the states of Kashmir, Himachal-Pradesh and Punjab converging in Pakistan, and emptying into the Arabian Sea, south of Karachi.

Regarding deliberate act of British government; Mr. Sultan M. Hali, describes in his article, published in "The Nation"; Through deceit, Pundit Jawaharlal Nehru, himself the scion of a Kashmiri family, manipulated the last British Viceroy of India: Lord Mountbatten, by first involving his wife Edwina in a romantic scandal and using her leverage, coercing Lord Mountbatten to prevail upon Sir Cyril Radcliffe, the Chairman of the India-Pakistan Boundary Commission to change the proposed boundary so that Gurdaspur could be awarded to India instead of Pakistan and India would gain ground access to Kashmir.

AND, Mr. Hali is absolutely right; Mountbatten's treachery caused all the nuisance, Pakistan is still facing. Principally, it was moral obligation of the British government, to unmistakably settle all the matters while partitioning, which deviously they left blank, to let the two states always remain in tug-of-war. It's the character of British and all allied to them. "DIVIDE & RULE" is their main strategy.

During the first years of partition, the waters of the Indus were apportioned by the Inter-Dominion Accord of May 4, 1948. This accord required India to release sufficient waters to the Pakistani regions of the basin in return for annual payments from the government of Pakistan. The accord was meant to meet immediate requirements and was followed by negotiations for a more permanent solution. However, India was never willing to compromise and negotiate, with

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the view that Pakistan could do nothing to prevent India from any of the schemes to divert the flow of water in the rivers.

**WHO INITIATED:**

David Lilienthal, formerly the chairman of the U.S. Atomic Energy Commission, visited the region in early 50's to write a series of articles for Collier's magazine. Lilienthal had a keen interest in the subcontinent and was welcomed by the highest levels of both Indian and Pakistani governments. Lilienthal was briefed by state department and executive branch officials, who hoped that Lilienthal could help bridge the gap between India and Pakistan and also gauge hostilities on the subcontinent. During the course of his visit, it became clear to Lilienthal that tensions between India and Pakistan were acute, as Indian antagonistic attitude was main hindrance to a permanent solution.

He suggested that India and Pakistan should work out a program jointly to develop and operate the Indus Basin river system, upon which both nations were dependent for irrigation water. With new dams and irrigation canals, the Indus and its tributaries could be made to yield the additional water each country needed for increased food production. In an article he suggested that the World Bank might use its good offices to bring the parties to agreement, and help in the financing of an Indus Development program.

Lilienthal's idea was well received by officials at the World Bank, and, subsequently, by the Indian and Pakistani governments. Eugene R. Black, then president of the World Bank, wrote that the Bank was interested in the economic progress of the two countries and had been concerned that the Indus dispute could only be a serious handicap to this development. India's previous objections to third party arbitration were remedied by the Bank's insistence that it would not adjudicate the conflict but rather work as a conduit for agreement. With Field Marshall Ayub Khan in chair, Mr. Black, personally wanted to settle this issue and help out Pakistan to get its proper share of waters.

Black also made a distinction between the "functional" and "political" aspects of the Indus dispute. In his correspondence with Indian and Pakistan leaders, Black asserted that the Indus dispute could most realistically be solved if the functional aspects of disagreement were negotiated apart from political considerations. He envisioned a group that tackled the question of how best to utilize the waters of the Indus Basin, leaving aside questions of historic rights or allocations.

Black proposed a Working Party made up of Indian, Pakistani and World Bank engineers. The World Bank delegation would act as a consultative group, charged with offering suggestions and speeding dialogue. In his opening statement to the Working Party, Black insisted that the Indus problem is an engineering problem and should be dealt with by engineers. One of the strengths of the engineering profession is that, all over the world, engineers speak the same language and approach problems with common standards of judgment.

Black's hopes for a quick resolution to the Indus dispute were premature. While the Bank had expected that the two sides would come to an agreement on the allocation of waters, but India

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not seemed willing to compromise, While Pakistan insisted on its historical right to waters of all the Indus tributaries and that half of West Punjab was under threat of desertification, the Indian side argued that the previous distribution of waters should not set future allocation.
The World Bank soon became frustrated with this lack of progress. What had originally been envisioned as a technical dispute that would quickly untangle itself started to seem intractable. India was not ready to agree on the technical aspects of allocation, let alone the implementation of any agreed upon distribution of waters.

Finally, the World bank offered its own proposal, stepping beyond the limited role it had apportioned for itself and forcing the two sides to consider concrete plans for the future of the basin. The proposal offered India the three eastern tributaries of the basin and Pakistan the three western tributaries. Canals and storage dams were to be constructed to divert waters from the western rivers and replace the eastern river supply lost by Pakistan.

Another important development, which then Pakistan had to raise against the hostile attitude of India was the flow of four drainages from India. Pakistan was forced to threat to block the drainages. India, deeply shocked, had to negotiate and finalize the matter.

So, the "INDUS WATER TREATY" was signed on 19th September 1960 in Karachi. Mr. Eugene R. Black, president World Bank and Pandit Jawahar Lal Nehru flew in Karachi to sign the treaty. The treaty for Pakistan was signed by the President Field Marshall Muhammad Ayub Khan and from India by the Prime Minister Jawahar Lal Nehru, President of the World Bank Mr. Eugene R. Black was the main witness.

**IMPORTANT POINTS OF "INDUS WATER TREATY";**

INDUS WATER TREATY, is a 25-page document with 8-annexures explaining technically and legally all the problems and remedies of water distribution between Pakistan and India. The basic and main points are noted below:

**DEFINITION:**

All the six rivers were divided into two part, the Eastern Rivers and the Western Rivers. The term "Eastern River" means The Sutlej, The Beas and The Ravi, taken together, and The term "Western Rivers" means The Indus, The Jhelum and The Chenab, taken together.

**EASTERN RIVERS:**

It was decided that all the waters of the Eastern Rivers shall be available for the unrestricted use of India. Pakistan shall be under obligation to let flow, and shall not permit any interference with the waters of the Sutlej Main and Ravi Main in the reaches where these rivers flow in Pakistan and have not yet finally crossed into Paksitan. The points of the final crossings were taken at Slemanke for The Sutlej and one and half mile upstream of siphon on BRBD.

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All the waters while flowing in Pakistan of any Tributary which, in its natural course, join the Sutlej Main or the Ravi Main after these rivers have finally crossed into Pakistan shall be available for the unrestricted use of Pakistan.

**WESTERN RIVERS:**

Pakistan shall receive for unrestricted use all those waters of the Western Rivers which India is under obligation to let flow under the provision of Paragraph (2). India shall be under obligation to let flow all the waters of the Western Rivers, and shall not permit any interference with these three waters. Pakistan will have the unrestricted use of all waters originating from source other than the Eastern Rivers.

**DRAINAGE SYSTEM:**

Pakistan shall maintain in good order its portion of the drainages mentioned below with capacities not less than the capacities as on the effective date:
1.Husiara Drain
2.Kasur Nala
3.Salimshah Drain
4.Fazilka Drain

If India finds it necessary that any of the drainages mentioned should be deepened or widened in Pakistan, Pakistan agrees to undertake to do so as a work of public, provided India agrees to pay the cost of the deepening or widening.

**FINANCIAL PROVISION:**

Water supplies for irrigation canals in the south Punjab was dependent on waters from the Eastern Rivers. India agreed to make fixed contribution of UK Pound Sterling 62,060,000/= (Pound Sterling sixty-two million and sixty thousand only) towards the cost of construction of new head-works and canal system for irrigation. India had to pay this amount in ten equal installments.

**TREATY PROVISIONS:**

•It was decided that for ten years, India will let the waters of Eastern Rivers flow through the rivers and Pakistan will complete its canal system during that period.
•It was also decided that Pakistan can construct Dams or Head-works on river Indus, Jhelum and Sutlej, according to its requirement.
•If, to meet the electricity requirement, India wants to construct dams on River Chenab, it will be run-of-river arrangement and no reservoir will be constructed.
•Pakistan and India will keep daily record of withdrawal at the heads and release from reservoirs, and will exchange the data every month.
•The agreement set up the Permanent Indus Commission to adjudicate any future disputes arising over the allocation of waters. The Commission has survived three wars and provides an ongoing mechanism for consultation and conflict resolution through inspection, exchange of data and

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visits. The Commission is required to meet regularly to discuss potential disputes as well as cooperative arrangements for the development of the basin. Either party must notify the other of plans to construct any engineering works which would affect the other party and to provide data about such works. In cases of disagreement, a neutral expert is called in for mediation and arbitration. While neither side has initiated projects that could cause the kind of conflict that the Commission was created to resolve, the annual inspections and exchange of data continue, unperturbed by tensions on the subcontinent.

As already mentioned, all the above mentioned terms and conditions were formed in a 25-page document with 8-annexures. The document, clearly and legally explains all the terms and conditions in detail with all the references and annexures.

As already mentioned above, the document "INDUS WATER TREATY" is signed by Field Marshall Muhammad Ayub Khan as the President of Pakistan and Pandit Jawahar Lal Nehru as the Prime Minister of India, duly witnessed by the President of the World Bank.

According to the treaty, India has absolutely no right on the waters of The Indus, The Jhelum and The Chenab.

**Origins of the Treaty:**

The Indus Waters Treaty was signed in 1960 after nine years of negotiations between India and Pakistan with the help of the World Bank, which is also a signatory. The negotiations were the initiative of former World Bank President Eugene Black. Seen as one of the most successful international treaties, it has survived frequent tensions, including conflict, and has provided a framework for irrigation and hydropower development for more than half a century. Former U.S. President Dwight Eisenhower described it as "one bright spot ... in a very depressing world picture that we see so often."

**How the Treaty works:**

The Treaty sets out a mechanism for cooperation and information exchange between the two countries regarding their use of the rivers, known as the Permanent Indus Commission, which has a commissioner from each country. The Treaty also sets forth distinct procedures to handle issues which may arise: "questions" are handled by the Commission; "differences" are to be resolved by a Neutral Expert; and "disputes" are to be referred to a seven-member arbitral tribunal called the "Court of Arbitration." As a signatory to the Treaty, the World Bank's role is limited and procedural. In particular, its role in relation to "differences" and "disputes" is limited to the designation of people to fulfill certain roles when requested by either or both of the parties.

**What the disagreement is about:**

India and Pakistan disagree about the construction of the Kishenganga (330 megawatts) and Ratle (850 megawatts) hydroelectric power plants being built by India (the World Bank is not



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financing either project). The two countries disagree over whether the technical design features of the two hydroelectric plants contravene the Treaty. The plants are on respectively a tributary of the Jhelum and the Chenab Rivers. The Treaty designates these two rivers as well as the Indus as the "Western Rivers" to which Pakistan has unrestricted use. Among other uses, under the Treaty, India is permitted to construct hydroelectric power facilities on these rivers subject to constraints specified in Annexures to the Treaty. Talks related to the Kishenganga and Ratle hydroelectric power plants are ongoing.

**Different Treaty mechanisms have been sought by India and Pakistan:**

Pakistan asked the World Bank to facilitate the setting up of a Court of Arbitration to look into its concerns about the designs of the two hydroelectric power projects. India asked for the appointment of a Neutral Expert for the same purpose. These requests came after the Permanent Indus Commission had been engaged in discussions on the matter for a while. During several months prior to December 12, 2016, the World Bank sought to fulfil its procedural obligations with respect to both the Court of Arbitration and the Neutral Expert. The Treaty does not empower the World Bank to choose whether one procedure should take precedence over the other; rather it vests the determination of jurisdictional competence on each of the two mechanisms. At the same time, the World Bank actively encouraged both countries to agree amicably on a mechanism to address the issues.

**Pausing Treaty processes and working with India and Pakistan:**

On December 12, 2016, World Bank Group President Jim Yong Kim announced that the World Bank would pause before taking further steps in each of the two processes requested by the parties. Both India and Pakistan stated that processing the requests regarding the Neutral Expert and Court of Arbitration simultaneously presented a substantial threat to the Treaty, since it risked contradictory outcomes and worked against the spirit of goodwill and friendship that underpins the Treaty. The announcement by the Bank to pause the processes was taken to protect the Treaty in the interests of both countries.

For more than a year since late 2016, the World Bank has worked tirelessly to seek an amicable resolution to the most recent disagreement and to protect the Treaty. Dozens of high-level meetings have been convened and a variety of proposals have been discussed. The World Bank remains committed to act in good faith and with complete impartiality and transparency in fulfilling its responsibilities under the Treaty, while continuing to assist the countries.

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# DEPENDENCE OF PAKISTAN ON INDUS WATER BASIN

Fierce national competition over water resources has prompted fears that water issues contain the seeds of violent conflict.
— Kofi Annan

Water is fundamental for life and health. The human right to water is indispensable for leading a healthy life in human dignity. It is a pre-requisite to the realization of all other human rights.

-The United Nations Committee on Economic, Cultural and Social Rights,

## Introduction

The development of Pakistan as a nation is largely dependent on its ability to provide a quality life to her citizens. This particular factor is more or less dependent on its ability to harness agricultural resources in the most economical fashion. The Indus Water Basin is pivotal to this complete affair. It not only provides the bedrock to the most fertile part of Pakistan but also support ancillary resources.

## Geography and Climate

Pakistan as a country has a landmass of approximately 796 100 km2 and is divided into four provinces, namely the Punjab, Sindh, North West Frontier Province (NWFP) and Balochistan.

The Indus Plain which is the valley of the River Indus covers a large geographical sub-division of Pakistan. It is flanked on the west by the Iranian Plateau (the Sulaiman Mountains and the Kirthar Range), on the north by the Salt Range, and on the east by the Thar Desert. The valley corresponds to about 1000 km along the course of Indus with a width of 350 km in Punjab ad approximately 200 km in the Sindh region.

The major land use is for agriculture and rangelands. In 2007, the total cultivated area was approximately 22.3 million hectares which is about 75 percent of the cultivable area. The annual crops accounted for 21.5 million hectares or 96.4 percent and permanent crop consisted of 0.8 million hectares or 3.6 percent.

Pakistan lies in the subtropical arid zone and most of the country is subjected to a semi-arid climate.

## Economy, Agriculture and Food Security

In 2008 Pakistan's, GDP was US $168 276 million of which agriculture accounted for 20.4 percent. Pakistan also has a near total dependence on agriculture for employment with over 25 million or 40 percent economically active population indulging in it. The impact of possible food insecurity can be realized by the fact that approximately 28 percent of the population is Below Poverty Line as per 2008 estimates.

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Exports of food group account for 13.2 percent of total exports, or US $2050 million and contributes 26.1 percent to the overall export growth. Pakistan's primary export is rice which grows in the rich alluvial plains of the Indus Valley. The rice as a staple crop has a high dependency on water vis-à-vis wheat. This is further compounded by increased demands from China and other south-east Asian countries which has led to increase in profits for the farmers.

**Role of Irrigation in Agricultural Production**

Irrigation accounts for cultivation or sustainment of nearly 90 percent of all cotton, rice, wheat, sugarcane, fodder, maize grain, fruits, vegetables, freshwater fisheries, dairy livestock. The other traditional agricultural pursuits like grains, pulses, groundnut, sorghum and millets are normally grown under rain-fed farming and spate irrigation which are the other models of irrigation. Around 10 percent of the wheat area is under rain-fed farming, but this contributes only 5 percent of wheat production. Wheat, pulses and coarse grains are grown under spate irrigation.

The total harvested and irrigated crop area was estimated at 21.45 million hectares as per governmental report in 2008. The major irrigated crops in the country are wheat, rice, sugarcane, cotton and fodder. These crops constitute almost 78 percent of the total harvested area and consume 82 percent of the total available water resources. The area under these crops is 16.60 million hectares of which 7.33, 2.52, 1.24, 3.05 and 2.46 million hectares for wheat, rice, sugarcane, cotton and fodder, respectively. Full control irrigated agriculture provides 90 percent of wheat and small grains besides nearly 100 percent of sugarcane, rice, cotton, fruits and vegetables.

**The Factor of Rainfall**

Due to a primarily semi arid climate, Pakistan has a large dependency on Indus Valley to satisfy the food and water requirements of the burgeoning millions. Water remains both the critical and limiting resource for sustained economic development of the country.

The average annual precipitation is on an average 494 m, but is uneven over the country. It varies from less than 100 mm in Balochistan and Sindh provinces to more than 1 500 mm in the foothills and northern mountains of Punjab and NWFP. The mean Rabi season rainfall (October to March) varies from less than 50 mm in parts of Sindh province to more than 500 mm in the NWFP. The mean Kharif season rainfall (April to September) varies from less than 50 mm in parts of Balochistan to more than 800 mm in the northern Punjab and NWFP. About 60 percent of the rainfall in the monsoonal climate is received during July to September. The extreme variability in seasonal rainfall has direct impacts on river flows which have rather larger variability during the Rabi and the Kharif seasons. Around 92 percent of the country's area is classified as semi-arid to arid, facing extreme shortage of precipitation. Most of the irrigated area is classified as semi-arid to arid in climate.

**Water resources and its Use**

The Indus basin covers more than 566 000 km2, or 71 percent of the territory. The river basins

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outside the Indus Basin Irrigation System (IBIS), the Makran coast and the Karan closed basin, are flashy in nature and do not have a perennial supply.

The Indus basin has a total drainage area of 1.06 million km2, of which 56 percent lies in Pakistan, and the other 44 percent in China, Afghanistan and India. The mean annual inflow into the country through the western rivers (the Indus, including the Kabul tributary, the Jhelum and the Chenab) amounted to 170.27 km3. The mean annual natural inflow into the country through the eastern rivers (the Ravi, the Beas and the Sutlej) is estimated at 11.1 km3. Given the seasonal nature of the Himalayan runoff, roughly 85 percent of the annual flows are in the Kharif season (summer), and only 15 percent in the Rabi season (winter).

**Hydro-electricity Generation**

In 2005, total dam capacity was estimated at 23.36 km. The designed live storage capacity of the 3 large hydropower dams in the Indus Basin ie. Mangla, Tarbela and Chasma is 17.89 km3, representing an overall loss of storage of 22 percent (WB, 2005). Pakistan can barely store 30 days of water in the Indus Basin Irrigation System (IBIS). Pakistan has a hydroelectric potential of about 50 000 MW primarily from rivers of the Indus, when the whole of Chitral as well as Skardu goes are comprehensively assessed. The Indus River and its tributaries are the main source of water. Its main gorge, between the Skardu and Tarbela, has a potential of almost 30 000 MW. The traditional model of thermal power generation does not have much scope due to lack of high purity coal in Pakistan. Only hydro-electricity provide a way forward.

**Utilization of Water**

The total water withdrawal in Pakistan is estimated at 183.4 km3, of which surface water withdrawal accounts for 121.8 km3 (66.4 percent) and groundwater withdrawal accounts for 61.6 km3 (33.6 percent) as per government report in 2008. Within given figures, water withdrawal by agriculture is estimated at 172.4, or 94 percent of the total water withdrawal. Most summer rains are not available for crop production or recharge to groundwater because of rapid runoff of torrential showers. The overall irrigation efficiency in the IBIS is 40 percent (canal efficiency 75 percent, conveyance efficiency 70 percent and field application efficiency 75 percent). The water lost during conveyance and application largely contributes towards recharging. Hence, any change in water flow in future will directly affect the growth of the country and its ability to support the teeming millions.

**Future Roadmap of Government**

The government plans for Human Index Development is closely integrated with its ability to increase agricultural production which will be the mainstay of its economy in near future. The future water availability has been estimated up to 107.3 and 126.6 MAF in year 2013 and 2025 respectively. Without requisite and assured water supply, food and fiber deficits would be irrecoverable. The future food security seems fragile as a recent government report predicts food, fiber and edible oil shortfall up to 48.5 m Tons in year 2013 if Pakistan is unable to harness adequate water. The water availability would fall short of requirements by 107.3 and 150.8 MAF in years 2013 and 2025 respectively which would reveal a very disastrous scenario indeed. No

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substantial increase in the water supply is possible in the short run because no dam can be built even if there are no political or other bottlenecks. In other word, nothing can be done to reduce water shortages substantially by year 2013. Out of 35 to 40 MAF flowing to the Sea and allowing 10 MAF minimal escapes below Kotri Barrage for environmental and other abstractions, a meager potential of 25 MAF is left for development of surface water resources. Groundwater residual potential of 8 MAF remains to be exploited. So overall remaining water potential both surface and sub-surface resources would be about 33 MAF against additional requirement of 40.3 MAF in the year 2000 and 107.3 MAF in year 2013 respectively. In nutshell there will no water to meet future requirements even if full residual potential is developed by any magic name.

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## Indus Water Treaty: Beyond the rhetoric

The Indus Water Treaty (IWT), a water sharing agreement, covering three Eastern and three Western rivers, between India and Pakistan, was signed nearly 60 years back. The Treaty has withstood the acrimonious relationship between the two neighbours, including the three wars. It is not surprisingly then that the IWT is considered as one of the most successful water-sharing arrangements in the world today.

***It is not surprisingly then that the IWT is considered as one of the most successful water-sharing arrangements in the world today.***

However, of late, the two signatory countries, particularly India, have expressed their displeasure with it, with experts from each side maintaining that the Treaty is unfair towards their country. Going beyond the demand for its review, some experts are seeking its abrogation while some others are asking for the stoppage of the flow of waters, guaranteed by the Treaty, to Pakistan. The State of Jammu & Kashmir, though not a signatory but an important stakeholder, is also unhappy with it and blames the Treaty for its economic woes. In fact, in 2002 a resolution was passed in the J&K State Legislative Assembly, seeking review of the Treaty.

Among the issues being raised, particularly by the J&K, are those related to development of hydro power in the State, given the restrictions the Treaty puts on storage volumes on the three western rivers.

### Storage

If one looks at the terrain and topography of the three western rivers, none of them have 'implementable' potential for construction of large water storages or reservoirs. Both Chenab and Indus have a high gradient and pass through narrow gorges which limits their storage potential. On the other hand, unlike the Chenab and Indus, Jhelum has a very mild gradient and flows through the very wide expanse of the valley which makes the topography ideal for a storage scheme, but then any storage would be at the cost of the valley itself. Any large storage will result in inundating the valley itself.

However, there is a good potential for constructing a number of smaller storages, possibly in cascade, on the tributaries of Jhelum and the same are permitted under the Treaty – the volume of these storages would though be small. It is worth mentioning here that till date, no storage of any type has been constructed by India on these rivers. Just to highlight here, if the storage volume permitted by the Treaty for Jhelum basin had been available, it could easily have moderated the level of flooding Kashmir experienced in September 2014.

### Hydro power potential

The three rivers have an identified hydro power potential of 16000 MW out of which Chenab basin contributes nearly two thirds of it. A series of hydro power projects, in cascade, have been identified on the Chenab basin and once these projects are completed, the hydro potential of the basin would have been exploited to its fullest. Except for one project (Bursar HEP), none of



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these projects have a storage potential of any significance. With or without Indus Water Treaty, these schemes could not have been developed as large storage schemes, like say Tehri HEP or Bhakra Nangal Project, but would have been operated only as peaking or diurnal stations. Even with the currently identified projects we would be using only less than half the available storage provided for in the Treaty for this basin.

As regards Jhelum, half of its total hydro potential has already been developed. But as explained above, any large storage proposal will inundate the whole valley. Probably that is why the Treaty recognised this fact and did not provide for any storage on the main Jhelum river. Its tributaries though have potential for storage schemes but of limited capacity.

The hydro power potential of the Indus has remained virtually unexploited, possibly because of the remoteness of the sites and the high cost of construction, power evacuation, operation and maintenance of these projects.

So, when the topography of all the three river basins is such that they have very limited potential for large storage schemes, one wonders how anyone can argue that the Treaty has adversely impacted the hydro power potential of the State.

**Stopping the flows**

Let us now quickly look at the demand for stopping of the flow of water to Pakistan. Is this something that is practical and achievable?.

Since India is anyway using nearly all the flows of the eastern rivers, any blockade of the flow of water to Pakistan would essentially mean blocking the flow of the three western rivers which incidentally contribute more than 80% (117 billion cubic metres - BCM) of the flow of the Indus basin. The stoppage of the flow of water to Pakistan can be achieved either by storing this water and/or diverting the flow of these rivers.

To illustrate, the volume of water 117 BCM is enough to inundate, every year, nearly 120,000 sq kms to a height of say 1 metre. To put it in perspective, the said volume would inundate the whole of Kashmir valley to a height of 7 metres in just one year. In reservoir volume terms, every year we will need 30 storages the size of Tehri to store the above volume. Where are we going to find such large land masses to store these waters?

Timeline wise since it takes nearly a decade to construct a typical storage the size of Tehri, even if we start constructing 30 such storage(s) tomorrow, the actual impounding of the water would happen only in say 2030. Till then, Pakistan will not actually feel the pinch of the impounding. And every year thereafter we will need complete 30 such large storages to continue blocking the flows of western rivers to Pakistan. As one can see, it is not a practical proposition.

The river(s) diversion option is equally preposterous. Not to talk of three, diverting flows of any one of the three rivers would involve construction of a man-made river over hundreds of kilometres and would pose enormous challenges in design, construction and maintenance. Any



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such proposal would require investment of lakhs of crores of rupees, acquisition of thousands of hectares of land and would take decades to complete.

In either the storage or the diversion proposal, Pakistan will not feel any impact of either for at least next 30 to 50 years. Needles to mention, the environmental impact of either of the above two options would be catastrophic.

**Abrogating the Treaty**

To conclude, from the above, it is very clear that if India today were to abrogate the Treaty for now, nothing would change on the ground. In terms of water availability for Pakistan, it would continue to receive the flows till India plans and completes its storage and/or water diversion projects.

While the flow of water to Pakistan would continue even after the Treaty has been abrogated, any such action would though have other fallouts. With the Indus basin supporting 90% of Pakistan's agriculture, and employing more than 40 % of the population, the common man in Pakistan will see it as India's attempt to strangulate and starve his people and his country. It would arouse fear and create uncertainty in his mind. Without Pakistan actually feeling any impact of the abrogation of the Treaty, such an action would only provide fodder to lobbies in Pakistan who are keen to see deterioration of relations between the two countries. It would suit their agenda and would be a god sent opportunity to exacerbate the tensions between the two countries.

So India should not even contemplate abrogating the Treaty – without actually impacting Pakistan in short and medium term. Such an action while being morally, legally or diplomatically inappropriate and against acknowledged international conventions, would only cause further animosity between the two countries. And this time round, it would not just be the governments but the public at large. Other than being held responsible for causing further bitterness in relations between the two nations, India will not gain anything for now by abrogating the Treaty.

MegaLecture Kibzai

## Pakistan asks World Bank to take up Indus Waters Treaty issue

The Foreign Office on Thursday said Pakistan wants that historic Indus Waters Treaty (IWT) should be allowed to function after an Indian minister threatened to stop Pakistan's share of water if Islamabad 'does not stop supporting terror groups.'

Speaking at a weekly briefing, Foreign Office spokesperson Dr Muhammad Faisal said the 1960 treaty was signed by both the countries but India has been violating the treaty in the cases of Kishanganga and Ratle Hydro Electric Power Projects.

He said Pakistan has already raised the matter at the dispute resolution mechanism of the World Bank, which brokered the IWT. However, the matter has not been resolved, as yet.
"Pakistan wishes that the Indus Waters Treaty should be allowed to function and the dispute resolution mechanism should take its due course. We urge the World Bank to empanel the Court of Arbitration, so that a resolution is reached in this regard," the spokesperson stressed.

His reaction came in response to the statement issued by India's Union Minister Nitin Gadkari that New Delhi will stop Pakistan's share of water – allocated in the IWT – if Islamabad "does not stop supporting terror groups".

"We have already started a study into the matter. The water that will be stopped from flowing into Pakistan and will be given to Punjab, Haryana and Rajasthan," said the multi-portfolio Indian minister during a press conference on his campaign tour.

According to Hindustan Times, he said India and Pakistan signed the water treaty based on friendship that has long since vanished. "So we are not bound to follow this treaty," said Gadkari, who also holds the portfolio of shipping and water resources.

In March, soon after tensions between the two nuclear-armed neighbours flared up and the two sides skirmished in the air, during which at least two Indian Air Force jets were shot down, New Delhi started impeding the flow of three rivers shared by the two countries.

New Delhi had stopped 0.53 million acre-feet of water from the three eastern rivers flowing into Pakistan. Talks on the lingering water disputes between the longtime rivals were held in August 2018 but ended without any major breakthrough.

Under the IWT, Islamabad has unrestricted access to the western rivers Indus, Jhelum and Chenab, while New Delhi enjoys the same authority over the eastern rivers Ravi, Beas and Sutlej.

Responding to a question about the increase in Indian defence budget, the spokesperson said India has been trying to push the region into an arms race. "Let me say that an increase in the defence budget is not the sole determinant of a nation's strength. You have seen the results of misadventure by India on February 27, 2019 and the befitting reply given by our military forces," he maintained.



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He said Pakistan desired 'cordial' relations with India. To another question about the shortage of famous summer drink Rooh Afza in India, Faisal said Pakistan is ready to meet the Indian demand. "If the supply of Rooh Afza from Pakistan quenches their thirst, then we will certainly want to do so," he said.

He condemned human rights violation by India forces in Kashmir and said since 1989, when resistance movement in the valley started, India has killed 19 journalists and arrested dozens. The spokesperson said India has also detained many Hurriyat leaders, including Yaseen Malik despite his ill health.

He said Pakistan supports dialogue and political solution to Afghanistan issue with focus on "Afghan-led and Afghan-owned approach". He said Pakistan urges all the stakeholders to converge their energies on negotiations to avoid conflict in the already war-torn country.

On chances of meeting between Foreign Minister Shah Mehmood Qureshi and Indian External Affairs Minister Sushma Swaraj at the upcoming Shanghai Cooperation Organisation moot on May 21-22, he said: "Informal handshake could be a possibility; however there is no meeting scheduled so far".

The FO spokesman confirmed that Aasia Bibi, a blasphemy accused acquitted by the Supreme Court on October 31, 2018, had left Pakistan on her own free will. However, he did not specify which country she has moved to.

Owing to chaotic situation in Libya, he said, Pakistan's mission is in touch with the representatives of Pakistani community and has advised them to register with the embassy for prompt coordination in case of any emergency situation.

He declined to comment on recent detention of some Chinese citizens by the Federal Investigation Agency on charges of sex trafficking and said the matter pertains to Ministry of Interior.

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# 8. Deterrence Stability in South Asia

An informal deterrence relationship had existed between India and Pakistan well before nuclear weapons were tested. However, a more formal and structured deterrence framework began to take shape after the nuclear tests, Kargil Conflict and the experience of escalation in 2001-02. The assumptions that influenced Indian strategy are:

- That overt nuclear capability had increased Pakistan's freedom of action to pursue a more aggressive sub-conventional military strategy against India.
- Therefore, despite the presence of nuclear weapons, India considered it essential to re-assert the relevance of conventional war as an instrument of policy.
- And that, India's conventional military capability was sluggish and not adequately geared to fight a swift but limited conventional war against Pakistan.

These considerations led India to develop the Cold Start or Proactive Strategy. This strategic innovation from Pakistan's standpoint created instability in the domain of conventional deterrence. To redress this situation, Pakistan has proceeded to revise its war fighting concept besides showing inclination towards developing tactical nuclear weapons (TNWs).

However, many security analysts believe that these developments in the conventional cum nuclear domain have increased the possibility of nuclear escalation, even in a limited war scenario between the two countries. They argue that TNWs deployed in the combat zone could be targeted, either advertently or inadvertently, resulting in a premature nuclear exchange, that command and control over deployed TNWs would be problematic, thus increasing the risk of unauthorized launch. Also, these weapons would add significant costs without adding commensurate value to the already in place deterrence. Finally, deployed nuclear weapons in the combat zone would be lucrative targets for terrorists. These considerations strongly suggest that TNWs would enhance nuclear instability in South Asia; hence they should neither be developed nor deployed.

These are logical arguments, except that nuclear stability is being viewed in isolation. I will therefore propose that we adopt a more holistic approach in which we examine the politico-strategic context, take into account the complete deterrence framework that includes besides nuclear, the sub-conventional and conventional domains as well; give due consideration to the strategic approaches of both sides and the linkages that exist between different levels of conflict.

I will further suggest that while the infrastructure and wherewithal to implement India's Proactive Strategy or Pakistan's Response Strategy are still in the development and deployment stage, the strategic environment is evolving in a manner that may diminish the relevance of these strategic innovations. The emerging scenario is being shaped by the decade long conflict in Afghanistan and its deleterious effects on Pakistan. The multi dimensional crises confronting Pakistan is likely to transform it. Thus the turn of events in Pakistan could substantively alter the existing politico-strategic paradigm between India and Pakistan, which might require a response much different than what India and Pakistan have become accustomed to and have been preparing for, in recent years.

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**Politico-Strategic Framework**

Without going into the intricacies of the adversarial relationship, it will suffice to say that the Kashmir Dispute has been and still is the primary source of conflict between the two countries. Besides the historical legacy and the principle that underpins Pakistan's stance on Kashmir, the rising profile of the water issues is adding another important dimension to this dispute. This implies that for Pakistan the exigency to pursue a satisfactory solution to the Kashmir Dispute could become more intense in the coming years.

Pakistan being a smaller country seeks to alter the status quo in Kashmir, while India seeks to perpetuate it. This creates a complex strategic proposition, wherein Pakistan, through a mix of politico-military initiatives, seeks to persuade or compel India to concede on Kashmir, while at the same time deter India's possible military reactions. Over time, both countries have become engaged in a wide spectrum military competition that extends from the sub-conventional to conventional and nuclear levels. Due to the nuclear overhang, both sides have had to assimilate deterrence as the predominant factor in their military strategies.

Pakistan defines the conflict in terms of India's obstinacy and repression in Kashmir, while India does so in terms of sub-conventional proxy warfare and terrorism. The presence of a military stand-off implies that a political deadlock exists on critical issues, and that both sides feel that progress on those issues can only be made through the employment of military means.

The dominance of terrorism as a world wide security concern has also created a tendency within the International Community to view the Indo-Pak Conflict through the prism of terrorism. It is important to remember that militancy and terrorism is a symptom and not the cause of conflict. Therefore, while dealing with the symptom is important to maintain strategic stability, it will be a serious mistake to ignore the primary cause of conflict.

**Deterrence Objectives**

Pakistan's strategic objectives are

o Persuade or compel India to alter the status quo in Kashmir.
o Deter India's conventional military threat.
o Deter India from attempting or supporting initiatives to de-nuclearize Pakistan.
o Deter India from wrongfully exploiting the provisions of the Indus Waters Treaty.

**India's strategic objectives are**

o Deter Pakistan from using sub conventional/limited military initiatives as means to change the status quo in Kashmir, or to damage India.
o In the event of conventional war, deter Pakistan from threatening or initiating nuclear use.
o Persuade or compel Pakistan to dismantle militant outfits existing in or operating from Pakistan.

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o Persuade or compel Pakistan to accept the status quo in Kashmir.

**The Military Strategic Framework**

While constrained to remain within the deterrence framework, both sides indulge in brinkmanship and risk manipulation whenever they find it necessary, or expedient, to do so. I will term this as a 'Strategy of Manipulating Threats' and highlight some of the salient features:

- As stable deterrence across the entire spectrum of conflict will preclude the possibility of influencing political outcomes by military means. Therefore, one side may at some point, find it strategically expedient to deliberately destabilize a segment of deterrence in order to influence a particular political outcome.
- For example, India suspects that Pakistan may escalate conflict at the sub conventional level in order to nudge India to negotiate over Kashmir.
- To counter this move, India will destabilize conventional deterrence by manipulating the threat of conventional war. Pakistan's response to this threat war will be to articulate a conventional cum nuclear response, this will cause nuclear instability.
- This kind of strategic interaction shows that asymmetric capabilities at different tiers of conflict create the logic for an escalatory dialectic in order to offset the advantage gained by one side or the other. The other point to note is that there are linkages which tie the sub-conventional level with conventional and nuclear levels of conflict. It is thus important to view deterrence stability as a whole to ensure that it remains stable across the entire conflict spectrum, as instability in the lower tiers will progressively cause instability in the higher tiers as well.

**Reviewing Deterrence Stability**

**Political Stability**

Deliberately creating instability at a chosen segment of the deterrence spectrum could be a strategic move to influence political outcomes. Therefore, evaluating the political climate and the pattern of interaction between the two countries will be helpful in developing a balanced and objective assessment of deterrence stability.

For Pakistan, nudging India to negotiate over Kashmir is the key issue. India's obstinacy over Kashmir causes frustration that has so often in the past induced Pakistan to take limited military initiatives in Kashmir; the resumption of the Composite Dialogue is a step in the right direction.

For India, besides maintenance of status quo in Kashmir, the critical issue is proxy warfare and terrorism. If India is convinced that militancy in Kashmir is not externally supported and that terror attacks in India are not traced back to Pakistan, this will reduce the incentive to deter sub-conventional attacks by threatening conventional military retaliation.

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Presently, the emerging issue is non state terror networks acting on their own to launch terror attacks on India. If such an attack of significant magnitude occurs, the political pressure on the Indian Government to take punitive action will be substantial. Therefore, in order to ensure crisis stability, it is important for both countries to develop a robust framework to deal with such an eventuality.

Deterrence stability should not be seen as functioning within a frozen political context. The decade long war in Afghanistan and its blowback effects, along with other related factors are causing significant internal flux within Pakistan. These evolving developments could generate new imperatives for deterrence stability.

**The Changing Context of the Sub Conventional Threat**

As I alluded to earlier, the strategic assumptions on which India based its Proactive Strategy are changing. At present, Pakistan has no appetite to undertake any military initiative in Kashmir. On the contrary, non-state militant and terror networks have acquired a degree of strategic autonomy in Pakistan. This implies that they can contest the writ of the State in selected areas, launch large scale attacks against sensitive targets, have caused the commitment of large portions of the military in counter militancy operations and by degrading the internal security environment have seriously affected the economy. Besides aggregating in certain areas, they have a diffused presence all over Pakistan. These non-state actors could possibly launch large scale attacks beyond Pakistan's borders as well.

In these circumstances, India needs to review its response strategy to sub-conventional threats. Response to terror attacks by autonomous terror networks cannot be the same as those in which there is State complicity. Possible response options for India could be:

- Firstly, given the state of mistrust, if India assumes Pakistan's complicity and retaliates with conventional military means, it will cause significant escalation as the conflict transits towards conventional or nuclear domains. Furthermore, such a move could also strengthen the hand of terror and militant networks within Pakistan.
- Secondly, India could choose to take direct military action against them as is being done by US in FATA.
- Lastly, response option could also include compelling, persuading or assisting Pakistan to act against terror outfits, through non military means. For India, the last option would be most desirable.

**Stability of Conventional Deterrence**

Over the last decade, India's strategy has focused on conventional retaliation as the way to counter the sub-conventional threat. The large scale mobilization in 2001-02 was a somewhat crude attempt, which produced mixed results.

Since then, India is implementing certain conceptual and structural innovations in the form

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of Cold Start or Proactive Strategy; this is a subtler approach intending to create certain strategic effects. These are:

- First, by positioning integrated, mobile and flexible military forces near Pakistan's borders, India is putting in place a credible capability capable of implementing conventional military options that range from punitive strikes against militant targets to full scale conventional war.
- Second, the strategic advantage of forward military posture available to Pakistan is being neutralized.
- Third, the emerging technological possibilities to modernize and integrate the armed forces are being utilized.

Taking into account India's retaliatory policy, the growing military asymmetry and the ongoing implementation of the Proactive Strategy, Pakistan is convinced that deterrence in the conventional domain is becoming unstable. To redress this situation, Pakistan has revised its war fighting concept, which involves both restructuring and repositioning of conventional forces, besides showing an inclination towards developing TNWs. The logic behind Pakistan's strategic moves is to maintain a credible linkage between conventional war and nuclear escalation, thus making the decision to initiate conventional operations, even at a limited scale, sufficiently complicated and dangerous for India.

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**Stability of Nuclear Deterrence**

All strategic decisions have pros and cons. Introduction of TNWs is meant to ensure that conventional deterrence does not fail. However, if it fails and conventional war is initiated, the ensuing scenario will be fraught with nuclear instability. The chances that such a conflict could quickly escalate to the nuclear level cannot be ruled out.

Therefore, in my view, the imminent possibility of nuclear escalation will impose stringent limits on the conduct of conventional conflict. Both sides will be receptive to direct or indirect mediation, due to which the conflict could be quickly concluded. The Kargil Conflict is a good example, where both sides adopted unilateral escalation control measures, despite the fact that there was no immediate danger of nuclear escalation.

There is no denying the fact that deployment of TNWs has significant risks as well, and the chances that something goes wrong resulting in a nuclear exchange cannot be ruled out. It is precisely this danger and uncertainty that from Pakistan's point of view; will ensure stability of deterrence in the conventional domain.

The crux of the issue is to decide where to build a strong firewall, either, before the start of conventional war, or, between conventional war and nuclear escalation. There are pros and cons for both options; but apparently, Pakistan prefers the former option.

Pakistan's security managers view TNWs more from the value they add to conventional deterrence and less from the point of view of how things will shape up, if deterrence fails. On the

contrary, analysts arguing against TNWs giving less importance to their deterrence value, tend to focus on the dangerous scenario that will emerge, if deterrence fails.

**Enhancing Deterrence Stability**

From the ensuing discussion we draw the following conclusions that can enhance deterrence stability. These are:

- The political climate between the two countries must be improved to ensure that strong political impulse to destabilize deterrence is not created. This can be ensured if the ongoing political dialogue moves from 'procedural' to 'meaningful' stage. From the political stand point, these talks must create hope that progress is being made towards the settlement of the fundamental cause of conflict, which is the Kashmir Dispute.
- From the military stand point, efforts in the direction of arms control are not likely to succeed as India's strategic outlook goes much beyond Pakistan. Even it will be very difficult to reach an agreement on what are 'Pakistan specific' military capabilities, I will therefore recommend that efforts be made to develop a 'Deterrence Stabilization Regime' with the aim of enhancing deterrence stability across the entire spectrum of conflict.
- Such a regime should include tangible mechanisms to enable both sides to verify that the agreed upon stabilization measures are being actually implemented. Some of the parameters of this regime could be

  - India will have to be convinced that Pakistan is not complicit-either actively or tacitly- in the terrorist activities of non-state actors based in Pakistan. Also, that across the board action is being taken to dismantle all terror/militant networks.
  - Conversely, Pakistan must be convinced that deterrence stability between the two countries will not remain hostage to the activities of autonomous non state terror networks. This involves a clear understanding that there will be no conventional retaliation in the event of a terrorist attack.
  - A structured framework should be developed that facilitates cooperation and intelligence sharing against terror networks, along with an agreed upon response mechanism that springs into action, should a terror attack materialize. This will obviate the knee jerk responses we saw on both sides, in the immediate aftermath of the Mumbai attacks.
  - The emerging conventional postures envisage quick response capabilities through increased mobility and forward positioning of forces, this will cause significant crisis instability as the window for mediation during a crisis will be very restricted. There is a need to build in adequate and reliable recess in the respective conventional military postures.
  - Assessing threat and developing a response is a sovereign prerogative. It seems that the security managers of Pakistan feel that the emerging conventional threat from India can only be effectively deterred through an appropriate combination of conventional and nuclear means.
  - Therefore, in my opinion, development of TNWs by Pakistan is inevitable. Hence efforts can be made to avoid their deployment. This can be done by creating strong firebreaks that ensure sufficient stability at the conventional level of conflict.

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**Conclusion**

To conclude, I will reemphasize three key points. Firstly, instead of TNWs, the most important factor that can destabilize deterrence is the strategic autonomy of terror networks.
Secondly, deterrence stability should be viewed as a whole, and a comprehensive regime should be formulated to achieve it. Thirdly, deterrence stability will only be sustainable if a substantive political discourse is seen as making headway towards the solution of critical political issues that divide the two countries.

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## Deterrence Stability in South Asia

Herman Kahn is a renowned theorist of Deterrence. Other strategic scholars like Andre Beaufre, Phil Williams, Kenneth Waltz, Bernard Brodie, J.M.Collins, and Thomas Schelling also contributed towards deterrence. According to them peace and security can be promoted by adopting deterrence strategy and what is significant about the usage of nuclear weapons is not "overkill" but "mutual kill." Deterrence has a crucial role in the maintenance of international order. Phil Williams defined it, as an attempt to frighten the adversary into inaction. The power of nuclear weapons is not to wage war but to create alternatives less catastrophic than the nuclear holocaust. Deterrence exists in mind and is a pre-war situation. The balance exists when the war would not occur and stability would be preserved.

In the South Asian context, there are longstanding territorial disputes, cultural and religious clashes between India and Pakistan. This relation suffers from deep mistrust and long hostility. After the 1965 war, there was some fragmented thought in Pakistan about developing a nuclear capability to redress the conventional imbalance, but no serious attention was given to "going nuclear." It was the 1974 "peaceful nuclear explosion" by India that motivated Pakistan to undertake the creation of a nuclear deterrence. The decision to develop a nuclear capability was to respond to a looming nuclear threat from India. The nuclear program was created through a philosophy of "beg, borrow, or steal" and propelled by the resolve to defend the nation of Pakistan from a serious external threat. While Pakistan's nuclear program was progressing through the various phases of development, no thought was given to the operational management of this new capability, nor was a nuclear doctrine considered seriously.

In the 1980's, the concept of deterrence was developed by South Asian strategic elites when they were facing the escalation in their relations under 'Brasstacks Crises-1986/87'. This time the tools of deterrence were also used under the ambiguous nuclear policy of Pakistan to deter Indian aggression against them. Indian nuclear capability was known as they did their first nuclear device test in 1974 but Pakistan's nuclear capability was still not known. Mr. Mushahid Hussain Syed through an interview of Dr. A. Q. Khan revealed ambiguity of nuclear presence, which twisted the situation in favor of Pakistan at that time.

To restore strategic balance in South Asia Pakistan was obliged to respond to Indian blasts. Pakistan nuclear tests were taken as self-defense. By establishing mutual deterrence, they have served the interests of peace and security in South Asia. The nuclear ambiguity was swept away by the nuclearization of India and Pakistan. Since May 1998 the South Asian strategic and security environment is completely visible in terms of nuclear threats from both sides. Subsequently serious attention was focused on the conflict-prone region. Definitely the proponents of nuclear deterrence are mindful of the catastrophic effects of nuclear weapons, if it will use in Indo-Pak scenario. The leadership of both nuclear states realized the implications of going nuclear. The intellectual and scholarly exertion began with the objective of bringing stability in the perpetually unstable political-military environment of South Asia. Will nuclearization /deterrence in South Asia contributed to peace and stability?

The Lahore Summit between the Prime Ministers of India and Pakistan in February 1999 raised new hopes of good relation but it turned to be short-lived affair due to Kargil crisis. In May

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1999, almost a year after the nuclear tests and at the heels of the Lahore Summit, a serious outbreak of hostility occurred across the Line of Control (LOC) near Kargil, a village in Indian-controlled Kashmir. Following the terrorist attack on the United States on September 11, 2001, the U.S. sent troops to Afghanistan to engage the perpetrators of the attack. Pakistan supported the U.S. fight against terrorism and the allied operations in Afghanistan. Pakistan, because of its geographic location, became central to operations in Afghanistan. Unfortunately, the negative bilateral agenda between India and Pakistan overshadowed their alliance with the U.S. India blamed Pakistan for sponsoring a terrorist attack on its Parliament in December 2001/02, a charge Pakistan strongly denied.

The induction of nuclear weapons into the national defense structures of Pakistan and India in 1998 has brought an era of dynamics of nuclear politics. A full-scale war was only narrowly avoided in 1999 and 2001/02. To control the escalation in any war scenario, the future is always unpredictable when nuclear deterrence is serving as a final card of war strategy. Now the question arises whether the deterrence worked during the aforesaid crisis, stabilized the situation and prevents the use of nuclear weapons into the fields? Many scholars opined that the Kargil Crisis did not escalate into full-scale war because of the effectiveness of the nuclear deterrence. There is the possibility of a nuclear war between rivalries by miscalculation or by misperception. But the stability of deterrence controls the conflict escalated towards war.

On the other hand, the growing Indo-US ties and induction Indian missile defense is being viewed as alarming in Pakistan that could affect the Indo-Pakistan Strategic Stability. Islamabad is apprehensive about the label “strategic” being attached to Washington’s dialogue with New Delhi. Pakistan has always remained a trusted “ally” of the USA and always hoped that the latter would help Pakistan in retaining strategic relevance vis-à-vis India in the region. Pakistan is apprehensive that the USA has undermined Pakistan security concerns by allowing India to be the policeman in South Asia. It is likely to generate fears in Pakistan about American abandonment. Pakistan’s ties with China and Russia have proved to be enduring and if Indo-US relations move forward, Pakistan and Beijing may move even closer.

The best way to ensure peace, security and stability is to resolve the causes of conflict between nuclear arms states. The factors which could possibly challenge the deterrence stability are in need to explore. Some measures if adhered to, then there would be more chances for deterrence stability to prevail. These are risk reduction measures, strategic restraint regime and arms control measures. Decision makers in Islamabad and New Delhi should work out on ‘restraint regime’ wherein nuclear weapons are used as tools of war prevention and war deterrence. Should we add more nuclear CBMs to strengthen the deterrence stability? Bilateral action by India and Pakistan must be adopted to improve the nuclear environment in South Asia.

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# Deterrence Stability in South Asia: Between the Devil and the Deep Blue Sea

In a 2014 article titled "To Sea or Not to Sea: A Nuclear Triad in South Asia,"I had argued that nuclear weapons at sea would help strengthen deterrence stability in South Asia–quoting Professor Mario Carranza, the article highlighted that acquiring a second strike capability would ensure "stability of the balance of terror." In light of recent developments in the Indian Ocean region, it is important to revisit the article to examine whether sea-based nuclear weapons have actually helped stabilize deterrence in South Asia.

Both countries are moving towards acquiring an at-sea nuclear deterrent. India's first indigenous nuclear-powered ballistic missile submarine (SSBN) the Arihant,the first of an expected five SSBNs in the fleet, was secretly commissioned in late 2016 though its induction is not officially acknowledged. In November 2017, India conducted sea trials of its second nuclear submarine. Likewise, Pakistan's successful test of its nuclear capable submarine-launched cruise missile (SLCM) Babur III in 2017 and 2018 also confirmed speculations that the country was working towards achieving a nuclear triad. Contrary to my previous assertion that weapons at sea would help stabilize deterrence, the emergence of a nuclear triad has complicated the nature of arms competition and crisis stability in South Asia.

## Strategic Stability and Sea-based Deterrence

In my 2014 article, I had highlighted that both India and Pakistan would benefit from revisiting their respective nuclear doctrines, especially by defining the concept of "credible minimum deterrence." It can be argued that for India, credible minimum deterrence was never a static concept and was instead based on the evolving capabilities of its adversaries. For example, a 2001 report by the U.S. Defense Threat Reduction Agency had predicted that if India's nuclear strategy and forces evolve as per the criteria envisaged by its National Security Advisory Board, it "would not constitute a 'minimum deterrence' posture, as that term is generally understood." The report also warned that given the China factor in India's threat assessment its "rhetorical commitment" to minimum deterrence would be "no more than a pacifier for the international community." India's threat perceptions vis-à-vis China ultimately led to its 2017 Joint Doctrine of the Indian Armed Forces, which called for the need to maintain "credible deterrence" instead of "credible minimum deterrence" proposed by India's draft nuclear doctrine.

The notion of credible deterrence has led to calls for India to keep its nuclear development open-ended to enable it to deal effectively with emerging threats. Such changes in India's policy prompted a similar change in Pakistan whereby its policy of Full Spectrum Deterrence (FSD) now guides the development of its nuclear capability. Approved in 2013, Pakistan's FSD vis-a-vis India had remained incomplete in the absence of a sea-based deterrent. Given the threat of India completing its nuclear triad, many in Pakistan believe that FSD "remains unsustainable so long as the sea-based reserve is also not available." India's at-sea deterrent compelled Pakistan to not only pursue its own triad, but also improve its conventional naval capabilities. The emergence of ambiguous concepts of deterrence alongside a worsening nuclear and conventional arms competition after the emergence of sea-based nuclear weapons therefore places deterrence stability at a precarious point in South Asia.

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**Remaining Issues**

Even as deterrence in South Asia becomes increasingly unstable, there remain various other factors that beset India and Pakistan's quest for a nuclear triad. For instance, a nuclear triad would create several issues related to communication as well as command and control for both countries. Submarines generally have one-way communication to ensure their location remains secret. In such an environment, both countries would have to deal with the "always-never dilemma," i.e. the challenge of ensuring that an authorized launch is possible at all times while also ensuring against an unauthorized launch. For a command and control system to work effectively, predelegation of launch authority will be necessary, which could potentially lead to the misuse of nuclear weapons. Constant communication remains undesirable for submarines because they become more susceptible to being detected, but absent such communication, the assurance of continuous civilian supremacy over the at-sea nuclear deterrent remains questionable. For these reasons, both India and Pakistan have come under question about the nature of their respective nuclear command and control structures at sea. For example, a fall 2017 Washington Quarterly article by Christopher Clary and Ankit Panda questions the efficacy of Pakistan's triad on this basis.

Another concern is the vulnerability of nuclear weapons at sea to theft, sabotage, and accidents, thereby increasing the existing threat of nuclear terrorism. I had identified coordinated efforts by employing surface, air, and subsurface forces, as well as a suitable command structure in both India and Pakistan to ensure the protection of naval vessels both on and offshore. However, recent incidents like the one involving Arihant in 2017, the Sagar Bhushan in 2018, and several others before them reinforce the argument that it would be difficult, if not impossible, to ensure the safety and security of nuclear weapons at sea. Furthermore, it is unlikely that the threat of non-state actors will subside with the addition of sea-based nuclear weapons, and both countries remain unable to eliminate that threat. Costs associated with modernizing and expanding submarine systems are an added economic burden that neither country has the ability nor demonstrated desire to deal with.

A third element that the previous article missed is the China factor in the nuclearization of the Indian Ocean region. India believes that its SSBN fleet could help bolster its conventional naval deterrence vis-à-vis Beijing, while its undersea deterrent is widely perceived to be intended to deter China. From the Pakistani perspective, however, India's military remains poised towards Pakistan. On the naval front for example, the K-15 Sagarika submarine-launched ballistic missile has a range of 750 kilometers and is Pakistan-specific.For Pakistan, a second-strike capability is important given the country's lack of strategic depth. These triangular dynamics involving India, Pakistan, and China complicate both deterrence stability and arms competition.
Finally, though overlooked in the previous article, another factor to consider is how the presence of a sea-based deterrent has led to a blurring of conventional and nuclear forces, thus influencing the threat perceptions of China, India, and Pakistan. The interaction between conventional naval capabilities and strategic systems at sea complicates crisis stability, as anti-submarine or anti-ship warfare in this context can be likened to counterforce capabilities. A crisis scenario involving nuclear-armed naval forces could create a potential confusion in terms of interpretation. For example, there is an Indian tendency to view all Chinese naval movements, whether nuclear-armed or conventional vessels, as part of a creeping monolithic advance. It is

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also widely believed in India that the country's SSBN fleet could have significance for conventional naval deterrence.

Similarly, there have been suggestions in Pakistan that it should enhance its naval capabilities to offset India's conventional naval advantage in the Indian Ocean. According to analyst Iskander Rehman, Pakistani commanders have discussed the possibility of placing nuclear-tipped cruise missiles aboard conventional submarines in order to emulate "Israel's alleged decision to place nuclear-tipped cruise missiles aboard conventional submarines." For strategic stability to endure in such a situation, it is important that both countries develop operational concepts and build robust command and control processes.

**Avoiding Deterrence Instability**

Pakistan and India are equally vulnerable to the dangers of nuclear weapons in the Indian Ocean. In the absence of a bilateral mechanism between the two navies, minor naval incidents could easily spiral out of control. Given the geographical contiguity between the two countries, frequent interactions between naval platforms are imminent. In such a scenario, the difficulty in ascertaining the intentions and capabilities of maritime vessels, especially those operating at close ranges, would undoubtedly increase the chances of escalation. Decision-makers in both countries could benefit by evolving bilateral mechanisms to control incidents at sea. Ultimately, the vulnerability of a sea-based deterrent or ineffective command and control mechanisms may well lead to deterrence instability in South Asia.

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## Waning nuclear deterrence in South Asia

After India and Pakistan first tested nuclear devices in 1998, people in both countries hoped that nuclear weapons would decrease the incentive for war and lead to sustainable peace in the region. The 1999 Kargil conflict that took place when Pakistan's military tried to gain control of the 70-kilometer-long Siachen glacier occupied by India in 1984, and the military standoff a few years later in which troops massed along both sides of the border, however, dashed these hopes, and both nations once more found themselves in the spotlight. Unfortunately, the current situation is not much different from the past, with relations between the two nuclear-armed neighbors remaining troubled. As the recently announced US National Security Strategy noted, "the prospect for an Indo-Pakistani military conflict that could lead to a nuclear exchange remains a key concern requiring constant diplomatic attention."

Disappointment regarding India-Pakistan relations is partly a result of the misplaced and overstated expectations that commentators attach to technological capability, forgetting the naked reality—in situations like these, it is not the gun, but the man behind the gun, that matters. Pinning high hopes on nuclear weapons capability, while underestimating the role of human agency, is contradictory to the logic of deterrence theory. Deterrence only works well when decision makers behave in a rational manner. Leaders in both India and Pakistan must recognize that a continued Cold War-style military arms buildup, absent a framework for conflict resolution, threatens the stability of deterrence in South Asia.

Deterrence and human behavior. Interestingly, deterrence theory is silent on the behavior of the "irrational actor." As Admiral Arleigh Burke, the longest-serving Chief of Naval Operations in US naval history, put it in 1960, "the major deterrent [to war] is in a man's mind." And history is witness to the fact that technological transformation has had little impact on the human inner self. Despite tremendous progress in material terms, basic human instincts remain the same, and the instinct of survival continues to be a central element in shaping human lives and their surroundings. The nation-state is an extension and accumulation of individuals and their threat perceptions, creating a national survival instinct.

There are many factors that determine the behavior of an individual. These include genetics, social norms, faith, culture, and attitudes. Likewise, state behaviors in international affairs are determined by collective historical experiences, belief systems, and geographic parameters. India and Pakistan are no exception; they are the result of historical, political, and geographic forces—and the interaction of these forces with human agency.

New technologies, old thinking. Despite economic progress and technological transformations, strategic planners in both India and Pakistan still operate in a conventional manner. Their respective security strategies and rationales are heavily militarized, and relics of Cold War politics.

The rules of the game changed in 1998, and India's political leadership must understand that it can neither gain significant strategic advantage from a conventional war with Pakistan, nor does it currently possess the capability to destroy Pakistan's nuclear weapons capability. Similarly,

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Pakistan's security planners must be cognizant of the fact that they cannot overpower India by any means, conventional or nuclear.

Bernard Brodie, the famous architect of nuclear deterrence strategy, once observed that "thus far the chief purpose of our military establishment has been to win wars. From now on its chief purpose must be to avert them. It can have almost no other useful purpose." Because of deep prevailing political paranoia, however, security elites in both India and Pakistan continue to formulate dangerous nuclear strategies that are not in sync with the basic concept of deterrence. The two countries' strategic planning is gradually shifting from "war prevention" to "war fighting," and they are trying hard to undo each other.

In South Asia, nuclear technological transformation is driving the military and nuclear policies of both nations. India's hybrid warfare strategy is fueling a secessionist movement in Baluchistan (one of four provinces in Pakistan), opening a "second front" with Afghanistan through support to Tehrik-e-Taliban Pakistan (or TTP, the largest militant organization in Pakistan), and threatening to cut water supplies governed by the Indus Waters Treaty between the two nations. India's military Cold Start Doctrine, which aims to undercut a conventionally weak—but nuclear—adversary by quickly mobilizing conventional retaliatory attacks, is highly destabilizing. In fact, this approach is laying a structural foundation for a potential nuclear war.

In response to India's Cold Start doctrine, Pakistan developed the NASR short-range ballistic missile to compensate for the rapidly increasing conventional asymmetry between the two nuclear rivals. Pakistan's approach to the looming conventional threat resembles Russia's doctrine of "escalate to deescalate," which conceives of using tactical nuclear weapons in a conventional conflict to compel an adversary to halt large hostilities and respect the status quo. The other potential reason for the development of the NASR missile is the lack of margin of error for Pakistan, which does not have the large nuclear force and vast strategic depth of its nuclear adversary.

The colossal conventional arms buildup in the region, coupled with the nuclearization of the Indian Ocean and policies for the development and potential deployment of ballistic missile defense systems, has the potential to change the balance of power in the region. An unchecked nuclear arms race would have a negative effect on the fragile security environment of the Asian continent in general, and South Asia in particular, pushing the region toward a perpetual "security trilemma" in which actions taken by India to defend against China trigger insecurity in Islamabad.

In my opinion, the strategic landscape of the Asian continent drastically changed after the 2011 announcement of a US "pivot to Asia," also known as the Rebalance to Asia and the Pacific. This US policy gave rise to what I believe is more accurately described as a "security quadrilemma" than a trilemma: China's nuclear and conventional buildup to counter the increasing US military buildup in Asia and the Pacific sets off alarm bells in New Delhi, and India's countermoves against Beijing in turn aggravate Pakistan's sense of insecurity.

It appears as if the Indian nuclear establishment is under the delusion that possession of nuclear weapons and associated advanced weaponry protects India from any security challenge. That, in

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turn, gives India the confidence to pursue an aggressive stance and test the credibility of Pakistan's deterrence by committing serious ceasefire violations along the Line of Control (a temporary border, agreed to by both nations in 1972, that divides the disputed Kashmir region) and the Working Boundary (which India identifies as the international border, but which also includes the disputed Indian-occupied Kashmir territory along with India's internationally recognized land). To make matters worse, the Indian military's rhetoric of carrying out "surgical strikes" across the Line of Control—in response to the 2016 attacks by militants on the Pathankot and Uri Indian military bases—is inherently a tectonic shift away from deterrence theory.

Deteriorating conditions. In 2018, according to Pakistan's Ministry of Foreign Affairs, Indian forces have carried out more than 415 ceasefire violations along the Line of Control and the Working Boundary, resulting in the death of 20 civilians and injuries to 71 others. In retaliation, Pakistan forces have destroyed Indian military check posts, resulting in the killing of five Indian soldiers. According to India's defense minister, Pakistan has violated the ceasefire agreement along the Line of Control as many as 351 times this year.

In a study published by American disarmament expert Lewis Dunn at the end of the Cold War, Dunn named three conditions that played a critical role in stabilizing deterrence and preventing the use of nuclear weapons by the United States and the Soviet Union: political, technical, and situational conditions. Politically, according to Dunn, if a country's stakes are low, deterrence works, but if the stakes are existential in nature, deterrence cannot work. Technically, deterrence depends on how reliable and survivable nuclear command and control structures are. And thirdly, the situational conditions for deterrence depend upon the overall global power structure. During the Cold War, deterrence worked because it was bilateral, but today the world power structure is inherently multipolar and therefore more unpredictable.

Unfortunately, in the context of South Asia, these three factors are negatively affecting stability in the region. Political dialogue between India and Pakistan has been suspended since the 2008 Mumbai attacks by the Pakistani militant group Lashkar-e-Taiba, and today there is no chance of resumption of this dialogue. Regarding the technical conditions today, both countries' command and control systems are still in development and are untested. Situationally, the strategic landscape of South Asia is very complex, with multiple internal and external factors that cast deep shadows on both nations' national security strategies, pushing the deterrence stability in South Asia toward failure.

Without a credible conflict-resolution framework, and in the absence of a regional arms-control mechanism, strategic circumstances in South Asia are likely to deteriorate further and head toward complete gridlock. Deterrence stability is under tremendous pressure from increasing conventional and unconventional imbalances. The nuclear threshold is getting blurred, and war is no longer a distant threat.

In these circumstances, political and military establishments in both countries should do some soul-searching and realize that clinging to the past will darken the future. All stakeholders should ask themselves three simple questions: Do nuclear war-fighting capabilities enhance or erode deterrence? Are these military and nuclear buildups sustainable?

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## Deterrence and stability in South Asia

Herman Kahn is a renowned theorist of Deterrence. Other strategic scholars such as Andre Beaufre, Phil Williams, Kenneth Waltz, Bernard Brodie, J.M. Collins, and Thomas Schelling have also contributed to the discourse surrounding deterrence.

According to them peace and security can be promoted by adopting a deterrence strategy and what is significant about the usage of nuclear weapons is not "overkill" but "mutual kill." Deterrence has a crucial role in the maintenance of international order. Phil Williams defined it, as an attempt to frighten the adversary into inaction. The power of nuclear weapons is not to wage war but to create alternatives less catastrophic than the nuclear holocaust. Deterrence exists in mind and is a pre-war situation. The balance exists as such so war will not occur and stability will be preserved.

In the South Asian context, there are longstanding territorial disputes, cultural and religious clashes between India and Pakistan. This relation suffers from deep mistrust and long hostility. After the 1965 war, there was some fragmented thought in Pakistan about developing a nuclear capability to redress the conventional imbalance, but no serious attention was given to 'going nuclear'. It was the 1974 "peaceful nuclear explosion" by India that motivated Pakistan to undertake the creation of a nuclear deterrence. The decision to develop a nuclear capability was to respond to a looming nuclear threat from India. The nuclear program was created through a philosophy of 'beg, borrow, or steal' and propelled by the resolve to defend the nation of Pakistan from a serious external threat. While Pakistan's nuclear program was progressing through the various phases of development, no thought was given to the operational management of this new capability, nor was a nuclear doctrine considered seriously.

In the 1980's, the concept of deterrence was developed by South Asian strategic elites when they were facing the escalation in their relations under Brasstacks Crises-1986-87. This time the tools of deterrence were also used under the ambiguous nuclear policy of Pakistan to deter Indian aggression against them. Indian nuclear capability was known as they did their first nuclear device test in 1974, but Pakistan's nuclear capability was still not known. Mr. Mushahid Hussain Syed through an interview of Dr. A. Q. Khan revealed ambiguity of nuclear presence, which twisted the situation in favour of Pakistan at that time.

To restore strategic balance in South Asia Pakistan was obliged to respond to Indian blasts. Pakistan nuclear tests were taken as self-defence. By establishing mutual deterrence, they have served the interests of peace and security in South Asia. The nuclear ambiguity was swept away by the nuclearisation of India and Pakistan. Since May 1998, the South Asian strategic and security environment is completely visible in terms of nuclear threats from both sides. Subsequently serious attention was focused on the conflict-prone region. Definitely the proponents of nuclear deterrence are mindful of the catastrophic effects of nuclear weapons, if used in the Indo-Pak scenario. The leadership of both nuclear states realised the implications of going nuclear. The intellectual and scholarly exertion began with the objective of bringing stability in the perpetually unstable political-military environment of South Asia. Will nuclearisation and deterrence in South Asia contributed to peace and stability?

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The growing Indo-US ties and induction of Indian missile defence is being viewed as alarming in Pakistan that could affect Indo-Pak Strategic Stability. Islamabad is apprehensive about the label 'strategic' being attached to Washington's dialogue with New Delhi"

The Lahore Summit between the Prime Ministers of India and Pakistan in February 1999, raised new hopes of good relations but it turned to be short-lived affair due to Kargil crisis. Following the terrorist attack on the United States on September 11, 2001, the US sent troops to Afghanistan to engage the perpetrators of the attack. Pakistan supported the US fight against terrorism and the allied operations in Afghanistan. Pakistan, because of its geographic location, became central to operations in Afghanistan. Unfortunately, the negative bilateral agenda between India and Pakistan overshadowed their alliance with the US India blamed Pakistan for sponsoring a terrorist attack on its Parliament in December 2001-02, a charge Pakistan strongly denied.

The induction of nuclear weapons into the national defense structures of Pakistan and India in 1998, has brought an era of dynamics of nuclear politics. A full-scale war was only narrowly avoided in 1999 and 2001-02. To control the escalation in any war scenario, the future is always unpredictable when nuclear deterrence is serving as a final card of war strategy. Now the question arises whether the deterrence worked during the aforesaid crisis, stabilized the situation and prevents the use of nuclear weapons into the fields? Many scholars opined that the Kargil Crisis did not escalate into full-scale war because of the effectiveness of the nuclear deterrence. There is the possibility of a nuclear war between rivalries by miscalculation or by misperception. But the stability of deterrence controls the conflict escalated towards war.

On the other hand, the growing Indo-US ties and induction of Indian missile defense is being viewed as alarming in Pakistan that could affect Indo-Pak Strategic Stability. Islamabad is apprehensive about the label 'strategic' being attached to Washington's dialogue with New Delhi. Pakistan has always remained a trusted 'ally' of the US and always hoped that the latter would help Pakistan in retaining strategic relevance vis-à-vis India in the region. Pakistan is apprehensive that the US has undermined Pakistani security concerns by allowing India to be the policeman in South Asia. It is likely to generate fears in Pakistan about American abandonment. Pakistan's ties with China and Russia have proved to be enduring and if Indo-US relations move forward, Pakistan and Beijing may move even closer.

The best way to ensure peace, security and stability is to resolve the causes of conflict between nuclear arms states. The factors which could possibly challenge the deterrence stability are in need to be explored. Some measures if adhered to, would provide more chances for deterrence stability to prevail. These are risk reduction measures, strategic restraint regime and arms control measures. Decision makers in Islamabad and New Delhi should work out on a 'restraint regime' wherein nuclear weapons are used as tools of war prevention and war deterrence. Should we add more nuclear CBMs to strengthen the deterrence stability? Bilateral action by India and Pakistan must be adopted to improve the nuclear environment in South Asia.

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# 9. Indo-US Nexus and its impact on Pakistan

## U.S.-INDIA RELATIONS

Our relationship is rooted in common values, including the rule of law, respect for diversity, and democratic government. We have a shared interest in promoting global security, stability, and economic prosperity through trade, investment, and connectivity. The United States supports India's emergence as a leading global power and a key partner in our efforts to ensure that the Indo-Pacific is a region of peace, stability, and growing prosperity. On September 6, 2018, India will host Secretary Pompeo and Secretary Mattis for the inaugural 2+2 ministerial dialogue in New Delhi. This engagement will support increased diplomatic, security, and military cooperation to confront pressing global challenges, including the threat of terrorism. The strong people-to-people ties between our countries and our common values are a tremendous source of strength for our partnership.

## Bilateral Economic Relations

The United States seeks to expand trade in a relationship that is open and fair with a level playing field on both sides. Bilateral trade increased by $12 billion in 2017, to $126.1 billion, and two-way investment to $45 billion. Since October 2018, Indian petroleum companies have placed orders for near 12 million barrels of crude oil from the United States with a value of approximately $580 million. The total number of Indian students in the United States has more than doubled over the last decade, from 81,000 in 2008 to 186,000 in 2017. Last year Indian students in U.S. colleges and universities contributed $6.54 billion to the U.S. economy.

## India's Membership in International Organizations

India and the United States share membership in a variety of international organizations, including the United Nations, G-20, Association of Southeast Asian Nations (ASEAN) Regional Forum, International Monetary Fund, World Bank, and World Trade Organization. The United States supports a reformed UN Security Council that includes India as a permanent member. India is an ASEAN dialogue partner, an Organization for Economic Cooperation and Development partner under its Enhanced Engagement program, and an observer to the Organization of American States. India is also a member of the Indian Ocean Rim Association (IORA), of which the United States is a dialogue partner.

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# What's Next for India-US Relations?

The postponement of the "2+2" dialogue that would have brought together the Foreign and Defense Ministers of India and the United States has led to varying assessments and analyses. Commentaries such as the "the deepening disconnect," the "2+2 delay does not mean India-US ties are in trouble," "All is not well between Washington and New Delhi," "The bilateral limits of hype: on India-U.S. relations," "Time to analyze if US can continue to unilaterally dictate ties with India" show that the India-U.S. relationship has reached an inflection point, requiring a deeper diagnosis of the grand narratives guiding this partnership.

The India-U.S. relationship is an intriguing one in the sense that the two countries have never been adversaries, nor have they been brothers in arms. The relationship has seen its ebbs and flows, from strategic divergence during the Cold War to a new-found strategic convergence in what is now being heralded as the time of the Indo-Pacific.

In the 21st century, many epithets attributed to India's place in U.S. grand strategy and global geopolitics have emerged from Washington. India was called a rising democratic power in a dynamic Asia. India was seen as "not simply emerging" but as having "already emerged" in Asia and around the world. Defense cooperation with India was viewed as "a linchpin" in the U.S. rebalancing strategy towards Asia-Pacific. India has been designated a "Major Defense Partner" of the United States and the latest U.S. National Security Strategy (NSS) has welcomed "India's emergence as a leading global power." Add to this U.S. President Barack Obama hailing the India-U.S. relationship as having the potential to be "one of the defining partnerships of the 21st century."

Such high voltage rhetoric is often deemed necessary to lend the requisite political heft to the relationship. However, the reality of this bilateral relationship pans out amid both the drive and inertia inherent in any relationship between two large democratic countries, where the varying interests of multiple agencies negotiate their means and ends in the name of pursuing each side's national interests. Despite the undoubted rise in India's material capabilities and hence, its intention to be a power of regional and global reckoning, the relationship between India and the United States is still determined to a large extent by the power asymmetry between India and the United States.

So, what are the travails of dealing with a more powerful United States for India? The more Washington makes Delhi realize this asymmetry in their transactions, the more Delhi will face pressure at home to stand up to perceived American arm twisting. During her visit to India last month, U.S. Permanent Representative to the United Nations Nikki Haley urged India to reconsider its ties with Iran, as new sanctions on Iran are scheduled to start severely hitting customers of Iranian oil after November 4. U.S.-Iran dynamics have nosedived since the Trump administration scrapped the Obama-era Joint Comprehensive Plan of Action (JCPOA), also called the Iran nuclear deal. Earlier in May after meeting her Iranian counterpart Javad Zarif, Indian Foreign Minister Sushma Swaraj made it clear that India will abide only by U.N.-imposed sanctions and not those imposed by individual countries.

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India's decision to buy the Russian made S-400 Triumpf missile defense system despite threats of American sanctions through the Countering America's Adversaries through Sanctions Act (CAATSA) is yet another case where Washington's priorities clash, even if unintentionally, with India's interests. While this tangle might not put any substantial and long term dents into India-U.S. defense ties, it certainly highlights an operational snag that needs to be ironed out through strategic understanding before recurring problems snowball into an avoidable chasm.

How the United States perceives threats from countries like Iran and Russia might not align with India's own perceptions, creating tensions in the relationship over which New Delhi has limited control. There will be limits to what extent the United States and India can influence each other's threat perceptions. This is also the case when it comes to the Pakistan factor in India-U.S. relations. Despite Washington's claims to having de-hyphenated its relations with India and Pakistan, the United States has not been able to extricate itself from the liabilities of its complex alliance with Pakistan. More than 17 years of American presence in Afghanistan and Pakistan's centrality to efforts to bring any kind of resolution to this theater of war will constrain areas of convergence between the United States and India when it comes to dealing with terrorism emanating from Pakistan.

Balancing China's rise in the international system, and more particularly in the Indo-Pacific region, is a clear strategic convergence between India and the United States. However, India's geographic proximity to China, and India's weaker capabilities as compared to both China and the United States, limits India's traction in this case. While an elementary practice of geopolitics would see India engage with distant powers like the U.S. to balance against a proximate power like China, relations with the latter should not be determined by the former.

This is reflected in India's dilemma when it comes to managing the India-U.S.-China triangular dynamics. Any signs of U.S-China power condominium might make India uneasy, and at the same time, India might be uncomfortable being sucked into any U.S.-China confrontation. While two rounds of consultation meetings have happened among India, the United States, Japan and Australia, to firm up the Quadrilateral idea, India and China have been planning a maritime dialogue.

Indeed, geopolitics and multi-polarity can get really messy. In whose basket is New Delhi putting its eggs, or rather how is New Delhi dividing its eggs between whose baskets?

Urging democratic India to become a counterweight to communist China is an old Cold War story that dissipated in the shifting geopolitics of the U.S. rapprochement with China. The rise of China in the 21st century, however, has brought this old game of shared democratic values versus the threat of a non-democratic hegemony back from cold storage. If there is one lesson learned from Indo-U.S. relations during the Cold War, it is that the lure of shared democratic values did not go too far in terms of bringing the two countries together. Shared values can only be force multiplier to shared interests. Are India and the United States securely aligned or are the mutual expectations overhyped to the detriment of each other's interests?

Indian Prime Minister Narendra Modi speaking to the U.S. Congress in 2016 commented that the two countries had "overcome the hesitations of history." Is this really so? Doesn't history still

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echo in the corridors of Washington and Delhi; the United States is an unreliable power, and India is a reluctant partner? Is it different this time?

Any assessment that U.S. primacy in the international system and India's rise are mutually reinforcing needs a rethink for the sake of India's interests. The practice of India's strategic autonomy has always been about creating traction for the pursuit of India's national interests, and India's ability to do so will be tested in how it manages its great power relationship with the United States. So, are we witnessing the birth pangs of a more robust partnership between India and the United States? Or, is India learning on the job that the only prudent way to deal with great powers is to increase its own capabilities by any means possible? Only time will tell.

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## US-India Nexus: A Threat to Peace

Modi-led Indian government is essentially anti-Muslim and anti-Pakistan as is evident from the persecution of the Indian Muslims, reign of terror let loose by the Indian security forces against the people of Kashmiri, persistent cross-border firing along the LOC, bellicose blustering by the Indian ministers and generals and the avowed agenda of the Indian government to isolate Pakistan.

Modi is a staunch follower of the Indian leaders who opposed tooth and nail the partition of India and the creation of a separate homeland for the Muslims of the sub-continent and even today have not reconciled to this reality. Reportedly addressing budget session in the Parliament in February 2018 subjected Congress to scathing criticism for having accepted the partition of India in 1947 and also reiterated that India could have taken Kashmir if instead of Jawahar Lal Nehru, Sardar Vallabhai Patel was the prime minister at the time of partition. The adequately reflects the mindset and the deep down anti-Pakistan feelings that Modi harbors as well as provides an insight into the rationale for the policies that his government is pursuing.

India is taking advantage of the strained relations between US and Pakistan over the war on terror particularly the arm-twisting tactics employed by the Trump administration to put pressure on Pakistan and the dynamics of the new global politics. The US and its western allies are hell bent to prevent China from becoming number one economic and military power simultaneously trying to ensure that Russia does not re-emerge as a potential challenger to US status as the only super power of the world. They are trying to prop up India as a counter-balance to the burgeoning Chinese influence in the region and beyond. India logically becomes strategic partner of US and the west in view of their strategic interests in South Asia and South East Asia. In lieu of India doing their bidding in this scheme of things they are prepared to turn their backs on what was happening in Kashmir and what policies India pursued viz-a-viz Pakistan.

Peace in Afghanistan means peace in Pakistan and Pakistan would be the last country to undermine its own strategic and economic interests

The US-India nexus is a potential threat to the peace and security in this region and it would not be an exaggeration to say that India was trying to import instability in the region which ultimately would also harm her own interests, though the Indian leaders blinded by their desire to establish their hegemony in the region do not realize it at the moment. In the permeating scenario, the possibility of any amity between India and Pakistan seems almost non-existent, particularly till the time Modi government is in saddle in India.

The new strategy unfurled by President Trump to deal with the situation in Afghanistan is also a perfect recipe to aggravate instability in the region. My considered view is that US was not going to get out of Afghanistan in the foreseeable future and her strategy seems to keep the situation in a fluid state as instability in the region could help it to undermine CPEC, the biggest ever economic initiative ever unleashed at the global level. The US and India fear that the successful implementation of the OBOR and CPEC which is the pivot of the entire scheme would surely make China number one economic power in the world besides changing the economic profile of

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the participating countries especially Pakistan. Viewed from that perspective, the only way that reality can be stopped from unfolding is to foment instability in the region.

The emergence of IS in Afghanistan as ascribed to US patronage by none other than the former Afghan President Hamid Karzai cannot be dismissed lightly. US support for the Islamic State is also corroborated by independent global sources.

Reportedly the US is mulling options to put further pressure on Pakistan which might entail cutting off military assistance to Pakistan permanently. The US notwithstanding the fact that Pakistan has rendered unprecedented sacrifices in the war against terror and dismantled the entire infrastructure of the terrorist outfits and was working with unswerving commitment to weed out the remaining terrorists who are on the run or might have mingled with the Afghan refugees, is not prepared to acknowledge the effort and continues to insist that Pakistan had not done enough and terrorists based in Pakistan were still using its soil to launch attacks within Afghanistan. The argument preferred is that Pakistan was not restricting the flow of fighters and weapons across its border with Afghanistan. That surely is a very absurd suggestion. Granted that Pakistan was not doing enough or able to stem cross-border movement of the terrorists the question arises what were the US and Afghan forces doing on their side of the border to prevent it?

It is pertinent to point out that when operation Zarb-e-Azb was launched in North Waziristan, Pakistan army leadership and Pakistan government did take the US military commander and Afghan government into confidence and asked them to make sure that the terrorists running from North Waziristan did not escape to Afghanistan. But unfortunately that cooperation never materialized with the result that the Haqqanis and TTP leaders crossed over to Afghanistan. The TTP has been executing terrorist attacks within Pakistan using Afghan territory and in spite of repeated pointers and requests very little has been done to deal with the issue. The Haqqanis are Afghans and they have returned to Afghanistan after operation Zarb-e-Azb. Reportedly and also acknowledged by the US military commanders, 40pc Afghan territory is beyond the control and writ of the Afghan government and obviously the terrorists are using that area to launch terrorist attacks against their chosen targets.

Pakistan has unilaterally started fencing of the border between the two countries and a number of forts and watch-posts are also being established to monitor the cross-border movement. Pakistan shares a porous border of 2430km with Afghanistan and it is not physically possible to seal it completely. If at all that is what the US feels can prevent terrorism in Afghanistan then it becomes the combined responsibility of US and Pakistan to undertake the project. That is not being done.

The foregoing ground realities testify to the fact that the US administration was not sincere in resolving the Afghan conundrum and was instead interested more in precipitating the situation to the chagrin of the regional countries including Pakistan and of course China which probably has the biggest stake in peace and tranquility in the region to ensure realization of the OBOR vision.

Peace in Afghanistan means peace in Pakistan and Pakistan would be the last country to undermine its own strategic and economic interests by supporting the elements which were out to

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destabilize the situation in Afghanistan. The US stance about Pakistan continuing to provide sanctuaries to the terrorists is logically wrong as well.

The recent efforts to re-foster bonhomie between Pakistan and Afghanistan and the killing of Mullah Fazlullah in a drone attack in Afghanistan though are positive developments but no concrete and credible headway can be made unless US trusts and supports Pakistan in its efforts to eliminate terrorism and promoting peace in Afghanistan.

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## US India nexus and implications for Pakistan

The world is facing the perilous international security situation in the Middle East and Afghanistan. Saudi Arabia and Iran are vigorously sponsoring respective proxy conflicts in the region. Developments in the Middle East are expected to be 'revolting' after President Trump's decision to shift USA's embassy to Jerusalem.

Iran reportedly pursues its nuclear weapons program by and large as usual. The prospects for the progress of 'Middle East Peace Process' between Israel and the Palestinians are the grimmest. The basic trends in Afghanistan are negative. Russia's relations with the West are unlikely to get much better very soon if at all. Much of the developing world is reeling from world economic downturn.

This is the treacherous context in which US-India relationship in the near-term have and will develop, though India switched over from Moscow to Washington DC in 1991 exploring the avenue through Tel Aviv.

Henry Kissinger had put it much earlier in these words: 'The world faces four major problems — terrorism, the proliferation of weapons of mass destruction, the movement of the center of gravity from the Atlantic region to Asia and the impact of a globalized economy on the world order. The US and India have compatible, indeed overlapping, vital national interests in all four areas.'

India-US bilateral relations have developed into a 'global strategic partnership' based on shared democratic values and the increasing convergence of interests on bilateral, regional and global issues. President George W. Bush based his transformation of the US-India relations on the core strategic principle of democratic India as a critical factor in balancing the rise of Chinese power.

To be explicit, this was not at all based on the concept of containing China. Instead, it centered on the idea that the United States and India in the decades ahead had enormous equities in promoting responsible international policies on the part of China.

The deep US-India bilateral cooperation in that respect was in the vital national interests of both countries, i.e. USA and India. It was with this strategic paradigm in mind that the Bush Administration treated India with at least as much importance as China.

The combination of largely overlapping US-Indian vital national interests and shared democratic values may produce a bright future for strategic collaboration between New Delhi and Washington in future

Regular exchange of high-level political visits has provided sustained momentum to bilateral cooperation. The wide-ranging and ever-expanding dialogue architectures have established a long-term framework for India-US engagement.

Today, the India-US bilateral cooperation is broad-based and multi-sectoral, covering trade and investment, defense and security, education, science and technology, cyber security, high-

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technology, civil nuclear energy, space technology and applications, clean energy, environment, agriculture and health. In my view, the United States has four declared national interests in the South Asian region concerning Pakistan:

to prevent Pakistan's nuclear weapons and materials from coming into the possession of extremists; to ensure that Afghanistan does not become a sanctuary to repeat terrorist attacks against the United States and its Allies, and to avoid war between India and Pakistan.

The US government clearly has its work cut out for her described 'national interests'. The possible effect of enveloping US preoccupation with Pakistan seems on its way 'practical' thereby constraining the US-India unconditional future relationship.

This produces an understandable and growing US interest in trying to reduce tensions in the India-Pakistan relationship. Islamabad will definitely 'repeat the argument' that tensions with India and the Kashmir dispute are preventing it from moving robustly against the terrorists on the Western borders. So, India will continue encountering eventual pressure from the USA about normalizing the situation in Kashmir.

It therefore strongly makes a case for Pakistan to internationalize the 'Kashmir issue' as it is in line with the US's desire to improve the situation on Pakistan's western borders. This may sound a repeat of the old arguments, but the facts can't be simply 'brushed off'.

India emphatically considers it a mistake for Washington to treat India, mostly at the margin of US consideration of policy toward Af-Pak, as a lesser player on issues related to the future of South Asia. It is India that Pakistan claims is illegally occupying Kashmir. And it is only India that could find itself at war with Pakistan.

So, India is profoundly connected to the future of Pakistan, not on the periphery of it. Also, a segment of the US' top brass and officials opine that the United States, India and Pakistan are now together in facing 'a common threat, a common challenge, a common task', in seeking to defeat terrorists based in Pakistan and Afghanistan.

It is now commonly believed in the US that NATO cannot win in Afghanistan as long as Taliban sanctuaries exist in Pakistan. But as George Friedman assumes, 'While the US and NATO forces must rely increasingly on Pakistani supply routes to fight the war in Afghanistan, Pakistan — fearful that the United States and India will establish a long-term strategic partnership — has the incentive to keep the jihadist insurgency boiling (preferably in Afghanistan) to keep the Americans committed to an alliance with Islamabad, however complex that alliance might be'.

As Henry Kissinger remarked: 'The conventional army loses if it does not win. The guerrilla wins if he does not lose.' Perhaps with this in mind, President Trump ordered the deployment of additional troops in Afghanistan. But he has made it clear that to defeat the Taliban, America will have to embark on a long and expensive campaign in Afghanistan and solicit assistance and support from Afghanistan's neighbors specifically Pakistan.

The US Administration has recently revisited its policies in detail regarding the war in

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Afghanistan, a conflict that the United States and its allies are not winning and may be apparently losing.

Iran is another knotty issue in US-India relations and a potential source of considerable bilateral tension. For many reasons, India is unlikely to go along with Americans as related to US policy decisions about Iran.

Also, it is not clear how Washington's dominant preoccupation with economic cooperation with China will affect Indian government calculations related to the US-India bilateral relationship and regional security. But if the US treats China in a privileged fashion, this is unlikely to produce spontaneous concessions from the Indian side on other matters of importance to Washington.

It appears that India does not figure as prominently in the US calculations regarding Afghanistan imbroglio as speculated by the Indian mass media. Washington may not object to India's economic development activities in Afghanistan but is considerably sensitive to Islamabad's complaints about India's covert involvement against Pakistan.

So, the US administration will not give sufficient weight to India's views regarding Afghanistan as compared to those of Pakistan, the NATO Allies, Iran, China and Russia. The US ultimately will have to seek to limit the degree of Indian involvement in Afghanistan.

The combination of largely overlapping US-Indian vital national interests and shared democratic values may produce a bright future for strategic collaboration between New Delhi and Washington in future. But in the immediate period before us, the bilateral ties are likely to be more problematical than prophesied by the Indian cronies in the USA.

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## America- India nexus and CPEC

Trump's enunciated Pak- Afghan policy and strategy was really a disguised declaration of American hybrid war on CPEC. America is not just going to wage proxy on this gigantic project via an intensification of war on Afghanistan, as that's in and of itself insufficient for accomplishing American grand strategic objectives against CPEC. It's indeed to the American interests that it wipes out the Taliban presence along Pak- Afghan border and replaces it with Indian RAW- backed terrorist groups such as ISIS, but the trouble that this would cause for Pakistan would not be enough to influence, disrupt and ultimately capture control of CPEC. What's needed is a comprehensive strategy which applies all elements of American power including diplomatic, economic, and media ones.

America has shown its hand and indicated that it is once again reviving old and discredited trope that Pakistan is a State sponsor of terrorism and provides safe havens to Taliban. America is planning surgical anti- terrorist strikes against Pakistan, which in turn will be used to promote the narrative that the country isn't doing enough to fight terrorism.

Some of these attacks might take place along CPEC's transit routes in northern Pakistan in order to send clear message to China, though indirectly of course since reason for bombings will be that Taliban terrorists were there. From this orchestrated media military campaign America will then have manufactured plausible grounds for deploying its subsequent diplomatic economic approach to the hybrid war on CPEC by sanctioning Pakistan because of its support of Taliban.

America wants to continue diminishing international attractiveness of CPEC and if Chinese aren't scared off by American drone strikes and Indian supported terrorist attacks threat of violating American sanctions might be enough to coerce them to give up their CPEC business plans. The most efficient way for America to influence, disrupt and ultimately control CPEC is for its hybrid war machinations to craft perception key word conducting business along the route is unsafe and costly.

Intensification of war on Afghanistan and spills over of RAW supported ISIS terrorists can be expected in near future as well as this factor setting off trip wire for justifying American drone strikes against Pakistan sanctioning Islamabad. Deteriorating and worsening circumstances in Baluchistan, Khyber-Pakhtunkhwa and FATA will put CPEC in deep trouble. Gilgit Baltistan being the only entry of CPEC from China to Pakistan will remain target of America and India. Pakistan will have to deploy its pull shots in region.

What's needed to counter these plans is a strong reinforcement of Pak-Afghan border and political will of Pakistan to take down any aircraft whether manned or unmanned that violates its sovereign airspace.

Russia has developed state-of-the-art anti- drone technology that could be very useful to Pakistan Army. China could assist with radar support and other related means in detecting these units. Pakistan and China will have to have most modern sophisticated technology to effectively counter America- India nexus.

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Behind the scenes aid and advice that Pakistan's Russian and Chinese great power partners could provide it with will go a long way in protecting CPEC, and could predictably be on the agenda of Pakistani Foreign Minister's upcoming visit to Russia and China.

Pakistan needs to highlight its credible defense capacities in warding off forthcoming American and Indian threats to CPEC it would greatly strengthen its position after crafting a multilateral strategy in conjunction with its multi- polar partners.

Chinese program of its connectivity via OBOR and hold of world economic market by 2035 is making America and India uncomfortable because China doesn't want to indulge itself in any dispute by 2049. Economic stability of China and Pakistan through CPEC is direct threat to American and Indian economic and military might. Pakistan will continuously get benefit of CPEC because of Chinese economic design. CPEC has become second jugular vein of Pakistan. America believes that strong, independent and stable Pakistan will not fulfill American agenda in the region any more. Economically and politically stable Pakistan and China will mean failure of America -India nexus. Political and economic stability in Afghanistan is dire need of Pakistan, China and Afghanistan. This is what India and America don't want. For the derailment of CPEC America and India now want political instability in Pakistan and Afghanistan which ultimately will lead to terrorism.

Elections in Afghanistan and Pakistan are uncertain because America and India do not want smooth sail of democratic system in Afghanistan so in Pakistan. Pakistan and Afghanistan will once again face terrorism to terrify China. Trump's tweet against Pakistan reflects his agenda against CPEC. India is blowing trumpet. Pakistan, Russia and China are strengthening political and economic relationships. Russia after regaining its lost power of cold war time has decided to join Pakistan and China. This is the main reason of fire and fury of America and India against Pakistan and China. Central Asian States are going to be direct beneficiary of CPEC. America can overcome Afghan Taliban. Why it took 17 long years to vanish Taliban which still it could not? It means America is not here just to defeat and crush Taliban. It is here to control China and Pakistan. American mouth has been watering because of natural resources of Afghanistan, Pakistan and Central Asian States since long. America is here to hold China of penetrating Central Asian States and Afghanistan. That is why any peace keeping effort for Afghanistan by Pakistan and China is sabotaged by America and India.

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## India and America collude to disrupt the China-Pakistan economic corridor

The star project of China's Belt and Road Initiative (BRI), the China-Pakistan Economic Corridor (CPEC), is a mega endeavor consisting of numerous economic and infrastructure projects throughout Pakistan. The $62 billion CPEC's main highpoints include a 3,000-kilometer network of railways, oil and gas pipelines connecting both countries, as well as new renewable energy projects.

As soon as CPEC was publicized, a shift in regional alliances was set in motion. India has from the outset opposed the CPEC and BRI – even though China has on a myriad of occasions requested them to partake in the endeavor. Ostensibly, India claims to resist the project due to it passing through Pakistan's Kashmir and Gilgit-Baltistan areas (India asserts that these regions belong to them). However, their fervent distaste for CPEC is due to two other reasons. Firstly, CPEC's success would bolster China's position as the regional hegemon, propelling them to superpower status. Secondly, if CPEC works, Pakistan, a historic rival of India, would become a stronger and more stable regional and economic actor.

This dismays not only India but also America, which views BRI and CPEC as a threat to "its hegemony and superpower status". China's ultimate goal is to utilize Pakistan's strategically positioned deep-sea port, Gwadar, for energy security purposes. CPEC and BRI thus signal a strategic and economic advantage for Pakistan and China. It is recently, especially after Trump became president, that America replaced Pakistan with India as its primary ally in South Asia and is propping up India in an attempt to negate Chinese influence. In 2018, the White House suspended $2 billion of military aid to Pakistan, while it concurrently supported India with economic and military partnerships. Where India is now placed in the warm (yet unreliable) embrace of America, Pakistan finds itself paired with its ever-loyal iron brother, China.

To dismantle CPEC, America continues to create and support discord in Pakistan's Balochistan province which is the heart of the CPEC. In July 2016, for example, America added Jamaat-ul-Ahrar to its terror list. This was worrying for both China and Pakistan as historically whenever the White House has targeted terrorist organizations along the Afghanistan-Pakistan border, there has been an increase in terror outbreaks in Pakistan.

This trend unfortunately has recurred not only due to the American move, but also because many terrorists had fled to Balochistan due to an ongoing Pakistani military operation in the neighbouring Federally Administered Tribal Areas (FATA). Once America declared Jamaat-ul-Ahrar a terror group in July, the group's assaults in Balochistan proliferated – the group killed 135 people mostly in Quetta in August and September 2016 alone. Analyst Ian Price asserts that it is unknown whether this effort by America to harm CPEC was premeditated or not, but the outcome, however, was predictable. Many Chinese and Pakistani analysts, politicians and army officers would agree with the senior Pakistani politician, Palwasha Khan, who argued that the American-Indian nexus is striving to undermine BRI and CPEC.

Today though, Balochistan is in a much-improved position. India's active propagation and funding of Balochistan-based terror groups, such as the Baloch Liberation Army (BLA), to subvert Pakistan and CPEC is still ongoing, with the CIA and India's Research and Analysis



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Wing (RAW) jointly colluding in their Balochistan project. Pakistan's spy agency, the Inter Services Intelligence (ISI), is cognizant of such machinations and has foiled many of their terror plans according to commentators such as Brigadier Aslam Ghuman, a retired ISI official. In 2016, Nazar Baloch, the RAW-backed Baloch Liberation Front's (BLF) chief, publicly stated that he would welcome all assistance from India and promised further attacks on CPEC. RAW via its proxies has propagated numerous murders of Chinese engineers in Balochistan. These attacks on Chinese CPEC workers are deliberately orchestrated to unhinge China from Pakistan. In November 2018, for example, the Chinese consulate in Karachi was attacked by BLA. After investigation Amir Shaikh, the Additional Inspector General of Police, informed the press and public that the attack was planned in Afghanistan by BLA mastermind, Aslam, and executed with the support of RAW.

India's anti-Pakistan and jingoistic prime minister, Narendra Modi, has publicly said that Baloch people thanked him for raising the issue of humanitarian violations by Pakistan – Islamabad read his statement as clear evidence of Indian meddling in the province. Simultaneously, America to support India, raised similar apprehensions of human rights violations in Balochistan. America was quick to disparage Pakistan but was ostensibly blind to the support India and its own agencies were directing towards Balochi terrorists that have injured and killed hundreds in the country. Usman Shahid, an academic, states that due to America's record of tampering in the affairs of many nations under the pretext of human rights, Islamabad believes that America's Balochistan agenda is "far greater that just human rights violations." America was also fittingly blind to how India ran the office of Free Balochistan, an India-backed movement, in New Delhi in 2018.

After 9/11, India sought enhanced relations with Afghanistan, which borders Balochistan, and became a close friend, to the consternation of Pakistan. The primary reason stated by analysts for this was to squeeze Pakistan between a pro-India Afghanistan and an already hostile India. Furthermore, India uses Afghanistan's territory to fund and train Baloch separatists. American author Webster Tarpley confirms this, noting that RAW recruits terrorists from Afghanistan to "help them to engage in terrorism inside Pakistan."

In March 2016, Pakistan's intelligence agencies revealed the arrest of a RAW spy named Khulbashan Yadav. Yadav has confessed on video to stating that he is a RAW agent who conducted operations to destabilize Pakistan and CPEC. He informed authorities that he was stationed in the Iranian Port City, Chahbahar, under the alias "Mubarak Patel". Vis-à-vis Balochi terror groups, he revealed that the meetings he used to organize were intended "to see that the aims and the targets of RAW to conduct the various terrorist activities within Balochistan are conveyed properly" to the terrorists and any requirements that they needed were carried back to RAW officials. Vis-à-vis CPEC, he said "…CPEC region between Gwadar and China had to be distorted and disrupted" by proliferating the intensity of "insurgency within Balochistan and the Karachi region."

The America-India nexus is complicit in all these crimes against Pakistan and China. America is continually supporting India's machinations of chaos in Balochistan and other regions of Pakistan.



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The policy to segregate Pakistan and subdue CPEC has failed however, as the Pakistani military's outstanding efforts in Balochistan and FATA have normalized the security situation. The country has witnessed record lows in violence since 2014. The Pakistan Army defeated its main internal enemy, the Tehreek-e-Taliban Pakistan, in Operation Zarb-E-Azb and its armed forces have been extolled internationally as one of the premier counterterrorist and conventional forces. Terrorism has decreased to record lows, tourism and investment is increasing but most significantly, BRI and CPEC are on track. Several CPEC projects have been successfully finished while work on numerous others is ongoing.

Ainuddin Kibzai Mega Lecture

# 10. Syrian Crisis: A Theatre Of War

## Syrian Civil War

In March 2011 Syria's government, led by Pres. Bashar al-Assad, faced an unprecedented challenge to its authority when pro-democracy protests erupted throughout the country. Protesters demanded an end to the authoritarian practices of the Assad regime, in place since Assad's father, Ḥafiz al-Assad, became president in 1971. The Syrian government used violence to suppress demonstrations, making extensive use of police, military, and paramilitary forces. Opposition militias began to form in 2011, and by 2012 the conflict had expanded into a full-fledged civil war. In this special feature, Britannica provides a guide to the civil war and explores the historical context of the conflict.

### Uprising

In January 2011, Syrian Pres. Bashar al-Assad was asked in an interview with The Wall Street Journal if he expected the wave of popular protest then sweeping through the Arab world—which had already unseated authoritarian rulers in Tunisia and Egypt—to reach Syria. Assad acknowledged that there had been economic hardships for many Syrians and that progress toward political reform had been slow and halting, but he was confident that Syria would be spared because his administration's stance of resistance to the United States and Israel aligned with the beliefs of the Syrian people, whereas the leaders who had already fallen had carried out pro-Western foreign policy in defiance of their people's feelings.

The onset of anti-regime protests, coming just a few weeks after the interview, made it clear that Assad's situation had been much more precarious than he was willing to admit. In reality, a variety of long-standing political and economic problems were pushing the country toward instability. When Assad succeeded his father in 2000, he came to the presidency with a reputation as a modernizer and a reformer. The hopes that were raised by Assad's presidency went largely unfulfilled, though. In politics, a brief turn toward greater participation was quickly reversed, and Assad revived the authoritarian tactics of his late father's administration, including pervasive censorship and surveillance and brutal violence against suspected opponents of the regime. Assad also oversaw significant liberalization of Syria's state-dominated economy, but those changes mostly served to enrich a network of crony capitalists with ties to the regime. On the eve of the uprising, then, Syrian society remained highly repressive, with increasingly conspicuous inequalities in wealth and privilege.

Environmental crisis also played a role in Syria's uprising. Between 2006 and 2010, Syria experienced the worst drought in the country's modern history. Hundreds of thousands of farming families were reduced to poverty, causing a mass migration of rural people to urban shantytowns.

It was in the impoverished drought-stricken rural province of Darʿā, in southern Syria, that the first major protests occurred in March 2011. A group of children had been arrested and tortured

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by the authorities for writing anti-regime graffiti; incensed local people took to the street to demonstrate for political and economic reforms. Security forces responded harshly, conducting mass arrests and sometimes firing on demonstrators. The violence of the regime's response added visibility and momentum to the protesters' cause, and within weeks similar nonviolent protests had begun to appear in cities around the country. Videos of security forces beating and firing at protesters—captured by witnesses on mobile phones—were circulated around the country and smuggled out to foreign media outlets.

From early on, the uprising and the regime's response had a sectarian dimension. Many of the protesters belonged to the country's Sunni majority, while the ruling Assad family were members of the country's ʿAlawite minority. ʿAlawites also dominated the security forces and the irregular militias that carried out some of the worst violence against protesters and suspected opponents of the regime. Sectarian divisions were initially not as rigid as is sometimes supposed, though; the political and economic elite with ties to the regime included members of all of Syria's confessional groups—not just ʿAlawites—while many middle- and working-class ʿAlawites did not particularly benefit from belonging to the same community as the Assad family and may have shared some of the protesters' socioeconomic grievances.

As the conflict progressed, however, sectarian divisions hardened. In his public statements, Assad sought to portray the opposition as Sunni Islamic extremists in the mold of al-Qaeda and as participants in foreign conspiracies against Syria. The regime also produced propaganda stoking minorities' fears that the predominately Sunni opposition would carry out violent reprisals against non-Sunni communities.

As the protests increased in strength and size, the regime responded with heavier force. In some cases, this meant encircling cities or neighborhoods that had become hubs of protest, such as Bāniyās or Homs, with tanks, artillery, and attack helicopters and cutting off utilities and communications. In response, some groups of protesters began to take up arms against the security forces. In June, Syrian troops and tanks moved into the northern town of Jisr al-Shugūr, sending a stream of thousands of refugees fleeing into Turkey.

By the summer of 2011 Syria's regional neighbors and the global powers had both begun to split into pro- and anti-Assad camps. The United States and the European Union were increasingly critical of Assad as his crackdown continued, and U.S. Pres. Barack Obama and several European heads of state called for him to step down in August 2011. An anti-Assad bloc consisting of Qatar, Turkey, and Saudi Arabia formed in the last half of 2011. The United States, the EU, and the Arab League soon introduced sanctions targeting senior members of the Assad regime.

Meanwhile, Syria's long-standing allies Iran and Russia continued their support. An early indicator of the international divisions and rivalries that would prolong the conflict came in October 2011 when Russian and China cast the first of several vetoes blocking a UN Security Council Resolution that would have condemned Assad's crackdown.

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## What Foreign Powers Want From The Syrian War

The Syrian opposition and forces loyal to President Bashar Assad are not the only groups fighting in the conflict. Other countries have also intervened to pursue their own interests.

## Iran

**What it's done:** Tehran has been one of Assad's strongest backers, supporting loyalist forces with money, weapons and intelligence. Iran has also sent military advisers from its Islamic Revolutionary Guard Corps to Syria and directed fighters from Hezbollah, a Lebanon-based militant group backed by Iran, which is also involved in the conflict. It has also organized paramilitary militia from Syria, Afghanistan and Iraq to fight for the Assad regime. Iran has set up multiple bases in Syria, raising concern in Israel that Tehran plans to stay in Syria for the long-haul.

**Why it's there:** Iran and Syria had a mutual defense pact before the onset of the Syria civil war in 2011. Iran has sought to bolster the Assad regime in its fight against various rebel factions, many of which are backed Tehran's regional rivals such as Saudi Arabia and the Gulf States. Iran, which also backs Shiite militia in Iraq fighting the "Islamic State," views the Syrian war as a frontline against Sunni militant groups and as a means to expand its regional influence. The Assad regime allows Iranian aid to flow to Hezbollah, a major regional military power and enemy of Israel.

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## Russia

**What it's done:** Moscow came to Assad's aid in late 2015, deploying hundreds of troops and acting as the regime's air force. Russian officials say it targets terrorist organizations like "Islamic State" (IS). But Russian bombers have also struck other anti-Assad groups, turning the tide of the war in the regime's favor. As a veto-wielding UN Security Council member, Russia has also provided the Syrian regime diplomatic cover. Alongside Iran and Turkey, Moscow has sought to find a political end to the conflict parallel to UN talks in Geneva.

**Why it's there:** Moscow wants to secure its influence in the Middle East by keeping Assad in office and maintaining an important military air base in the western province of Latakia and a naval base in the port city of Tartus. Russian President Vladimir Putin also appears to want to bolster Russian prestige and influence in the Middle East at the expense of the United States, which it blames for creating instability.

## Saudi Arabia

**What it's done:** Riyadh has given money and weapons to Syrian opposition forces, including some Islamist militant groups such as the Army of Islam. It has also played a limited role in US-led international coalition against IS.

**Why it's there:** Saudi Arabia, a majority Sunni country, opposes Iran's attempts to expand its influence in the Middle East. Riyadh wants to replace Assad with a pro-Saudi, anti-Iranian leader.

## Turkey

**What it's done:** Turkey had a good relationship with Syria in the mid-2000s. Since the outbreak of the civil war, Turkey has supported non-Kurdish Syrian opposition groups seeking to topple Assad. Turkey has allowed opposition fighters, including jihadist militants, to enter the fray across the Turkish-Syrian border. In addition to fighting IS, the Turkish military and its rebel allies have conducted two operations in northern Syria against the Kurds and carved out a zone of influence.

**Why it's there:** Turkey originally sought to topple the Assad regime by backing various rebel groups. After Russia intervened in Syria in 2015, Turkey has focused more on preventing Syrian Kurds from gaining autonomy in northern Syria. Ankara fears that Kurdish gains could embolden the Kurdistan Workers' Party (PKK), which has fought a more than three-decade insurgency against Turkey. Ankara considers the US-backed Syrian Kurds as a terrorist group tied to the PKK. Some 3 million Syrian refugees are in Turkey and Ankara seeks to prevent new refugee flows and carve out safe zones in northern Syria to house refugees.

## Israel

**What it's done:** Israel has launched airstrikes against the Lebanese Shiite militia Hezbollah and Iranian targets in Syria, especially suspected weapons shipments and bases. It has also backed several smaller rebel groups and Druze along the border in the Golan Heights to create a buffer zone.

**Why it's there:** Israel wants to prevent Iran from developing a political and military presence on its northern doorstep. Israel also wants to rollback Hezbollah in Syria in order to prevent it from forming a wider northern front, alongside its main backer Iran.

Hezbollah and Israel last fought a war in 2006, but since then the group has become stronger. Israeli intelligence estimates Hezbollah has more 100,000 missiles stockpiled, including advance missiles provided by Iran, that in the event of a war with Israel would overrun its missile defense system and be able to strike cities as far as southern Israel.

## United States

**What it's done:** The US has led an international coalition fighting IS with airstrikes and special forces since 2014. It has also provided air support and weapons to opposition groups in northern Syria, including Kurdish forces opposed to Turkey, a US ally in NATO. Washington has also

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deployed about 2000 special forces to fight alongside the Syrian Democratic Forces (SDF), a mixed Kurdish and Arab force in control of about 25 percent of Syrian territory.

**Why it's there:** Washington's foremost stated goal has been the destruction of IS and other extremist groups in Syria. US policy toward Assad is less clear. Trump's predecessor, Barack Obama, said "Assad must go." Apart from its opposition to the Syrian government's use of chemical weapons, the Trump administration's position on Assad's future is more ambiguous. The US also seeks to rollback Iranian influence in Syria.

## Germany

**What it's done:** Germany has flown surveillance flights over Syrian territory to support airstrikes against IS. Berlin has also called on Russia and Iran to persuade Assad to leave office in any peace deal. Germany is a major funder of humanitarian aid to Syrian refugees.

**Why it's there:** Berlin also wants to see the defeat of IS, which has carried out terror attacks in Europe. It has also opposed the Assad regime. German officials have said there can be no lasting peace in Syria if Assad remains in power.

## France

**What it's done:** France initially sent medical supplies and weapons to opposition forces. In 2015, it began airstrikes against IS that intensified after an IS terror attack in Paris in November 2015. French special forces are deployed on the ground alongside US special forces backing the SDF. Paris has also warned Assad against using chemical weapons.

**Why it's there:** Paris wants to defeat IS after a string of IS-related terrorist attacks in France. French President Emmanuel Macron said in 2017 his country would no longer condition peace talks on a promise by Assad to leave office.

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## The Foreign Policy Background to Syria's Civil War

The riots that began in Syria in 2011 soon evolved into a revolt of local Sunni people against secular rule. With the intervention of neighbouring and Western countries, by 2012 the region had become the arena of a furtive war. Today, the number of local and foreign combatants killed in the hostilities is counted in the hundreds of thousands, while those who were forced to leave their homes number in the millions.

In addition to the "trench warfare", at least a dozen levels of combat can be identified in Syria. On the religious front, the Alawi religion is desperately seeking to survive with the help of Shiites against the global Sunnism destroying the Nusayris and Rafidis (disparaging Sunni Islamic terms for the Alawis and Shiites). Ideologically, the Arab nationalism and Arab socialism cultivated by the Assads collide with Islamic extremist Wahhabism and Salafism and international jihadism invading from the east, and with the moneyed capitalism and colonialism attacking from the West, behind which, quite a few Syrians believe, "the ears of global Jewry" can be seen. In a fierce media war, Western media giants, in collaboration with the Sunni Al Arabiya and Al Jazeera, attempt to create a fiction of "Assad murdering his own people", in response to which Syrian state media, in collaboration with the Russian RT and Western alternative publications, indiscriminately label all rebels as Islamic extremists.

Angry confrontations take place in the "war of the fatwas", in which Sunni imams proclaim everything related to the Assads as un-Islamic, to which Syria's state imams and Shiite clerics all over the world keep issuing refuting counter-fatwas. But the Syrian theatres of war are far from limited to this: according to anti-government Sunni statistics, most civilians are killed at the hand of the Syrian regime and its allies, while Assad's supporters come up with completely contrary figures; a similar war is being waged over mutual accusations of using chemical weapons and destroying hospitals and schools, to such an extent that it is impossible to consider them all in a single article.

Thus, this article seeks to look at just one perspective: the international aspect of the Syrian civil war and the question "who cooperates with whom"?

Syria's "enemies" and "friends" can be divided into four groups, each of which has clear leaders and collaborators.

### 1. Syria's Enemies in the West

A symbolic declaration of war by the "Western front" against Syria is a statement made by the US, British and French leaders in August 2011 declaring that Syria's future should be determined by its people but president Bashar al-Assad, who is opposed to people's desire for democracy, was "standing in their way".1 However, Assad—who had seen the failed attempts to export democracy to Afghanistan and Iraq—did not rush to hand over power to the Islamists. Thereupon, the Western countries, led by the US, recognised the Syrian National Coalition, based in Istanbul, as the only legitimate representative of Syria2 and began arming these Sharia ideology-based armed forces in the form of the Free Syrian Army (FSA), justifying this in the Western mass media as support for "moderate anti-regime forces".



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The US had already become an enemy of Syria as early as the 1970s, with its vigorous entry into Middle East politics through the Camp David peace accords. The low point of the relationship came with Washington's accusations that Syria had connived with Hezbollah in 1983 to organise suicide attacks that cost the lives of nearly 300 Americans and to take dozens of Westerners hostage.

But relations miraculously improved in 1990, when the US needed an ally to isolate Iraq. Meetings between Hafez al-Assad and US secretary of state James Baker and then president George H.W. Bush led to any charges of terrorism against Syria being removed, after which Western citizens held hostage by Lebanese extremists for years were magically released. Pragmatic relations between the two countries lasted about a dozen years. Syria, which was fighting local Islamic extremism, provided the US with information collected by its intelligence services on individuals connected to al-Qaeda—information which, according to the Americans, exceeded all expectations and helped prevent major terrorist acts in the Middle East and the wider world—and Syria was temporarily "forgiven" for its support of extremist Shiite groups and its cooperation with Iran.

But Syria's loud opposition to the US attack on Iraq in 2003 immediately secured it a place on the "axis of evil".

Since 2012, the US has grown to be the biggest supporter and trainer of the Syrian Islamic rebels, and also their biggest supplier of weapons, while much of the aid aimed at overthrowing Assad has ended up in the hands of Islamic extremist groups. US policy in Syria during the administration of the Islamophile Barack Obama cannot be considered anything other than the shaping of a new Taliban, the lunacy of which Donald Trump has failed to stop despite his grandiose promises.

In France, relations with Syria, its former mandate territory, have been strained since the latter's independence in 1946. The Syrians have so far been unable to forgive the French for playing large areas (the entire Hatay region and areas north of Aleppo) into the hands of Turkey, which France hoped to use to buy Turkish allegiance against the growing threat from Germany.

But France's attempt to overcome its historical burden seemed to bear fruit in the decade before the Syrian civil war: president Jacques Chirac was the only Western leader to attend the funeral of Hafez al-Assad in 2000, and even cautiously attempted to back Syria on issues related to Lebanon in 2005; moreover, during the presidency of Nicolas Sarkozy, Bashar al-Assad paid a state visit to France in 2008.

However, relations deteriorated immediately under François Hollande (2012–17) who, in the opinion of Bashar al-Assad, began to worry too much about the welfare of the Islamists revolting against the central power. Hollande became the first Western leader to recognise the Islamist rebels (in November 2012), and France demanded a direct military intervention following the Ghouta chemical attack in August 2013. The presidency of Emmanuel Macron has brought nothing new to the relationship.

Other Western nations express less anti-Syrian sentiments, recognising the government in exile



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of the rebels in Turkey, and are, rather, attempting to crush the Assad regime by covert operations, the best example being the activity of the White Helmets, an Islamic propaganda machine coordinated from the UK and funded by the Netherlands and the US, in ideologically exploiting the victims of the fighting.

Against the backdrop of Western attempts to overthrow Assad, the position of Israel, historically Syria's main foreign-policy opponent, deserves attention, as Israel is doing nothing to contribute to the fall of the Syrian regime, being well aware that a state run by Islamic extremists would be a much worse alternative.

**2. Syria's Enemies in the Islamic World**

Syria's biggest enemies in the Islamic world are currently Turkey, which is reviving its former Ottoman glory and re-Islamising itself, and the oil-rich Wahhabi states of the Arabian Peninsula. They apply all the ideological practices adopted in the West to attack Assad and to use the historical hatred of the Sunni Islam against the Alawis.

Turkey. The former Syrian province of Hatay, which was lost to its northern neighbour in the late 1930s, is still a much more painful subject in Syria than the border laid down in the Tartu Peace Treaty is for Estonia. Turkey, however, accuses its southern neighbour of inciting the Hatay Alawi separatists, as well as the Kurds and Armenians. Although attempts were made in the 2000s to establish pragmatic communication, in 2011 relations deteriorated immediately following president Erdoğan's statements about the oppression of Syrian Muslims by Bashar al-Assad's secular regime. By 2012, Turkey had become the Syrian regime's biggest enemy, with the Syrian rebel government-in-exile concentrated in Istanbul and Turkey becoming a stopover for jihadist internationalists heading to Syria. However, following the final collapse of the fiction of the FSA, Turkish interests in Syria—the "Assads' Farm"—are being promoted by both the Turkish FSA and the Turkish regular army, which may remain there to protect its interests for as long as in northern Cyprus, for example.

Saudi Arabia and other Wahhabis on the Arabian Peninsula. In religious and ideological terms, the Syrian socialist Alawi regime is a complete nightmare for the Arab Peninsula's oil-rich Wahhabis, the community of the richest but also the most xenophobic countries in the world. Although the Wahhabis used to consider Syria quite valuable because of its fierce anti-Israeli sentiment, in recent decades there has been an increasing perception of the Syrian regime as being un-Islamic.

Thus, in the wake of the Sunni riots in Syria, Saudi Arabia, Qatar and the United Arab Emirates became major supporters of Islamic rebels in 2012. However, it was soon realised that volunteers who were sent to fight in Syria would become new Bin Ladens upon their return, so after a few years their citizens were banned from going to Syria and, at least on the national level, the flow of money to the rebels was shut down, and in 2018 there was even talk of allowing Syria to return to the family of Arab and Islamic states.

Historically, Syria has a tense relationship with its neighbour Jordan, which has repeatedly backed Syrian Islamists since the 1970s and criticises the Alawi sect in power in Syria. In the



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current civil war, Jordan actively supported the rebels, but in recent years, as the tables have turned in favour of Bashar al-Assad, Jordan is trying to wash its hands of the affair by proclaiming neutrality.

**3. Syria's Friends in the Islamic World**

Syria's greatest friends in the Islamic world are the Shiites led by Iran and by Hezbollah, its extension in Lebanon. Iraq, which has been turned into a Shiite country as a result of extraordinarily sloppy fumbling by the US, is now firmly in the circle of Syria's friends. The Saudis are therefore not in vain in talking about the "Shiite axis", a major threat stretching from eastern Afghanistan all the way to the Mediterranean. Following the overthrow of the Muslim Brotherhood in 2013, Syria may also consider Egypt a friend.

Because the Shiites accept the Alawis governing in Syria as Shiites (in Syrian terms, they are "Shiite Alawis"), the ideological rationale of Iran and other countries is to protect "their own people" from the Sunnis, and especially from the Wahhabis, who they claim distort the religion; a common language has also been found in counteracting the ambitions of "Western neocolonialism".

Iran. In the early 1980s, at first glance, a strange alliance emerged in world politics between Iranian Ayatollahs, wearing turbans and practising medieval Shiite ideology, and Syrian socialists wearing jackets and ties. The reason for the friendship was geopolitical: Iraq was situated between them and was hated by both sides. The anti-imperialist stance of both Syria and Iran greatly contributed to the friendship. At first glance, the apparently insurmountable religious differences were alleviated by the fact that, between 1930 and 1970, first the French mandate government and then the Syrian authorities had the Alawis declared as Shiites by their Iranian and Iraqi Shiite scholars to be better suited for Syria. The Alawis, practising their religion for centuries in the guise of religious pretence, had nothing against this, nor was it difficult for the wholly secular Assad clan in power in Syria to claim to Iran that they were Shiites.

Syria became a bridgehead for Iran in defending the Lebanese Shiites and, through them, establishing Iranian influence in the Levant, with the ultimate goal of destroying the root of all evil "plaguing the Islamic world".

By 2011 the friendly nature of relations was demonstrated by visa-free travel between Iran and Syria, active cooperation in all areas at the national level, and a healthy flow of tourists between the Big Brother and the Little Brother.

In the wake of the Arab Spring of 2011, Iran sparked unrest in Western-minded Tunisia and Egypt, defining what was happening there as a legitimate Muslim pursuit of freedom from oppressors, but declared what was happening in Syria a foreign conspiracy.3 In 2011 Iran began supplying Syria with raw materials, money, weapons and special forces; since 2013, Iranian high clerics have been urging Shiites to protect their brothers in faith in Syria, including by paying for both Iraqi and Afghan Shiite anabases to go to war. However, this help comes at a price: Iran proclaims, with the arrogance of a Big Brother, that without the Iranians, Bashar al-Assad would



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have been overthrown long ago,4 and Syria's vigorous grassroots turning to Shiism in recent years marks Iran's new victory on the religious front after Iraq.

Iraq. Although the Arab Socialist Ba'ath Party had been in power in Iraq, just as in Syria, since the 1960s, based on power issues the two countries hated each other as passionately as Stalin's coterie waged war against the Trotskyists decades earlier or al-Qaeda competes with ISIS today. In the Syrian press, Iraq under Saddam Hussein was derogatorily called the "Tribalistic Clique of Tikrit", and Iraq reciprocated by referring to Syria as the "Assad Clan Gang".

Although Syria supported the international coalition against Iraq in 1990–1, in the UN it tried in 2003 to prevent the attack against its own enemy, Iraq, until the last minute, by warning against the inevitable concomitant rise of Islamic extremism (it subsequently accepted about two million Iraqi refugees).

Following the execution of Saddam Hussein and the Shiites taking power in Iraq, relations between the two countries immediately improved, and Iraq became one of Syria's few loyal Arab allies in the civil war. Before the rise of ISIS in 2014, numerous Iraqi Shiites fought on the side of the Syrian government, and their assistance was crucial for the survival of the Assad regime during the critical period of 2012–13; now, even an agreement on Iranian-Iraqi-Syrian military cooperation has been signed.

Another loyal ally of Syria is Hezbollah, a regional extension of Iran based in Lebanon. Its proportional losses (about 2,000 killed out of about 30,000 members) in the Syrian conflict are the largest after the Alawis (the total number of Alawis is about two million, of whom about 150,000 have now fallen in the fight against Islamic extremists). Of its old friends, Syria still has Algeria as a relic of secularism and socialism in the Islamic world.

Egypt. Syria's relations with Egypt worsened as a result of another Arab-Israel war in 1973, in which Egypt's treacherous actions led to Syria losing the Golan Heights to Israel, following which Egypt signed the Camp David peace accords with Israel in 1978—adding insult to injury. The then president of Egypt, Anwar Sadat, replaced Nasserist socialism with a pro-Western foreign policy, and replaced domestic policy with Islam, and did not hide his anger against the secular Assads by declaring in his public appearances that Syria was led by "filthy Alawis".5 Under Hosni Mubarak (president from 1982 to 2011) diplomatic relations were restored; however, they were broken once more when the Muslim Brotherhood came to power in 2012 and the Sunni clerics of Cairo again backed Syrian Islamic rebels with statements about "Islamic enemies Syrian Alawis".6 But since the overthrow of the Brotherhood by Abdel Fattah el-Sisi in 2013, Egypt has become a strong ally in Syria's fight against Islamic extremism.

**4. Syria's Friends Outside the Islamic World**

Syria's greatest friends alongside Iran can be found in the former—and current—socialist camp, headed by Russia. Syria, which since the 1960s has been cultivating "Arab socialism", became a natural ally for the Soviet Union and its main foothold in the Middle East during the Cold War. Convergence had begun in the 1950s, and after Egypt's turn to the West with the assumption of



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power by Sadat, Syria became a loyal ally of the Soviet Union/Russia, where Assad father and son were trained as fighter pilots.

In 1971, when Hafez al-Assad came to power, the Russians gained the only Mediterranean naval base in the port of Tartus, and a friendship agreement signed in 1980 (expressly guaranteeing Soviet military intervention in the event of a military offensive in Syria)7 resulted in the creation of a community of hundreds of thousands of socialist brethren in Syria and the conduct of important military training. Russian instructors and state-of-the-art weaponry were effective in suppressing the 1978–82 Sunni uprising, which can be seen as a dress rehearsal for the current Islamist revolt. Hafez al-Assad, who rushed to Brezhnev's funeral in November 1982, renewed his alliance in a private conversation with Andropov so successfully that thereafter a telegram to Moscow was all that was needed to bring in new weapons.8

After decades of slumping relations following the collapse of the Soviet Union, "brother nations" have now found each other again, and Syria has become the centre of Russia's international "return doctrine". Russia has cleared most of Syria's 15 billion-dollar outstanding debt, has been supporting Syria politically since the outbreak of the civil war and, since 2015, has defended it against Islamic extremists with its air force in the skies and numerous advisers on the ground. In return, Russia will receive Syria's full support over Georgia and Ukraine and its recognition of the independence of Abkhazia and South Ossetia. Under an agreement signed in 2017, Russia acquired the naval port of Tartus for half a century with complete extraterritoriality. Without exaggeration it could be argued that, absent Russia's help, Bashar al-Assad would have been overthrown; at best, he would have been left to rule the 1920s–30s-era Protectorate "Alawi State" along the coastal strip from Latakia to Tartus, and in the worst case scenario up to several million Alawis would have fallen victim to the sad plight of religious minorities under Sunni extremism.

Apart from Russia, China is Syria's main eastern supporter, vetoing international condemnation of the regime and concluding lucrative contracts for post-civil war reconstruction; and, of course, it has an interest in Uighurs fighting in Islamist ranks. For half a century, Syria has been able to consider as a close ally North Korea, whose specialists were to build a nuclear power plant that was destroyed by the Israeli air force in 2007. Kim Jong-un's people are said to be involved in establishing "gymnastics programmes" for the Syrian army. Thus, the Assadists have maintained good relations with nearly all their former friends from the socialist camp, starting with India, the Central Asian republics, Vietnam, Venezuela, Cuba, Myanmar and Belarus, and ending with the most diverse company—Burundi and Zimbabwe.



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# The Syrian conflict: What's behind eight years of civil war and radicalisation?

## How did the conflict start?

In March 2011, a teenager spray painted a message on a wall in the Syrian city of Daraa.

*"It's your turn doctor," it read.*

The vandal was referring to the country's president, Bashar al-Assad, a British-trained ophthalmologist, or eye doctor. It was his 'turn' to lose power in the Arab Spring in a wave of uprisings spreading across the Middle East.

In response, the Syrian government rounded up more than a dozen children - as young as 10, some say - and held and tortured them for weeks to find out who was responsible.

The act came to symbolise the repressive and often brutal rule of Assad, sparking protests from relatives, neighbours and hundreds of others in Daraa.

When Syrian security forces opened fire on crowds protesting the government's actions, events escalated quickly. The government's crackdown only led to more unrest, radicalising citizens who formed rebel groups. It also led foreign fighters who opposed to Assad to flood into the country.

That was the start of a brutal civil war which has evolved and since killed hundreds of thousands of people, caused millions more to flee, and contributed to the rise of Islamist terror groups such as IS.

## Who's fighting who?

One of the most prominent of the early groups fighting against the government was the Free Syrian Army. They were a group led by several former army officers and formed months after the initial protests.

The main opposition group at the time, representatives said they were a secular group committed to bringing democracy to Syria.

After years of war, the "army" wing of the Free Syrian Army has all but fallen apart. It is now more of a loose group of rebel militias fighting under the same banner and sharing limited resources.

Those groups aren't the only ones on the ground, there are many other rebel forces, ranging from moderate fighters to hard-line Islamists.

IS at one stage controlled most of eastern Syria, but rival campaigns by the government and the foreign-backed forces took almost all its territory.



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Baghuz, located on the Euphrates River in eastern Syria near the border with Iraq, is the last significant territory still in the hands of IS.

And US-backed forces are now conducting a ferocious assault on the area in a bid to quash them.

But IS still operates in remote territory elsewhere and it is widely assessed that it will continue to represent a potent security threat.

Syrian-Armenian refugee George Najarian is already working at a family jewellery business.

Around 30 million Kurdish people also live in the region which straddles the borders of Turkey, Iraq, Syria, Iran and Armenia.

For more than 100 years, the group has aspired to form its own state, and in the wake of the instability, Kurdish groups have been fighting to retain control of their territory.

To complicate things further, some of these forces are not only fighting against Assad, but also against each other.

Meanwhile, Assad's goal is clear: the complete recapture of all parts of Syria and the restoration of his government's rule.

Human rights groups have reported widespread atrocities committed by almost all parties, including the use of child soldiers.

**How are other countries involved?**

Because of Syria's size, location, and air and sea access routes, the country is of high strategic importance to other nations. Consequently, several foreign players have become involved in the conflict.

One of Assad's strongest allies is Russia. It turned the war in his favour by sending its air force to help him in 2015.

At its weakest point in 2015, Assad's government controlled less than a fifth of Syria. But since Russia entered the war on its side, it has reclaimed huge swathes of the country.

Assad's other main backer is Iran, along with allied militias such as Hezbollah from Lebanon. Tehran says it is fighting anti-Shi'ite Sunni militancy. But Iran's critics say it wants to cement regional power with a "land bridge" extending from Iran through Iraq and Syria to Lebanon.

Turkey’s role is as confusing as the conflict itself. It has been one of the biggest supporters of the anti-Assad rebels, but only the non-Kurdish ones. Turkey, which has a restive Kurdish population, staged incursions into Syria in 2016 and 2018 ostensibly to stop Kurdish forces gaining a foothold on the border.



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Turkey has helped the rebel groups it supports to form a local administration and police force, set up schools and hospitals and has installed branches of its own postal system and other public services.

The US helped anti-Assad rebels earlier in the war then became more focused on fighting IS. It backs the Syrian Democratic Forces alliance, whose strongest element is mainly-Kurdish militia the Kurdish YPG (or People's Protection Units). But Washington has attempted to sooth the outrage this has caused its NATO ally Turkey.

Washington also wants to contain Iran as it sees the country's growing influence across the region as a threat to its closest Middle East allies Israel and Saudi Arabia.

Following a request from then-US president Barack Obama in 2015, the Australian government joined the US and other coalition partners in bombing raids against IS in Syria.

Israel wants to stop any expansion of power for its foes Iran and Hezbollah and keep them far from its borders.

**How bad is it?**

The Syrian war has escalated beyond what anyone could have imagined when the government detained that group of children in 2011 over the graffiti.

The Syrian Observatory for Human Rights said by the end of 2018 it had recorded the deaths of 367,965 people, nearly a third of them civilians, since protests erupted in March 2011 against Assad.

The group says the war has killed 111,330 civilians, including more than 20,000 children and more than 13,000 women.

More than 124,000 pro-government fighters have died, around half of them regime troops and the rest an assortment of Syrian and foreign militiamen loyal to Assad.

According to the United Nations, the conflict has produced more than 5.6 million Syrian refugees and 6.1 million internally displaced people.

"More than 13 million people inside Syria require humanitarian assistance, including nearly six million children," UN material says.

Human rights abuses have been serious and widespread, according to rights groups.

Human Rights Watch says that armed groups have mounted deliberate and indiscriminate attacks on civilians, using child soldiers, and torturing prisoners.

Russian President Vladimir Putin, (L) and Turkish President Recep Tayyip Erdogan prepare to enter a hall for their talks in the Bocharov Ruchei residence



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Syrian government, opposition welcome deal for Idlib de-militarised zone
The government is guilty of disappearances, torture, arbitrary arrest, and allowing numerous deaths in custody, they say. It stands accused of repeatedly using chlorine, sarin gas and barrel bombs on its own civilians.

In the battle for the rebel stronghold of Aleppo, the UN raised concerns of widespread war crimes on all sides - including indiscriminate targeting, government use of chemical weapons and rebel use of human shields.

The humanitarian fallout has also had a significant impact on surrounding countries, with Lebanon now home to over one million Syrian refugees – who make up as much as 20 per cent of the country's current population.

Using its control of regions of Syria and Iraq as a base, IS spread its propaganda and violence not only within the country around the world.

The crisis has generated hundreds of thousands of official asylum applications in the European Union, while thousands more have attempted to reach Europe by land and by sea.

The EU migrant crisis has become a major challenge for the open-border political union, with migration said to be the major driver behind the Brexit vote and the rise of right-wing parties across the continent.

**How will the conflict end?**

Marking the eight years of conflict, UN Secretary-General António Guterres said "more than 11 million people inside Syria need humanitarian aid. Many face violence on a daily basis".

And UNICEF Executive Director Henrietta Fore said "today there exists an alarming misconception that the conflict in Syria is drawing quickly to a close – it is not".

"Children in parts of the country remain in as much danger as at any other time during the eight-year conflict," she said, adding that 2018 was the deadliest year yet for children since the start of the war.

"The year 2018 also saw 262 attacks against education and health facilities, also a record high."

A member of US-backed Syrian Democratic Forces (SDF), stands guard against IS forces in Syria.

And while Assad and his forces have regained a significant amount of territory, this does not mean the end of the conflict is in sight.

Lots of territory is beyond Assad's grip, including the province of Idlib, where a temporary truce came into force in September.



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## Syrian Civil War Fast Facts

**Facts:**

Bashar al-Assad has ruled Syria as president since July 2000. His father, Hafez al-Assad, ruled Syria from 1970-2000.

The ongoing violence against civilians has been condemned by the Arab League, the European Union, the United States and other countries.

As of March 2019, roughly 5.7 million Syrians have fled the country, according to the UN High Commissioner for Refugees, and more than 6.1 million people are displaced internally.

When the civil war began in 2011, there were four main factions of fighting groups throughout the country: Kurdish forces, ISIS, other opposition (such as Jaish al Fateh, an alliance between the Nusra Front and Ahrar-al-Sham) and the Assad regime. But as ISIS loses control of most of its territory, combatants are now freer to attack each other.

**Timeline:**

March 2011 - Violence flares in Daraa after a group of teens and children are arrested for writing political graffiti. Dozens of people are killed when security forces crack down on demonstrations.

March 24, 2011 - In response to continuing protests, the Syrian government announces several plans to appease citizens. State employees will receive an immediate salary increase. The government also plans to study lifting Syria's long standing emergency law and the licensing of new political parties.

March 30, 2011 - Assad addresses the nation in a 45-minute televised speech. He acknowledges that the government has not met the people's needs, but he does not offer any concrete changes. The state of emergency remains in effect.

April 21, 2011 - Assad lifts the country's 48-year-old state of emergency. He also abolishes the Higher State Security Court and issues a decree "regulating the right to peaceful protest, as one of the basic human rights guaranteed by the Syrian Constitution."

May 18, 2011 - The United States imposes sanctions against Assad and six other senior Syrian officials. The Treasury Department details the sanctions by saying, "As a result of this action, any property in the United States or in the possession or control of US persons in which the individuals listed in the Annex have an interest is blocked, and US persons are generally prohibited from engaging in transactions with them."

August 18, 2011 - The United States imposes new economic sanctions on Syria, freezing Syrian government assets in the US, barring Americans from making new investments in the country and prohibiting any US transactions relating to Syrian petroleum products, among other things.



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September 2, 2011 - The European Union bans the import of Syrian oil.

September 23, 2011 - The EU imposes additional sanctions against Syria, due to "the continuing brutal campaign" by the government against its own people.

October 2, 2011 - A new alignment of Syrian opposition groups establishes the Syrian National Council, a framework through which to end Assad's government and establish a democratic system.

October 4, 2011 - Russia and China veto a UN Security Council resolution that would call for an immediate halt to the crackdown in Syria against opponents of Assad. Nine of the 15-member council countries, including the United States, voted in favor of adopting the resolution.

November 12, 2011 - The Arab League suspends Syria's membership, effective November 16, 2011.

November 27, 2011 - Foreign ministers from 19 Arab League countries vote to impose economic sanctions against the Syrian regime for its part in a bloody crackdown on civilian demonstrators.

November 30, 2011 - Turkey announces a series of measures, including financial sanctions, against Syria.

December 19, 2011 - Syria signs an Arab League proposal aimed at ending violence between government forces and protesters.

January 28, 2012 - The Arab League suspends its mission in Syria as violence there continues.

February 2, 2012 - A UN Security Council meeting ends with no agreement on a draft resolution intended to pressure Syria to end its crackdown on anti-government demonstrators.

February 4, 2012 - A UN Security Council resolution condemning Syria is not adopted after Russia and China vote against it.

February 6, 2012 - The United States closes its embassy in Damascus and recalls its diplomats.

February 7, 2012 - The Gulf Cooperation Council announces its member states are pulling their ambassadors from Damascus and expelling the Syrian ambassadors in their countries.

February 16, 2012 - The United Nations General Assembly passes a nonbinding resolution endorsing the Arab League plan for Assad to step down. The vote was 137 in favor and 12 against, with 17 abstentions.

February 26, 2012 - Syrians vote on a constitutional referendum in polling centers across the country. Almost 90% of voters approve the changes to the constitution, which include the possibility of a multi-party system.



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March 13, 2012 - Kofi Annan, the UN special envoy to Syria, meets in Turkey with government officials and Syrian opposition members. In a visit to Syria over the weekend, he calls for a ceasefire, the release of detainees and allowing unfettered access to relief agencies to deliver much-needed aid.

March 15, 2012 - The Gulf Cooperation Council announces that the six member countries will close their Syrian embassies and calls on the international community "to stop what is going on in Syria."

March 27, 2012 - The Syrian government accepts Annan's plan to end violence. The proposal seeks to stop the violence, give access to humanitarian agencies, release detainees and start a political dialogue to address the concerns of the Syrian people.

April 1, 2012 - At a conference in Istanbul, the international group Friends of the Syrian People formally recognizes the Syrian National Council as a legitimate representative of the Syrian people.

July 30, 2012 - The Syrian Charge d'Affaires in London, Khaled al-Ayoubi, resigns, stating he is "no longer willing to represent a regime that has committed such violent and oppressive acts against its own people."

August 2, 2012 - UN Secretary General Ban Ki-moon announces that Annan will not renew his mandate when it expires at the end of August.

August 6, 2012 - Syrian Prime Minister Riyad Hijab's resignation from office and defection from Assad's regime is read on Al Jazeera by his spokesman Muhammad el-Etri. Hijab and his family are said to have left Syria overnight, arriving in Jordan. Hijab is the highest-profile official to defect.

August 9, 2012 - Syrian television reports that Assad has appointed Health Minister Wael al-Halki as the new prime minister.

October 3, 2012 - Five people are killed by Syrian shelling in the Turkish border town of Akcakale. In response, Turkey fires on Syrian targets and its parliament authorizes a resolution giving the government permission to deploy its soldiers to foreign countries.

November 11, 2012 - Israel fires warning shots toward Syria after a mortar shell hits an Israeli military post. It is the first time Israel has fired on Syria across the Golan Heights since the 1973 Yom Kippur War.

November 11, 2012 - Syrian opposition factions formally agree to unite as the National Coalition for Syrian Revolutionary and Opposition Forces.

November 13, 2012 - Sheikh Ahmed Moaz al-Khatib is elected leader of the Syrian opposition collective, the National Coalition for Syrian Revolutionary and Opposition Forces.



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January 6, 2013 - Assad announces he will not step down and that his vision of Syria's future includes a new constitution and an end to support for the opposition. The opposition refuses to work with Assad's government.

March 19, 2013 - The National Coalition for Syrian Revolutionary and Opposition Forces elects Ghassan Hitto as its prime minister. Though born in Damascus, Hitto has spent much of his life in the United States, and holds dual US and Syrian citizenship.

April 25, 2013 - US Secretary of Defense Chuck Hagel announces the United States has evidence that the chemical weapon sarin has been used in Syria on a small scale.

May 27, 2013 - EU nations end the arms embargo against the Syrian rebels.

May 27, 2013 - US Senator John McCain visits rebels in Syria. It is reported that he is the highest ranking US official to visit since the beginning of the war.

June 13, 2013 - US President Barack Obama says that Syria has crossed a "red line" with its use of chemical weapons against rebels. His administration indicates that it will be stepping up its support of the rebels, who have been calling for the United States and others to provide arms needed to battle Assad's forces.

July 6, 2013 - Ahmad Assi Jarba is elected the new leader of the Syrian National Coalition.

August 18, 2013 - A team of UN weapons inspectors arrives in Syria to begin an investigation into whether chemical weapons have been used during the civil war.

August 22, 2013 - The United Nations and the United States call for an immediate investigation of Syrian activists' claims that the Assad government used chemical weapons in an attack on civilians on August 21. Anti-regime activist groups in Syria say more than 1,300 people were killed in the attack outside Damascus, many of them women and children.

August 24, 2013 - Medical charity Doctors Without Borders announces that three hospitals near Damascus treated more than 3,000 patients suffering "neurotoxic symptoms" on August 21. Reportedly, 355 of the patients died.

August 26, 2013 - UN inspectors reach the site of a reported chemical attack in Moadamiyet al-Sham, near Damascus. En route to the site, the team's convoy is hit by sniper fire. No one is injured.

August 29, 2013 - The UK's Parliament votes against any military action in Syria.

August 30, 2013 - US Secretary of State John Kerry says that US intelligence information has found that 1,429 people were killed in last week's chemical weapons attack in Syria, including at least 426 children.



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September 9, 2013 - Syria agrees to a Russian proposal to give up control of its chemical weapons.

September 10, 2013 - In a speech, Obama says he will not "put American boots on the ground in Syria," but does not rule out other military options.

September 14, 2013 - The United States and Russia agree to a plan to eliminate chemical weapons in Syria.

September 16, 2013 - The United Nations releases a report from chemical weapons inspectors who investigated the August 21 incident. Inspectors say there is "clear and convincing evidence" that sarin was used.

September 20, 2013 - Syria releases an initial report on its chemical weapons program.

September 27, 2013 - The UN Security Council passes a resolution requiring Syria to eliminate its arsenal of chemical weapons. Assad says he will abide by the resolution.

September 30, 2013 - At the UN General Assembly in New York, Syrian Foreign Minister Walid al-Moualem says that Syria is not engaged in a civil war, but a war on terror.

October 6, 2013 - Syria begins dismantling its chemical weapons program, including the destruction of missile warheads and aerial bombs.

October 31, 2013 - The Organization for the Prohibition of Chemical Weapons announces that Syria has destroyed all its declared chemical weapons production facilities.

November 25, 2013 - The United Nations announces that starting January 22 in Geneva, Switzerland, the Syrian government and an unknown number of opposition groups will meet at a "Geneva II" conference meant to broker an end to the Syrian civil war.

December 2, 2013 - UN High Commissioner for Human Rights Navi Pillay says that a UN fact-finding team has found "massive evidence" that the highest levels of the Syrian government are responsible for war crimes.

January 20, 2014 - The Syria National Coalition announces it won't participate in the Geneva II talks unless the United Nations rescinds its surprise invitation to Iran or Iran agrees to certain conditions. The United Nations later rescinds Iran's invitation.

February 13, 2014 - The Organization for the Prohibition of Chemical Weapons tells CNN that Syria has shipped out 11% of its chemical weapons stockpile, falling far short of the February 5 deadline to have all such arms removed from the country.

February 15, 2014 - A second round of peace talks ends in Geneva, Switzerland, with little progress in ending Syria's civil war.



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February 23, 2014 - The UN Security Council unanimously passes a resolution boosting access to humanitarian aid in Syria.

June 3, 2014 - Assad is re-elected, reportedly receiving 88.7% of the vote in the country's first election since civil war broke out in 2011.

September 22-23, 2014 - The United States and allies launch airstrikes against ISIS targets in Syria, focusing on the city of Raqqa.

September 14-15, 2015 - A Pentagon spokesperson says the Russian military appears to be attempting to set up a forward operating base in western Syria, in the area around the port city of Latakia. Russian President Vladimir Putin says that Russia is supporting the Syrian government in its fight against ISIS.

October 30, 2015 - US White House spokesman Josh Earnest says that the US will be deploying "less than 50" Special Operations forces, who will be sent to Kurdish-controlled territory in northern Syria. The American troops will help local Kurdish and Arab forces fighting ISIS with logistics and are planning to bolster their efforts.

February 26, 2016 - A temporary cessation of hostilities goes into effect. The truce calls for the Syrian regime and rebels to give relief organizations access to disputed territories so they can assist civilians.

March 15, 2016 - Russia starts withdrawing its forces from Syria. A spokeswoman for Assad tells CNN that the Russian campaign is winding down after achieving its goal of helping Syrian troops take back territory claimed by terrorists.

September 15, 2016 - At least 23 people, including nine children, are killed during airstrikes in Syria, with the United States and Russia accusing each other of violating the ceasefire in effect since September 12.

September 17, 2016 - US-led coalition airstrikes near Deir Ezzor Airport intended to target ISIS instead kill 62 Syrian soldiers.

September 20, 2016 - An aid convoy and warehouse of the Syrian Arab Red Crescent are bombed; no one claims responsibility. The strike prompts the UN to halt aid operations in Syria.

September 23-25, 2016 - About 200 airstrikes hit Aleppo during the weekend, with one activist telling CNN it is a level of bombing they have not seen before.

December 13, 2016 - As government forces take control of most of Aleppo from rebel groups, Turkey and Russia broker a ceasefire for eastern Aleppo so that civilians can be evacuated. The UN Security Council holds an emergency session amid reports of mounting civilian deaths and extrajudicial killings. The ceasefire collapses less than a day after it is implemented.



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December 22, 2016 - Syria's state-run media announces government forces have taken full control of Aleppo, ending more than four years of rebel rule there.

April 4, 2017 - Dozens of civilians are reportedly killed in a suspected chemical attack in the rebel-held town of Khan Sheikhoun. The Russian Defense Ministry claims that gas was released when Syrian forces bombed a chemical munitions depot operated by terrorists. Activists, however, say that Syrians carried out a targeted chemical attack.

April 6, 2017 - The United States launches a military strike on a Syrian government airbase in response to the chemical weapon attack on civilians. On US President Donald Trump's orders, US warships launch 59 Tomahawk cruise missiles at the airbase which was home to the warplanes that carried out the chemical attacks.

July 7, 2017 - Trump and Putin reach an agreement on curbing violence in southwest Syria during their meeting at the G20 in Hamburg, Germany. The ceasefire will take effect in the de-escalation zone beginning at noon Damascus time on July 9.

October 17, 2017 - ISIS loses control of its self-declared capital, Raqqa. US-backed forces fighting in Raqqa say "major military operations" have ended, though there are still pockets of resistance in the city.

October 26, 2017 - A joint report from the United Nations and international chemical weapons inspectors finds that the Assad regime was responsible for the April 2017 sarin attack that killed more than 80 people. Syria has repeatedly denied it had anything to do with the attack and also denies it has any chemical weapons.

February 24, 2018 - The UN Security Council unanimously approves a 30-day ceasefire resolution in Syria, though it is unclear when the ceasefire is meant to start, or how it will be enforced.

February 27, 2018 - Within minutes of when a five-hour "humanitarian pause" ordered by Putin -- from 9 a.m. to 2 p.m. -- is meant to start, activists on the ground report shelling and artillery fire from pro-regime positions, killing at least one person in the rebel-held enclave of Eastern Ghouta.

March 6, 2018 - More than 1,000 children have been killed or injured this year across Syria, UNICEF regional communications chief Juliette Touma tells CNN. In all, 342 children were killed and 803 were injured in Syria in the first two months of 2018, Touma says, citing multiple sources.

April 7, 2018 - Helicopters drop barrel bombs filled with toxic gas on the last rebel-held town in Eastern Ghouta, activist groups say. The World Health Organization later says that as many as 500 people may have been affected by the attack.

April 14, 2018 - The United States, France and the United Kingdom launch airstrikes on Syria in response to the chemical weapons attack in Eastern Ghouta a week earlier.



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July 27, 2018 - A UN envoy says the UN has verified 7,000 cases of children either killed or maimed in Syria's seven-year war, but says unverified reports puts the number "way beyond 20,000."

September 17, 2018 - Russia and Turkey announce they have agreed to create a demilitarized zone in Syria's Idlib province, potentially thwarting a large-scale military operation and impending humanitarian disaster in the country's last rebel stronghold. The zone, which will be patrolled by Turkish and Russian military units, will become operational from October 15.

December 19, 2018 - US President Trump tweets, "We have defeated ISIS in Syria, my only reason for being there during the Trump Presidency." A US defense official and an administration official tell CNN that planning for the "full" and "rapid" withdrawal of US military from Syria is already underway.

March 23, 2019 - Kurdish forces announce they have captured the eastern Syrian pocket of Baghouz, the last populated area under ISIS rule.

October 9, 2019 - Turkey launches a military offensive into northeastern Syria, just days after US President Donald Trump's administration announced that US troops would leave the border area. Erdogan's "Operation Peace Spring" is an effort to drive away Kurdish forces from the border, and use the area to resettle around two million Syrian refugees.

Mega Lecture Kibzai

## Three Concepts to Understand the Future of Syria

The 8 year-long conflict has transformed deeply the Syrian society, its composition, its institutions, and even the population's self-perception. Such transformations will be reflected strongly in the post-war configuration of the country.

The first factor to be considered is the very nature of the confrontation between the Assad regime and the opposition, which, since the beginning, emerged as a zero-sum game. The goal of the regime and most armed rebels has always been the complete annihilation of the enemy, with no possibility for a negotiated process of political transition and/or cooptation. The enemies never recognized each other as legitimate actors with legitimate demands and interests. This has had crucial consequences on the evolution of the conflict and, especially from the regime's perspective, made a military solution the only acceptable scenario. The lack of any realistic prospective for a political solution caused the indefinite extension of the crisis and magnified the suffering of the Syrian population.

Furthermore, this militaristic, zero-sum-game approach is deemed to deeply affect and reverberate within the post-war order. To better understand this point, this article explores three main concepts regarding the future layout of post-war Syria: the concept of conflict downsizing (as opposed to a complete conflict resolution); the concept of "permanent-temporary" arrangements; and the concept of social fragmentation.

**Downsizing an irresolvable war**

If you cannot really solve it, manage and downsize it. This short sentence sums up the concept of "conflict management", which emerged as the main strategy Russia has applied to the conflicts in which it has been involved over its recent history. It is a concept that is directly opposed to another one, that of "conflict resolution", which has constituted the main framework used over the last decades by Western powers, often with scarce success. The two are different in both ideological approach and means utilized. While the latter is values-based – aiming to impose comprehensive resolutions on local conflict based on Western values and interests – and exploits the military and economic hegemonic position that the US and NATO have held over much of the world since the end of the Cold War, the former is non-ideological and based on a tactical, flexible approach typical of powers that do not have the means to project hegemonic dominance on the other actors involved.

The gradual fading of the American hegemonic projection in the Middle East – initiated under the Obama administration and continued under current president Donald Trump – gave Russia the chance to return to the Middle East political arena after a long absence. Syria has been the stage of Russia's comeback and since its direct military intervention in 2015 Moscow has held the upper hand in the diplomatic efforts to end the crisis. This gave the Russian government the chance to test its own brand of conflict management which affected the late developments of the war and is deemed to shape greatly the post-conflict configuration of the country. For instance, the inherent lack of strategic vision characterizing its approach means that the end of the war is going to emerge out of a chain of tactical decisions influenced more by contingent interests and forces than by any long-term design, aside from the Assad regime's preservation. Moreover,



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such an approach is not well suited to address any of the root causes of the conflict – namely Assad's prewar disastrous socioeconomic management and the growing calls for political cooptation from vast parts of the society, especially in the rural areas. During the conflict, this has led to the use of over-simplified narratives – depicting all rebels and their supporters as foreign-backed terrorists.

However, the issues that the military solution adopted by the regime and its allies could not solve are going to resurface once Assad's victory consolidates. In the areas once occupied by the opposition – and in many regime-held territories – social tensions today are kept under the iron fist of the regime's security forces but they are likely to resurface in the medium term if a new crisis leads once again the regime's security apparatus to loosen its grip on the local society. For this reason, it is not proper to talk about the "end" of the conflict; it is more correct to talk about a long-term status of low-intensity conflict, emerging as the result of a process of conflict management. Under such a status, tensions and grievances are kept under control through security and military means until such means weakens or another game-changer event – similar to the 2011 wave of regional uprisings – occurs, possibly leading to a new "contagion effect".

*The "permanent-temporary" arrangement with Turkey and the "Cypriotization" of Syria's North*

The need of the regime and its allies to strike temporary deals with domestic and regional actors in order to manage the various phases of the conflict led to a limited partition of the country, which will not likely be reunified in the foreseeable future. In particular, Moscow – on behalf of Damascus and Teheran – negotiated deals with Turkey, which over the last three years emerged as the main sponsor of the Syrian armed opposition. In recent years Ankara's policies have been focused on limiting the Kurdish YPG's control over northern Syria more than on Assad's demise. Deals brokered by Ankara and Moscow gave Turkey the green light to launch military operations into the Syrian territory. In 2017 and 2018 such operations resulted in the occupation of large areas in the northern Aleppo province and in the Afrin province.

Ankara and Moscow also reached a deal on the Idlib region – the last bastion of the armed opposition – which was put under Turkish custody in exchange for Erdogan's (so far unkept) promise to get rid of the jihadi groups active in the area. Although the Turkish presence in these territories – direct or exerted through Ankara's Syrian proxies – was meant to be temporary, Turkey has shown in multiple ways its will to maintain its control over these lands in the long term. For instance, the administration of these areas has been directly connected to the administration of Turkey's bordering provinces, and Turkish domestic institutions provide all basic services; education curricula are taught in both Arabic and Turkish while Turkish universities are opening local branches.

Ankara invited Turkish entrepreneurs to invest in these areas – including by creating special industrial parks – and local militias are trained by Turkish forces and transformed into a local security force directly dependent on the Turkish authorities. By so doing, the Turkish government aims to pursue three interests: first, to avoid the establishment of an independent – or autonomous – Kurdish authority led by the PYD (which Turkey considers the Syrian branch of the PKK) along its border; second, to obtain swathes of territories along its borders where



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Ankara can relocate at least part of the over 3.5 million Syrian refugees currently hosted in Turkey; third, to fulfil, at least in part, its commitments to the Syrian opposition groups that Ankara has sponsored and, in general, to exert influence over Syria's future domestic affairs. Especially the second and third of these goals would not have been possible to fulfil unless a large share of Syrian society were ready to support the presence of an occupying force in order to obtain a safe-heaven within its own country.

International observers recognized in these policies something rather similar to what occurred in Northern Cyprus after the 1975 Turkish invasion of the island's North. According to this perspective, Ankara is aiming to create a separate mini-state controlled by its Syrian proxies similar to the Republic of Northern Cyprus. Ankara's official position is that Turkey will withdraw from Syria only when a comprehensive political solution between regime and opposition is reached. This is an official position that, as in Cyprus's case, is aimed at justifying both Ankara's open-ended presence in the area and its claim that Turkey does not want to annex these territories but defend the interests of the Syrian opposition until a (improbable) peace deal is signed.

**A smaller, more loyal society**

Cost estimations for Syria reconstruction range from $200 to $400 billion. The Syrian regime and its allies cannot provide such huge amounts of funds without support from financially well-endowed international powers such as the Western countries, China, and the Gulf monarchies. However, until now only a few Gulf monarchies – especially the UAE – have expressed interest in providing financial support. Western powers have repeatedly refused to take part in the reconstruction without a serious political process of power transition. For its part, China, despite diplomatically supporting the regime throughout the entire crisis, has not shown strong interest in playing a central role in rebuilding the country. According to some observers, this is due to the Chinese leadership's skepticism of the regime's capability to guarantee long-term stability. Furthermore, all potential donors are wary of the ongoing presence of US and European sanctions, which are likely to remain in place for the foreseeable future.

In the regime camp, Russia has been the most proactive actor attempting to find sources of financial support. In particular, Moscow has been actively courting European and Western leaders using the argument that a successful reconstruction would cause most refugees in Europe to return to their country. Russians have pressured the regime (explicitly or behind closed doors) to adopt policies conciliatory to some European requests, especially regarding refugee returns. However, Damascus has only rarely complied. A law aimed at promoting reconstruction projects – a law which most analysts consider a tool to expropriate Syrians who fled abroad – has been amended after months of discreet Russian pressure but without radically altering its main contents and the effects of its provisions. Moreover, after multiple requests from international organizations the regime agreed to introduce an amnesty for military deserters – most of whom fled abroad during the conflict.

However, the amnesty only exempts deserters from being arrested upon return; it still compels them to join the army, a condition that would deprive many refugee families of their main breadwinners if they return. Finally, while, on the one hand, Damascus has accused foreign



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countries (especially European ones) of forbidding Syrian refugees to leave and come back to Syria, on the other hand many of those who returned have disappeared at the hands of the security forces. Even when coordinated procedures for returns have been bilaterally ratified with foreign governments – such as Lebanon – the regime introduced long and complicated security vetting processes that produced only a few thousands returns.

This line of policy is hard to understand if by "reconstruction" one means to define the process aimed at returning the country to its pre-war status. If this were the goal, then one would expect Damascus to introduce measures to encourage returns and to comply with the requests of potential donors. But what emerges from the regime's actions and declarations is a different idea of post-war reconstruction. To better understand the regime's strategy, it may be more useful not to look at the reconstruction according to that word's literal meaning. Instead, one should understand the regime's post-war strategy as being aimed at completing a process that has been transforming the Syrian society throughout the entire 8-year-long conflict. Forced migration from previously rebel-held areas and the relocation abroad of most opposition members, supporters, and sympathizers has downsized the Syrian population and "won it a more homogeneous society", in the words of president Assad himself.

Thus, the reconstruction needn't be so expansive and so extensive if it is meant only for a smaller population and if the spoils of victory are meant to favor those who demonstrated their loyalty to the regime while marginalizing the rest. Loyalty – more than sectarian identity – is the key to understanding the main factor underlying this process: while most rebels and opposition supporters happen to be Sunni, a significant share of the Sunni population – especially in urban areas – remained loyal to the regime and is expected to be rewarded along with other social groups that supported Damascus all along. Thus, loyalty to Assad is the main criterion that will determine the post-war Syrian identity from the regime's perspective.

**Conclusion**

For over two years, some observers have been repeating that the Syrian conflict was close to its end and that the next chapter for Syria was going to be a massive process of reconstruction. However, the conflict is still ongoing, albeit transforming in both size and means. This article has provided three concepts to better understand the next evolutions of the Syrian war and the country's reconstruction: the concept of "conflict downsizing", the concept of "permanent-temporary" agreements, and the description of the social and identitarian transformation that has been occurring over the war years and which is meant to determine the main features of future Syria.



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## The Syrian Civil War Might Be Ending, but the Crisis Will Live On

The Syrian civil war that has decimated the country for eight years now, provoking a regional humanitarian crisis and drawing in actors ranging from the United States to Russia, appears to be drawing inexorably to a conclusion. President Bashar al-Assad, with the backing of Iran and Russia, seems to have emerged militarily victorious from the conflict, which began after his government violently repressed civilian protests in 2011. The armed insurgency that followed soon morphed into a regional and global proxy war that, at the height of the fighting, saw radical Islamist groups seize control over vast swathes of the country, only to lose it in the face of sustained counteroffensives by pro-government forces as well as a U.S.-led coalition of Western militaries.

Assad now faces the challenge of rebuilding the country, including areas where he allegedly deployed chemical weapons against his own citizens. The question of who will foot the bill is still an open one. U.S. President Donald Trump's administration has been eager to distance itself from the situation in Syria, and Assad's allies in Moscow are unlikely to take on the costs of reconstruction, which the United Nations has estimated at $250 billion.

Meanwhile, the fighting is not yet fully over, with the northwestern Idlib region remaining as the primary flashpoint. It is the last major area outside of government control, and the lives of millions of civilians remain at risk as clashes heat up between Russian-backed government forces and the Islamist militias that control the region under the tacit protection of Turkish forces deployed there.

An all-out offensive would add to the war's already staggering humanitarian cost. The estimated death toll is 400,000 people, but it could actually be much higher. And at various points in the conflict, more than half of the country's population was displaced. The United Nations Refugee Agency estimates that 5.6 million people have fled the country since the fighting started, putting a significant strain on neighboring countries as well as Europe. Even as the conflict winds down, it is unclear when or if they will be able to return.

WPR has covered the Syrian civil war in detail and continues to examine key questions about what will happen next. Will Russia and Turkey prevent the crisis in Idlib from deepening? Can Russia force the Assad regime to make key institutional reforms to satisfy Western nations' conditions for helping to fund Syria's reconstruction? What role will Iran and the militias it supports continue to play in the country? Below are some of the highlights of WPR's coverage.

AinuddinKibzai MegaLecture

## Syria: Looking Beyond the Kurdish Crisis to Long Term Instability and a Near Certain Future of Civil Violence

There is a natural tendency for governments, news media, and analysts to focus on today's crisis and the most familiar threat. In the case of Syria, the crisis is Turkey's invasion of the Kurdish enclave, and the most familiar threat is the potential resurgence of ISIS – a resurgence that is already taking place to some extent in Iraq.

Like coverage of the war in Afghanistan, the riots in Iraq, and the civil wars in Libya and Yemen, the time horizon for such coverage extends for hours to a period approaching a year. There is little coverage of the longer-term prospects for instability, extremism and terrorism, and civil conflict. And, when such coverage does take place, it generally focuses on some tangible and possibly superficial outcome, such as a ceasefire or peace negotiation that may or may not achieve even a temporary end to the fighting and improved level of stability.

The grim reality, however, is that Syria is all too typical of what can only be called "failed state wars." Tragic as the legacy of the current fighting may be for the Kurds, there is virtually no chance that Syria will emerge as a peaceful or stable state over the coming years, or that it will not be a source of tension and conflict in the region.

Like almost every other country in the Arab world – and Afghanistan and several other countries in Central and South Asia – the World Bank and Transparency International estimate that it suffers from an appalling level of bad governance and corruption. Population pressure, including a "youth bulge," interacts with failed economic development and serious ethnic and sectarian divisions. Efforts at reform have largely failed, fighting and violent unrest continue, and no progress has been made in reducing the causes of extremism and terrorism.

Assad may be able to create a new authoritarian regime if he can absorb and suppress Syria's Kurds, limit the resurgence of ISIS in Syria, defeat the last major enclave of Sunni rebels in Idlib, and reach some stable agreement with Turkey – none of which is as yet certain. Even if he is successful in all four cases, however, this will only buy time unless he can make radical and nearly impossible changes in the very character of his regime. To do so would risk losing the support of Russia and Iran, which Assad still desperately relies on. The far more likely case is a repetition of events in Algeria and Iraq – where repression, state terrorism and suppression of opposition could cap or limit change for years, but only at the cost of making the upheavals far worse and more violent when they came.

### Assad as the World's Worst Terrorist

One clear example of the future causes of instability and violence in Syria is the real answer to the question of whether the Kurds or ISIS have been the worst terrorist movement in the Middle East is certainly not the Kurds, but it also is not ISIS. The real answer is that it is the state terrorism perpetrated by Assad.

The START database used in the Statistical Annex to the U.S. State Department annual Country Reports on Terrorism estimates that ISIS terrorist attacks killed more than 33,300 in some 4,900



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attacks worldwide – less ISIS/ISIL affiliates – between 2005 and 2015. The State Department annexes estimate that ISIS killed 9,180 in 2016, and 4,340 in 2017, and a recent START update estimates that ISIS/ISIL killed 2,221 in 2018.

This adds up to some 48,741 dead from ISIS/ISIL terrorism worldwide, although it does not include U.S., Iraqi, SDF, or other casualties in the counterterrorism and military forces fighting ISIL. If one attempts to estimate the number of both civilians and anti-terrorism forces that ISIL/ISIS killed in Syria alone, there is no reliable source, but it seems unlikely that the total number of dead exceeded 100,000, and that estimate may be high.

In contrast, if one looks at estimates of the casualties in the Syrian civil war from March 15, 2011 to the end of 2018, casualty estimates vary from 371,222 to 570,000. The Syrian Centre for Policy Research estimates 470,000 killed up to 11 February, 2016. The United Nations and Arab League Envoy to Syria estimated 400,000 casualties on 23 April, 2016. Lastly the Syrian Observatory estimated 271,222-570,000 casualties up to 15 March 2019.

The Assad forces have dominated this fighting, and does so through the systematic use of state terrorism – including the use of poison gas, systematic bombing and artillery strikes of civilians, and through ground-force military attacks. Even if one ignores the execution and "disappearance" of massive numbers of civilians, it seems reasonable to assume that the Assad regime has killed more than twice as many civilians through state terrorism during the Syria civil war between 2011 and 2018 as ISIS/ISIL killed worldwide between 2005 and 2018.

**The Legacy Effect, and Anger and Hatred Against the Regime**

It is important to note that the Syrian civil war is not over, that there is no way to determine how the Turkish invasion or the fighting in Idlib will end, and how that ongoing wave of repression, disappearances, and deaths will end. What is clear is that a return to the Assad regime's authoritarian style of governance across Syria is domestically unsustainable. The living will still have to pay a heavy price for the Syrian civil war, and the end result is almost certain to be lasting unrest, the rebirth of extremism and terrorism, and eventually a massive new coup or civil war.

It is all too clear, however, that the number of refugees, IDPs, and people at risk will have far more impact on the quality of conflict resolution and post-conflict stability than the number of dead, as will the number of sick, permanently injured. High as the casualty rates are in cases like Syria, the dead are the dead.

The UN Office for the Coordination of Humanitarian Affairs (UNOCHA) still estimated in July 2019 that nearly 11.7 million out of some 18 million Syrians still in Syria required humanitarian and protection assistance. UNOCHA also estimated that there were still 5.6 million refugees outside of Syria, and 5.9 million internally displaced.

Some 2.1 million Syria children were reported to have dropped out of school, and another 1.3 million were at risk of dropping out. In addition to losing education, jobs, farms, and businesses – as well as any capital to use for investment — 22 percent of Syria's 1,811 health centers were



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partially functioning, and 32 percent were out of service (https://unocha.exposure.co/syria-a-crisis- in-its-9th-year-in-9-figures).

There is no way to know how many of the Syrian refugees fled because of opposition to the Assad regime or how many will return. There is no way to know how many of the IDPs and Syrians that have stayed in the country now quietly oppose the regime. What is clear, however, is that the vast majority of Syrians have no reason to support a de facto dictatorship led by an Alawite, that Syria's Kurds have very historical reasons to fear repression and discrimination by the Assad regime, and that a CIA estimate of the ethnic and sectarian splits in Syria indicates that some new levels of violence, extremism, and opposition to the regime are probable to the point of near certainty.

**The CIA estimates the following level of major divisions in Syria's population:**

Ethnic groups: Arab ~50%, Alawite ~15%, Kurd ~10%, Levantine ~10%, other ~15% (includes Druze, Ismaili, Imami, Nusairi, Assyrian, Turkoman, Armenian) Languages are Arabic (official), Kurdish, Armenian, Aramaic, Circassian, French, English

Religions: Muslim 87% (official; includes Sunni 74% and Alawi, Ismaili, and Shia 13%), Christian 10% (includes Orthodox, Uniate, and Nestorian), Druze 3%, Jewish (few remaining in Damascus and Aleppo). The Christian population may be considerably smaller as a result of Christians fleeing the country during the ongoing civil war.
The civil war that began in 2012 led to serious tensions between Alawite, Shi'ite, Sunnis, and smaller religious minorities, separated Syria's Kurds from the rest of the Assad-controlled regions in the country, and created large Sunni extremist elements as well as one of the most violently repressive regimes in the world. The war has also created a series of economic crises in each city, major direct and disguised unemployment, critical dependence on outside aid, and the need to create new patterns of economic development – none of which the government has shown the capability to cope with in any given urban area as of late 2019.

**Failed Governance and Corruption**

Syria also lacks anything approaching a level of effective and honest government needed to reconstruct Syria. Figure One shows the World Bank estimates of all of its rankings of governance for Syria for the period between 1996 and 2018 – showing both the country's percentile rank in blue and the margin of uncertainty or possible error in gray. The early years reflect a relatively successful, if ruthless, legacy of authoritarianism and forced stability that allow some economic development – although it provided limited benefits for much of the population.

The political upheavals that took place in 2011 created the bloodiest civil war in the region. It created an Assad regime-led coalition with Iran, the Hezbollah and then Russia that fought a fragmented and Sunni Arab-dominated coalition in Western and Central Iraq. It also created an ISIS "caliphate" that came to dominate northeastern Syria and Western Iraq until it was defeated by a Kurdish and Arab coalition supported by the U.S. and its allies.



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Today, the Assad coalition has largely dominated in most of Syria through some of the worst examples of attacks on civilians, repression, and state terrorism in the recent history of the developing world. There also, however, is now a Kurdish-Arab protostate in part of the East, and still some elements of an increasingly Sunni extremist enclave around Idlib.

The current quality of governance ratings reflects these deep divisions, and Transparency International rated Syria 178th out of 180 countries in 2018, making it the 2nd most corrupt country in the world. At present, there is no way to estimate when or if the fighting will end and Syria will reemerge as a unified state – much less more towards some path of stable development.

**A Crippled Economy**

Syria also faces massive economic challenges without any clear source of massive international economic aid, or any credibility in using such aid effectively. The CIA World Factbook analysis in the October 2019 edition of the World Factbook is now somewhat dated, but notes that,

Syria's economy has deeply deteriorated amid the ongoing conflict that began in 2011, declining by more than 70% from 2010 to 2017. The government has struggled to fully address the effects of international sanctions, widespread infrastructure damage, diminished domestic consumption and production, reduced subsidies, and high inflation, which have caused dwindling foreign exchange reserves, rising budget and trade deficits, a decreasing value of the Syrian pound, and falling household purchasing power. In 2017, some economic indicators began to stabilize, including the exchange rate and inflation, but economic activity remains depressed and GDP almost certainly fell.

A more recent September 2019 study by Zaki Mehchy for the RIAA at Chatham House (The Syrian Pound Signals Economic Deterioration) notes that Syrian currency is about thirteen times less valuable than before conflict, and fell by 20% between January and September 2019 alone, and that it is likely that, "the devaluation reflects a structural deterioration of the Syrian economy." Mehchy estimates that,

"The total value of Syrian exports contracted from $12.2 billion in 2010 to less than $700 million in 2018, whereas imports declined from $19.7 billion to $4.4 billion during the same period. Thus, the coverage ratio of exports to imports dropped from 62% to 16% in this period, indicating that the government has become very dependent on external trade partners. Almost all import payments are made in foreign currencies, which increases the devaluation pressure on the Syrian pound…

"…Between 2005 and 2010, Syria received an annual average of $1.5 billion as foreign direct investment (FDI); this amount has dropped almost to zero during the years of conflict. Russia and Iran have continued to invest in Syria, mainly in the mining sector, but the conditions of these investments have limited the inflows of foreign currency to Syria. FDI inflows were a major source of hard currency; their absence is an additional driver of currency depreciation."

"The Syrian pound's depreciation and its high fluctuations reflect the fragile political and



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economic situation in the country. The government's improvised decisions have failed to stabilize it, causing a rise in the prices of basic goods. This has left more than 90% of Syria's population under the poverty line . Long-term stability in exchange rates requires an inclusive and sustainable development strategy, one that would need to be based on an accountable and transparent political landscape. That seems a long way off."

Estimates of Syria's per capita income further highlight its problems. The World Bank estimates of per capita income based upon GNI Per Capita, using Atlas Method (Current International $US) are probably the most relevant estimates of real-world capability. In Syria's case, they date back to 2007 – which is probably higher than today's ratings – but they only total $1,820 per capita. This compares with $2,820 for Egypt, $4,060 for Algeria, $5,030 for Iraq, and $3,500 for Tunisia. Only Yemen, at $960 has a lower total in the MENA region.

The Syrian government – like many other conflict state governments – also has a terrible rating in terms of creating new businesses and these ratings warn that optimistic projections about future economic growth from better development of the private sector have proved to be wrong in each of the "failed" conflict states for all too many years. The World Bank "ease of doing business" rankings show that Syria only ranks 179th out of the 190 countries rated. (Afghanistan only ranks 167th, Iraq is even lower at 171st, Libya's 186th, and Yemen is 187th.

**Population Pressure, Urbanization, and the "Youth Bulge"**

These economic ratings show that Syria would be under intense pressure even if it had never been caught up in civil war, and had anything approaching an honest and effective government. Both the UN and U.S. Census Bureau estimates show a massive population increase since 1950 and a relatively small decrease for this decade in spite of the number of refugees caused by the war.

The U.S. Census Bureau also estimates that this population will be very young and that the number of young men and women looking for jobs each year will have doubled since 1980. The CIA estimates the median age at a very young 24.5 years, and the dependency ratio of children and older Syrians on wage earners at 72.8% in 2015. This would be an extraordinary strain on even a well-managed and well-governed economy.

The CIA estimates of employment add a further warning. They date back to 2017, but they put the unemployment level at 50%, which ranks Syria 217th out of a total of 218 countries ranked, and gives it the second highest level of unemployment in the world.

Syria already has become a highly urbanized, market-driven economy, although the civil war has led to at least a temporary cut in the total urban population. The CIA estimates that 51.8% of its population of 19.4 million were urbanized in 2019, although the remaining levels of civil war have cut the rate of growth to 1.43%. Syria's urban population was concentrated in the West and the capital in Damascus had some 2.32 million, Aleppo had 1.754 million, Homs or Hims had 1.295 million, and Hamah had 894,000 in 2018.

A future stabilized Syria also cannot be the kind of economy Syria had before its civil war



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started in 2011. The political upheavals that turned into a civil war came largely because of economic failures in meeting popular needs and demands, and Figure Two shows that Syria already is a highly urbanized economy. Estimates that talk about "recovery," rather than massive restructuring and modernization, are little more than analytic rubbish.

**Looking for Real Solutions**

If Syria is ever to emerge out from its "failed state" status, it will require stabilization in terms of security for its people and serious reforms of the civil sector and the economy. However, those fundamental changes are unlikely to be made as long as the Assad regime remains in control. Regrettably, two possible outcomes are the most likely. Either the current violence does not end any time soon, or the regime will regain its control over all of Syria, and will continue to rely on repression until violence breaks out once more or Assad hands over power to another.

One does have to get through the present to reach the future, but these data on Syria apply just as much to virtually every "conflict" or "failed" state where the U.S. is now fighting. These data for Afghanistan, Iraq, Libya, and Yemen are laid out in detail in a separate analysis: Afghanistan, Iraq, Libya, and Yemen: The Long-Term Challenges and Host Country Threats from "Failed State Wars " https://www.csis.org/analysis/afghanistan-iraq-syria-libya-and-yemen.

In each case, these data warn that focusing on ISIS to the exclusion of the broader forces shaping extremism, terrorism, and civil conflict is absurdly short-sighted and stupid. The U.S. may not like involvement in an unstable world, but real as the victories against ISIS have been, they will not be cemented unless they are accompanied by an equal effort to combat the issues on the civil side that began the conflict in the first place. The United States faces at least a decade of similar challenges, and trying to withdraw from an unstable world is a self-destructive exercise in futility.

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# 11. Pakistan-China Strategic Interdependence

## Pakistan-China Strategic Interdependence: Post-9/11 Imperatives

Pakistan-China relationship is a success story with a great deal of potential to meet the imperatives of the changing global and regional geo-strategic and geo-economic scenarios. The promising cooperation between the two countries is often described, by both the countries, as 'all-weather friendship' and 'all-round cooperation.' The development of Pakistan-China relations reflects a smooth upward trajectory. Based on mutual interests, Pakistan-China relations have their own dynamics and are poised to continue to grow. Both countries are strategically important for each other.

### Development of Pakistan-China Strategic Relations

Pakistan-China's strategic cooperation is an ever-lasting relationship in the region. This cooperation is continuously progressing and getting stronger especially in an era that is witnessing several changes at the regional and international levels. In order to gain a better understanding of the process of bilateral development, it would be useful to briefly discuss the factors behind the consolidation of Pakistan-China strategic relations in the Cold War, post-Cold War and the post-9/11 phases.

### Cold War Phase

Based on common interests, the 1962 Sino-Indian war became an opportunity for developing relations. In the next phase of their relationship (1963 to 1988), both countries consolidated their relations and attained the status of good friends and good partners. Realizing each other's importance to neutralize the Indian threat, Pakistan and China became strategic partners. This geo-strategic environment facilitated them in negotiating an agreement on the demarcation of their common border, which they signed in March 1963. The agreement was a win-win situation for both countries. To avoid any fallout of this agreement on Jammu and Kashmir, Pakistan and China agreed that after the resolution of the dispute, both countries would renegotiate the boundary agreement. India did not recognize the agreement.

In addition to the border agreement, both the countries also signed two other important agreements ─ air service agreement and trade agreement. Pakistan played a critical role in ending the isolation of China by signing the air service agreement in August 1963 that enabled Pakistan International Airlines (PIA), in 1964, to facilitate travel of the Chinese leaders to Europe and Africa via Karachi. It also provided a link to China with other Muslim countries.6 Under this agreement, Pakistani planes were allowed to land in Canton and Shanghai. In reciprocity, Pakistan allowed the Chinese jets to use the Dhaka airport. The US was not pleased over such development. According to the US State Department, this agreement was "an unfortunate breach

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of the free world solidarity and subsequently resulted in postponement of the grant of a loan of US$4.3 million for improvement of the Dhaka airport."

In February 1964, the Chinese Prime Minister, Chou Enlai, visited Pakistan. Pakistan reciprocated with the visit of President General Ayub Khan to China in December 1964. Pakistan also played a pivotal role in normalization Sino-US relations in the early 1970s, which included secret interactions between the two sides, especially the visit of the then US Secretary of State, Henry Kissinger, to China in July 1971, followed by President Richard Nixon's visit to China in 1972.

The normalization of Sino-US relations was not taken well in India and in the former Soviet Union. The US-Pakistan-China strategic triangle prompted India to sign a treaty of peace, friendship and cooperation with the Soviet Union on August 9, 1971. The treaty was signed by Soviet Minister of Foreign Affairs, Andrei Andreyevich Gromyko, and Minister of External Affairs of India, Swaran Singh. It was termed as a security treaty, because the Article IX of the treaty stipulated that in "the event of either party being subject to an attack or threat thereof, the high contracting parties shall immediately enter into mutual consultations in order to remove such threat and to take appropriate effective measures to ensure peace and security of their countries."

China supported Pakistan against India in the critical times during and after the 1965 and 1971 wars by providing military and economic assistance. In 1974, the Indian nuclear weapon test gave further impetus to Pakistan-China defense cooperation. With the cooperation of China, the construction of the Karakoram Highway (KKH) was stated in 1959 and it was completed in 1978. It was inaugurated on June 8, 1978 by the Pakistani President, General Zia-ul-Haq, and the Chinese vice Premier, Kang Piao. The KKH is a landmark for enhancing Pakistan-China trade and people-to-people contact. It has also great value for promotion of tourism between the two countries.

General Zia-ul-Haq paid an official visit to China in 1980. The visit was followed by the visit of the Chinese President, Li Xiannian, to Pakistan in 1984. It was President Xiannian's administration, which brought major reforms in the Chinese foreign policy, and both countries signed a comprehensive nuclear cooperation agreement in 1986. Subsequently, China provided Pakistan with a variety of nuclear products and services such as research and technical support for uranium enrichment, as well as power reactors. In 1979, the Soviet invasion of Afghanistan not only posed a threat to regional peace and stability but for the rest of the world. Pakistan and China worked together to deal with the Afghan situation. During the Afghan War (1979-89), China not only extended political support to Pakistan at international level but also contributed military supplies worth US$200 million annually to the Afghan resistance groups. Throughout 1980s and 1990s, China also helped Pakistan in the development of its ballistic missile program, which enhanced its strength in the South Asian strategic calculus.

**Post Cold War Phase**

During 1990s, Pakistan-China relations continued to grow and Pakistan did not maintain any reservations upon growing Sino-Indian relations. The improvement of Indo-China relations was



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considered positive in Pakistan and there was no such impression that it would detriment the Pakistan-China friendship. It was perceived that such growing ties between China and India would fetter the escalating Indian intrusion in Kashmir. China had already changed its stance from neutrality to supporting Pakistan's perspective. Since the early 1990s, China adopted a definitive position over Kashmir issue and advocated the peaceful resolution of the Kashmir conflict. To reciprocate, Pakistan always extended its full support to China over issues, which were vital to the Chinese national interests, whether it was the issue of sovereignty over Tibet, Hong Kong or Taiwan.

As a result of 1985 Pressler Amendment, sanctions against Pakistan were imposed in October 1990. Pakistan lost US$564 million US assistance lined up for the fiscal year of 1991 and the US aid completely dried up by 1993 and the military assistance was completely restricted throughout 1990s." That was a time when China's cooperation with Pakistan enhanced.
During the Post Cold War phase, Pakistan-China bilateral relations witnessed exchange of high-level visits. In 1989, Pakistan's Prime Minister, Benazir Bhutto, visited China and later in the year, the Chinese Prime Minister, Li Peng, reciprocated the visit. To further strengthen their bilateral ties, the Chinese President, Yang Shangkun, also visited Pakistan in 1991

President Jiang Zemin came to Pakistan in 1996 and both countries decided to expand and strengthen bilateral relations. In 1999, China helped Pakistan in building 300 MWe Chashma nuclear power plant near Kundia Town, District Mianwali, Punjab. In 2001, the Chinese Prime Minister, Zhu Rongji, visited Pakistan and then in December, General Pervez Musharraf, the President of Pakistan also went to China. The bilateral relations were reinforced by increased cooperation in the areas of defense production and space technology. China became the most reliable source of defense equipment for Pakistan.

The overall defense cooperation during the Post Cold War between two countries operated under the provisions of the Sino-Pak Memorandum of Understanding (MoU) signed in June 1990. The MoU provided for ten-year cooperation in procurement, Research and Development (R&D) technology transfer and co-production. This time period was extended after the US enforcement of Pressler Amendment. In January 1990, both countries agreed to design, develop and manufacture MBT-2000 Al-Khalid jointly. The design is an upgrade of the original T902M. The initial prototypes were produced in China and fielded for trials in August 1991. Development efforts have mainly focused on improving the design for Pakistan's terrain and high temperatures since 1992 — the year of establishment of the Heavy Mechanical Complex at Taxila. The "Thunder Program" to produce JF-17 jet fighter, started back in year 1999. Its primary objective was to decrease the reliance on the Western jet-fighters manufacturers.

**Post-9/11 Phase**

The 9/11 events altered the strategic dynamics of the Southwest Asian region, especially after the US military involvement in Afghanistan. In this phase, along with economic interdependence, there has been an increase in strategic interdependence between the two states. China like other major global players the US and Russia developed strategic partnerships with the developing countries, re-aligned and re-adjusted their bilateral and multilateral relations. In this whole



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situation, Pakistan's relationship with China has remained of paramount importance for both countries. This is particularly true in the perspective that the 1990s proved to be an era of turbulent events impacting South Asia's geo-political affairs: the 1998 nuclearization of South Asia; the Kargil conflict; war on terrorism; the US invasion of Afghanistan and 2001-2002 military stand-offs between India and Pakistan. The Kargil conflict and India-Pakistan military stand-offs gained great importance as India and Pakistan were in possession of nuclear weapons. To diffuse these tensions, the US and China played a constructive role.

Since 9/11, the concept of security has also undergone a profound transformation. It has now evolved into a multi-dimensional phenomenon covering both traditional and non-traditional threats. The global war on terrorism, the growing US strategic cooperation with India coupled with upsurge in China's economic relations and the regional developments in the Asia-Pacific have deeply impacted Pakistan-China relations. China has already become an important stakeholder in maintaining peace and security in South Asia owing to the expansion of its economic and trade relations with the countries of the region. For example, China is enormously investing in the China-Pakistan Economic Corridor (CPEC), which will connect Xingjian with Pakistan's Gwadar deep sea port. China has also financed the building of the Gwadar port as well as a huge network of roads and railway tracks, hydro and thermal power, mining, electronics and nuclear energy. China initiated significant infrastructure development projects in Sri Lanka. Its companies are working to build a number of mega projects in Bangladesh and Nepal.

In view of progression in geo-political affairs of the region, the prevalent strategic alignments were also revised. Pakistan received a status of non-NATO allay for its participation in the US-led war on terrorism as a frontline state. India and the US aligned to cooperate in tandem in extra-regional affairs and Indo-Pakistan relationship once again suffered a huge setback in the aftermath of the 2008 terrorist attacks in Mumbai. The emergence of such events altered the conceptual geographical paradigm of South Asia. Pakistan's security matrix confronted enormous problems in the post 9/11 regional developments, which engulfed the sovereignty of state and its territorial integrity due to drone attacks by the US and its strategic cooperation with India. In this precarious situation, both countries not only supported each other but also further progressed in advancing their bilateral strategic cooperation in the field of economy and defense. However, in spite of these substantial developments, there are some areas, such as anti-terrorism, Afghanistan and energy security, that added a new dimension to their strategic partnership.

Some scholars such as Shamshad Ahmad, former Foreign Secretary of Pakistan; Liu Zongyi, a senior scholar at Shanghai Institutes for International Studies and Shahzad Akhtar, Research Associate at the Institute of Strategic Studies, Islamabad, argued that the origin of the strategic cooperation between Pakistan and China was mainly India-centric. However, in the post-9/11 perspective, it can safely be said that several new factors have also contributed to the recent visible change in the nature and significance of Pakistan-China strategic relations. For instance:

i. Emergence of China as a rising power and the Indo-US strategic alliance to contain China's influence.



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ii. Xinjiang factor in Pakistan-China relations both in terms of China's western regions development policy and fighting religious extremism.
iii. Pakistan-India military standoff in 2002.
v. Geo-strategic importance of Pakistan as the energy corridor for the region.
vi. Stabilizing Afghanistan and the significance of Pakistan-China cooperation especially after the drawdown of the US-NATO forces from Afghanistan.
vii. China and Pakistan's role in regional organizations ─ the South Asian Association for Regional Cooperation (SAARC) and the Shanghai Cooperation Organization (SCO).
According to Hu Shisheng, Senior Researcher at the China Institutes of Contemporary International Relations (CICIR), the Pakistan-China strategic cooperation has witnessed some tangible changes, from the Cold-War mentality, which revolved around confrontation, power-balance and mutual checking, to post Cold-War thinking, which focused on common development, shared destiny and appreciation of responsibilities.

Pakistan-China relations had remained smooth and in the post-9/11 period their relations have attained the status of "strategic partners' and "good brothers." Pakistan-China strategic interdependence increased manifold mainly due to the US presence in Afghanistan and the enhancement of Indo-US strategic cooperation. The salient developments of this phase include exchange of high-level visits and the signing of the "Treaty of Friendship, Cooperation and Good Neighborly Relations" on April 5, 2005, in which the two countries agreed that both will refrain from joining "any alliance or bloc, which infringes upon the sovereignty, security and territorial integrity of either nation, while simultaneously positing that both parties would not conclude treaties of this nature with any third party." Another important development was the cooperation in building of Gwadar port started in 2001 and the MoU on the CPEC was signed in July 2013. Both countries signed an agreement on April 20, 2015, to initiate development project in Pakistan worth US$ 46 billion.

In November 2011, when NATO forces attacked border areas of Pakistan, killing 26 Pakistan army personnel, China reacted aggressively. According to a Chinese government official, "any threat to Pakistan will be taken as a direct threat to China." The administration of Pakistan's Gwadar port was given to China Overseas Port Holding Company (COPHC) in 2013. China's Prime Minister Li Keqiang also visited Pakistan and several agreements were signed. An important development of this year was the approval of the CPEC linking Gwadar Port to Xinjiang province of China. At the end of 2013, China also agreed to construct a major nuclear power plant in Karachi, which will have the capacity of producing 2200MW. "China National Nuclear Cooperation (CNNC) […] promised to grant a loan of at least US$ 6.5 billion to finance the project, which will have two reactors with a capacity of 1,100 megawatts each. It would be completed by 2019. Each of the two reactors would be larger than the combined power of all nuclear reactors now operating in Pakistan."

In 2014, China announced that it would invest over US$31 billion in the development of the energy sector, infrastructure and expansion of Gwadar port. In addition, both countries signed an agreement on a project to start a metro train service in Lahore. In April 2014, Prime Minister, Muhammad Nawaz Sharif, visited China to attend the Boao Forum for Asia (BFA). At the occasion, he said that Pakistan was ready to further its strategic cooperation with China, as relationship with China had been the "cornerstone" of Pakistan's diplomacy. Nawaz Sharif

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visited China again, in November 2014, to attend the Asia-Pacific Economic Cooperation (APEC). On the side-lines of the meeting, he also met with the Chinese President, Xi Jinping, having assured him that Pakistan would continue to resolutely fight the East Turkestan Islamic Movement (ETIM) terrorist forces. Further, he added that Pakistan will increase its coordination with China on Afghanistan to "jointly maintain regional peace and stability."

In November 2014, the Chinese government announced it would build several energy and infrastructure projects in Pakistan as part of the CPEC. Mega projects in several fields like energy, infrastructure and connectivity would revitalize Pakistan's economy and would help in overcoming the power shortage in the country. Pakistan through Gwadar port provides China the shortest route from the Middle East to Xinjiang, i.e., 2500 miles as compared to 9500 miles from the Middle East to Shanghai. China is importing most of its oil through the Indian Ocean and the Malacca Straits. In the event of a conflict or a terrorist attack, the present routes for the Chinese oil imports could be disrupted; choking Beijing's energy supply, especially at the vulnerable Malacca Strait. China has a territorial dispute with Japan, Malaysia, the Philippines, Taiwan, Vietnam and Brunei in the South China Sea, which further accentuates concerns about China's energy security.

**Post-9/11 Imperatives of Strategic Interdependence**

In the post-9/11 period, the rising waves of terrorism have posed a major threat to the security of both countries. China is providing military assistance to Pakistan to counter terrorism. The joint efforts of both countries to counter terrorism and extremism will also curb the menace in the region. China commended Pakistan's efforts to eradicate terrorism and the launch of military operation Zarb-e-Azb against local and foreign terrorists in North Waziristan Agency of the Federally Administered Tribal Areas (FATA) in June 2014. In this respect, there is regular intelligence sharing between the two countries regarding terrorist entities, like Tehrik-eTaliban Pakistan (TTP) and ETIM.43 Further, Pakistan steadfastly supports China's territorial integrity and does not allow its soil for any hostile activity against China. In this context, Pakistan considers the ETIM as a "common enemy" of China and Pakistan.

Both Pakistan and China are closely cooperating in promoting regional peace and security, especially in the context of Afghanistan. The stability in Afghanistan is vital for both Pakistan and China since they share a common border with the war ravaged country and the presence of terrorist safe havens on the Afghan side of the border threatens their peace and Stability. Both Pakistan and China believe that the solution to the Afghan conflict has to be fundamentally political rather than military and support the 'Afghan-led' and 'Afghan-owned' peace process through dialogue. The presence of more than a dozen terrorist outfits in Afghanistan, especially the emergence of the Islamic StateKhorasan (IS-K), has caused alarm in both Pakistan and China.

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**Shifting Alliances**

The contemporary military balance between India and Pakistan also shifted in the wake of regional alliances. Following the US sponsored global war on terrorism, the post-9/11 era facilitated military cooperation between the US and Pakistan. However, the overall relations between two countries have also been affected by the close relations between India and the US. India's potential capability to strengthen itself as regional player and its cooperative demeanor led the US to increase interest in security parameters of India. Eventually, the overall relations between two countries have also been affected by the close relations between India and the US. Hence, there is the likelihood of technology transfer from the US to India which will have implication for Pakistan's security. Although Pakistan-China friendship is growing stronger with the passage of time, China and India are also enhancing their bilateral relationship and engaging in constructive negotiations in resolving the lingering border dispute related to the Aksai Chin and Arunachal Pradesh. Similarly, the bilateral trade between the two countries has witnessed a tremendous upsurge. The Indo-China trade volume between India and China reached US$84.44 billion in 2017 China's Foreign Direct Investment in India was US$1.7 billion.

An important step in the US-India relations has been the signing of the 'New Framework for the US India Defense Relationship on June 28, 2005.50 The military agreement, which was spanning over 10 years, on its expiry, the agreement was again signed in June 2015 for the next ten years. It is a clear indication of the US tilt towards India. Similarly, their cooperation on missile defense has been undermining Pakistan's doctrine of minimum deterrence and nuclear restraint. The Indo-US strategic cooperation along with India's enhancing cooperation with Japan is not only affecting the strategic stability in South Asia but also that of East Asia as well.

**Contemporary Situation and Pakistan-China Strategic Cooperation**

There are serious concerns within the Pakistan regarding the discriminatory policies of the US towards it. The US President Barack Obama visited India twice in his tenure enhancing trade and business ties between the US and India. Both sides pledged closer cooperation on defense, economic and civilian nuclear issues and the US repeatedly endorsed India's bid for a permanent seat at the United Nations Security Council (UNSC). The US's policy of building a strategic partnership with India is motived by its desire to limit the role of China in the South and South East Asia by encouraging India to play a proactive role in the Asia Pacific region.54 This premise would marginalize Pakistan and that would not be helpful to promote regional security.
The US-India defense and nuclear cooperation, particularly the Indo-US nuclear deal, has been a serious issue of concern for Pakistan.55 In contrast to India, Pakistan has made huge sacrifices in countering extremism and terrorism. However, by ignoring this, during 2012-14, the US supplied India with weapons worth US$5.4 billion ─ for the first time surpassing Russia, which supplied US$4.2 billion in military products.56 India has also signed a military logistic agreement with the US on August 29, 2016 allowing both sides 'the use of each other's land, air and naval bases for repair and resupply.'

India has, however, suffered one setback to join the Nuclear Supplier Group (NSG), since it failed twice in Plenary Meetings of the NSG, held in Seoul and Vienna on June 23-24, 2016 and

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November 11, 2016, respectively. At least 12 NSG members (China, Turkey, Kazakhstan, Belarus, Italy, Ireland, Switzerland, Austria, New Zealand, Belgium, Brazil and Russia) at the Vienna plenary called for a criteria-based approach. It is likely that China will continue deterring India permanent membership in the UNSC and NSG. The reason is obvious: China is protective of its strategic partnership with Pakistan and would not like to undermine its ties with Islamabad by letting India to gain the membership of the UNSC. Even if China considers taking any step in this respect, it would take Pakistan into confidence. Moreover, since India has strongly aligned itself with Japan, China is unlikely to support India's bid for a permanent membership of the UNSC. However, in relation to India's membership of the NSG, China will not support Indian membership until it does not meet the criteria, i.e., signing the Comprehensive Nuclear-Test-Ban Treaty (CTBT), Non-Proliferation Treaty (NPT), etc.

India has been able to influence the US and Japan to share its concerns on China's Belt and Road Initiative (BRI) having implications for its national security interests in the context of the CPEC. Meanwhile, China has suggested that India stands to lose greatly if it continues to reinforce its strategic partnership with Japan.'

Pakistan-US relations under President Trump's administration clearly show a divergence of interest. Trump who was earlier planning to withdraw the US troops from Afghanistan changed his mind after he met with his war cabinet at Camp David. He was convinced that any sudden withdrawal from Afghanistan would create a vacuum for terrorists such as the Islamic State of Iraq and Iran (ISIS) and al-Qaeda. On August 21, 2017, he announced his South Asia policy in which he declared that the US would continue its military engagement in Afghanistan. Pakistan has rejected the US policy on South Asia since it envisages a greater role for India in Afghanistan and the region, while not properly recognizing the extraordinary contribution, counter-terrorism success and sacrifices of Pakistan for peace and regional stability.

While addressing a conference in Islamabad Pakistan's Defense Minister, Engr Khurram Dastgir, has rightly noted that:

"there are strategic contradictions in the US approach and most key regional and global players have not supported this declared US policy since it envisages India to be a net security provider in the region. In South Asia's security matrix, there is no room for self-proclaimed and artificially boosted states. Regional security in the 21st Century can only be ensured through relationships and collaborations based on mutual trust and equality."

Mostly, the presence of US troops in Afghanistan is considered an important factor for peace and security of the country. However, at the same time, the long-term US presence may lead to further instability in the region, as has been the case in the Middle East. Although, for the time being, the ISIS is not very strong in the region, following its defeat in Syria and Iraq it may shift its focus to Afghanistan. The fight between ISIS and the Afghan Taliban would result in more insecurity and deterioration of the situation in the region. Rahimullah Yousafzai, a senior expert on Afghanistan, believe that in the presence of ISIS, Taliban would remain fearful of defections of its members to ISIS if they take part in any reconciliation with Afghan government.

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Pakistan and China stand together in the changing regional and global scenario and China supports Pakistan in safeguarding its national sovereignty and dignity. China recognizes Pakistan's position on the Jammu and Kashmir dispute. For instance, on September 20, 2016, Chinese Prime Minister, Li Keqiang, reiterated China's support on Kashmir issue. He stated that "Beijing attaches great importance to Islamabad's position on the Kashmir issue." He added that "China is standing by Pakistan and will continue to raise their voice in its support at every forum."

On August 22, 2017, the Chinese Foreign Minister, Wang Yi, reaffirmed Beijing's support to Pakistan during a meeting with Pakistan's Foreign Secretary, Tehmina Janjua. The meeting was held a day after Donald Trump, lambasted Pakistan for allegedly offering safe haven to "agents of chaos." Earlier, as Beijing came to Islamabad's defence in the light of Trump's remarks, the Chinese Foreign Ministry's spokeswoman, Hua Chunying, asserted that Pakistan was on the front line in the struggle against terrorism and had made "great sacrifices" and "important contributions" in the fight. Chunying called on the international community to recognise Pakistan's role in the fight against terrorism.

In another move, China twice blocked India's bid to to designate Maulana Masood Azhar, the chief of banned outfit, Jaish-e-Mohammed (JeM), as a proscribed group at the UN in April and December 2016, respectively.70 On February 7, 2017, China opposed another effort – this time by the US — to declare Masood Azhar as a global terrorist. China's opposition to the US act came in reply to a proposal, which was jointly sponsored by the US, UK and France at the UN Sanctions Committee 1267 in this respect.

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**Geo-strategic Interdependence between China and Pakistan**

The strategic partnership is always considered a long-term commitment by two or more countries in which they establish a close relationship in their core policies. In such a partnership, their long-term engagement is vital to promote common objectives. The bilateral strategic partnerships are interdependent in nature and all the parties further each other's interests in one way or the other — reciprocity being the basis. While explaining the geo-strategic interdependence, Tarique Niazi, Professor of Sociology at University of Wisconsin expounds:

the strategic interdependence of the two countries is compelling each other to bond with the other. China is taking the lead to employ economic and public diplomacy with Pakistan to broaden its strategic state-to-state partnership into people-to-people bonds. With increasing trade and investment, China is helping a turnaround in the Pakistani economy. Parallel to economic relations, it also is expanding cultural linkages through education, civic society and media to strengthen the tree of Sino-Pak friendship to weather unanticipated hailstorms."

Today, Pakistan has become strategically significant for China due to various reasons. It can provide a safe outlet to China for the development of its western regions and in this respect, the development of Gwadar port is crucial for both countries. China has been confronting many challenges in the South China Sea that were further increased after Obama's Asia Pivot policy.78 Pakistan's potential in peace building in Afghanistan is also recognized by China; hence, a close

cooperation between Beijing and Islamabad is the need of the time. The long-term presence of American forces in Afghanistan is viewed with suspicion in China and thus, it is aware of the role which Pakistan can play in stabilizing the country. China believes that instability in Afghanistan is the reason for unrest in its Xinjiang region.

Despite its various problems, Pakistan is a country of immense geostrategic importance. According to Stephen P. Cohen, "while history has been unkind with Pakistan, its geography has been its greatest benefit." There are many factors that make Pakistan a strategically significant country. These factors include Pakistan's strategic location on the confluence of South and Central Asia and West Asia. Similarly, Pakistan is contiguous with two emerging regional countries like China and India. It also offers the Central Asian States the shortest route to the Arabian Sea. Many trade and energy routes linking Central Asia and the West Asia with the South Asian region are passing through Pakistan. China's link to the Middle East and Africa via Gwadar port will allow it to compete with Indian expansion in the Arabian Sea and the Indian Ocean.

China is important for Pakistan in many ways - it is a time tested and reliable friend of Pakistan, which helped in strengthening the security of Pakistan. Furthermore, it helped Pakistan to counter the Indian efforts to become a regional power. By issuing stern warnings to India, China also played an important role in its support to Pakistan, especially in achieving a ceasefire in the Indo-Pak war of 1965. Following the war, in an attempt to compensate for war losses; China supported Pakistan with military equipment including tanks and fighter aircraft.

In the early 1970s, Pakistan played an important role in normalization of the Sino-US relations. This development introduced a new dimension to the region, especially if seen in the context of the Cold War that enhanced Pakistan's importance for China. The Indo-Pakistan war of 1971 was another development that motivated China to increase its military and economic assistance with Pakistan. Later, on the issue of the Bangladesh's application for membership to the UN, China, on Pakistan's request, exercised its veto power for the first time to stall the move, which helped Pakistan secure in a bargain the release of its Prisoners of War (PoWs) and the return of troops to their pre-war positions.

The Indian nuclear test of 1974 created a security dilemma for Pakistan and enhanced China's strategic value for Pakistan to counter the Indian move. Provision of nuclear energy to Pakistan is considered as one of the major contributions of China in ensuring Pakistan's security. Two 300 MWe nuclear power plants were built by China in Chashma and two more are under construction. Both countries have agreed to build two "state-of the-art nuclear power plants with the capacity of 1100 MWe each. Pakistan intends to add more power-plants to get about 8900 MWe under its cooperation with China. In addition to this, realizing Pakistan's energy crisis and its implications for economic development, the Chinese experts are helping Pakistan in diversifying its energy mix. To meet the growing energy demands of the country and also accounting for additional energy required for industrial zones and building of infrastructure for the CPEC, both countries have recognized the importance of energy projects. Therefore, the most important component of the CPEC is the energy sector development in Pakistan.

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Indo-US strategic cooperation directly undermines Pakistan and China's strategic interests. Such cooperation between India and the US would provide a strong reason for Pakistan and China to have more civilian nuclear energy cooperation. In the same context, it is also noteworthy that the US-India nexus has enhanced the importance of Pakistan for China and vice versa. This situation has provided an opportunity to both countries to further strengthen their strategic interdependence by promoting their cooperation at a bilateral and multilateral level. This whole scenario reflects that Pakistan-China strategic cooperation would not only continue in the years to come but will rather expand by embracing new dimensions, such as cooperation in energy, agriculture, industry and infrastructure development.

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## Strategic Relations Between China and Pakistan

China is a modern developing country with good economic and political condition. It is the biggest ancient society with flair towards modern culture and values. China has very good relations with its neighbors like Pakistan. Pakistan was one of the first countries of the world to recognize China, and since then they have very good relations with each other.

Pakistan and China entered into a trade agreement in January 1963 which granted reciprocal "Most Favored Nation" status in matters of commerce, trade and shipping. Trade between the border regions of China and Pakistan started in 1969 after the first protocol of trade was signed. This border trade has continued to grow with the patronage of both the countries. Further trade protocols have been signed over the years. The construction of the Karakoram Highway has helped to further trade and communication. Pakistan is an important country for China in trade. A lot of projects of economic development in Pakistan are in process with the co-operation of China which are creating lot of jobs opportunity for both Pakistan and China.

### Why Pakistan Chose to Align with China

Pakistan's attitude towards China is determined by its geography, economic constraints, domestic compulsions and the regional and international situation. The erstwhile fragmented shape of Pakistan, i.e. East and West Pakistan, had greatly contributed to the establishment of Pakistan's close relations with China. Geographic constraints on account of Pakistan's location, topography and the nature of its frontiers, gave rise to security problems for Pakistan. With the construction of highways connecting China and Pakistan, through Pakistan Occupied Kashmir, China acquired an easy approach to Pakistan. This turned out as a mixed blessing for Pakistan. So long as relations with China are friendly, there is no threat from the North. But in case of strained Sino – Pak relations, there would be a grave threat from China. Pakistani policy makers were conscious of this constraint and did express their fears in an unambiguous manner. President Ayub Khan wrote in his political autobiography.

West Pakistan is wedged in between three enormous powers with the Soviet Union at the top, the People's Republic of China in the North – East, and India in the South and East. I know of no other small country which has the somewhat dubious distinction of having three such mighty neighbors.

A number of considerations prompted Pakistan to strengthen its economic and trade ties with China. Firstly, like China, Pakistan was a developing country and the two countries faced common problems in the field of agriculture and industrialization. China had successfully solved the problem of water – logging, salinity and floods, which Pakistan could benefit from. Secondly, the aid offered by China was very attractive as it carried rock-bottom low rate of interest or no interest at all. Thirdly, China showed interest in setting up heavy industries in Pakistan – Taxila Industrial Complex, assisted by China is an example. Fourthly, trade with China was beneficial to Pakistan as the balance of the trade generally went in favor of Pakistan and rarely in favor of China. Fifthly, 1962 Sino – India war turned Pakistan towards China to counter India. Sixthly, US support to India increased after the Sino – India war to counter China,

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this was resented by Pakistan, which China exploited to wean the influence of US from Pakistan and get a foothold in the Indian subcontinent. And finally, the Kashmir issue. Pakistan adjudged its relations with other countries in terms of their attitude towards the Kashmir issue. Pakistan regarded China as a friend since its hostility towards India in 1962 and its involvement in the Kashmir issue thereafter.

The location of Tibet and Xinjiang on the north of the Indian subcontinent places China in a position to intervene militarily in a confrontation between India and Pakistan. The Karakoram Highway can be used by China for sending arms and ammunition and even the forces. In 1971, Indo – Pakistan war, it was used for this purpose. With a view to combating India, Pakistan has been seeking a political counterweight against it. Finding that China was interested in undermining India's political influence in the Afro – Asian world, Pakistani leaders thought that China could serve as a counterweight against India. It was, therefore, a Pakistani objective to seek China's political support against India.

## CHINA'S "STRING OF PEARLS STRATEGY" & PAKISTAN'S PLACE IN IT.

Apart from their other characteristics, the outstanding thing about China's 600 million people is that they are "poor and blank." This may seem a bad thing, but in reality it is a good thing. Poverty gives rise to the desire for change, the desire for action and the desire for revolution. On a blank sheet of paper free from any mark, the freshest and most beautiful pictures can be painted.

### What is String of Pearls Strategy

A string of pearls strategy is a strategic move which involves establishing a series of nodes of military and economic power throughout a region. Each node is a "pearl" in the string, enhancing the overall power of the parent nation

The "String of Pearls Strategy" is an excellent way to enfold a greater area of territory, thereby gaining more influence on the global stage, but it often evokes comment from other nations, who may be concerned that the string of pearls strategy is the first step in a serious takeover or military threat.

Several things are included in a 'String of Pearls Strategy'. The first is increased access to airfields and ports. This may be accomplished by building new facilities or through establishing cordial relations with other nations to ensure access to their ports. In some cases, the strategy involves heavily subsidizing construction of new ports and airfield facilities in other countries, with the understanding that these facilities will be made readily available as needed.

Developing better diplomatic relations is also a crucial step in a 'String of Pearls Strategy'. Partly, this is undertaken to ensure that shipping lanes and airspace remain free and clear for that particular nation. It may also be used to soothe concerns about a rapidly expanding string of pearls, and to establish solid trade and export agreements which may ultimately benefit both

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nations. Since a string of pearls strategy may rely on linking a series of pearls, it is important to ensure that each pearl is also safe, and that it will not be threatened by neighboring nations.

Modernizing military forces is the third component. A modern military can more effectively maintain and hold individual pearls, and it will also be prepared for various actions and exercises on the part of the parent nation. The modernized military also supports a country's rise as a global power, and as a nation which commands respect.

For nations which are slowly encircled in a string of said pearls, a string of pearls strategy can be upsetting. A country may also slowly take over shipping lanes, which is an issue of concern to nations which are not closely allied with it.

## China's String of Pearl Strategy

China's String of Pearl Strategy is driven by China's need to secure foreign oil and trade routes critical to its development. This has meant establishing an increased level of influence along sea routes through investment, port development and diplomacy.

China's investments presently extend from Hainan Island in the South China Sea, through the littorals of the Straits of Malacca, including port developments in Chittagong in Bangladesh, Sittwe, Coco, Hianggyi, Khaukphyu, Mergui and Zadetkyi Kyun in Myanmar; Laem Chabang in Thailand; and Sihanoukville in Cambodia. They extend across the Indian Ocean, Sri Lanka, the Maldives, Pakistan's Gwadar Port, and in islands within the Arabian Sea and into the Persian Gulf.

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## China's Interests in the Indian Ocean Region & It's String of Pearls

Thus, part of these developments includes the upgrading of airstrips, many supported with military facilities, such as the facility on Woody Island, close to Vietnam. These developments may be directed at shifting the balance of power within the Indian and Arabian Gulf, away from the traditional Indian government management to China. However, it needs to be backed up with regional diplomatic ties, which China must look at to dispense with the need to engage with India.

The strategy has been developed partially in response to a lack of progress on the Kra Canal project in Thailand, which would directly link the Indian Ocean with the South China Sea.

The "string of pearls" strategy however provides a forward presence for China along the sea lines of communication that now anchor China directly to the Middle East. The question is, whether this strategy is intended purely to ensure secure supply lines and trade routes, or whether China will later use these in a bid to enforce regional supremacy.

As long as Chinese interests remain benign, the "string of pearls" strategy remains the strongest pointer that China is strengthening its energy supply lines with the Middle East and embarking

on a level of Southeast Asian trade. This would definitely result in the development of regional prosperity, that will come with China's these actions. If the strategy continues without the development of regional conflicts, the ASEAN trading bloc, with China at its heart, and the massive emerging markets of India and the other Southeast Asian nations close by, will develop and begin to rival that of the EU and the United States, and lessen China's dependence on these traditional export markets.

## Why China Chose Pakistan as a Pearl

The People's Republic of China is believed to be an ideological state wedded to the Communist ideology based on Marxism – Leninism. China's relations with other countries can be explained on the basis of two conceptual frameworks – based on "Alliance Model" and on "United Front Model". However, with Pakistan, China's relations appear to be on the "Alliance Model". This model sees China's foreign policy as "concerned with short problems, externally determined and reactive. It sees China's concern for security as the dominant theme of China's foreign policy".

There is an immense desire in China to achieve the status of a Super Power. The first step towards that direction is to achieve a dominant position in Asia. The Indian sub-continent is one of the important areas in this region. In order to be a dominant power, China needs to have an effective dominance in the sub-continent. To this effect, India poses a challenge to China in the region. China is therefore keen to weaken India and who better than Pakistan can be utilized for this purpose by China.

USSR, which used to be a friend, guide and protector for China during the initial years of their formation in 1950, began to be considered as a rival and an unreliable ally by the end of the 1950s. Subsequent closeness of USSR with India and her attempts to befriend Pakistan in the 1960s, especially after the 1965 Indo – Pak war, led to increased differences between the two countries. China was interested in preventing the Soviet Union from spreading its influence in Pakistan. Knowing that USSR could not befriend Pakistan at the cost of India, China decided to make friends with Pakistan with the aim of preventing the USSR from spreading its influence in South Asia using a powerful India.

China's strategic objectives in Pakistan stem from the fact that Xinjiang and Tibet are contiguous to the Indian sub-continent and China is still consolidating itself in these regions. Pakistan occupies certain areas of Kashmir which have immense strategic value in view of this. Pakistan occupied Kashmir (POK) is located in a region where China, India and Afghanistan meet together. The religious affinity between the people of Xinjiang and Pakistan along with the history of repeated revolts by the Xinjiang people against the Chinese government forced China to sign a boundary agreement with Pakistan in 1963 to acquire strategically important areas to keep the influence of the Pakistani fundamentalism away from the people of Xinjiang.

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# Still "Sweeter Than Honey"? The Future of the China-Pakistan Relationship

Pakistan's general election on July 25 marked the country's second democratic transition in its history. The declared winner, Imran Khan, is a former cricketer-turned-politician whose party, the Pakistan Tehreek-e-Insaf (PTI), or Pakistan Movement for Justice, won 116 of the 270 National Assembly seats. Following successful negotiations with a number of smaller groups, the PTI formed a majority in Pakistan's parliament, thus paving the way for Imran Khan to become prime minister. Khan ran a campaign based on change, promising to fight corruption at the highest levels and to root out poverty. For many, the victory of his party signals a significant move away from Pakistan's traditionally clan-based politics, yet Imran Khan was also able to attract conservative votes through his defense of the country's strict blasphemy laws.

One interested spectator of Pakistan's democratic transition was China, which featured prominently in the 2018 campaign. What is at stake for Pakistan's close ally is the increasing importance of the China-Pakistan Economic Corridor (CPEC). The ambitious project centers around a series of energy and infrastructure projects totaling upwards of $62 billion in grants and soft loans. It includes a major deep-water port and Special Economic Zone in Gwadar, dams, roads, fiber optic cables, and a soon-to-be-completed light railway in Lahore. While the financial feasibility of the project and terms of the various contracts have been repeatedly questioned, Pakistan's previous government, led by Nawaz Sharif's Pakistan Muslim League-Nawaz (PML-N), had been a vocal supporter of the CPEC. It is no secret that China would have favored a second term for Nawaz Sharif, yet the corruption scandal that took him down made an eventual PTI victory nearly inevitable.

Early indications from Islamabad, however, do not seem to signal any sudden change of policy regarding the CPEC. In his victory speech, Imran Khan stressed his desire to have good relations with China, defining the endeavor as a "huge opportunity" and stating that "we want to learn from China how they brought 700 million people out of poverty" as well as how to fight corruption. Furthermore, foreign policy in Pakistan is, for the most part, in the hands of the country's domestically powerful army, which largely supported the PTI in the course of the campaign. Close ties between China and the Pakistani army are reiterated in frequent and reciprocal visits of high ranking officials, with collaborations extending from the economic to the defense sectors. Thus while a competent civilian government is fundamental to the successful implementation of many CPEC-related projects, the army's support guarantees that the CPEC will remain a cornerstone of Pakistan's political agenda for the upcoming government.

The China-Pakistan relationship is much older than the CPEC, and its roots are inherently strategic, rather than solely economic. The two countries' friendship is thus often embroiled in extravagant language: wrapped in phrases such as "higher than the Himalayas," and "sweeter than honey." More recently, after China increased its investments in Pakistan in the buildup to Xi Jinping's (delayed) 2015 visit to the country, Pakistan has been described by a Chinese analyst as the country's "one real ally". Strategic ties go back to China's support for Pakistan during the 1962 and 1965 wars with India over Kashmir and were cemented early on through a border agreement (which remains unrecognized by India) in 1963.

Today, despite their increasing economic cooperation, security concerns still play a major role in



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their relationship. Through their presence in the country, Chinese authorities aim to stabilize the region, particularly Afghanistan, in which China is playing an increasingly active role. The CPEC has also become an opportunity for Chinese security firms to expand their operations abroad, and, surprisingly, to cooperate with one of the United States' most discussed contractors: Blackwater founder Eric Prince's new company, the Frontier Services Group. The move is particularly significant given the U.S.' recent decision to cut defense aid to Pakistan – a reality that may bring the PTI-led government closer to China in regard to security issues.

A major challenge facing the new government in Islamabad is the negotiation of a bailout from the International Monetary Fund (IMF). With soaring foreign debt and a weak financial system, a bailout is likely to quickly become a question of when, rather than if. While the situation is not unusual for Pakistan, what is new is Islamabad's mounting debt to Beijing as part of a CPEC-related project initiated two years ago. After the election, the U.S. government warned Pakistan that it will not support a bailout to help it paying off its debts to China. For Imran Khan this means that the success of China-Pakistan economic cooperation under the CPEC will at least in part be obstructed by a White House embroiled in an escalating trade war with China.

However, as Andrew Small, an expert on China-Pakistan relations and author of The China-Pakistan Axis, argues, while the "CPEC may well end up proceeding on a somewhat less ambitious scale after the elections...a period of stock-taking, including a more rigorous IMF program, the parking of certain CPEC projects, and far greater overall transparency, would have its benefits."

What might turn out to be another challenge for Pakistan's new government is to manage the PTI's promise for increased transparency with the secretive way in which many CPEC-related projects have been negotiated thus far.

As the overall framework of the economic and strategic relationship between China and Pakistan does not seem to be under threat following the recent election, another aspect of the relationship is also bound to remain the same: Pakistan's silence over China's treatment of its Muslim population in Xinjiang. As recent reports show, repressive security measures towards the non-Han population of Xinjiang have dramatically increased since 2017 with the stated aim of fighting "the three evil forces" of ethnic separatism, religious extremism, and violent terrorism. As a result, prison camps have been set up across the region, in which up to a million people are reportedly incarcerated. Among the victims of China's security crackdown in Xinjiang are several Uyghur wives of Pakistani traders from the border region of Gilgit Baltistan. Through a unanimous resolution, the Gilgit Baltistan Legislative Assembly called for the Pakistani government to take urgent steps to secure their release in March this year, only to hear nothing in return. In general, the situation of Muslim Uyghurs and Kazakhs in Xinjiang has received surprisingly little sympathy from Muslim leaders around the world. So far there is no indication from the new PTI-led government that the situation will change.

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# Pakistan-China Relations in the 21st Century

Pakistan recognized the People's Republic of China in 1950 and started diplomatic relations on 21st May 1951. Pakistan from the very beginning has kept its foreign policy approach very friendly as both are immediate neighbors as well. Historically, four major events reshaped the smoothness of relationship towards more cooperation which are the boundary agreement in March 1963, support in 1965 war, the Kissinger secret visit arranged by Pakistan to China and rare veto option adapted by China in United Nations Security Council. The essence of relationship is termed by Zulfiqar Ali Bhutto "I should like to make it clear beyond all doubt that we have friendly relations with the People's Republic of China and that nothing will be permitted in any way to endanger those relations. Our relations with China are an independent factor in our foreign policy and not contingent on any other. In the best interests of Pakistan, we shall maintain the spirit of goodwill, friendship and cordiality with the great People's Republic of China. I declare that our friendship with China is not tainted by any form of bargain or barter. It is steadfast amity between two neighboring Asian States." and one of the famous statement of Chinese Premier Li Keqiang "If you love China, Love Pakistan too." These statements are not only the building blocks but the proven realities of the glories of time between the two countries. Over 60 years of cordial relations, the depth has escalated more and more keeping in view changing international stages from global war on terror to other major international events onwards . China proved her all seasoned friendship based on equality and mutual respect and harmony. The high level talks and invitations to dignitaries creates a conducive atmosphere for the bilateral relationship. Pakistan and china need each other in the field of economy, strategic alliances, military joint ventures as both are nuclear power countries and student's exchanges programs to further strengthen the ties in the advancement of science and technology and many more aspects of life.

## Economic Relationship

The economy is the soul of foreign policy so is the case here in Pak-China relations. Pakistan and China signed a preferential trade agreement in 2003 where goods and services started revolving around the two countries. With the passage of time, China signed The free trade agreement (FTA) which was adapted in 2006. It was estimated that the bilateral trade was estimated to hit $15 billion by 2011. One basic advantage of signing of FTA was economic enhancement and its operationalization in October 2009 proved to be very economic-oriented outlook for Pakistan's exports with China. On the other hand, Pakistani and Chinese banking sectors are cooperating for a long time. Earlier, Bank of China was opened with two branches in 1951 but couldn't succeeded. Pakistani governmental banks such as National Bank of Pakistan prepared to open branches in China in April 2008 which was later on negotiated between the officials. It was during the previous Chinese Prime Minister Wen Jiabao's visit to Pakistan in December 2010 that the Industrial and Commercial Bank of China (ICBC) was invited to open branches in Pakistan and the National Bank of Pakistan (NBP) was offered to commence activities in China.

There must be a series of visit of businessman and tycoons of both countries to expand the volume of trade of different items of the two countries. The economic strength must be revolutionized to keep this zone well established and free from any trade barriers. The business communities must create a platform to encourage the new products to China and then at the



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global market. The two sides expressed satisfaction over the growing volume of their bilateral trade, which has crossed US$ 15 billion and agreed to make efforts to raise it to US$ 20 billion in next three years. The growth rate must be positive and new avenues must be created for investors of both countries.

**Strategic Partnership**

Pakistan being a highly strategic country, is very much advantageous and pivotal to China keeping in view her strategic interests in this region. The enhancement in the cooperation of defense production regarding aircrafts, fighter bombs, tanks, and heavy artillery is remarkable for the changing regional dynamics. The main reason of such a huge cooperation of China is to secure the region and achieving the desired goals such as access to Indian and Arabian sea, surveillance to US and Indian Naval activities and access to the markets of Middle East particularly in the field of energy. Their joint ventures and joint production have led to manufacture the MBT 2000 Al-Khalid Tank and JF-17 Thunder, a fighter aircraft, which has the strategic significance and is a unique example of Sino-Pak deep rooted friendship. The unprecedented level of friendship can be evaluated in the views of the Advisor to the Prime Minister on National Security and Foreign Affairs, Sartaj Aziz that; "The relations between the two countries are growing very fast, particularly for development of communication and energy sectors, Pak-China cooperative partnership has ushered in a new era in line with the ideas and vision, conceived by the leadership of the two countries"

This idea has been inherited from generations to generations among the nations of two countries, that Pakistan is always their first and foremost priority in the foreign policy and China is the cornerstone for Pakistan's foreign policy as well. The strategic relationship of China with Pakistan is very important for both because it enables China to limit the regional ambitions of India towards its hegemonic designs and further strengthening the Pakistan as a major strategic partner in this region.

**China-Pakistan Economic Corridor**

This is one of the best mega project in the history of the two states and indeed a great symbol of the deep rooted friendship of Sino-Pak relationship from 1951 to 2015. The agreement was signed between the leaders of Pakistani Prime Minister Nawaz Sharif and Chinese Premier Xi Jinping on his visit to Pakistan in April 2015 respectively. The historic words of Xi are remarkable for the glory as he described that "This will be my first trip to Pakistan, but I feel as if I am going to visit the home of my own brother." The main aims of such a project is to connect Gwadar Port in southwestern Pakistan to China's northwestern autonomous region of Xinjiang through a network of highways, railways and pipelines to transport oil and gas and will operationalize from Gwadar to Kashgar. Overall construction costs are estimated over $46 billion with the entire project. The Corridor is an extension of China's proposed 21st century Silk Road initiative and indeed a fate changer of billions of people. It will open new avenues for employments and trade pathway from China and the Middle East and Africa at large . Moreover, CPEC is not bound on One Belt One Road policy, its maximize the opportunities between two countries which has various initiatives for the Silk Road Economic Belt and the 21st Century Maritime Silk Road initiatives globally. China has a lot to gain from its economic corridor



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arrangement with Pakistan; its centuries 'old vision of reaching the warm waters through the shortest route is coming to fruition through peaceful ways. This will represent a new model of regional and South Asia cooperation which will offer new opportunities for Asia's rejuvenation and the common prosperity of all countries of the globe led by China and its vision of connectivity.

**Challenges And Opportunities**

The world has entered into a new era of Globalization and interdependence and the nations have opted mutually beneficial foreign policy behaviors. Those behaviors are based on economic integration and security cooperation, strategic partnership and making peaceful alliances. Pakistan and China are the well-wishers of peace and prosperity not only in South Asia but the world at large. With the changing geopolitical, geostrategic and geo-economic realities, it is necessary for Pakistan to keep on testing the loyalty, limits and trust of China relationship. Ostensibly, the dynamics of the world have changed as the world has fast traversed the era of economic war and has also has entered the new era of economic cooperation simultaneously. Resultantly, the neighboring countries collaborate with one another economically so that the whole region reaps dividends. The changing dynamics can be seen on10th July,2015 at the 15th summit of the Shanghai Cooperation Organization (SCO) at Ufa, Russia where the status of both Pakistan and India was raised from observer to full member. This will reshape the strategic dynamics and pose new challenges between Pakistan and China relations. Just a few years ago, no one could have imagined that Russia, China, India and Pakistan would opt to join hands for shared economic interests, regardless of their long-standing disputes. This will ultimately lead towards new horizon of changing scenarios within South Asian states. The US withdrawal from Afghanistan, Iranian Nuclear agreement with P5+1, Kashmir issue with India, revival of the old silk route and Afghan peace process will reshape the regional paradigm in Pakistan's foreign policy. During Cold war era,US-Russian relations were always based on aggressive posture. They both were ready for every single competition in international arena. US will prefer China as a counter-weight against Russian designs. This will create favorable conditions for China and Pakistan.

**Conclusion**

After touching all the dimensions of Pakistan China relationship, one thing that comes to mind is that; its high time for Pakistan to be more focused one Self-reliance policies ratherthan focusing on assistance of China and other international players. China being an immediate neighbor is historic and all seasoned friend but we must establish our potential and increase our international outlook. This will prove to be Pakistan's less dependency on China and other international players. Economically speaking, Pakistan must settle down its economic issues so that it can enhance its economy smoothly. Resultantly, it will be less dictated in the matters of Political and Economic issues of the foreign policy of Pakistan. Pakistan must keep amicable relations with its neighboring countries especially with India which is historic rival to avoid further notorious actions via Afghanistan and Baluch separatist movement. The four wars never came with any results for both India and Pakistan. The solution of Kashmir issue and other major issues must be settled without using force or inviting other players to deteriorate the relationship. It is our mutual issue and we have to settle it with win-win goals. We need to compromise our designs



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and ambitions so that South Asian region can be made more peaceful. Pakistan must learn lessons from history of China as she could not get its parts as Hong Kong, Macao form Britain until it became politically strong and economically sound player. Summing up, China and Pakistan are great nations and close neighbors bound by common destiny and goals. No matters how scenarios are changing, both of the countries have to overcome all challenges and carry forward the traditional friendship more deeply. The Chinese-Pakistani government must strengthen people to people contact for further strengthening Sino-Pak partnership for building a harmonious world of enduring peace and common prosperity.

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## For Pakistan, China is the new America

Both China and Pakistan have for long indulged in hyperbole about their 'all-weather friendship.' While the Chinese have for long described Pakistan as their Israel, the Pakistanis have not been quite as expansive in calling China their USA. The reasons for this were clear. Until 10 years or so, there was very little economic heft in Sino-Pak relations. Political and strategic relations (centred around their mutual animosity towards India) constituted the bedrock of their relations. The US was, however, the principal patron of Pakistan. Episodically and after long hiatuses, Pakistan profited and prospered enormously from its relations with the US. This this was not just in the economic realm such as aid, trade, grants, but also in the political, diplomatic and most of all defence and security.

From around 2007-08, the US influence in Pakistan waned, and steadily replaced by China. The global financial crisis saw the emergence of China as a major global economic player with deep pockets. The US economy was in a crisis and the perception that the US was a declining power gained ground. It was also a stage when the Taliban in Afghanistan were resurgent. US-Pakistan relations were tense partly because of the support and safe havens given to the Taliban by Pakistan and in part due to the growing closeness between the US and India turned off Pakistan. In addition, the US-Pakistan relations were in a downward spiral because of the US intervening in Pakistan's politics to effect a deal between the military dictator Pervez Musharraf and Benazir Bhutto, who was seen as the answer to the wave of terrorism inside Pakistan. The former Pakistan Army Chief Ashfaq Kiyani went to the extent of accusing the US of "causing and maintaining a controlled chaos in Pakistan…to de-nuclearise Pakistan." The Chinese meanwhile remained steadfast in their diplomatic, political and military support to the Pakistani state without interfering or imposing themselves in Pakistan's domestic affairs.

***The global financial crisis saw the emergence of China as a major global economic player with deep pockets.***

In the defence and security domain, China had long surpassed the US as Pakistan's most important partner and patron. Although the US arms supply made more of a splash because of the quality of weapons and platforms, the Chinese arms transfers are almost double of what Pakistan has received from the US. Not only have the Chinese assisted Pakistan in developing an arms industry for tanks, armoured vehicles, and fighter aircraft, they have been closely involved in Pakistan's strategic weapons programme, including providing them missile technology. China had, over the years become an indispensable ally while the US was perceived as an undependable, unreliable, and an overbearing, country.

However, China's importance for Pakistan is no longer limited to only defence and security. Data from Pakistani and Chinese official documents reveals the deep inroads that China has made in the Pakistan economy, especially in the last decade. The economic dimension of the Sino-Pak relationship — the China Pakistan Economic Corridor is but one manifestation of this — has only emboldened Pakistan to defy and deny the US. The way the Pakistanis see it, they can live without the US pumping in money to keep them afloat because the Chinese seem to have taken it upon themselves to double down on stabilising Pakistan. Since 2011-12, Pakistan's annual budget documents have consistently shown that the estimates of financial assistance from



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China far outstrip those from the US. In the last few years, the Chinese assistance is estimated at 20 times more than that coming from the US.

The economic dimension of the Sino-Pak relationship — the China Pakistan Economic Corridor is but one manifestation of this — has only emboldened Pakistan to defy and deny the US.

China is not just emerging as the largest debtor to Pakistan but is also the largest investor. What is more, China is Pakistan's largest trading partner and the lender of last resort to bailout Pakistan from its chronic deficit on the external account. In short, China is virtually the only game in town as far as the tottering Pakistan economy is concerned. Almost 60% of the Foreign Direct Investment comes from China, and the number is rising. However, along with it are rising fears that Chinese FDI might be crowding out FDI from other countries. Since 2006-07, China has committed to loans of over $21 billion and disbursed over $9 billion (most of them after 2013-14 when the CPEC projects were launched). In addition, Chinese commercial banks had loaned $4.5 billion for balance of payments support to Pakistan in the last couple of years. Compared to China, the US has given no loans to Pakistan since 2002-03.

On the trade front, Chinese exports to Pakistan have been galloping ahead while imports from Pakistan have been declining in recent years. Ever since the Free Trade Agreement between the two countries became operational in 2006, trade tilted heavily in favour of China. According to Chinese trade data, in 2017 Chinese exports to Pakistan were over $18 billion while imports from Pakistan were under $2 billion. Compared to China, the trade with the US was more balanced and, more importantly, favourable to Pakistan. However, the sheer quantum of trade and Pakistan’s dependence on it, gives China solid leverage over the country.

Clearly, Pakistan is now deeply in hock to China. From weapon systems to economic bailouts, to diplomatic support in various international fora, China is Pakistan’s go-to country. This has been leveraged by China to influence both the military and civilian leaders of Pakistan. Mostly this influence secures sweet deals with no questions asked — the easiest way to push through a deal in Pakistan is by adding a Chinese angle to it, but increasingly China has also started pushing the envelope on security, foreign policy and even domestic politics of Pakistan. At the same time, while Pakistan increasingly looks upon China as its new America, the Chinese are not as generous as the US had been in the heady days of the US-Pakistan relationship.

While Pakistan increasingly looks upon China as its new America, the Chinese are not as generous as the US had been in the heady days of the US-Pakistan relationship.

Even more importantly, China is still not in a position to bail out its ‘iron brother’ Pakistan out of trouble frequently, especially if the US is the source of trouble. Nor is China likely to go out on a limb for Pakistan every time it gets into crisis. Pakistan is an important client state, but not a state critical for China’s survival. And despite the fact that China has been doubling down in its support for Pakistan, there are some straws in the wind that suggest the beginning of a rethink in China on how much it should invest itself in Pakistan, which could turn out to be a poor investment ultimately.

Consequently, India can use to force China to be more even-handed in its policy in South Asia,

especially on issues like designating and sanctioning terrorists like the Jaish-e-Mohammed chief, Masood Azhar, who China has been protecting for years. Until the Pulwama suicide attack on the CRPF bus, this was an irritant in Sino-Indian relations. It is going to become a core issue from now onwards for New Delhi. What China will need to decide is whether the benefit it derives from its economic and strategic relationship with Pakistan is worth the economic and strategic cost of antagonising India and pushing it to a point where India reconsiders and revaluates its policy of strategic caution in pushing ahead with the Quad and other initiatives aimed at containing China. The fact that China makes more money out of India every year than it will out of its trade and investments in Pakistan is the economic side of things. India, instead of assuming that the depth of Sino-Pak ties is immutable, needs to leverage its economic relationship with China and force China to understand the economic and political consequences of its support for a notorious Pakistani terrorist state. India has cards to play that can pry open the Sino-Pak nexus, provided it is willing to stare down the Chinese while playing these cards which include an active and intensive involvement in strengthening the Quad and more specifically in strategically engaging the US.

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# EVOLVING REGIONAL DYNAMICS AND FUTURE OF PAKISTAN-RUSSIA RELATIONS

Islamabad: Giving an overview of Pakistan-Russia's bilateral relations in his Welcome Address at the one-day seminar held on Thursday May 2, 2019 on "Evolving Regional Dynamics and Future of Pakistan-Russia Relations", President of Islamabad Policy Research Institute (IPRI), Ambassador Vice Admiral (R) Khan Hasham Bin Saddique, outlined that the relationship has carried the baggage of realpolitik when both states pursued their divergent national interests, but "as the Cold war era ended, following a period of somewhat dormancy, both states re-established their relations at a basic level." Vice Admiral Saddique stressed that there are common areas of cooperation between Pakistan and Russia such as combating terrorism, bilateral trade, economic cooperation and stability in the region, especially Afghanistan. "As Asia emerges as a hub of economic corridors, Pakistan offers attractive economic opportunities to the regional countries and beyond. CPEC, a pilot project of Chinese Belt and Road Initiative (BRI) is a case in point. Initiatives like Turkmenistan-Afghanistan-Pakistan-India (TAPI), Central Asian Region Economic Cooperation (CAREC) programme and ideas like South-South cooperation can provide foundational basis for greater regional homogeneity and integration. Pakistan, being an energy scarce country, Russia has the resources to offer which if taken advantage of, can boost our struggling economy," he stressed. He hoped the discussion would answer critical questions, including how Russia will act in a multipolar world; how will India factor, given Indo-Russian strategic partnership, impact Pakistan-Russia relations; what are the prospects of Pakistan-China-Russia relations on trilateral basis; and what could be possible contours of a Pak-Russia strategic framework and roadmap.

Dr Sergei A. Baranov, Counsellor from the Embassy of the Russian Federation, in his Keynote Address, reiterated that Pakistan is first and foremost an important partner for Russia. He shared that the significance of Pakistan is determined by its role in regional politics, its influence in the Muslim world and its geostrategic position. "Interaction with Pakistan in the framework of the Shanghai Cooperation Organization (SCO), as a full-fledged member, is very important for Russia to carry out cross-regional economic, energy and infrastructure projects, and we are very glad that Pakistan is practically engaged in SCO, especially in joint counterterrorism efforts." Dr Baranov highlighted how recent years have witnessed steadfast progress in bilateral relations with leaders from both countries meeting regularly to exchange views on key issues of regional and bilateral importance. "Such meetings give an added impetus to our mutually beneficial partnership", he remarked. The Counselor also pointed out that the economic dimension of Pak-Russian cooperation has not corresponded to its potential. "The low level of direct business ties and insufficient knowledge of Russia's and Pakistan's business communities about each other's capabilities remain weak points. In this regard, great expectations are pinned on the Russian-Pakistani Intergovernmental Commission on Trade and Economic, Scientific and Technical Cooperation which has identified priority avenues of our business and investment cooperation." The Counselor said Russia was keen to develop strong business-to-business contacts between businessmen of Pakistan and Russia, besides making sincere efforts to explore mutual trade potential.

In the working session, chaired by Ambassador (R) Aizaz Ahmad Chaudhry, Director General, Institute of Strategic Studies (ISS), Dr Ahmed Ijaz Malik, Assistant Professor, School of Politics



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and International Relations, Quaid-e-Azam University, highlighted that in view of the global changes post-9/11 and Russia's rebalancing towards South Asia, Pakistan is likely to benefit from its economic assistance and military technological exchanges. This cooperation, however, should not be seen as anti-India since Moscow has been systemically and continually supporting Delhi militarily. This is detrimental to and for Pakistan. Dr Malik further pointed out that in Russia's greater designs, Iran and India figure more prominently than Islamabad. "While Pakistan needs to remain cautious about this, there are areas of convergence. For example, Russia supports Pakistan's accession to the Nuclear Suppliers' Group. Accession of both Pakistan and India to the Shanghai Cooperation Organisation further signifies the importance of Pakistan as one of the pivotal states. Russia and Pakistan also agree on issues of counterterrorism," he shared.

Providing a bird's eye view of the scope for economic cooperation in bilateral relations, Dr Abid Qaiyum Suleri, Executive Director, Sustainable Development Policy Institute (SDPI), said that it is important to understand Russia's geography, especially when it comes to enhancing economic relations with it since it borders 14 other countries. He said that since becoming part of the World Trade Organization, Russia has consistently worked to improve its trade and commerce environment due to which its Ease of Doing Business ranking is at 35, more than a 100 points better than Pakistan. "What is also important to note is that while Pakistan has a trade deficit with many countries, including China, with Russia, we have a huge trade surplus." Sharing details about the export-import potential between the two, he said that the bulk of Russia's imports from Pakistan consist of citrus, articles of apparel and surgical goods; while Russia's exports to Pakistan consist mainly of bituminous coal, helicopters, newsprint, iron roll, and edible vegetables. Dr Suleri said that it is important to focus on value chain integration with Russia, particularly in surgical instruments; medicines; cotton-based clothing; and fisheries. "In the agriculture sector, it is important to focus on adapting to Non-Tariff Barriers in citrus; and tapping Russian investment in oil and gas sector besides inviting Russian private sector interest in SEZs", he concluded.

Ambassador (R) Mohammad Khalid Khattak, Former Ambassador of Pakistan to Russia, was of the view that it is important to look into the history, psyche and mind of Russia and that of the Afghans in order to build a relationship of trust with them. "Russia is a security state and for them security is more important than economics." About the issue of peace in Afghanistan, he lamented that Afghanistan faces two major problems- one, its transition from a tribal state into a national state has been very turbulent; and two, it came into existence without any defined borders or frontiers. He stressed that while an Afghan-led and Afghan-owed peace process is an important construct, outside powers have to do a lot of basic homework and provide a national format and layer it with a regional and international one, if there is to be any eventual peace in the territory.

Ambassador (R) Aizaz Ahmad Chaudhry, Director General, Institute of Strategic Studies (ISS), was of the view that while Pakistan, Iran, China and the Central Asian states have already been playing an instrumental role in the Afghan peace process through several track two initiatives, the Moscow Format talks in November 2018, as well as recent intra Afghan talks in Moscow in February 2019 are very important and historic because they were the first official intra Afghan dialogue, stimulating optimism by bringing a different and much needed dimension to the



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Afghan peace process. “Russia has done what the US has not been able to do – bring the Taliban to the forefront and hold the first intra-Afghan dialogue between the Taliban and prominent Afghan figures.” Ambassador Chaudhry said that “This is an age in which alliances are issue-based. Russia’s relationship with Pakistan should not be viewed from an India-centric lens.”

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# 12. Maritime security challenges in Indian Ocean

## Strategic importance of the Indian Ocean Region

The Indian Ocean Region (IOR) has become the hub of intense global activity over the decades for various reasons. The most important trade routes of the world pass through this region. The Indian Ocean provides the predominant outlet for oil from the Persian Gulf to various destinations all over the world. The Malacca Strait is a critical choke point through which the oil bound for the West coast of USA, China, Japan, Australia and other countries of South-East Asia must pass Oil being of vital interest to most nations, major powers, especially the USA, maintain a visible and credible presence in the region. Since dependence on oil will continue to increase in the future and exports from the Central Asian Republics by sea would also have to be routed through the ports of this region, the Indian Ocean is likely to witness clashes of economic interests and a turbulent security environment. This region has been termed by some analysts, as one of the most dangerous.

The end of the Cold War has witnessed a shift in the focus of world attention to the IOR. The acquisition of nuclear small weapons by the countries of this region and proliferation of terrorism, piracy, drug trafficking and internal turmoil in several countries have made the region extremely volatile. External powers are, therefore, keen to intervene, not only to mediate or reduce this volatility but also in their attempt to extend their influence right up to the IOR through their physical presence. The continual economic suppression of the peoples of this region has prompted countries to form economic groupings and sub-groupings in an attempt to foster greater economic well-being of the IOR countries. However, these efforts have so far failed to transform into objective gains due to many reasons; the primary ones being bilateral problems between nations which impact their conduct and response in multilateral fora, restrictive trade regimes imposed by economically superior world powers and technological backwardness of most of the countries, necessitating their continued dependence on technologically superior nations for infrastructure and industrial development.

Islands in IOR. The great Indian ridge, the Madagascar ridge and St Paul's ridge form the three main chains of islands. The strategic implications of the islands are as follows:

These islands are a single source economy and do not possess any defense capability and thus remain exposed to external intervention or seek security guarantees.

These islands have strategic significance due to their location, proximity to trade routes and well developed harbors. History has borne the fact that in the past, western maritime power could control the Indian Ocean and littoral countries by virtue of possessing these islands.

Important Straits. The Indian Ocean region has 30 straits and channels in and adjoining the Indian Ocean. The important ones are as follows:

Bab-el-Mandeb (between South Yemen and Djibouti);

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Bass Strait (between Australian continent and Tasmania);

Strait of Hormuz (between Iran and Oman);

Lombok, Bali, Sunda and Makassar Straits (in the Indonesian archipelago)

Singapore Strait (between Singapore and Riau island of Indonesia)

Malacca Strait (between Malaysia, Indonesia and Singapore)

Mozambique channel (between Mozambique and Malagasy Republic.

## Sea Routes

The Indian Ocean provides major sea-routes connecting the Middle East with Europe, East Asia, Africa and US. The following routes are the most significant ones in the Indian Ocean and their closure would result in choking the global energy supplies:

**Suez Route**. Suez route links Mediterranean Sea with the Red Sea through Suez Channel. An important choke point in this route is Bab-al-Mandeb which connects Red Sea to Arabian Sea.

**Cape Route**. This route provides an alternate for the Suez Route and connects the Indian and Atlantic Oceans. Heavy tankers and bulk carriers due to depth restrictions in the Suez Canal also commonly use this route.

**Straits of Malacca**. This is the most important entry to/from the Pacific Ocean and provides the shortest and most convenient link between Pacific and Indian Ocean.

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## Economic Importance to India

The Indian peninsula juts 1,980 km into the Indian Ocean with 50% of the Indian Ocean basin lying within a 1500 km radius of India, a reality that has strategic implications. Between the Gulf of Aden and Malacca Strait, is seen as India's sphere of influence. India is one of very few (06) countries in the world to have developed the technology to extract minerals from the deep sea bed. Under the law of the sea, by adding up the sea waterways comprising territorial zone of 20 km, contiguous zone 40 km, an Exclusive Economic Zone (EEZ) of 320 km, India has exclusive rights to explore mineral wealth in an area of 150,000 square km in the Indian Ocean.

India imports 70 % of its oil requirements, 4000 tankers come to Indian ports annually and almost 95 % of Indian trade moves by sea. Any interference to our sea lanes, coastal offshore areas and ports, will have a crippling impact on the country's economic growth. Almost 3.5 million Indians work in Gulf countries and it is in India's interest to ensure that the environment in Gulf remains stable. The IO is a critical waterway for global trade and commerce. This

strategic expanse hosts heavy international maritime traffic that includes half of the world's containerized cargo, one third of its bulk cargo and two third of its oil shipment. Its waters carry heavy traffic of petroleum and petroleum products from the oilfields of the Persian Gulf and Indonesia, and contain an estimated 40% of the world's offshore oil production. In addition to providing precious minerals and energy source, the ocean's fish are of great importance to the bordering countries for domestic consumption and export.

## Oil

Persian Gulf caters for 61% of oil reserves and 26 % of gas reserves of the entire world. The Strait of Hormuz is by far the world's most important oil choke point with an estimated 15.5 million barrels of oil flow through it each day. The other critical choke point is Malacca Strait and over 60,000 vessels and 10 million barrels of oil is transported through it [5] . In addition to US, bulk of oil for Japan, South Korea and China passes through the Indian Ocean which makes their concern for ensuring the free access and a certain degree of influence in the region an absolute necessity.

Oil demand in developing countries is expected to grow at a fast rate. By 2020 China is expected to be the largest energy consumer and its dependence on the import is likely to be of tune of 80% in 2010. Japan currently imports 95% of its oil from the Middle East. Thus, the relevance of Gulf as an energy center in the foreign policies of China and Japan is going to continue in the future. A study of the trends in oil consumption has shown a distinct rise in all countries.

## Geo-Strategic Imperatives

The Indian Ocean provides major sea routes connecting the Middle East, Africa and East Asia with Europe and the Americas. It carries a particularly heavy traffic of petroleum and petroleum products from the oilfield of the Persian Gulf and Indonesia. Large reserves of hydrocarbons are being tapped in the offshore areas of Saudi Arabia. Iran, India and Western Australia. An estimated 40% of the world's offshore oil production comes from the Indian Ocean. Beach sands, rich in heavy minerals, and offshore deposits are actively exploited by bordering countries, particularly India, South Africa, Indonesia, Sri Lanka and Thailand.

Today, nearly 20 million shipping containers are moving around the globe – earned by fewer than 4000 hulls. The explosion of trans-oceanic trade has made commerce more vulnerable, not only in the obvious sense that economies have grown more interdependent, but also because, even as the volume of shipped loads increased, the number of significant cargo carriers has reduced because of the increasing size of commercial vessels, from supertankers to container ships. The Straits of Malacca, the world's second busiest sea lane, assume relevance here. 80% of Japan's oil supplies and 60% of China's oil supplies are shipped through the Straits of Malacca. US$ 70 billion worth of oil passes through the straits each year. Almost half the world's containerized traffic passes through this choke point. Most of the ships approach the straits through the 10-degree channel between the Andaman and Nicobar Islands. India, thus, has the potential to dominate a strategic sea lane. India has established its first tri-service command, the A&N Command at Port Blair in the Andamans. It plans to develop Port Blair as a strategic

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international trade center and build an oil terminal and transshipment port in Campbell Bay in the Nicobar Islands.

India is a member of the Antarctic Treaty Parties Consultative Group and has already set up two permanently staffed scientific bases there. It has constructed a 10,000-foot runway in Antarctica to service future missions, having completed several successful landings there.

The Laccadive islands, likewise, offer the possibility of India projecting its power westwards. India is just 800 km away from OS military facilities in Oman. Trade with the Gulf States is an important facet of the Indian economy from ancient times.

With increasing trade relations with the countries of the East, India has higher stakes in the region, in the years to come, Trade volumes with the ASEAN countries have more than doubled in a decade, from a mere $1484 million in 1993, the Indian market has emerged as one of the largest importers of South East Asian goods with imports touching $10,942 million in 2004 [6] . The recently concluded Free Trade Agreements with countries like Thailand and Singapore are set to contribute to this trend. Expanding markets and larger impart flows imply not only economic prosperity but also vulnerability at sea. The incidence of piracy, armed robbery and maritime terrorism are on the rise end has placed a premium on the complexity of sea-lane defense.

The northern area of the Indian Ocean is the area of great significance in economic and strategic terms. India's foreign policy orientation towards its eastern neighbors has spurred interest and attention there. India's burgeoning economy, now forecasted to become one of the three fastest growing economies in the world entails expansion of existing export and import markets. Being a sea faring nation with island neighbors has added to the need for safe sea-lanes in the inter-lying waters. The world's busiest choke point in the straits of Malacca located here adds complexity to a strategic factor.

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## Why is the Indian Ocean Vital for Pakistan's Economic Interest?

The Indian Ocean is among the world's largest oceans comprising nearly one-fifth of the waters of the world. It is bounded by Asia on the north, Africa on west and Australia on the east. But why is the Indian Ocean Vital for Pakistan's Economic Interest?

Pakistan is also one of the littoral states of the Indian Ocean who also lay claim to the waters of the Indian Ocean. The commercial opportunities, connectivity and the resources prompt Pakistan to secure its economic interests in the Indian Ocean.

Furthermore, the limited lines of land communication in the eastern hemisphere have increased the importance of the areas attached to the ocean. Trade and commerce are the most significant variables, especially to the strategic choke points where the Indian Ocean is contiguous to other large bodies of water. Among the important choke points of the Indian Ocean, the Strait of Hormuz and the Mallaca are crucial for a plethora of Asian nations.

### CPEC Project: Is CPEC an Environment Friendly Project?

Pakistan shares a 990km long coastline located at the heart of the Arabian Sea and is among the major littoral states of Indian Ocean region. It has a bulk of marine economic resources in its Exclusive Economic Zone (EEZ). Its Western coast adjacent to the Gulf makes it strategically important by providing shortest sea route to the landlocked Central Asian Nations, Afghanistan and Western Province of China. Due to China's One Belt One Road (OBOR) initiative and China-Pakistan Economic Corridor (CPEC Project), the Indian Ocean assumes even more significance for Pakistan.

### After Chahbahar, India Ties with Oman for Duqm Port to Counter Gwadar

Defending its economic interests in the IOR is important for Pakistan as almost 97% of Pakistan's trade is carried out through the port of Karachi, Muhammad Bin Qasim, Gawadar, Pasni, Jiwani, Gadani and Ormara. Extended coastline and strategically located harbors present Pakistan with a location that is perfect for trade. Pakistan 's role in global navigation, the EEZ and Gwadar port are extremely important for the country 's economic development.

In the current power dynamic, China's OBOR initiative and CPEC Project give momentum to the Indian naval forces to cripple Pakistan's interests. CPEC and Gwadar port has the potential to make Pakistan into an economic hub of trade and development which hurts the Indian interest. Consequently, this situation has also catalyzed India's intention to harm Pakistan's economy, and acquiring the nuclear triad will provide Pakistan with a second strike capability and it will reduce the chances of a war.

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## Indian Ocean Region: Challenges & strategies

THE Indian Ocean Region (IOR) is undergoing a rapid transformation because of three factors: China's rise as the second largest economy in the world and its launch of the transcontinental mega-venture called the Silk Road Economic Belt and the 21st Century Maritime Silk Road (OBOR); the United States' (unfinished) pivot or rebalance to Asia ('unfinished' because the US strategy is in transition at the moment); and ascent of several emerging economies of the littoral states, including India, Indonesia, Pakistan and others. In coming decades, there will be exponential economic activity in and through the Indian Ocean and one would see the region's rapid militarization. The projected time period of this conference – 2030 and beyond – is too long and therefore it is difficult to fully fathom the turbulence and risks that lie ahead.

Within that overall context, the China-Pakistan Economic Corridor assumes special significance. India fears that the OBOR, undergirded by CPEC, could consign it to the margins of both land and maritime Asia. These developments also scupper Indian hypothesis that the Indian Ocean should remain its exclusive maritime front yard both economically and militarily. India has believed that it owns and dominates the Indian Ocean and that the United States' naval presence at Diego Garcia is largely symbolic, leaving pretty much to India to patrol the high seas from the Gulf of Aden to the Malacca Strait. It only grudgingly recognizes the role and presence of other navies, including Pakistan's.

The changes in the IOR propel India to invest even more heavily in its conventional and strategic military capabilities and to establish its presence in South China Sea. In the coming years, Indian Navy would grow rapidly. China has already entered into the IOR. In 2008, it dispatched its flotilla for UN Security Council-mandated anti-piracy operations off the Gulf of Aden. Since then, China has sent 25 escort missions to the region comprising missile frigates, supply ships, ship-borne helicopters, special combat soldiers, seamen and officers and carried out humanitarian and sea lane security operations. In the process, it has escorted 6,000 ships and rescued or assisted 60 Chinese and foreign ships.

Besides the US, China and India, Australia, Iran, Saudi Arabia, Bangladesh, Indonesia, Malaysia, South Africa, France and the United Kingdom will have a role in the Indian Ocean, in varying degrees. The IOR is going to become very crowded but one would expect Australia, Japan, Indonesia, and Iran to be more active than others. China would enter into the Indian Ocean slowly and steadily but in a self-effacing manner so that it is not perceived as an extra-regional power. But its real competition will be with the United States' world class navy, which China could outcompete in the Indian and Pacific Oceans, in the next two decades. Until that time, China would meticulously avoid gratuitous projection of its blue water strengths, though it has demonstrated them amply and credibly. Make no mistake: China is set on the path of launching a robust blue water navy.

The U.S.-India defense partnership, supplemented by their Logistics Exchange Memorandum of Agreement, enables India to acquire U.S. made "long-range patrol aircraft and drones, maritime helicopters, aircraft carrier technology and anti-submarine gear. "India argues that it needs all of this in part to counter Chinese built bases from Myanmar to Pakistan to Djibouti. The IOR will deal with existing and new threats. These include piracy, terrorism, proxy wars and spying. All

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these threats would require new capabilities for war fighting and opposing asymmetric warfare. No less serious is the heating up of the Indian Ocean. Its increasing heat content threatens biodiversity in waters and the seabed. Many small island states fear extinction. Against this backdrop, Pakistan should focus on ten priorities.

First, by opting for the Gwadar Port and CPEC, Pakistan has chosen to become a regional economic hub and a major maritime power. There is no going back. In this regard, it has three fundamental and simultaneous responsibilities: to complete CPEC projects on time and take them to the next higher stage, to build national consensus behind them, and to eliminate terrorism. Pakistan is successfully moving in all these directions.

Second, Pakistan will have larger naval presence in IOR; and that demands, for general maritime security, a stronger Pakistan Navy for protection of the sea lanes carrying Pakistan's as well as international merchandize. This task would require more naval assets and related infrastructure. While China would be there to safeguard its own interests in the Arabian Sea and the Indian Ocean, Pakistan, which up to now has been largely oriented as a land and air power, would have to build its conventional and strategic naval muscle proportionately.

Third, Pakistan's full spectrum deterrence will not be complete without a triad vis-a-vis India, including a symmetric and credible naval component. The stronger a country's economy, the stronger security cover it would need to protect and sustain it. Pakistan has a narrow window to build its naval capabilities. The opportunity will shrink if we think that this task belongs to the distant future.

Fourth, the precipitation of espionage networks around Pakistan's coastline and the mainland would thicken. More vigilance and cooperation with friendly countries will be required to combat this threat.

Fifth, a comprehensive mapping and oceanographic survey of our maritime sector and marine resources should be expedited to develop Pakistan's coastal economy so that it can support the mega-project of CPEC. The National Institute of Oceanography should be activated and this kind of effort should be co-led by Pakistan Navy, with the full support of the concerned ministries and parliament. We have to think of Pakistan's coastal economies supplementing and augmenting the land-based economy; and of weaving together the entire coast encompassing Gadani, Ormara, Pasni, and Jiwani. Pakistan's exclusive economic zone of 200 nautical miles has expanded to 350 nautical miles after a UN Commission expanded its continental shelf limit by 50,000 square kilometers. Exploitation of the EEZ will deliver huge dividends; but for that technological capacity and managerial skills are required. I understand from the CNS that work in all these areas is under way.

Sixth, since 95% of Pakistan's freight trade is seaborne, it is necessary to equip Karachi and Bin Qasim ports, and overtime Gwadar, with modern technology, enhance their dredging capacity, and improve their management to make them competitive regionally. This work is already being done in collaboration with China but it needs more emphasis, and a newer result-oriented approach.

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Seventh, in anticipation of its enhanced economic role in the region and taking advantage of CPEC, Pakistan should start working on two supplementary corridors connecting it to West Asia and an Africa. The West Asian corridor could go via Iran to Central Asia and Moscow and via Iran to Turkey to Europe; and the second corridor would pass through or around the Gulf region and penetrate into Africa. Africa, in particular, is an upcoming continent and holds immense promise for Pakistan and should be hospitable to it.

Eighth, Pakistan should further strengthen its all-weather friendship and strategic cooperative partnership with China. It should simultaneously develop and maintain good relations with the U.S., Russia and Europe and littoral states in the Indian Ocean. Instead of a unilineal approach, it should pursue a multi-angular foreign policy to reduce competition and confrontation and promote cooperation in Indian Ocean.

Ninth, Pakistan's universities, business schools and general schooling systems should be re-designed to equip them with contemporary and evolving scientific and technological tools and corporate competencies to make the human resource compatible with the changing role of Pakistan and the region.

Tenth, interoperability and close coordination are a must to meet the new challenges. Instead of operating in silos, systems should create shard spaces; and Pakistani institutions should move from a culture of adjacency to synergy.

The Jammu and Kashmir dispute will cast its shadow in the strategic and commercial realms of the IOR. If this issue is not resolved peacefully, in accordance with the aspirations of the Kashmiri people, it would remain a trigger for volatility in the region and a potent driver of conflict. The bilateral talks, despite the sincere and persistent efforts of Pakistan, have proved to be unproductive because of India's intransigence. We urge the United Nations – its Security Council and the Secretary General – to take a proactive stance to help resolve this longstanding issue in pursuance of the Charter obligations to avert a serious threat to peace and security. The foremost priority right now for the international community and UN bodies, especially the Human Rights Council, is to intercede to end massive human rights violations in the Indian Occupied Kashmir. Diplomacy is the need of the hour.

Finally, the IOR is not all about war and strife. It is a catalyst for peace and prosperity; cooperation, collaboration and connectivity; and stability and security. It is the collective responsibility of nations to use the Indian Ocean for nurturing and promoting global commons. Pakistan can play its role in this regard; but to do that that it will have to cast away its old mindset of failure or bravado. Pakistan's economy, CPEC, and state are turning a corner. The people should also adjust Pakistan's self-image accordingly.

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# Indian Ocean: Militarization and Regional Implications

## Significance of Indian Ocean

Indian Ocean is the world's third largest body of water and renders substantial contribution in feeding one-third of the world's population. Its idiosyncratic location, maritime trade routes; especially oil, its strategic choke points, and abundant natural resources have made the region of unparalleled significance. As per the Journal of Indian Ocean Region, over 80% of world's maritime transit trade in oil is carried out through this ocean. The Indian Ocean through its sea routes, to the east, connects Middle East, Africa, South Asia and other Asian regions and towards the west, with the Europe. The Indian Ocean Region (IOR) has gained incredible importance recently due to the dividends offered by the ocean. The Indian Ocean Region is rapidly improving in agricultural production and has become a hub of remarkable industrial activities leading to significant economic growth.

It was probably due to these unique factors that the renowned American naval strategist Alfred Thayer Mahan had once declared: "Whoever controls the Indian Ocean will dominate Asia. This ocean is the key to the seven seas in the twenty-first century, the destiny of the world will be decided in these waters." Mahan's assessment in this regard has virtually proved its veracity as today the geopolitics of the IOR as well as the regional and extra regional powers' entanglements have become among the most serious concerns for regional peace and stability. As the IOR is already home for more than half of the world's armed conflicts, the ever increasing trends of massive militarization and nuclearization of the ocean is alarming for the long-term security and economic activity of the IOR.

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## US military in IOR

Now-a-days, the naval presence of all major seafaring powers can be seen in Indian Ocean waters; however, the US was the first to established its military base in the island Diego Garcia after the British withdrew its forces in early 60s.The unfortunate inhabitants of Diego Garcia were thrown off their island to make the way for the US military base pushing the natives into what they had felt as the 'unbearable sadness'. The American initiative was initially to counter the growing USSR influence in the IOR. Currently the US has heavy military presence in the area. It is maintaining 5th fleet, task force-50 and the Diego Garcia in now America's principal military base and the most powerful satellite surveillance center, to keep an eye on its operations around the globe.

## Indian Ocean Zone of Peace

The littoral states, however, viewed these developments in the ocean with deep suspicions. Led by Sri Lanka, all the regional stake holders forwarded the Indian Ocean 'Zone of Peace' initiative. In this regard, the case was taken up with the United Nations and on 16 December 1971, its General Assembly voted for the 'peace' with 61-0 while having 55 abstentions. The

move is considered paramount to declare the Indian Ocean Zone of Peace. Afterwards, to reaffirm the idea the General Assembly on December 15, 1972, passed a resolution by even a stronger majority of 95-0 with only 33 abstentions.

An Ad Hoc Committee of fifteen nations was also constituted to analyze its impact and outcome. The main objective was to eliminate the chances of war to the maximum by taking measures to protect the area from any military adventures from the extra-regional powers and secondly to establish peaceful ties among the regional states to completely avoid any military confrontation in the waters. China's proactive role in this regard is commendable. There is no second opinion that to fulfill the dream of peace zone, the promotion of regional economic integration and strategic balance is more than imperative.

## Indian Militarization in IOR

In contrast to the spirit of ocean of peace, India, one of the major littoral states, initiated an unprecedented naval buildup with a vision to turn Indian Ocean into India's Ocean. It does so mainly by allocating more and more budget to its war fighting capabilities; conventional as well as strategic. The whole idea of Indian Ocean Zone of Peace has been flunked by the self-obsessed regional and global hegemony of India and the United States. Ironically, one is world's largest arms exporter and the second is the largest importer. India and US have transformed this buyer-seller defense relationship into a strategic alliance in the Asia-Pacific and Indian Ocean Region through numerous maritime agreements.

Indian Ocean as a Zone of Peace was indeed a great concept and must now be given a chance. It is very crucial not only because the ocean is lifeline for world's highest populous countries, but also because the regional two arch-rivals possess strategic weapons.

Under these various agreements, Indian military has been authorized to use all the American bases and facilities in the region including in the Persian Gulf. Moreover, India's logistics exchange agreement with France will also give India with the leverage to use all French maritime infrastructure and facilities including the bases at Djibouti on the Red Sea and at Reunion in the southern Indian Ocean. So India, other than its own naval modernization, has achieved access and permission to already present maritime facilities of the major maritime powers in the Indian Ocean.

## Indian Naval Modernization

India's massive naval modernization and its approval of $16 billion for nuclear powered submarines and naval warships have rung alarm bells in the region. Then its unabated aspiration for Blue Water Navy and plans for development of more than 160 ship navy, 3 aircraft carriers and more than 40 warships and submarines including anti-submarines corvettes and stealth destroyers should not be a matter of no less serious concern for Pakistan and the Asia's relatively smaller states.

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The regional players must amass the massive anticipated benefits offered by the China's economic vision. Adventurous gambling of any sort in the ocean must be discouraged by world's great powers because only a delicate regional balance might ensure peace and prosperity of the whole Indian Ocean Region.

India also took the first step of nuclearization of the ocean on March 2016, by conducting a test of its indigenous intermediate range Submarine Launched Ballistic Missile (SLBM) K-4 without prior information to Pakistan as both the South Asia nuclear states are in an agreement on 'Agreement on Pre-Notification of Flight Testing of Ballistic Missiles' from 2005. The strategic balance was abruptly disturbed by the development besides inflicting a severe blow to the 'Zone of Peace' initiative.

The naval modernization of Indian navy is in line with Delhi's ambitions to exert more control over some maritime chokepoints including the most important the Strait of Hormuz, Malacca Strait and the Mozambique Channel. India is building up its naval and air bases in 300 islands of Andaman and Nicobar, to occupy one end of the Malacca Strait.

## Containment of China in IOR

India is making exhaustive efforts to get hold over Iranian Chabahar port with the intent to accrue some lucre from the anticipated dividends of the Gwadar port. In this regard, India trying its maneuverability to outplay Sino-Pak collaboration and seems eager to play a decisive role in completing America's 'containment of China' diagram. So much so that to vanquish Chinese Belt and Road initiative, US has accelerated its work on the 'New Silk Road' in which India's pivotal role has been expected. India is happened to have fully trusted in the theory of 'relative gains' of Intentional Politics as far as its matters with Pakistan and China are concerned.

Therefore, the militarization of the Indian Ocean and the impending scrimmage between India and China has become a matter of vexation for all the ocean's littoral nations. China is engaging with smaller states with its soft power military diplomacy to counterbalance the Indo-US cahoots and to maintain a balance for peace and stability. It is because only peace is in China's best interests for long term economic integration and growth. So, Chinese military presence in the region is not for hegemony or influence but to secure its trade routes and infrastructure. For the construction of various projects such as roads, dams, railways, power plants, China is offering loans to the littoral states on easy repayments.

## Pakistan's Counterbalancing Moves

Pakistan's stakes, on the other hand, for the ocean's peace are the highest as its 95% of trade is done through the ocean (Arabian Sea) and 100% its Oil, lubricants is traded through these troubled waters. Pakistanis, therefore, a staunch resistant to the current trends of militarization and nuclearization of the ocean as "the militarization of the Indian Ocean region, proliferation of weapons of mass destruction, increased missile capabilities and power projections by foreign

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militaries are a threat to peace in the Indian Ocean region. And this trend is likely to intensify in the coming years."

However, keeping a closer eye on the India's military developments, Pakistan's military leadership is left with no other option but to remain vigilant and to channelize all possible resources to neutralize the Indian maritime moves whatsoever. For instance, to reassure the credible deterrence in the wake of India's test of SLBM K-4, recently Pakistan tested the nuclear-capable 'Babur', a submarine-launched cruise missile (SLCM), with the range of 450 km. The vitality of the test to further whet the credibility of country's "second strike capability" can never be overestimated. Pakistan with its limited resources is trying hard to maintain strategic parity with Indian in the Indian Ocean.

## Conclusion

Indian Ocean as a Zone of Peace was indeed a great concept and must now be given a chance. It is very crucial not only because the ocean is lifeline for world's highest populous countries, but also because the regional two arch-rivals possess strategic weapons. Chinese initiatives are open for all and they must not be politicized. The regional players must amass the massive anticipated benefits offered by the China's economic vision. Adventurous gambling of any sort in the ocean must be discouraged by world's great powers because only a delicate regional balance might ensure peace and prosperity of the whole Indian Ocean Region.

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# India's Security Concerns in the Indian Ocean Region: A Critical Analysis

## Key Points

- India's Indian Ocean policy is centered on providing security and political stability to its "maritime neighborhood", which includes the Maldives, Mauritius, Seychelles and Sri Lanka, in the face of China's expanding naval and strategic activities in the Indian Ocean.

- India has not learnt any lesson from the Mumbai terror attacks by way of undertaking efficacious measures to deal with future instances of maritime terrorism.

- India must craft a long-term strategy not only to modernize, update and strengthen its naval resources but also to plug loopholes in its decision-making on defense procurement and policy implementation.
- India needs to reverse the perceptions of it as a regional hegemon through policy and actions that encourage the strategic co-operation of its neighbors and help to balance China's increasing strategic influence in the Indian Ocean region.

## Summary

The Indian Ocean has always been, and will remain, on the strategic radar of great powers. Given its strategic location with abundant oil, mineral resources and fisheries, and being a hub of vast seaborne global trade and oil routes, it has turned out to be an arena of geopolitical rivalry among world powers and regional states. In today's age of increasing global economic integration, security in the Indian Ocean region (IOR) has become more problematic and complex given the persistent threats to the smooth flow of trade and commerce which demands freedom of navigation and security of sea lanes.

Insofar as India is concerned, as a "resurgent maritime nation," it has myriad interests in the Indian Ocean, ranging from energy security, economic growth, safety of the sea lanes to its maritime ambition to play a leading role in shaping the security architecture in the IOR. With its growing military and economic capabilities, India is poised to develop its blue economy to ensure inclusive growth and job creation. Intertwined with its national interests, its maritime strategy is centered on providing security and political stability to its "maritime neighborhood" such as the Maldives, Mauritius, Seychelles, and Sri Lanka in the face of China's expanding naval and strategic activities in the region. By this reasoning, China's presence entails a direct negative impact on India's energy and security interests, and also undermines its role as a preeminent power in the region.

## Analysis

In view of the overwhelming security challenges from diverse sources, including adversarial neighbors and non-state actors such as pirates, maritime terrorists and armed robbers, India needs

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to adopt a more structured and holistic approach to address them at global and regional levels. For that, it will need to craft a long-term strategy not only to modernize, update and strengthen its naval sinews but also to plug loopholes in its decision-making on defense procurement and policy implementation. India's security concerns in the Indian Ocean demand the pursuit of a long-term maritime policy in close strategic co-operation with major powers such as the United States, Japan and Australia, and its maritime neighborhood.

After the end of the Cold War, the new centers of powers such as China sought to flex their maritime muscles in the Indian Ocean. For instance, China has been feverishly engaged in modernizing its navy and expanding its naval arm in the Indian Ocean to assert its influence over the IOR states, which is frequently antithetical to the geopolitical and geostrategic interests of India, the United States and Japan.

If viewed from a historical perspective, India's non-aligned policy during the Cold War era was opposed to the superpower rivalry in the Indian Ocean. That was grounded in its perception and belief that the geopolitical contest between the two superpowers in the Indian Ocean constituted a potential threat to the freedom, sovereignty, economic independence and political stability of the littoral states of the IOR. But, given its burgeoning economy and its role as an emerging global power, India is faced with multiple challenges in the Indian Ocean in the twenty-first century. It is important to bear in mind that 90 per cent of India's trade volumes and 90 per cent of its oil imports pass through the sea routes of the Indian Ocean. Further, since India is on the path of integrating its economy globally, it faces an onerous task to protect its long coastline of 7,500 kilometers from the potential threat of non-state actors. The Mumbai terror attacks in November 2008 that emanated from across the maritime border are a case in point. Since then, India has undertaken several measures to augment the security of its coastal cities, and to protect its offshore oil and gas installations.

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## India's China Anxiety: Clash of Interests

In a new wave of "Asian regionalism", China has emerged as an assertive and influential actor to reshape Asian economic and security architecture. Over the past one decade or so, China has emerged as India's archival in the Indian Ocean. Without exaggeration, China has already established its strategic beachhead in the region. This is manifest from China's development of the Hambantota port in Sri Lanka, Marao port in the Maldives, Chittagong port in Bangladesh, and its operational control over Pakistan's Gwadar port, which will help China to encounter the Indian Navy directly. Not only that, but China's PLA-Navy also docked its nuclear submarine in Colombo in 2014, causing security anxiety to India. These instances reinforce China's intention to scuttle India's role and influence in the region. In Indian perceptions, China's objective is to establish a permanent naval base in the Indian Ocean, which might one day be used to jeopardize India's energy security, economic and trade interests.

It must be underlined that China has already established strong strategic ties with Sri Lanka and the Maldives with a focused motivation to dilute India's preeminent role and influence over those countries. Towards that end, China launched the Maritime Silk Road project in India's backyard, of which Maldives and Sri Lanka are the partners. Not only this, Chinese military

élites are also reportedly engaged in working out a roadmap to set up a naval base in the Maldives, although that is denied by the Maldivian Government.

In order to rejuvenate its ties with Sri Lanka and the Maldives, China conducted joint military exercises with Sri Lanka in June-July 2015 that were in addition to the docking of two nuclear submarines at Colombo the previous year. India protested over the presence of the nuclear submarines in its backyard but it did not cut any ice with the Beijing leadership. In real political terms, China's game plan is centered on keeping a close surveillance over India's strategic assets and its naval activities offshore the Indian Ocean. It was also reported that 'Chinese nuclear submarines carried out patrols in the Bay of Bengal. The possible presence of Chinese nuclear missiles so close to its coastline was a matter of utmost concern to India's nuclear deterrence.'[4] Undoubtedly, such sensitive strategic activities are seen to constitute a serious threat to India's national security interests, which might further erode India's role as a security and stability provider to the region. The Modi Government, therefore, appears to be serious about helping the Indian Ocean littoral states with their "capability enhancements".

## Modi's "Act East" Policy

Prime Minister Narendra Modi has attempted to redefine India's Indian Ocean policy to articulate India's interests in a much broader framework of seeking 'a more integrated and co-operative future' to ensure peace, security and sustainable development for all. Towards that goal, the Modi Government has launched a new approach to 'reach out to all friendly nations' to renew and deepen strategic partnerships in the Indian Ocean Region. Modi is the first Indian prime minister to have undertaken such a record number of foreign visits which injected a new energy and dynamism into the hitherto moribund maritime diplomacy of India. This resulted in the successful conclusion of the LEMOA agreement between India and the United States in 2016 permitting the use of each other's bases, something quite unimaginable in the Cold War era.[5]

Further, Modi gave a new nomenclature to the earlier Look East Policy (1992) by announcing the "Act East" policy. The choice of name was perhaps not without sarcasm and may imply that his predecessor UPA Government suffered from passivity and policy paralysis, resulting in a failure to address effectively the warnings from China about India's maritime engagement with South-East Asia. He undertook a flurry of visits to ASEAN countries to convince their heads of state and government that India was committed to helping maintain peace and security in the Indian Ocean rim states. He gave enough hints that India might be a solid hedge against China's increasing geopolitical influence in the region and was reflected in India's joint naval exercises with ASEAN member countries such as Singapore and Indonesia. In addition, India and Vietnam signed two MoUs on bilateral defense and coast guard co-operation in 2015. As part of the agreement, two Indian two warships visited Cam Ranh Bay in Vietnam in 2016 and two other vessels INS Sahyadri and INS Shakti, visited Subic Bay in the Philippines. Under the Act East Policy, the Modi Government has boosted the morale of Indian Navy and expanded its strategic footprint beyond South Asia.

Undoubtedly, India's recent maritime engagements with those South-East Asian states imparted a new sense of confidence among the Indian people that their country was capable of defending

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its maritime security interests against potential threats from its adversaries. In particular, with the induction into the Navy of the aircraft carrier INS Vikramaditya and ballistic missile submarines, India has recalibrated its maritime security policy to better safeguard its various security and economic interests in the IOR. Maritime security policy under the Modi Government was articulated in the 2015 document titled Ensuring Secure Seas: Indian Maritime Security Strategy.

More pertinently, Prime Minister Modi has endeavored as never before to inject a new vigor and momentum into India's neighborhood maritime policy, by realizing the new geostrategic reality that China was consolidating its maritime presence in the littoral states of the Indian Ocean. In response to that expansion, Modi visited Seychelles and Mauritius in March 2015 and stressed the imperative for comprehensive defense and maritime security co-operation with the island states. During his call on the Seychelles, he concluded five agreements with the Seychellois Government covering renewable energy, infrastructure development and hydrographic surveys. More important was the agreement pertaining to the lease of Assumption Island for the development of its infrastructure. This will enable India to keep a close vigil over any Chinese warships in the area. Apart from these agreements, Modi inaugurated the Coastal Surveillance Radar System to enhance India's maritime capabilities. Further, India has plans to set up more Coastal Surveillance Radar Systems in Mauritius, Sri Lanka and the Maldives. Highlighting India's push for regional integration, Modi said: 'We also hope that Seychelles will soon be a full partner in the maritime security co-operation between India, Maldives and Sri Lanka.'

## Future Requirements and Actions

In the face of the challenges to India's myriad security interests, it is not sufficient just to conduct joint naval exercises with various regional partners, including the United States. India must realize that its naval capabilities are much weaker than those of China. The latter possesses four nuclear ballistic missile submarines, while India has one nuclear attack submarine, the Akula-class INS Chakra. Moreover, INS Arihant, India's nuclear ballistic missile submarine, has still to undergo several more ballistic missile tests. Hence, the 2015 decision of the Modi Government to upgrade the country's naval arm with the giving of a green light to the indigenous construction of six nuclear-powered submarines.

In addition, India has signed an agreement with a Russian ship builder at a cost of 5,000 crore rupees ($1 billion) to refit its old Kilo-class submarines, including leasing a world-class nuclear attack submarine from Russia to improve the depleted naval fleet. The Indian defense establishment has also given a green light to the construction of 24 submarines by 2045 (or thereabouts). From the United States, India needs the high-tech Guardian (the maritime variant of the MQ-9 Reaper) drones that were formerly known as Predator B, for maritime surveillance in the Indian Ocean. In a new dispensation from the Trump Administration, Democrat Senator Mark Warner and his Republican colleague Dan Sullivan supported the sale of Guardian drones to India in their speech at the Wilson Centre on 2 March 2017.

But some big claims have been made by the Modi Government about India's defence preparedness, implying that India is fully capable of meeting any maritime challenge stemming from any source. On the contrary, Modi's hyperbolic rhetoric and verbal assurances to the nation

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are bereft of concrete policy actions. For instance, India has not undertaken appropriate measures to improve and strengthen its naval capabilities to counter maritime terrorism and piracy, in light of the Mumbai terror attacks. A host of pragmatic measures are needed.

First, India needs to further elevate, strengthen and deepen its security co-operation with regional partners such as Sri Lanka, the Maldives, Seychelles and Mauritius, as well as the United States, Japan and Australia, to protect its core security interests in the Indian Ocean.

Second, India needs to develop hard and soft power resources to ensure its maritime security and to be able to deal with any contingent situation that might arise from any future Sino-US conflict in the South China Sea. Moreover, India must expand its strategic foothold in multilateral fora and organizations. Today, with the exponential development of modern weaponry, unprecedented communications technology and vast intelligence resources, maritime threats have amplified. For India, the IOR is a "nerve center" for its Sea Lines of Communication (SLOCs).

Third, any quadripartite partnership of India, Japan, the United States and Australia should not be exclusively focused on isolating China as some kind of pariah state. Rather, China must be engaged as a co-operative partner in the process of negotiations to resolve mutual differences in the spirit of protecting the global commons.

Fourth, if it is to meet the challenges – either real or perceived – posed by China to its maritime interests in the Indian Ocean Region, India will be required to develop a multipronged strategy of maintaining an active and agile presence in the IOR by integrating its army, air force and navy in fuller co-operation and co-ordination with the central and state governments.

Fifth, India's focus should be on the security of SLOCs and resource management. Finally, India will be required to undertake defense infrastructure projects in the Indian Ocean as an effective counterweight to China's much-hyped strategic encirclement of India through the so-called "string of pearls" doctrine.

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## Conclusion

India and China will remain strategic rivals due to their competing energy and security interests in the Indian Ocean Region. By logical extension, India will need to improve its maritime infrastructure and upgrade its naval capabilities. Mere drum beating under the Act East Policy will not be enough to deliver the goods since India is faced with divergent maritime threats and challenges of a vast scale, magnitude and intensity to its maritime borders. It cannot protect those maritime borders and ensure its energy security without the co-operation of, and intelligence sharing with, regional partners. But co-operative security mechanisms cannot be developed unless there is a convergence of perceptions on common regional security interests among regional and extra-regional powers. The time has come for India to build sturdy and stable partnerships with other liberal democratic states, in particular the United States, Japan and Australia. At the same time, it must be borne in mind that any partnership is not exclusively directed against China, for the latter is already a global power with a global reach in every

domain. It would thus be a chimera to contain China; rather, China needs to be more fully co-opted into the evolving global and regional security architecture. Achieving that will better serve the common interests of all states, including China, in a co-operative security mechanism.

More importantly, India needs to shed off the dominant-dependent psyche that it suffers from. It must treat its South Asian neighbors on an equal footing with due respect to each partner in a co-operative security order. The fact is that India is still perceived as a regional hegemon. Unless this perception is reversed through policy behavior and action, India will not be able to seek the strategic co-operation of its neighbors to balance China's increasing strategic influence in the IOR.

In a broader context, if India is unable to liberate itself from the deeply entrenched psyche of keeping itself at a distance and to press ahead with forging strong strategic partnerships with Pacific states, an Indo-Pacific common security order cannot be a reality. The time has come for India to revise its old political shibboleths and psychological inhibitions.

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# AN INDIAN OCEAN AGENDA FOR MODI 2.0

Today's globalized world increasingly depends on the Indian Ocean for trade connectivity. In 2018, Indian Ocean-connected nations had a combined nominal GDP of over $54 trillion and included 12 of the 16 members of the trillion-dollar club. By 2033, the Indian Ocean will connect 21 of the 25 global members of the projected trillion-dollar club. In comparison, the Atlantic will connect only 12, and the Pacific will connect 13. Over 60 percent of the $17.43 trillion worth of merchandise exports the world witnessed in 2017 comprised seaborne trade, with close to two thirds of this transiting the Indian Ocean. While the Atlantic formed the backbone of the global trading system of the past, the Indian Ocean has effectively taken over that role today–and its share of global trade will grow in the years ahead. The security of Indian Ocean sea lines of communication (SLOCs) has thus become a key concern for stakeholders, but regional mechanisms for maritime security cooperation in the Indian Ocean are few. Consequently, the security of Indian Ocean SLOCs depends largely on extra-regional powers.

As India has grown, so has its reliance on the seas. India depends on Indian Ocean SLOCs for vital energy imports as well as for external trade in goods and services which amounted to roughly 40 percent of India's GDP in 2018. Merchandise trade is carried predominantly by sea, and even trade in services depends to a large extent on undersea cables. While India's territorial integrity may depend on secure borders, its economic future depends on secure Indian Ocean SLOCs.

Consequently, SLOC security has become an increasingly prominent component of India's security outlook. The importance attached to SLOC security was first seen in India's stated aspiration to become a "net security provider" in the region. In 2015, Prime Minister Narendra Modi went public with his SAGAR (Security And Growth for All in the Region) strategy, making it the cornerstone of his engagement with the Indian Ocean rim and islands. But India does not possess power or influence sufficient to secure the entire region. India must enlist other stakeholders' cooperation in order create this critical foundation for the region's prosperity. Such cooperation requires the development of a common understanding and comprehensive strategy to tackle the different types of security challenges found at sea.

Maritime security challenges and responses for a status quo nation can be divided into three broad categories. First is the humanitarian or "benign" category, entailing provision of succor to those in distress, evacuation of diasporas from strife torn areas, and assistance to people of regional states impacted by natural calamities. Next comes the governance or "constabulary" category that consists of securing maritime transportation routes and nodes against criminals and non-state actors seeking financial or political gain, as well as the enforcement of international law. Third is the coercive or military category, comprising actions to deter or counter the coercive acts of other nation-states. Each of these three baskets of challenges requires a different approach.

India has a proven pan-oceanic capability to tackle humanitarian challenges in the Indian Ocean. Its geographic centrality, the deployment pattern of its navy, and the limited capacity of regional nations enable it to be the first responder in the crises that strike Indian Ocean states with



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predictable regularity. India must, therefore, take the lead in organizing humanitarian assistance and disaster response (HADR) cooperation in the Indian Ocean.

Governance challenges are somewhat more difficult to tackle given their transnational linkages, the sovereignty concerns of regional nations, and the political clout of criminal elements. An example of governance cooperation lies in the ongoing anti-piracy operations off the Horn of Africa, where India has contributed effectively, albeit not under the command of others. Extra-regional nations maintain a substantial naval presence in Indian Ocean hot spots to deal with such challenges. India's Information Fusion Centre—Indian Ocean Region has provided a foundation for regional cooperation in tackling governance challenges. It is now time for India to take the lead in organizing such regional cooperation.

Cooperation is most difficult when it comes to dealing with revisionist coercive challenges by nation-states, both overt and covert. India has developed the wherewithal to deal with such challenges from Pakistan, but there is increasing concern regarding a Chinese challenge manifesting itself in the years ahead. Given its vital interests in the region, there can be little doubt that the People's Liberation Army-Navy presence in the Indian Ocean will increase and China will acquire additional bases to add to Djibouti. This could conceivably threaten the SLOCs that serve as India's economic jugular vein, creating coercive pressure. To counter this challenge, sections of India's strategic community are discussing seeking maritime security guarantees from external powers in a manner reminiscent of India's search for external nuclear security guarantees when China became a nuclear power. But can other nations provide India reliable maritime security guarantees? Is that the objective of highly visible exercises such as Malabar?

In 1984, then-secretary of defense Caspar Weinberger articulated what became known as the Weinberger Doctrine, specifying that U.S. military forces should not be deployed in combat situations in which the United States does not have vital interests at stake. This doctrine generated much opposition, particularly from the State Department, but the use of military force for operations that do not clearly involve U.S. vital interests has always aroused strong debate. India's policymakers must understand that no extra-regional stakeholder can be reliably expected to risk entanglement in confronting China directly if, and when, it seeks to coerce India in the Indian Ocean. Only India's vital interests are at stake; others will, at best, provide diplomatic support. Just as it was forced to develop and strengthen an independent nuclear capability, India has no option but to strengthen its own naval capability to tackle a possible coercive challenge from China.

President Donald Trump's National Security Strategy says, "We will deepen our strategic partnership with India and support its leadership role in Indian Ocean security and throughout the broader region." Concession of the leadership role to India makes it clear that the United States has no vital interests in the Indian Ocean. It will help develop India's capability, including through enhancing domain awareness, technology transfers, and tactical exercises, but will not risk military entanglement. Exercises such as Malabar, Konkan, Cope India, and Varuna are useful in honing India's military capability and testing the doctrinal aspects and tactical proficiency of India's fighting forces, but to see them as signaling commitment to come to India's aid in a crisis with China (or even Pakistan) is overly optimistic.



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India's approach to cooperative maritime security must therefore be to:

Expand humanitarian cooperation with Indian Ocean Region nations by providing HADR assistance as necessary, while enhancing their capability to govern maritime zones provided to them by the United Nations Convention on the Law of the Sea.
Take on increased responsibility for governance of ocean areas within the Indian Ocean in cooperation with extra-regional great powers, including both China and the United States.
Strengthen military capabilities to deal with coercive challenges within the Indian Ocean, particularly from China. This will require increased budgetary allocations and other measures.
India's economic future and prosperity are dependent on cooperation with like-minded nations to secure the global maritime (and cyber) commons, on which its linkage with the world at large depends. Failing to invest adequately and to develop a suitable cooperative security strategy would be as myopic a failure as those that led to defeat in the 1962 Sino-Indian War. The second Modi administration should structure its maritime security outlook accordingly.

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## India and the Indian Ocean — Economic, Political and National Security Imperatives

Post-independence, none of India's Prime Ministers including Sh. Jawaharlal Nehru, have given much strategic significance to the IOR, and missed creating a strategic advantage in the region. The relative decline of US's pre-eminence in the region has now created the opportunity for countries like India, China and Japan to build a strong foothold over this region and develop it to their strategic advantage. Building strong law and policy frameworks for ensuring sustainable growth along with a strategic security architecture is the need of the hour. This should be a national priority for two key reasons — 1. The blue economy offers immense potential for creating an economic impetus for India & 2. To counter China's increased impetus on building trade and naval capability in the IOR.

Pursuing a policy of engagement in the Indian Ocean region (IOR), the Indian Prime Minster Sh. Narendra Modi stated in March 2015, while commissioning the Offshore Patrol Vessel (OPV) Barracuda in Mauritius, "To me, the blue chakra or wheel in India's National Flag represents the potential of Blue Revolution or the Ocean Economy. That is how central the Ocean Economy is to us". This renewed focus of the Indian government on building its capabilities and relationships in the IOR is critical for the security and economic growth of India.

For development experts, ocean based 'blue economy' is a contemporary idea that helps optimize and utilize ocean resources in a balanced manner for socio-economic development. It is based on the idea of the 'ocean as a resource' wherein use of local resources are promoted enabling sustainable development and addressing issues of scarcity of resources (3). The countries in the IOR are not economically integrated and are at different levels of development, offering immense possibility for trade and co-operation.

The Ocean policy outlined by New Delhi and nomenclatured as "SAGAR — Security and Growth for All in the Region" includes strengthening maritime capabilities, safeguarding mainland and the surrounding islands. It will help India build a secure regional architecture in the IOR. Given their location in the IOR, augmenting naval and trade capacities in Lakshadweep as well as Andaman Nicobar Islands could provide India with unparalleled advantage towards the 'SAGAR" agenda.

The Indian Ocean borders four continents — Asia, Africa, Australia and Antarctica; and is an integral link between the eastern and western parts of the world. The littoral states of Indian Ocean possess roughly 35 percent of the world's natural gas; more than two third of the world's oil reserves; 40 per cent gold; 60 percent uranium and 80 percent of the world's diamonds. It is an important route for transport of crude oil to East Asia, Europe and North America among other commodities like iron, tea, coal and rubber (2). In an era where global shipping has grown exponentially, the Indian Ocean is positioned to be in the crossroads of global trade. It connects major players of International economy in Asia Pacific and Northern Atlantic and unimpeded 'sea lines of communication' (SLOCs) or maritime highways in the Indian Ocean are critical for Europe's economy.



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The Indian Ocean is emerging as one of the critical regions in global geopolitics, and both India and China are seen as vying for strategic advantage in this region. As a 'pivotal zone of strategic competition' (5), control over the Indian Ocean can provide any state with dominion over one-third of the globe, therefore China is aggressively increasing its presence through strategic investments in the region.

As the largest player in this region, India is also increasingly stepping up its presence in the Indian Ocean Region (IOR) and collaborating with the other countries to build economic strength as well as address geo-political risks. For the swearing in of PM Modi's second term in office, India strategically chose to invite the heads of the Bay of Bengal Initiative for Multi-sectoral and Economic Cooperation (BIMSTEC) countries, displaying an increase in diplomacy and mutual understanding for improved economic and political ties in the IOR. This is an attempt to establish India as a driver of regional economic growth and arrest China's increasing influence.

India is growing increasingly concerned about the investments that China is making in countries like Pakistan, Bangladesh, Myanmar and Sri Lanka with ports and locations where it can set up naval facilities — a 'String of Pearls' metaphor that provides it strategic uninterrupted access in the IOR. However, India is also expanding its capabilities in the region and activating possible security partnerships to the maximum extent possible. Prime Minister Modi's visit to the Maldives, as his first visit to any country during his second term ties in with the country's aim to consolidate its vision as a leading player in the Indian Ocean region.

Countries like the United States, France and Australia are also looking at having a greater say in maritime strategies developing in the IOR. In addition, they are looking at expanding co-operation in the areas of disaster management and relief as well as fighting drug smuggling and piracy. Issues of unregulated migration, piracy and presence of militant/terrorist groups in Somalia, Pakistan, parts of Indonesia and Bangladesh pose significant security challenges to countries in the Indian Ocean. Coastal degradation, pollution, over-fishing, climate change are having a huge negative impact on the region and requires the various players to come together for a concerted strategy for sustainable development of the Indian Ocean. India has the potential to lead these changes given its location in the IOR.

The Indian Ocean also offers climactic advantages to the region, giving South India its moderate climate and bringing in rain with the South-West monsoon, in addition to immense bio-diversity and coastal vegetation. Fishery, both for domestic and international consumption, offers a huge business possibility to this region.

An increasingly important feature of India's naval diplomacy is its strategy of engaging the littorals states in the Indian Ocean; along with modernization and expansion of its naval capabilities. India needs to look at few key areas to consolidate its presence in the IOR. The state should ensure it can harness the Indian ocean and its coastline to power a blue economy; work with a united spirit of growth and security for all in the IOR; establish effective partnerships with external powers present in this region and achieve speed and efficiency in its Maritime Capability Perspective Plan (MCPP), as well as implement robust maritime diplomatic ties with countries in this region.



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## The Indian Ocean is now at the heart of global geopolitics

In recent days, Australia's foreign minister Marise Payne announced efforts to strengthen Australia's involvement in the Indian Ocean region, and the importance of working with India in defence and other activities. Speaking at the Raisina Dialogue in Delhi—a geopolitical conference co-hosted by the Indian government—Payne said:

Our respective futures are intertwined and heavily dependent on how well we cooperate on the challenges and opportunities in the Indian Ocean in the decades ahead.

Among Payne's announcements was A$25 million for a four-year infrastructure program in south Asia (The South Asia Regional Infrastructure Connectivity initiative, or SARIC), which will primarily focus on the transport and energy sectors.

She also pointed to increasing defence activities in the Indian Ocean, noting that in 2014, Australia and India had conducted 11 defence activities together, with the figure reaching 38 in 2018.

Payne's speech highlights the emergent power of the Indian Ocean region in world affairs. The region comprises the ocean itself and the countries that border it. These include Australia, India, Indonesia, Bangladesh, Madagascar, Somalia, Tanzania, South Africa, the United Arab Emirates, and Yemen.

In terms of global political significance, the Atlantic Ocean can be viewed as the ocean of our grandparents and parents; the Pacific Ocean as the ocean of us and our children; and the Indian Ocean as the ocean of our children and grandchildren.

There is an obvious sense in which the region is the future. The average age of people in the region's countries is under 30, compared to 38 in the US and 46 in Japan. The countries bordering the Indian Ocean are home to 2.5 billion people, which is one-third of the world's population.

But there is also a strong economic and political logic to spotlighting the Indian Ocean as a key emerging region in world affairs and strategic priority for Australia.

Some 80% of the world's maritime oil trade flows through three narrow passages of water, known as choke points, in the Indian Ocean. This includes the Strait of Hormuz—located between the Persian Gulf and the Gulf of Oman—which provides the only sea passage from the Persian Gulf to the open ocean.

The economies of many Indian Ocean countries are expanding rapidly as investors seek new opportunities. Bangladesh, India, Malaysia, and Tanzania witnessed economic growth in excess of 5% in 2017–well above the global average of 3.2%.

India is the fastest growing major economy in the world. With a population expected to become the world's largest in the coming decades, it is also the one with the most potential.



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Politically, the Indian Ocean is becoming a pivotal zone of strategic competition. China is investing hundreds of billions of dollars in infrastructure projects across the region as part of its One Belt One Road initiative.

For instance, China gave Kenya a US$3.2 billion loan to construct a 470 kilometre railway (Kenya's biggest infrastructure project in over 50 years) linking the capital Nairobi to the Indian Ocean port city of Mombasa.

Chinese state-backed firms are also investing in infrastructure and ports in Sri Lanka, the Maldives, and Bangladesh. Western powers, including Australia and the US, have sought to counter-balance China's growing influence across the region by launching their own infrastructure funds—such as the $113 million US fund announced last August for digital economy, energy, and infrastructure projects.

In security terms, piracy, unregulated migration, and the continued presence of extremist groups in Somalia, Bangladesh, and parts of Indonesia pose significant threats to Indian Ocean countries.

Countries in the region need to collaborate to build economic strength and address geopolitical risks, and there is a logical leadership role for India, being the largest player in the region.

The Indo-Pacific is a natural region. It is also home to a vast array of global opportunities and challenges. I am increasingly convinced with each passing day that the destinies of those of us who live in the region are linked.

More than previous Indian prime ministers, Modi has travelled up and down the east coast of Africa to promote cooperation and strengthen trade and investment ties, and he has articulated strong visions of India-Africa cooperative interest.

Broader groups are also emerging. In 1997, nations bordering the Bay of Bengal established the Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation (BIMSTEC), which works to promote trade links and is currently negotiating a free trade agreement. Australia, along with 21 other border states, is a member of the Indian Ocean Rim Association (IORA) which seeks to promote sustainable economic growth, trade liberalisation, and security.

But, notwithstanding India's energy and this organisational growth, Indian Ocean cooperation is weak relative to Atlantic and Pacific initiatives.

Australia's 2017 Foreign Policy White Paper seeks to support IORA in areas such as maritime security and international law. Private organisations, such as the Minderoo Foundation, are doing impressive research—as part of the Flourishing Oceans initiative—on the migration of sea life in an effort to advance environmental sustainability and conservation.

But Australia could focus more on how to promote the Indian Ocean. In Australia's foreign affairs circles, there used to be a sense Asia stopped at Malta. But it seems the current general understanding of the "Indo-Pacific" extends west only as far as India.



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What this misses—apart from the historical relevance and contemporary economic and political significance of the Indian Ocean region generously defined—is the importance of the ocean itself.

**Not just important for trade and ties**

If the Ocean was a rainforest, and widely acknowledged as a repository of enormous biodiversity, imagine the uproar at its current contamination and the clamour around collaborating across all countries bordering the ocean to protect it.

The reefs, mangroves, and marine species that live in the Ocean are under imminent threat. According to some estimates, the Indian Ocean is warming three times faster than the Pacific Ocean .

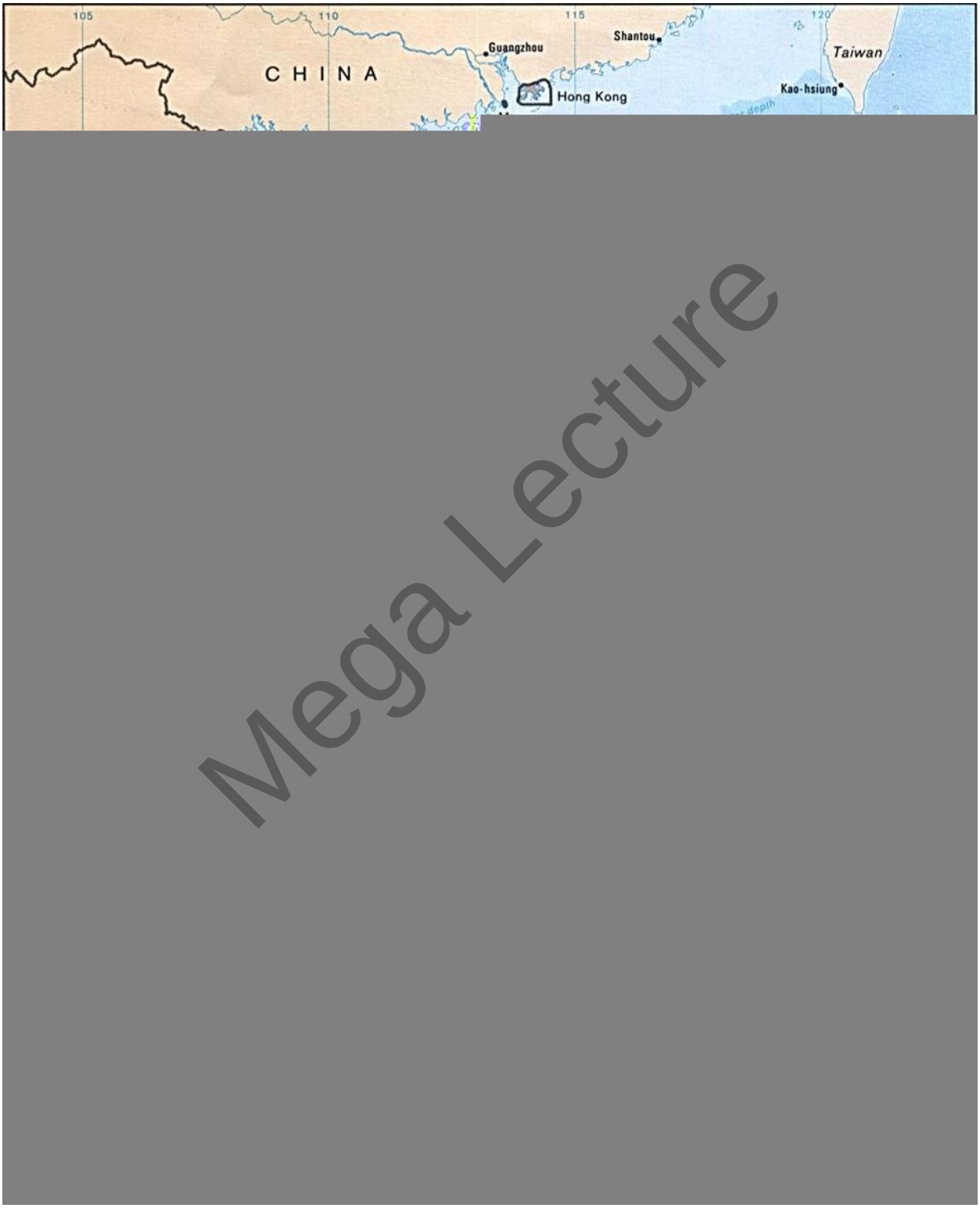
Overfishing, coastal degradation, and pollution are also harming the ocean. This could have catastrophic implications for the tens of millions of fishermen dependent on the region's marine resources and the enormous population who rely on the Indian Ocean for their protein.

Australia must continue to strengthen its ties in the region—such as with India and Indonesia—and also build new connections, particularly in Africa.

Mega Lecture Kibzai

# 13. South-China Sea Crisis

## The South China Sea Dispute: A Brief History

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A small outcropping of sand occasionally breaks the vast expanse of the South China Sea. These islands are modest, even diminutive, but they form the core of a fierce territorial dispute among six primary claimants: Brunei, China, Malaysia, the Philippines, Taiwan, and Vietnam. These claimants also clash over their rights and duties in the nearby waters as well as the seabed underneath.

The disputes in the South China Sea have the potential to ignite a broader regional conflagration. Multiple claimants contend over issues of sovereignty not susceptible to easy legal resolution. Worse, the stakes are high: The Sea is one of the primary routes for international trade, and many claimants believe that the Sea hides bountiful oil reserves in addition to its plentiful fishing stocks. The disputes are further entrenched by rampant nationalism, as each claimant attaches symbolic value to the South China Sea islands that far exceeds their objective material wealth. And, finally, the disputes are also tinged by great power politics as China and the United States begin to jostle each other for control of the international order.

Over the last year, disputes in the South China Sea have dominated headlines, and they seem sure to continue to generate fresh national security issues. Already, too, they have raised a variety of legal questions that will inform the future course of both the conflict and the region. Accordingly, Lawfare decided to prepare a backgrounder on the South China Sea that proceeds in two parts. First, in this part, I will lay out the history of the disputes and highlight key events necessary to understanding the crises of the day. In the second part (which will run later this week), I will introduce the primary legal issues underlying the disputes.

## Centuries of Contested History

As readers can see in the map above, the islands of the South China Sea can largely be grouped into two island chains. The Paracel Islands are clustered in the northwest corner of the Sea, and the Spratly Islands in the southeast corner.

Reflecting the Rashomon nature of the dispute, the claimants have argued bitterly over the "true" history of these island chains. Some have tried to ground their modern claims by proving a long and unbroken record of national control over claimed features. These states assert that, for example, their nationals fished around the islands of the Sea or used them for shelter from storms. In particular, Beijing has taken an active role in subsidizing archeological digs to find evidence of exclusive Chinese usage of the Sea's many features since time immemorial.

It is hard—if not impossible—to wade through these partisan claims (many of which constitute pure propaganda). No impartial tribunal has yet taken on that challenge. To the extent that it is possible to draw any conclusions from the morass, though, it seems fair to say that no claimant has conclusively demonstrated a pattern of exclusive historical control over the South China Sea, or even over isolated parts of it.



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## A Period of Relative Quiet

In any case, the issue was moot for most of the region's history. Through the first half of the twentieth century, the Sea remained quiet as neighboring states focused their attention on conflicts unfolding elsewhere.

In fact, at the end of World War II, no claimant occupied a single island in the entire South China Sea. Then, in 1946, China established itself on a few features in the Spratlys, and in early 1947, it also snapped up Woody Island, part of the Paracel Islands chain, only two weeks before the French and Vietnamese intended to make landfall. Denied their first pick, the French and Vietnamese settled for the nearby Pattle Island.

But even at this stage, the South China Sea was not seen as a priority by any of the claimants. For that reason, after suffering their cataclysmic defeat at the hands of Mao's Communists, Chiang Kai-shek's forces retreated to Taiwan and abandoned their stations in the South China Sea. Even the French and Vietnamese could not be bothered to take advantage of the lapse in Chinese control, as they were preoccupied with the rapidly escalating war in Vietnam.

## The Claimants Rush for Control

However, the next half century saw accelerating interest in the South China Sea. In 1955 and 1956, China and Taiwan established permanent presences on several key islands, while a Philippine citizen—Thomas Cloma—claimed much of the Spratly Island chain as his own.

Once again, this phase of frenetic island occupation was cooled off by a longer period of inertia. But by the early 1970s, the claimants were at it once again. This time, though, the scramble was spurred by indications that oil lurked beneath the waters of the South China Sea. The Philippines was the first to move. China followed shortly thereafter with a carefully coordinated seaborne invasion of several islands. In the Battle of the Paracel Islands, it wrested several features out from under South Vietnam's control, killing several dozen Vietnamese and sinking a corvette in the process. In response, both South and North Vietnam reinforced their remaining garrisons and seized several other unoccupied features.

Another decade of relative inaction was punctuated once again with violence in 1988, when Beijing moved into the Spratlys and set off another round of occupations by the claimants. Tensions crested when Beijing forcibly occupied Johnson Reef, killing several dozen Vietnamese sailors in the process.

Once again, though, tensions deescalated for a few years, only to rise again in 1995, when Beijing built bunkers above Mischief Reef in the wake of a Philippine oil concession.

## Diplomatic Developments

The dispute seemed to take a turn for the better in 2002, when ASEAN and China came together to sign the Declaration on the Conduct of Parties in the South China Sea. The Declaration sought



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to establish a framework for the eventual negotiation of a Code of Conduct for the South China Sea. The parties promised "to exercise self-restraint in the conduct of activities that would complicate or escalate disputes and affect peace and stability including, among others, refraining from action of inhabiting on the presently uninhabited islands, reefs, shoals, cays, and other features and to handle their differences in a constructive manner."

For a while, the Declaration seemed to keep conflict at bay. Over the next half decade, Beijing launched a charm offensive across Southeast Asia, and the claimants refrained from provoking each other by occupying additional features.

Rather than fighting battles out on the Sea, though, the claimants began to needle each other through demarches and notes verbales. In May 2009, Malaysia and Vietnam sent a joint submission to the Commission on the Limits of the Continental Shelf setting out some of their claims. This initial submission unleashed a flurry of notes verbales from the other claimants, who objected to the two nation's claims.

In particular, China responded to the joint submission by submitting a map containing the infamous "nine-dash" line. This line snakes around the edges of the South China Sea and encompasses all of the Sea's territorial features as well as the vast majority of its waters. However, Beijing has never officially clarified what the line is meant to signify. Instead, it has maintained "strategic ambiguity" and said only that "China has indisputable sovereignty over the islands in the South China Sea and the adjacent waters, and enjoys sovereign rights and jurisdiction over the relevant waters as well as the seabed and subsoil thereof (see attached map)." This could mean that China claims only the territorial features in the Sea and any "adjacent waters" allowed under maritime law. Or it could mean that China claims all the territorial features and all the waters enclosed by the nine-dash line, even those that exceed what's permitted under maritime law.

## Recent Crises

Since the publication of the nine-dash line, the region has grown increasingly concerned by China's perceived designs on the South China Sea. In 2012, Beijing bore out some of these concerns when it snatched Scarborough Shoal away from the Philippines. The two states had quarreled over allegations of illegal poaching by Chinese fishermen. After a two-month standoff, the parties agreed to each withdraw from the Shoal. Manila did. Beijing did not. Since then, China has excluded Philippine boats from the Shoal's waters.

In response to this escalatory move, Manila filed an arbitration case against China on January 22, 2013, under the auspices of the U.N. Convention on the Law of the Sea (UNCLOS). The Philippine claims center around maritime law issues, although China asserts that they cannot be resolved without deciding territorial issues first. For that reason, Beijing has largely refused to participate in the proceedings, although it has drafted and publicly released a position paper opposing the tribunal's jurisdiction. The Philippines has submitted its memorial as well as a response to China's position paper, and both nations are currently awaiting a decision from the tribunal as to its own jurisdiction.



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As the case proceeds in the background, China has adopted an increasingly assertive posture in the region. In early May 2014, a Chinese state-owned oil company moved one of its rigs into waters claimed by Vietnam south of the Paracel Islands. This provocation touched off confrontations between Vietnamese and Chinese vessels around the rig, as well as rioting against foreign-owned businesses in parts of Vietnam. Faced with this pushback, China withdrew the rig in mid-July, a month ahead of schedule.

Additionally, over the last year, Beijing has launched an accelerating land reclamation campaign across the South China Sea. In at least seven locations, Chinese vessels have poured tons of sand to expand the size of features occupied by China. Beijing has also begun construction of infrastructure on much of this reclaimed land, including an airstrip capable of receiving military aircraft. Although other claimants have reclaimed land in the past, China has reclaimed 2,000 acres of new land, more than "all other claimants combined over the history of their claims," according to the U.S. Department of Defense.

The other claimants have condemned this latest project as counterproductive, and President Obama has urged China to stop "throwing elbows and pushing people out of the way" in pursuit of its interests. Thus far, Beijing has not complied with these entreaties, and it is unclear what the next twist or turn in the story of the South China Sea will be.

## The Real South China Sea Crisis Everyone Is Missing

China will soon host a dialogue with Southeast Asian nations aimed at managing tensions in the South China Sea. But it's not clear whether the talks will help to save a marine environment that in parts is facing collapse.

While diplomats discuss the implementation of a code of conduct for rival claimants in the vast waterway, scientists say that the region's marine environment also deserves attention, partly because overfishing on all sides is depleting fish stocks.

Chinese fishermen in search of valuable giant clams have destroyed vital coral reefs on a vast scale, although that practice now appears to be slowing.

Rachael Bale of National Geographic, who has written extensively on the South China Sea, aptly summed up the situation early this year, saying that "While politicians argue over which country controls the region, the fishery … is on the brink of collapse."

According to The Nature Conservancy, overfishing is a common problem around the world. Maria Damanaki, global managing director for oceans at the Conservancy, explains that "when too few individual fish of breeding age remain, they simply don't produce well …"
It is what she describes as "a lose-lose situation for both fishermen and conservationists." The stakes are particularly high in the case of the South China Sea.



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## South China Sea emerging as a dangerous flashpoint

China's outright rejection of 2016 UNCLOS judgement and blatant disregard of rules and norms of maritime engagement, militarization of the artificial islands, and the exercise of might over its much smaller and weaker neighbors has turned the South China Sea a dangerous flashpoint.

Two years have passed since the Permanent Court of Arbitration (PCA) gave its landmark ruling on the South China Sea dispute that could have been the template for a rule-based maritime order and a basis for determining a country's claim to the Exclusive Economic Zone (EEZ) and territorial waters.

Significantly Beijing's indignant response to the PCA ruling on South China Sea contrasts unfavorably with New Delhi's acceptance of the PCA judgment on its maritime boundary dispute with Bangladesh. The PCA ruling of July 2014 had awarded nearly four-fifths of the disputed maritime waters to Bangladesh. India displayed its commitment to global norms by accepting the ruling, unlike China, a difference that was not be lost on other countries as India seeks its place at various global forums.

"With the characteristics of a bully, the Chinese president, Xi Jinping, said China's "territorial sovereignty and marine rights" in the seas would not be affected by the ruling, which declared large areas of the sea to be neutral international waters or the exclusive economic zones of other countries. He insisted China was still "committed to resolving disputes" with its neighbors, yet his government threatens Vietnam of dire consequences if Hanoi did not cancel the oil-drilling operations with the Spanish and Russian companies; his coast guard personnel boarded a Filipino fishing boat at Scarborough Shoal, which it took forcibly from the Philippines in 2012, and took some of its catch.

In May last year, Philippine president Rodrigo Duterte said his Chinese counterpart Xi Jinping had warned him there would be war if Manila tried to enforce tribunal ruling and drill for oil in disputed areas. To establish its right over practically the entire South China Sea, the Chinese Navy constantly challenges foreign navies' right to freedom of navigation. Possibly this is China's demonstration of 'peaceful resolution of disputes,' with Chinese characteristics like many other things under Emperor Xi," explained Prof Baladas Ghoshal India's foremost expert on SE Asia in his valedictory address at a seminar titled "South China Sea after two Years of PCA: Can it become the basis of CoC".

" To ease tension and manage the conflict, ASEAN and China have been holding talks on a COC to ease tensions arising from competing claims over the South China Sea for more than a decade. Talks have been slow, with consensus among Asean states elusive and China insisting on terms such as that any code should not hinder its naval patrols. The concept of a code of conduct was first raised in the 1990s; but it was not until 2002 at a gathering of foreign ministers from Asean countries and China in Phnom Penh, Cambodia, that a code of conduct was mandated by the non-binding China-Asean Declaration on Conduct of the Parties in the South China Sea. Since

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then, little progress on a code of conduct has been made while tensions have intensified as reports of fishing disputes in the area grow commonplace. It was not until 2013, when Beijing, in an apparent attempt to ease its tensions with its Southeast Asian neighbors, agreed to begin formal consultation on the code of conduct," noted Ghoshal.

And it took almost four years for senior officials from China and the Asean nations to agree on a framework for the code of conduct, though the framework's contents remain unreleased to the public.

The ASEAN foreign ministers said they were "encouraged" by the adoption of the framework which would "facilitate the work for the conclusion of an effective COC on a mutually-agreed timeline". ASEAN Secretary-General Le Luong Minh said he hoped the framework would "pave the way towards meaningful and substantive negotiations towards the conclusion of a COC" but added that if the code was to be effective at preventing and managing incidents in the South China Sea it would have to be legally binding—a phrase that does not appear in the framework as it is anathema to China, said Ghoshal, adding, At that time, the Chinese foreign minister Wang Yi had rather warned that substantive negotiations on the contents of the code could only begin if there was "no major disruption from outside parties", an obvious reference to the United States which China has consistently accused of "meddling" in the dispute.

"The difference between the DOC and the proposed COC was never made clear, though some ASEAN members, especially the Southeast Asian claimants, envisaged a legally-binding agreement that would be more comprehensive and effective than the DOC which was a non-binding political statement. The Framework agreement seeks "to establish a rules-based framework containing a set of norms to guide the conduct of parties and promote maritime cooperation in the South China Sea". It is significant to note that the phrase "rules-based framework" is used rather than "legally binding" which some ASEAN states had long envisaged the COC to be.

The second objective is "to promote mutual trust, cooperation and confidence, prevent incidents, manage incidents should they occur, and create a favourable environment for the peaceful settlement of the disputes." In this case also, China would like to initiate confidence-building measures in a manner that does clash with its core interests."

"The third objective aims to "to ensure maritime security and safety and freedom of navigation and overflight". Some ASEAN states like Vietnam are deeply concerned that Beijing's view of freedom of navigation will actually undermine the very concept enshrined in the UNCLOS, particularly if China declared an Air Defence Identification Zone (ADIZ) over the South China Sea as it did over parts of the East China Sea in November 2013. China's position is that the dispute does not threaten freedom of navigation.

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The framework does not mention the geographical scope of the COC, including whether it will apply to both the disputed Paracels and Spratly Islands or only to certain areas. During negotiations for the DOC, Vietnam had argued that the names of the two archipelagos be included, but as consensus could not be reached they were omitted. So long as the COC applies to the entire South China Sea, this may not present a problem," explained Ghoshal.

"Singapore as ASEAN Chair and ASEAN country coordinator for China, played an important role to develop cooperative activities envisaged in the 2002 DOC, a prerequisite for the implementation of the COC. It has also succeeded in focusing the attention of ASEAN member states and China on completing a Single Draft COC Negotiating Text on a mutually agreed time line including at least three readings of the draft text. While preparing that single draft ASEAN must unity and insist that the Permanent Court of Arbitration's (PCA) ruling on the South China Sea, particularly its reference to illegality of China's historic rights and land reclamation, should be a precondition for the draft of the CoC.

In the meantime, China must cease all military activities in the South China Sea, as its militarization has caused instability and tension in the region. All disputes in the area must be settled through peaceful means in compliance with international law, including UNCLOS. It should be duty of the major powers, like India, the United States, Britain, France, Australia, Japan and other EU countries who have stakes in the South China Sea for peaceful commerce and freedom of navigation to see that China accepts the spirit of the PCA and respect international law.

"The various dimensions of the South China Sea case considered by the PCA under UNCLOS have fueled a vigorous discussion over the past two years. This discussion has been significantly broadened by the incorporation of a new strategic concept termed as the "Indo-Pacific", which now forms a broader framework for considering this issue. The presentation will focus on the implications for India of the Indo-Pacific strategic concept, especially one of the fundamental principles of upholding the "rule of law" in the Indo-Pacific region," Ambassador Asoke Kumar Mukherjee, India's former Permanent Representative to UN, said in his presentation at the seminar.

Explaining India's position noted expert Rup Narayan Das stated, "India's position on South China Sea issue is consistent and has been reiterated bilaterally and in multilateral fora on several occasions. India supports freedom of navigation in and over-flight above international waters while maintaining that sovereignty issues must be resolved peacefully with accepted principles of international law, including the United Nation's Convention on the Law of the Sea (UNCLOS) 1982. India has also taken cognizance of the 2002 Declaration of Conduct, adopted by the Foreign Ministers of ASEAN and China at the 8th ASEAN Summit in Phonm Penh in November 2002.

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The Declaration inter alia stated that 'the Parties undertake to exercise self- restraint in the conduct of activities that would complicate or escalate disputes and affect peace and stability and 'to resolve their territorial disputes by peaceful means, without resorting to threat or use of force. India welcomes the collective commitment by the concerned countries to abide by and implement the 2002 Declaration on the Conduct of Parties in the South China Sea and to work towards the adoption of a Code of Conduct in the South China Sea on the basis of consensus."

"One of the key sources of the fragile strategic environment is unresolved maritime disputes in the South China Sea. Due to longstanding complex legal disputes with overlapping claims and counter claims for jurisdictions, South China Sea dispute is an intractable issue or 'wicked problem' has remained a simmering flashpoint for conflict since the seventies. A year ago, there was genuine apprehension that South China Sea dispute could inflame a war in Southeast Asia. Prior to the decision by special tribunal convened in The Hague under the Law of the Sea ruled in July 2016, the region witnessed dangerous brinkmanship through the use of rhetoric and sabre-rattling. The prevailing strategic tension was further exacerbated since the tribunal convened in The Hague under the Law of the Sea ruled in July 2016, the region witnessed dangerous brinkmanship through the use of rhetoric and sabre-rattling. The prevailing strategic tension was further exacerbated since the tribunal concluded that the Chinese territorial claim in the South China Sea had no legal basis. China swiftly rejected the tribunal decision and maintained its assertive stance. The US, through sortie by ships and aircraft, renewed its freedom of navigation operations," Commodore (retd) Abhay Kumar Singh.

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## US to China: 'Consequences' for Militarization of South China Sea

**STATE DEPARTMENT —**
The United States is warning China of "consequences" regarding its militarization in the South China Sea, amid reports of new weapons deployments there.

The Trump administration is also increasing the pace and frequency of patrols in the disputed waters to challenge what it says are overly broad maritime claims by nations, under its Asia policy, the "Free and Open Indo-Pacific Strategy."

"We've raised concerns directly with the Chinese about this. And there will be near-term and long-term consequences," said White House Press Secretary Sarah Sanders on Thursday, in response to a question from VOA.

Her remarks come amid media reports that China has deployed anti-ship cruise missiles and surface-to-air missiles to the disputed Spratly Islands in the South China Sea.

Friday, Chinese Foreign Ministry spokesperson Hua Chunying denied such a deployment has anything to do with militarization.

"China's peace-building activities in the Spratly Islands — which are China's own territories, including the deployment of essential national defense facilities, are necessary to safeguard China's sovereignty and security, as well as the natural rights enjoyed by sovereign states," said Hua during a press briefing.

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## Disputed waters

China claims more than 90 percent of the 3.5 million square kilometer South China Sea, which is rich in fisheries, oil and natural gas and important for shipping lanes.

Brunei, Malaysia, Vietnam, Taiwan and the Philippines also claim parts of the of the sea as their own.

In July of 2016, The Hague's Permanent Court of Arbitration ruled China's territorial claims had no legal validity.

Washington said the ruling is binding, but Beijing said it would not recognize its legality.

While the United States is not a claimant to the sovereignty of disputed islands in the South China Sea, Washington has said China's efforts to militarize outposts in the contested waters endanger the free flow of trade and undermine regional stability, a claim that Beijing rebuts.

## Trump's 'Free and Open Indo-Pacific Strategy'

The Trump administration's "Free and Open Indo-Pacific Strategy" has replaced the Obama era policy of "rebalancing" toward Asia

U.S. officials say the Trump administration is seeking an open Indo-Pacific where all nations are "free from coercion" and can pursue paths forward in a sovereign manner. Open sea lines of communication and open airways are said to be a vital part of this thinking.

Pentagon officials said Thursday the U.S. has asked China to understand it is "in their interest" to ensure "there is a free navigation of international waters" in the South China Sea.

"They cannot and should not be hostile and understand that the Pacific is a place in which much commerce goes through," Pentagon spokesperson Dana White told reporters.

Notably, the Trump administration is intensifying the frequency of Freedom of Navigation Operations (FONOPs) by the U.S. Navy in the South China Sea, according to the Congressional Research Service and maritime experts.

"The administration has done a nice job of conducting more freedom of navigation operations," said American Enterprise Institute research fellow Zack Cooper, adding Washington has been low-key about such operations.

U.S. officials tell VOA these patrols mark a legal challenge to overly broad maritime claims by nations.

"FONOPs challenge excessive maritime claims that restrict rights and freedoms provided to all nations under international law," a State Department spokesperson told VOA, on condition of anonymity. "They do not threaten the lawful security interests of coastal states."

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## Chinese militarization

The Obama administration's "pivot" to East Asia policy did not stop China's militarization in disputed islands in the South China Sea, and experts say the Trump administration's Indo-Pacific strategy is also unlikely to reverse course.

"China made a bet that the U.S. would not risk war over uninhabited rocks and reefs on which it has no claim," said Atlantic Council senior fellow Robert Manning.

Top U.S. military officials and maritime experts warn that China is establishing control over the disputed sea.

Intelligence gathered by the United States during patrols suggest Chinese People's Liberation Army (PLA) had placed communication jamming devices on some of the artificial islands they built in the South China Sea.

"China is now capable of controlling the South China Sea in all scenarios, short of war with the United States," according to U.S. Navy Admiral Philip Davidson, who was nominated to be the next Commander of the Pacific Command.

"If current trends continue, the U.S. Navy will continue to sail through the South China Sea, but those presence operations or freedom of navigation operations will be largely hollow as the waters will effectively be a Chinese lake," Greg Poling, director of the Asia Maritime Transparency Initiative at the Center for Strategic and International Studies told VOA.

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## South China Sea Disputes and Resolution

The maritime disputes in the South China Sea impact on a series of regional bilateral relations and continue to trouble ties between China and the Association of Southeast Asian Nations (ASEAN). The Spratly Islands are claimed by China, Taiwan, Vietnam, the Philippines, Malaysia and Brunei while the Paracels have been controlled by China since 1974 and are claimed by Vietnam and Taiwan. The maritime disputes are influenced by economic, strategic and political interests.

The free navigation of commercial vessels in the South China Sea is essential for regional and international trade. Moreover, the area is rich in fishery resources and is expected to have oil and gas reserves. The South China Sea dispute also has an obvious strategic dimension. In addition, control of the maritime communication routes would be strategic, as it would affect the interests of the US, Japan and other maritime powers that cross these waters. Finally, the territorial claims are of nationalist importance to claimant states. Retracting territorial claims or making concessions on the question of sovereign jurisdiction would be costly domestically and perceived as a sign of weakness regionally.

## Cause of the Dispute

The South China Sea dispute involves 6 countries, namely China (including Taiwan, who maintains similar claims as China), Brunei, Indonesia, Malaysia, the Philippines and Vietnam. The main issues of the dispute involve territorial claim and demarcation of territorial sea and Exclusive Economic Zone (EEZ) generated by the territory.

Territorial claim involves China, Brunei, Malaysia, the Philippines, and Vietnam. Since most of the disputed area is under surface of water during high tides, the exact number of islands and rocks are difficult to calculate. Among the known islands, only a few dozen is inhabitable. Of the disputed islands and rocks, Vietnam took 30, the Philippines 9, Malaysia 6, Brunei 1 and China 7. The dispute of demarcation of sea territory and EEZ in area surrounding Spratly Islands involves China, Brunei, Indonesia, Malaysia, the Philippines and Vietnam. Before 1960s, the dispute focused on the right of fishery. After 1960s, focus of dispute has been on the right of fishery and ownership of the oil and natural gas. The dispute on the ownership of oil and natural gas reserves has become the major concern in recent years. Of the two types of disputes, the dispute on the territorial claim is the key. According to the United Nations Convention of the Law of the Sea (UNCLOS), once the ownership of territory is decided, the territorial sea, maritime zone and EEC can be set according to the UNCLOS clauses.

The claims made by the parties involved in the South China Sea dispute are consisted of historical claims of discovery and occupation and claims that rest on the extension of sovereign jurisdiction under interpretations of the provisions of UNCLOS. China views the South China Sea as an exclusive Chinese sea and claims almost the entire territory. Its historical claims are based on the discovery and occupation of the territory. In 1947, the Nationalist government defined China's claims by an area limited by nine interrupted marks that cover most of the South China Sea. Until the reunification, Vietnam had recognized Chinese sovereignty over the Paracel

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and Spratly Islands. Since 1975, Vietnam has claimed both Islands based on historical claims of discovery and occupation. In 1977 Vietnam also established a 200-nautical-mile Exclusive Economic Zone. The other ASEAN members involved in the dispute present conflicting claims which are limited to specific parts of the Spratly archipelago and tend to rely on International Law, including the extension of the continental shelf, rather than on historical arguments. Among the member states, the Philippines claims the largest area of the Spratly - Kalayaan. First officially proclaimed in1971, the 1978 presidential decree of the Philippines declared Kalayaan as part of the national territory. The Philippines also established a 200-nautical-mile EEZ. Malaysia extended its continental shelf in 1979 and included features of the Spratly in its territory. Brunei then established in 1988 an exclusive economic zone of 200 nautical miles that extends to the south of the Spratly Islands and comprises Louisa Reef. Indonesia who is not a party to the Spratly dispute and was neutral in the South China Sea issue until 1993, became one of the claimants because of the suspected extension of Chinese claims to the waters about the Natuna gas fields currently exploited by Indonesia.

The causes of conflicts were of legal and economic origins. In regard of legal origins, there are two laws and practices on which all the claimant based upon. The first one is the law of "continuous and effective acts of occupation". The second one is the United Nations Convention of the Law of the Sea (UNCLOS). Before the rectification of the UNCLOS by all the claimant governments, the "effective occupation" law was the prevailing rule which result in military conflicts between China, Vietnam and the Philippines who tried to effectively occupy the disputed islands for international reorganization. With the rectification of the UNCLOS, some claimants may have misused it to extend their sovereign jurisdiction unilaterally and justify their claims in the South China Sea. The economic cause of the dispute is the estimate of large reserves of oil and natural gas as well as the fishery right.

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## Analysis of Claims of the Countries Involved

All the claimants based their claims on the ground of modern international laws, while historical evidences are also used.

China bases its claim primarily on historical background. According to Chinese history, Spratley and Paracel islands were first discovered by the Chinese, some Chinese historical document describes the area as Chinese territory since as early as 300AC. However, its continuous control of the disputed area was interrupted in modern history. Chinese considers itself as a victim of the aggressions of imperialism and the conflict between superpowers, which deprives it of its historical claims. Under the current international law, China will be hard to defend its claims, thus has refrained from using legal terminology to specify its demands. On the other hand, the Chinese Congress passed a law to claim the territorial water.

Vietnam also sees the region as a historical territory as the China. Vietnam's claim bases on the inheritance ground to prove its effective and continuous control. However, Vietnam acknowledged Chinese sovereignty over the disputed islands during its war with France and the U.S. It started its dispute China's claim after its relations with China deteriorated in the early 1970s.

Malaysia's claim of the features in southern Spratley falls inside the border of Malaysia's continental shelf. Therefore, its claim is primary on legal ground.

The Philippines bases its claim on the continental shelf. It also tries to base its claims on historical arguments. But the claims are too modern comparing to the historical claims made by China and Vietnam. The Philippines never claimed the main island of Spratley which is outside the Exclusive Economic Zone of the Philippines.

Indonesia's claim to the South China Sea is limited to the Exclusive Economic Zone and continental shelf. Indonesia claims neither the Spratly nor the Paracel Islands.

Brunei's claim is based on a straight-line projection of its EEZ as stipulated by the United Nations Convention on the Law of the Sea. Brunei has not officially made claims neither to any reef nor to any of the Spratly islands.

## The development of South China Sea Dispute

A discussion on the dispute of the South China Sea should be made with China as the starting point with two reasons. First is that China is the primary actor in dispute and China's stance is decisive of the outcome of the dispute solution. Second is that China is involved in most of the disputes.

Before the 1960s, other claimants of the South China Sea admitted or did not respond to China's claim of South China Sea islands. But after 1960s, when large reserve of oil and natural gas were found in the region, claimant countries began to counter China's claim and the dispute arose. The disputes after 1960s can be divided into 3 phases.

The first phase was between 1970s and early 1990s when claimant countries adopted various measures to conquer or control islands and rocks in questions. The most sever military conflict took place between China and Vietnam in the 1970s. After the formulation of the United Nations Convention on the Law of the Sea in 1982, based on their own interpretation of the UNCLOS, claimant countries started to legitimate their claims based on the UNCLOS. The period between 1970s and early 1990s was characterized with constant military conflict because of lack of communications and trust among claimants. On the other hand, the Cold War prevented those conflicts to escalate to larger scale wars.

The second phase started with China's formal proposal of Set Aside Dispute and Cooperative Exploration by Li Peng, then Prime Minster of China in 1990. The proposal was acknowledged by other claimants, but all claimants did not cease the conquering. Military conflicts decreased dramatically between claimants. However, noticeable change of policies of Vietnam and the Philippines toward China took place. With the fall of Soviet Union and lose of its support from the Soviet Union, the Vietnamese government started to improve and normalize its relations with China. In the late 1990s, several agreements were signed between Vietnam and China to settle the land territorial dispute and sea territorial dispute in the Beibu Gulf. Major conflict between the two countries was ceased. On the other hand, the tension between China and the Philippines

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increased. The tension finally resulted in the signing of the Visiting Forces Agreement between the Philippines and the US in 1998 to involve the US as a balance to China. As to balance China, the ASEAN claimants tried to coordinate their policies towards China, and to internationalize the dispute.

The third phase started by the signing of the A Code of Conduct on the South China Sea in 2002 and China's joining of the Treaty of Amity and Cooperation in South-East Asia in 2003. The signing of the two agreements marked the official consensus reached between the claimants. As the first multilateral agreement reached between all claimants, the Code of Conduct on the South China Sea stipulates that the dispute should be dealt with in accordance to international laws. Most importantly, the Code of Conduct on the South China Sea expresses the will of all claimants to restrain from escalating the dispute and to resort to the cooperation in possible fields for the purpose of confidence building measures. The two agreements lay the foundation for peaceful resolution of the dispute in the South China Sea.

However, there are several factors which affect the final and ultimate solution of the dispute. The sovereignty issue, which is the fundamental of the dispute, is not touched in the two agreements. The sovereignty issue is likely to be left out in any other further discussions and negotiations between the claimants, especially China and Vietnam. China rejects any concession on the territory issue based on the consideration of domestic politics. Any inappropriate settlement of the issue will give rise to the nationalism at home and affect the legitimacy of the government. Similar considerations are made in other claimant countries. In recent years, sovereignty issue has become so sensitive that claimants have purposely avoided touching upon it in one track official discussions and negotiations. Another factor is the difference in the expectation of scale of involvement in discussions and negotiations. China rejects multilateral negotiation and strongly objects internationalizing the dispute, while other claimants prefer the opposite, hoping to balance China's superiority in the region.

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However, since the beginning of the new millennium, despite their differences, all claimants, especially China, are keen to maintain a peaceful environment in the dispute area. This desire of peace is due much to the spread of globalization and increasing reliance on international trade of each claimant's economy. The new millennium also features the increasing number of energy co-exploration projects between claimants. Regional economic cooperation is also booming, especially with the establishment of a Free Trade Area between China and ASEAN, the largest free trade area in the world in terms of population. Regional economic interdependence between claimants has dramatically reduced the chance of military confrontation.

## Methods to Resolve the Dispute

The dispute on South China Sea can be solved with measures which have been used in successful settlement of other disputes. For example, a legal solution will be quick and lasting. By adopting a legal solution, all claimants will agree to submit the dispute for arbitration to the International Court of Justice (ICJ) who will judge the dispute according to the international laws applicable. A political solution which is also called one track approach will be time consuming but lasting. By adopting a political solution, all parties will discuss the dispute in formal occasions, either at

bilateral or multilateral levels. Other measures such as Confidence Building Measures (CBM) can also be applied to avoid further conflict and promote understanding among claimants. Confidence Building Measures can include two track approaches such as the workshop approach or undergoing joint projects in the disputed areas, as well as cooperation in energy exploration. Two track approach is supplements to one track approach. By holding informal meetings and carrying out cooperative projects, claimants can accumulate confidence and understanding.

In the case of the South China Sea dispute, since most of the claimants are reluctant to resolve the sovereignty issue through any of the approaches, a permanent peace is unlikely to achieve for the time being. However, temporary peace is possible. Peace can be obtained when claimants' interests are attended to. Comparing to the interest of sovereignty, the other two interests are comparatively easier to accomplish, namely security of sea lanes and exploration of natural resources. First, stability and security of the South China Sea are necessary for the economic development of all claimants. Second, previous efforts of all claimants have laid foundation to further carry on negotiations cooperation on issues except territorial claims. In this regard, China's proposal of setting aside dispute will be a wise choice for all claimants.

Due to the complexity of the dispute, no single approach can achieve the permanent peace. A combination of the available approaches is necessary for obtaining peace. In this regard, the approaches which have been adopted by the claimants are in the right direction. First, the Declaration on the Conduct of Parties in the South China Sea signed in 2002 shows the signs of all claimants' will to demilitarize the dispute. This effort ensures that the dispute develop into a political issue which can be solved by political approach in the future. Second, the two track approaches, including the ASEAN Regional Forum and other informal meetings will be playing more important role in providing ideas and suggestions to solve dispute and exchanging information to avoid further conflict due to misunderstanding and lack of communications. Other two track approaches, like the economic integration and energy co-exploration can further closer the ties between claimants. Third, the one track approaches, including the 10+1 Summit between ASEAN and Chinese leaders and other regular ministerial-level meeting mechanisms can review and co-ordinate each country's behavior to enhance understanding and cooperation. The ideal goal of the combined approaches is that even though it cannot ensure permanent peace, when the loss of economic interests and political risk outweigh the military gain, according to realist theory, state will act rationally to avoid conflict. Peace is thus sustained.

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## An economic solution for the South China Sea conflict?

The ongoing South China Sea (SCS) conflict is nerve-racking. The conflict has split Asean wide open and has brought along with it a growing foreign influence in the region. Asean could do without these problems.

However, the SCS is an issue that should be resolved among the concerned nations in the region. That is, between Asean as a united grouping, and China, on the other hand. But first of all, Asean as an organization should take the lead to unite its members to face off with China.

To do that, they should find their own common ground before they propose a definite solution to the problem. However, the current state of affairs within Asean does not augur good for the unity of the grouping.

The Philippines is pulling itself away from Asean on the SCS issue, while Vietnam is pushing for a political solution only and wants the grouping to support its national needs. Asean, split into various groups, does not seem to know how to handle this lingering issue.

Some analysts and observers have suggested an economic solution to the conflict. Indeed, an economic solution should be on the cards. After all, this problem has seen nothing else but attempts at finding a purely politicised solution, and these are going nowhere.

The idea of an economic solution may sound far-fetched to many, but while we are living in utterly dangerous and disruptive times, it is the human instinct for survival that should prevail. If that means that Asean members need to make significant compromises on the SCS issue, so be it.

Such compromises will be inevitable in the long run anyways because achieving peace is far more important than risking the unity and the centrality of the Asean movement.

The SCS conflict has tested Asean's unity and has also added pressure on the movement's centrality. Both are crucial for its survival in geopolitical matters involving foreign entities.

## GLOBAL SHIPPING ON THE LINE

Two years after the Permanent Court of Arbitration's (PCA) ruling on the SCS – which dismissed China's claims to much of the area – the undertones of the conflict are still simmering below and above the tides of this vital global shipping lane.

The SCS is a resource-rich area, with oil and gas, as well as other natural resources, confined under its seabed. It is also the source of livelihood for the many inhabitants who depend on the sea. They are mostly fishermen and they are directly impacted by the high-sea showdown between their countries, the USA and its allies, and China.

It is also the gateway to a massive volume of global sea traffic that crawls on the surface.

The United Nations Conference on Trade and Development estimates that roughly 80 percent of global trade by volume and 70 percent by value is transported by sea.



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About 60 percent of global trade passes through Asia, with approximately one third of cargo shipped by sea traversing the SCS.

Besides Asean and China, the SCS waterways are critical for Taiwan, Japan and South Korea, as well as for the global superpowers, the United States and the European Union.

A closer look shows that the SCS is also linked – thanks to trade – to the Strait of Malacca – a vital strait coveted by the superpowers and by China itself. The strait connects the SCS with the Indian Ocean.

## CHINA'S ECONOMIC SECURITY

The first step to a possible long-term compromise in the SCS is to understand why China has acted like it did over a sea that affects its territorial integrity.

While Beijing is seeking the consolidation of its security perimeter, it is also encroaching on the rights of claimant countries that hail from the Asean region.

In its attempt to protect its own territorial integrity, China has wreaked havoc in the area, establishing itself as the undisputed, but controversial military power.

Yet it is the economic aspects surrounding the conflict that have far too often been overlooked. The crisis has the potential to disrupt the trade that transits via the SCS.

With a conflict that may endure for a longer time than expected and no concrete resolution in sight, a greater sense of responsibility must prevail among the warring factions.

As the second-largest economy in the world, and with over 60 percent of its trade in value travelling by sea, China's economic security is closely tied to the SCS, according to chinapower.csis.org.

With the economic impact taken into consideration, Asean and China must find some common grounds that will allow them to seek a peaceful resolution to the conflict.

It is not only about the security of the thousands of vessels crossing the SCS and the territorial integrity of the parties involved, but also the livelihoods of the people who depend on this shipping lane.

But should Asean members ignore the importance of the economic needs of the rising Chinese nation?

If Asean can find common ground on the economic importance of the SCS with Beijing, it will open the door for major economic prospects in the most militarised seas in the world.

This may turn the tide in the problematic Asean-China relationship.



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## A PERMANENT SOLUTION

Former Malaysian Foreign Minister Tan Sri Syed Hamid Albar delivered a keynote address at an event in Kuala Lumpur in 2016, discussing the PCA ruling and the need to find alternative solutions to the problem.

"Asean should use the economic potentials in the SCS to deal with China on the issue. Economic exploitation of the disputed seas could help settle the issue," he said.

To achieve that, Mr. Syed Hamid said Asean should find common grounds as an organization. He added that it should set aside the differences among the member countries over the thorny SCS issue.

This, he said, would help the organization overcome the dispute with China in the resource-rich sea.

On the other hand, the newly elected Malaysian Prime Minister Mahathir Mohamad said in June that the countries involved in the conflict should do without warships.

They should have joint small-boat patrols instead. He did not, however, dismiss the role of China in the SCS, which is indicative of the need for a compromise on the military issues as well.

Nevertheless, the settlement of such issues will also demand that all the parties involved approach the conflict resolution aspect in good faith.

The very first issue to tackle in this instance is finding a form of unity among the parties on the basis of international law, including the United Nations Conventions on the Law of the Sea or UNCLOS.

China is not necessarily a party that would abide by the UNCLOS in the SCS conflict. Yet, given the extremities of such an intricate conflict that may impact the economic wellbeing of China itself, Beijing might be interested in an economic solution.

To keep the focus on the UNCLOS and the Code of Conduct as the only ways to stem the militarization of the SCS would be a futile exercise if no solution is found. The reason is that Asean itself has lost the spirit of unity in its search for a political solution to the conflict.

It is high time for the association to look at the economic losses it is incurring in its preoccupation with finding that elusive political solution.



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# WHO IS MILITARIZING THE SOUTH CHINA SEA?

## 1. WHO CLAIMS WHAT AND HOW VALID ARE THE CLAIMS?

China and Taiwan claim sovereignty over all of the Spratly features (rocks sometimes called 'islands') based on history, discovery, usage, administration and – for some – effective control. Vietnam, the Philippines and Malaysia also claim and occupy some of them. All these claims have serious weaknesses in modern international law, which requires continuous, effective administration and control, and acquiescence by other claimants. China's sovereignty claims are just as valid or invalid as those of the other claimants.

China also claims unspecified rights within a nine-dash-line 'historic claim' encompassing much of the South China Sea (see map right). But an international arbitration panel set up under the auspices of the UN Convention on the Law of the Sea (UNCLOS) to hear a Philippines complaint ruled in 2016 that any such claim is 'contrary to the Convention and without lawful effect'. Moreover, it ruled that none of the features in the Spratlys are legal islands and thus are not entitled to claims of 200-nautical-mile Exclusive Economic Zones (EEZs) or continental shelves. #

Regarding China's claims to construction on and occupation of several rocks which were underwater at high tide, the panel ruled that the latter are not entitled to a territorial sea (the surrounding 12 nautical miles). China rejected the entire arbitration process and its decision. All parties plus Brunei and Indonesia claim EEZs from their mainland and some of these claims overlap. All also claim, or are entitled to claim, extended continental shelves and these claims are likely to overlap as well.

The Paracels are a separate island group to the northwest of the Spratlys claimed by China, Taiwan and Vietnam. But they have been occupied by China since 1974 when it took them by force from then South Vietnam.

## 2 WHAT ARE THE CONFLICTS BETWEEN THE CLAIMANTS?

Perhaps the most dangerous disputes are those over sovereignty of the features and their 12-nautical-mile territorial seas. Governments are obligated and domestically pressured to defend the sovereignty of their national territory.

The overlap of EEZs and China's historic claim results in disputes over fishing. On 9 June, there was a collision between two fishing boats in the Philippines' EEZ – one a People's Republic of China-flagged vessel and one a Philippines-flagged fishing boat, provoking much popular fury in the Philippines.

The main dispute over petroleum resources is due to the overlap of China's historic claim with the EEZ claims of Malaysia, the Philippines and Vietnam. China has 'persuaded' foreign oil companies not to explore in disputed waters and Vietnam has tried to prevent Chinese exploration in its EEZ.



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The risk of dangerous incidents is growing. The recent near-collision between the US warship Decatur and a Chinese warship is only the most recent in a series of near misses.

A series of similar dangerous military incidents between the US and the Soviet Union was a stimulus for their 1972 ground-breaking Agreement on the Prevention of Incidents on and over the High Seas. Perhaps the time has come for a similar US-China agreement.

The most likely scenario is continued struggle by China and the US for dominance in the South China Sea and to win over the hearts and minds of Southeast Asian claimants.

Ainuddin Kibzai Mega Lecture

## Could China and America Fight a War in the South China Sea? Here's Three Ways How

It's easy to imagine an even more serious confrontation in the SCS. Another accidental collision would be bad enough, but if a scenario developed similar to that of the downing of KAL 007, with a Chinese fighter jock actually opening fire on an American plane, the situation could get ugly very quickly. And if an American pilot fired upon a Chinese plane, the reaction of the Chinese public could become too much for Beijing to reasonably handle.

Neither China nor the United States want war, at least not in the near future. China's military buildup notwithstanding, the People's Liberation Army (PLA) and its components are not ready to fight the United States. The U.S., for its part, would surely prefer to avoid the chaos and uncertainty that any military conflict with China would create.

Nevertheless, both China and the United States are making commitments in the South China Sea that each may find difficult to back away from. Over the past two weeks, these commitments have generated a war of words that analysts of the relationship have found troubling. The key problems focus on China's efforts to expand (or create) islands in the Spratlys, which could theoretically provide the basis for claims to territorial waters. The insistence of the United States on freedom of navigation could bring these tensions to a boil. Here are three ways in which tensions in the South China Sea might lead to conflict.

### Island Hopping in the SCS

Over the past several months, China has stepped up construction of what observers are calling "The Great Wall of Sand." This "great wall" involves expanding a group of islands in the Spratly chain so that they can support airstrips, weapons, and other permanent installations. It appears that Beijing is committed to defending these new islands as an integral parts of Chinese territory, a position that the UN Convention on the Law of the Sea does not support. Washington has other ideas, and has maintained that it will carry out freedom-of-navigation patrols in areas that China claims as territorial waters.

The prospects for conflict are clear. If U.S. ships or aircraft enter waters that China claims, then Chinese sailors, soldiers, and pilots need to take great care about how they respond. A militarized response could quickly lead to escalation, especially if American forces suffer any kind of serious damage. It's also easy to imagine scenarios in which island-building leads China to become embroiled against an ASEAN state. In such a case, a freedom-of-navigation patrol could put China in an awkward position relative to the third party.

### Excitable Fighter Jocks

China and the United States have already come close to conflict over aircraft collisions. When a P-3 Orion collided a PLAN J-8 interceptor in 2001, it led to weeks of recriminations and negotiation before the crew of the P-3 was returned to the United States, and the plane was returned… in a box.



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It's easy to imagine an even more serious confrontation in the SCS. Another accidental collision would be bad enough, but if a scenario developed similar to that of the downing of KAL 007, with a Chinese fighter jock actually opening fire on an American plane, the situation could get ugly very quickly. And if an American pilot fired upon a Chinese plane, the reaction of the Chinese public could become too much for Beijing to reasonably handle.

If China decides to go ahead and declare an ADIZ over the South China Sea, matters could become even more complicated. The United States made an elaborate display of ignoring China's ADIZ in the East China Sea, but China has greater interests and a greater presence in the South China Sea. Another declaration would almost certainly incur a similar reaction from the United States, putting American and Chinese planes into close proximity.

**Submarine Misunderstanding**

In the Cold War, the Soviet Union and NATO suffered innumerable submarine "near misses," as boats hunted each other, and occasionally bumped each other, in the Atlantic, the Arctic, and the North Sea. The dynamics of U.S.-Chinese sub interaction hasn't yet played out in quite the same way, in part because China has yet to establish a sustained SSBN patrol, and I part because Chinese boats do not range as far as their Soviet counterparts. But as the submarine force of the PLAN becomes more adventurous, submarine incidents may increase.

Many analysts are arguing that the PLAN needs to push its submarines past the first island chain in order to seriously threaten U.S. access to China's littoral. Preparing for this would require increasing the tempo of the PLAN's submarine operations, which would more often put China's boats in proximity with Japanese and American subs. To be sure, Chinese submarines are loud enough that U.S. boats should have plenty of time to get out of their way, but the same could be said of Soviet boats for much of the Cold War.

If a major submarine incident happened between the United States and China, the nature of the medium might offer some hope for de-escalation (we often don't hear about these accidents until much later). But such an incident would also put more lives and property at stake than a fighter collision.

**Concluding Thoughts**

Accidental war is rare, but not impossible. Common to all of these scenarios is the potential that Chinese (or less likely, American) public opinion might become so inflamed as to box in policymakers. If Xi Jinping, who has made assertive foreign policy a cornerstone of his administration, feels that he cannot back down and survive politically, then things could get unpredictable very quickly.

As Denny Roy has argued, China is playing offense in the South China Sea. By establishing facts on the ground (indeed, establishing "ground"), it is creating a situation in which normal U.S. behavior looks like destabilizing intervention. What's less than clear is that Beijing fully understands the risks of this strategy, or the dangers of pushing the United States Navy on freedom of navigation, one of the long-term core interests of the United States.



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# 14. Afghan Crisis And Its Future

## Overview

Security is one of the most urgent challenges in Afghanistan. Some 21 insurgent and militant networks operate in the Afghanistan-Pakistan region. The Taliban is thought to control more territory now than at any time since the 2001 US-led invasion.? As of July the Afghan's government's control or influence of districts fell to 55.5%.? In September, the government's control of territory decreased in Faryab and Kandahar provinces, and there was high-level ground engagement in Balkh and Jowzjan provinces without leading to significant and sustained changes in territorial control, according to the United Nations Security Council. However, reliable information on areas contested or controlled by non-government forces is scarce and often conflicting. According to U.S. military estimates the number of districts controlled or contested by the Taliban increased from 29% in January 2016 to 44% in May 2018.? The Taliban reportedly now initiate around 90% of battles against pro-government forces in Afghanistan, who consequently find themselves on the defensive.? Islamic State (IS) maintains its foothold in the eastern provinces of Nangarhar and Kunar, leading to frequent clashes with the Taliban.? Since the beginning of 2018, IS has increasingly engaged in violent clashes against the Afghan government and Taliban in the northern provinces.?

The recent spike in violence has damped hopes for progress in the peace process sparked by a three-day mutual ceasefire in June and a July meeting between Taliban and US officials. Tense fighting and constant attacks could indicate an attempt of the Taliban to increase their leverage for future reconciliation negotiations.

The number of civilian deaths in the first nine months of 2018 increased by 5% in comparison to the same period in 2017, from 2,666 to 2,789, whereas the overall number of civilian casualties decreased. The use of suicide and non-suicide improvised explosive devices (IEDs) remained the leading cause of civilian casualties, causing almost half of all civilian casualties. Civilians living in Nangarhar, Kabul, Helmand, Ghazni and Faryab were most impacted by the conflict.

Since late October, active fighting is increasingly disrupting civilian life across Takhar, Baghlan, Ghazni, Uruzgan and Zabul provinces.? Taliban fighters are particularly targeting rural military bases and high casualties among police and armed forces are reported.? The Hazara-dominated districts of Khas Uruzgan in Uruzgan province, and, since 7 November, neighboring districts of Malistan and Jaghori in Ghazni province are severely affected.? Hazaras, a mainly Shi'ite minority, appear to be targeted by the Taliban, who have denied targeting ethnic groups.? Both districts were previously considered relatively safe in the highly contested province, and school enrolment is above the national average, especially for girls, which could be another reason for recent attacks.? New York Times journalists visited Jaghori's capital Sand-e Masha on 11 November and reported that instead of increased military presence and operations, officials and civilians were fleeing or planning to flee the affected area, surrounded by the Taliban.?As of 12 November Malistan and Jaghori districts are likely to fall to the Taliban.? Due to its location in Ghazni province, largely controlled by the Taliban, movement in and out of the affected districts is restricted, further exacerbating the situation of the affected population.

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On 11-12 November, hundreds of protesters marched to the Presidential Palace in Kabul city to protest the security situation in Ghazni and Uruzgan provinces and demanded that the government act.? On 12 November, a suicide bomber close to hundreds of protesters in the capital killed at least 10 people, injuring eight more.

Parliamentary elections on 20-21 and 27 October were accompanied by several clashes and attacks against civilian targets, including schools used as polling stations.? The Taliban had previously declared they would create "severe obstacles" for the elections.? Kabul, Kunduz, and Baghlan provinces were severely affected by the violence on the election days. A suicide attack in a polling station in Sar-e-Kotal area of Kabul killed at least 18, including 10 civilians, and injured at least 25 others.? Taliban-led attacks and shooting at polling stations in Badakhshan, Jowzjan, Helmand, and Logar provinces disrupted voting.? Attacks on polling stations in Kunduz and Nahr-e-Shahi district of Balkh province wounded dozens and killed at least six, including four election observers. At least 56 civilians were killed and 379 injured during the three election days. Violence had already increased in the lead-up to the election. Election related attacks in Helmand, Nangarhar and Takhar provinces between 2-17 October killed at least 45 people, including two parliamentary candidates. On 18 October the influential Kandahar police chief Gen. Abdul Raziq was killed by the Taliban, leading the Independent Electoral Commission to postpone elections in the province by one week.? The attack was seen as a demonstration of the Taliban's strength.?

Over 6-8 October, Taliban-led attacks were reported in Wardak, Jowzjan and Ghazni provinces, leading to casualties on both sides and severe damages to infrastructure.? Over 8-14 October, military operations in Baghlan triggered intra/province displacement of 30,000 people.?

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## Political instability

President Ashraf Ghani has headed a unity government, with his former rival Abdullah Abdullah as chief executive, since September 2014.? Afghanistan held parliamentary elections on 20-21 October, after postponing them for three years due to security concerns, instability and disputes over electoral reforms.? Close to nine million Afghans registered to vote and almost four million voted in 32 of 34 provinces, according to the Independent Election Commission (IEC) of Afghanistan.? Preliminary results initially expected for 10 November have been pushed back to 23 November, and 1 December for Kabul. Final results wil be announced a month after the preliminary results.

Voting took place amid technical difficulties, lack of voting material, names missing from voter lists, and several polling stations unable to open or opening with delay on 20 October, causing an extension of polling hours and the opening of more than 250 polls on 21 October. Threats, attacks and roadblocks disrupted the vote in at least 10 provinces, keeping many from participating in the elections.? As of 21 October, the IEC of Afghanistan confirmed 192 security incidents during the elections, and at least 470 casualties, including 78 deaths, were reported.? In the lead-up to the elections, at least 10 candidates were killed and two others abducted.

Elections in Kandarhar province were delayed by one week after the Taliban killed Kandahar

police chief General Abdul Raziq in a targeted attack on 18 October. In Kandahar, security was stepped up prior to the elections on 27 October and no major security incidents were reported. No elections were held in Ghazni in light of the fragile security situation in the province and ongoing dispute over a more balanced ethnic representation of constituencies. Ghazni elections are likely be held at the same time as the upcoming presidential election, scheduled for 20 April 2019.

## Peace Process

On 9 November, Russia hosted talks between Afghanistan and the Taliban to advance the stagnant peace process. Besides the two conflict parties, representatives from the US, India, Iraq, China, Pakistan and the ex-Soviet nations of Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan also attended the meeting.? During the meeting, the Taliban reportedly stated that the withdrawal of foreign forces from the country is a precondition for future negotiations with the Afghan government.?

The Taliban have ignored offers to hold direct talks with the Afghan National Unity Government (NUG), established in 2014, which they deem illegal. Instead, the Taliban focus on negotiations with the US to demand the pullout of troops from the country. On 12 October, the Taliban met with US envoy Zalmay Khalilzad in Doha to discuss conditions for the peace process, after a first meeting with US officials took place in July.? However, it is uncertain whether the withdrawal of foreign troops would actually end the long-lasting conflict.

## Stakeholders

### Taliban

In 2014 the Taliban numbered an estimated 60,000, compared to 25,000 in 2009. The ultraconservative Islamist group's activities have expanded from south and southeastern areas to northern provinces, especially Kunduz, Balkh, and Faryab. Over the last few years they have pushed into urban population centres. The Taliban is increasingly financed by criminal enterprises including heroin laboratories, illegal mining, and kidnapping. Taliban are reported to use Pakistan as a sanctuary for most of their top leaders and it can function as a rear operations command. Pakistan is also reported as a rest and recuperation location for Taliban soldiers. On 28 February 2018, Afghan President Ghani has offered to recognize the Taliban as a political group, aiming to starting a platform for peace talks. The proposal was rejected in April.

### Islamic State (IS)

Militants fighting under the IS banner in Afghanistan, including an unknown number of former Taliban and foreign fighters, seized territory in several districts of Nangarhar province beginning September 2015 and made the province their stronghold. By early June 2017, coalition military

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operations by NATO and Afghan forces are said to have reduced the number of IS forces in the country to between 2,000 - 4,000 fighters, and their territorial control from more than 10 districts to fewer than three. As of June IS has maintained strongholds in Nangarhar. Since the beginning of 2018, IS has been active lanching attacks mainly in Nangarhar, Jowzjan and Kabul provinces.

**Afghan National DEFENSE AND Security Forces**

In 2016, Afghan National Defense and Security Forces comprised approximately 168,300 personnel, although this number is likely to have declined since then.

The Special Inspector General for Afghanistan Reconstruction (SIGAR) - a military agency set up by the US Congress - released a report in April 2017 that outlined challenges faced by the Afghan National Security Forces (ANSF) including unsustainable casualties, temporary losses of provincial and district centers, weakness in logistics, often corrupt or ineffective leadership, and over-reliance on highly trained special forces for routine missions. About 35% of the force does not re-enlist each year. In April 2017, the Afghan Ministry of Defense fired 1,394 of its officials for corruption in the past year.

**International military presence**

On 30 August 2017, the US Army confirmed the continued rotation and deployment of US soldiers, maintaining the US presence of 11,000 soldiers (significantly higher than the previous estimates of 8,500). On 16 June the US announced it will send an additional 4,000 troops to Afghanistan in an effort to turn around a war that commanders have described as a stalemate. No timeline was provided for the deployment. The soldiers will serve for a period of nine months as part of an advice, assist, and train mission to help the Afghan army and police.

NATO's combat mission in Afghanistan ended on 31 December 2014, leaving 13,000 troops in the country. The focus of the current mission is on supporting Afghan forces' fight against the Taliban along with US counter-terrorism operations (NATO 06/2015). Its headquarters are in Kabul, with four other bases in Mazar-e-Sharif, Herat, Kandahar, and Laghman (NATO 27/02/2015). Many concerns have been raised over the achievements of such mission, with some reviewers highlighting challenges like lack of clarity over rules of engagement and the function of the NATO troops on the ground. NATO has committed to financially support Afghan forces until the end of 2017. In November, NATO confirmed that troop numbers will increase from 13,000 to 16,000.?

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## The US and Afghan crisis

On February 13, 2018, Daniel Coats, Director National Intelligence, presented to the Senate Intelligence Committee an unclassified testimony, representing the views of 17 intelligence agencies that are part of the US intelligence community. The assessment of the current situation in Afghanistan, and what the immediate future would look like, was presented as follows:

"The overall situation in Afghanistan probably will deteriorate modestly this year in the face of persistent political instability, sustained attacks by the Taliban-led insurgency, unsteady Afghan National Security Forces (ANSF) performance, and chronic financial shortfalls. The National Unity Government (NUG) probably will struggle to hold long-delayed parliamentary elections, currently scheduled for July 2018, and to prepare for a presidential election in 2019. The ANSF probably will maintain control of most major population centers with coalition force support, but the intensity and geographic scope of Taliban activities will put those centers under continued strain. Afghanistan's economic growth will stagnate at around 2.5 per cent per year and Kabul will remain reliant on international donors for the great majority of its funding well beyond 2018."

This succinct and grim summary presented in the morning session was followed by a classified briefing later that day which is obviously not available to the general public. However, as a close follower of events in Afghanistan I will try in the next few paragraphs to indicate what in my view were the points that would have been made in the classified section of the briefing before giving my own conclusions.

The following is what I think must have been the gist of the exchanges during the classified part of the intelligence briefing:

"[At the time of the briefing] there have been no suicide or IED attacks in Kabul or other urban centers in Afghanistan comparable to those that occurred in January and early February. This does not mean, however, that the situation in Afghanistan – political and economic – has stabilized. It remains fraught. No Afghan politician or analyst believes that the district and parliamentary elections will be held as scheduled in July this year. The National Unity Government has not resolved the problem of provincial governors such as Atta Mohammad Noor or General Razik's defiance of its orders. Opposition continues to grow with support for the NUG dwindling and President Ashraf Ghani being forced to refute charges of ethno-nationalism (putting only Pakhtuns in positions of power).

"There has been some progress in economic reform but apart from the budget of the Afghan National Defense and Security Forces (ANDSF), which is met almost entirely by foreign funding, even the normal budget continues to be dependent (55 to 63 per cent) on foreign assistance. Barring some progress on reconciliation, there is little prospect of Afghanistan's economic situation improving in the near future. Afghanistan's production of 9,000 tons of opium is a major contributor to the generation of employment and income for the economy of virtually every province in Afghanistan. The role it plays in generating income not only for the Taliban but for corrupt Afghan officials and local warlords also fosters spoilers who want instability to continue in Afghanistan.

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"An impressive list of operations by the untethered American forces (1,644 ground operations and 181 air strikes against the Taliban, resulting in 220 deaths; 68 ground operations and 28 air strikes against members of the Taliban-affiliated Haqqani Network leading to 34 deaths; 43 ground operations against other insurgent networks causing 36 deaths) does not appear on the ground to have caused the Taliban to lose control of any territory. Our military has, however, been able to assist the ANDSF to recapture areas in Helmand province, the central province in the generation of opium-related income for the Taliban, government officials and local warlords. Such success, if built upon, may change both the economic and political situation.

"The commander of the allied forces in Afghanistan has stated that in two years' time the Afghan government's control will extend to 80 per cent of the population and leave only 10 per cent of the population under Taliban control. This is possible, but it remains to be seen if this optimistic assessment of the capabilities of the ANDSF, which will be in the lead for securing territorial gains, will prove equal to the task in the face of a determined enemy.

"Our policymakers have talked of supporting reconciliation and have acknowledged that only reconciliation, not military victory, is the way to bring stability to Afghanistan. We have not made public the efforts we have been making in this direction because the subject is delicate and public disclosures would sabotage rather than advance the process. We hope to use the five Afghans we released from Guantanamo in exchange for Bowe Bergdahl to establish substantive contact with the Taliban leaders, who are prepared for reconciliation. Also, since the process has to be Afghan-owned and Afghan-led, our role can only be advisory and provide our Afghan partners – those we deem trustworthy and sincere in pursuing this objective – with the intelligence we are able to gather. We and our Afghan friends have been fooled in the past by masqueraders and have to be cautious. More work is required in this respect.

"It is generally acknowledged that US efforts to improve the allied train and assist missions in support of the Afghan National Security forces (ANSF) are not matched by credible plans to build effective Afghan political unity, effective governance, and an economy that can win public support. We recognize that in the administration, as also in Congress, there is little support for 'nation building' but without some effort in this direction we cannot hope to have a stable Afghanistan. Secretary of State Rex Tillerson's decimated State Department cannot, at least at this time, remedy this and the NUG's own efforts in this direction are likely to flounder in the absence of substantive foreign financial and personnel resources being provided for 'nation building'. This is the reality Congress and the administration have to contend with."

My own view is that the economic situation in Afghanistan is such that there is no prospect of Afghanistan being able to survive without foreign assistance at least until 2030-35 and that, too, only if there is movement towards reconciliation, the enforcement of local ceasefires as part of reconciliation, and thus the creation of conditions for the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline and Central Asia-South Asia (CASA-1000) electricity transmission line.

A ray of hope is offered by the Taliban's open letter to the American people and President Trump on February 14, 2018 which states, "The Islamic Emirate had asked America from the very beginning to solve her issues with the Islamic Emirate through talk and dialogue … War is

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imposed on us; it is not our choice. Our preference is to solve the Afghan issue through peaceful dialogues."

This is a refreshing contrast to the open letter to President Trump on August 15, 2017 in which the emphasis was different. It stated, "Mujahideen are wresting control of several districts from the corrupt regime in a one-week span and are seizing so much equipment that they can continue fighting for a long time. They can easily take control of all major highways of the country …" It had no mention of a readiness for dialogue.

This Taliban offer is, of course, for talks with the Americans and not with the NUG. Predictably, the NUG and the Americans have reiterated their oft-stated stance of reconciliation being an Afghan-led and Afghan-owned process.

Perhaps over optimistically, I interpret the Taliban letter as a tacit acknowledgement of potential battlefield losses and a move towards eventual talks with the NUG by the Taliban's titular leader Haibatullah Akhundzada. If it happens, the process will be long and tortuous but it may bring some measure of peace.

Ainuddin Kibzai Mega Lecture

# The Afghanistan Peace Process Requires a New Regional Consensus

In recent months, U.S. and Afghan officials have launched a concerted effort to initiate a dialogue with the Taliban to end the war in Afghanistan. A stalemate in the battlefield between the Taliban and the Afghan security forces, and President Donald Trump's quest for quick results in his South Asia strategy has built momentum for a negotiated peace among Afghan and U.S. officials. Yet the push for peace can only succeed if it is conceived as part of a new regional and international consensus on Afghanistan.

On September 5, U.S. Secretary of State Mike Pompeo formally appointed Zalmai Khalilzad, the former U.S. ambassador to Afghanistan, Iraq and the United Nations, as a Special Representative for Afghanistan Reconciliation. In this new role, Khalilzad is given the portfolio to "support, facilitate and participate" in the peace process. In his first tour of the countries in the region, which included Afghanistan, Pakistan, Saudi Arabia and Qatar, Khalilzad met with representatives of the Taliban in Doha on September 12. The Taliban confirmed that the meeting took place and indicated a willingness to continue the talks in future.

The appointment of a Special Representative for Afghanistan Reconciliation comes following months of proactive push by President Ashraf Ghani to open a channel of negotiation with the Taliban. On February 28, Ghani offered to enter into talks with the Taliban "without any preconditions," and even expressed a willingness to recognize the group as a legitimate political party. In another bold move, Ghani announced a unilateral ceasefire on June 9. The ceasefire, which was reciprocated by the Taliban, brought an unprecedented three days of peace across the country in its recent history of conflict.

## Challenges Ahead

Given the complex domestic and external drivers of the conflict, the challenges of a peaceful political settlement in Afghanistan cannot be underestimated. Despite occasional optimism, much of the recent efforts have been limited to "talks about possible talks." Two interrelated challenges deserve particular attention.

First, a peace process with the Taliban must be part of a new consensus that discourages regional and global powers from competitive investment in proxy war in Afghanistan. Such consensus was key to the overthrow of the Taliban in 2001. But it is rapidly deteriorating. The emergence of ISIS in Afghanistan, commensurate with its decline in Iraq and Syria, has changed the landscape. For Russia and Iran, the new player in Afghanistan (known as the Islamic State—Khorasan) presents more of a threat than the Taliban. Fearing the expansion of the Islamic State, both countries are allegedly providing support to the Taliban. Moscow has been attempting to launch another peace process. At the same time, Pakistan continues to offer safe sanctuaries to the Taliban.

Despite pressure from U.S. and Afghan government officials, the Taliban does not appear to feel a sense of urgency for ending the war because the group is benefiting from an improved regional image after the rise of the Islamic State and basking in the support that it has received from nearby countries. A polarized regional and international environment with conflicting policies on



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Afghanistan may give the terror organization the sense that time is on its side. Consequently, the Taliban may rely on the support of regional powers to continue fighting the United States until it gives up on Afghanistan, as it did once the Soviets withdrew in 1989.

Second, the National Unity Government (NUG) of President Ghani needs to build a national consensus to underpin talks with the Taliban. Since its foundation in 2014, the NUG has been plagued with internal factionalism and divisions between President Ashraf Ghani and Chief Executive Abdullah Abdullah. President Ghani has been accused of monopolizing power in the hands of a predominantly Pashtun circle. In an environment rife with ethnic and political divisions and uncertainty, any major concessions to the Taliban, which is predominantly Pashtun, is likely to disrupt the fragile balance of power between different ethno-political groups in Kabul. Furthermore, a new generation of assertive social and political elite that emerged after 2001 do not feel represented by any of the factions in the NUG. Still, they are significant players for a long-term political settlement.

A united leadership and inclusive peace agenda by the NUG can also improve its credibility as a negotiating partner for the Taliban and regional countries. The Taliban has also refused to publicly commit to entering into a meaningful negotiation with the Afghan government. Condemning the Afghan government as a puppet of the United States, the Taliban has insisted on directly speaking to the Americans, creating deep challenges for the commonly referenced mantra of an Afghan-owned and Afghan-led peace process.

Nonetheless, there has emerged a stalemate between the Afghan government forces, its U.S. and NATO allies, and the Taliban. While the Taliban has expanded its influence in Afghanistan's rural districts, it has not been able to seize control of any major provincial center. Its efforts to take control of Kunduz in 2015 and Ghazni in 2018 exposed the weakness of the Afghan security forces but failed to bring the Taliban any long-term strategic advantages.

Despite the Taliban's refusal to directly talk to the Afghan government, it does not have a realistic prospect of militarily taking control of Kabul. If history has any lesson to offer, it is that Afghanistan's complex internal and regional politics may not allow for any single group to fight its way into power.

## A New Regional and International Consensus on Afghanistan

Public support for the end of the war in Afghanistan and the United States is high. For the American public, the Afghan war since 2001 is the country's longest conflict. For the Afghan civilians, the past seventeen years have been only the latest episode of a much longer conflict that began with the 1979 Soviet invasion of the country.

The U.S. and the Afghan governments need to capitalize on that public support to integrate current ad hoc efforts into a coherent strategy of building a new international and regional consensus for peace. Afghanistan's main advantage is that all of the major powers share an interest its stabilization, even if those powers have conflicting interests and policies elsewhere. The UN Security Council should take the lead in initiating a new process that builds on the convergence of U.S., Russian, and Chinese interests in Afghanistan.



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## Can Russia Help Bring Peace to Afghanistan?

In 2001, Russia backed the U.S. intervention in Afghanistan, which led to the collapse of the Taliban regime and the creation of a new government. Since then, Russia has supported the new system and has made contributions to reconstruction efforts in the country, including training the Afghan security forces, supplying military equipment, supporting joint counter-narcotics activities with the United States, and providing some level of development aid. The post-2001 phase of the conflict in Afghanistan has lingered for more than 17 years now, and the Taliban have re-emerged as a force that contest more than half of Afghan territory. With the war at a stalemate, Afghanistan, the United States, and regional powers are trying to seek a political solution. Russia, too, is trying to do its part by reaching out to the Taliban to help kick-start a peace process, however, there is confusion over Moscow's overtures to the Taliban and the end goal of its efforts.

In 2016, Russia initiated a series of meetings among countries neighboring Afghanistan known as the Moscow Process. In the first meeting, Afghanistan was not even invited – only Russia, China, and Pakistan attended the meeting. In 2017, Afghanistan, India, and several Central Asian countries were added. The United States did not attend any of the meetings and perceived them as an overlapping effort that lacked clarity. In 2018, a third multilateral dialogue was planned to which the Taliban were invited. The Afghan government declined to attend on the grounds that the Taliban were invited to the meeting as an equal peer, and the Taliban on the other hand refused to engage in direct talks with the Afghan government. For Kabul, the move undermined the legitimacy of its own initiative, the U.S.-backed Kabul Process. The dialogue was ultimately postponed, and may or may not take place in the future as sides have not been able to agree on the purpose and the content of the meeting.

Moscow's contact with the Taliban is not new and there have been contacts since 2005. Russia has allegedly shared intelligence with the Taliban, and there has been much speculation that Moscow has even armed them. Whether these claims are true or false, Russia's contact with the Taliban has given the group a degree of legitimacy and recognition at a time when the Afghan government could use some of that legitimacy and recognition itself. Russia has also been in contact with some Afghan warlords in the north. To add to the confusion, since 2016, Russia has been conducting annual joint military drills with Pakistan along the Afghan border. Some Afghans are concerned that Afghanistan once again may become a geopolitical battlefield between the two great powers, this time the United States and Russia. This could take Afghanistan to a different and more dangerous level of turmoil than even the current conflict.

Moscow's main concerns in Afghanistan are linked to the expansion of the Islamic State's regional iteration, the Islamic State Khorasan Province (ISKP), and the flow of narcotics northward. These are legitimate concerns. Russia has said its contact with the Taliban is for the safety of its citizens present in Afghanistan and to end the Afghan conflict. However, Russia does not have a sizable footprint in Afghanistan to protect, and its engagement with the Taliban has had no impact on the level of violence in the country. Moscow has rejected the idea that it is using the Taliban to fight ISKP. The Afghan Taliban has a narrow national focus on reinstating a puritan system in Afghanistan whereas the Islamic State is considered a transnational threat with a continental agenda.

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Kabul insists that the Afghan reconciliation process must be "Afghan-led and Afghan-owned," but has shown flexibility. Afghanistan has cautiously welcomed efforts that may help initiate a genuine peace process involving the Taliban. In late 2012, the group met with a number of Afghan factions, representatives of the government and international observers in Chantilly, and in later years in Oslo and several other venues, including the most anticipated semi-direct talks in Murree, Pakistan, in 2015. In February 2018, when Afghan President Ashraf Ghani announced a roadmap for peace, including a bold offer to recognize the Taliban as a political party in return for peace, further political dialogues were held in Mecca, Tashkent, Jakarta, and elsewhere. These efforts display Afghanistan's realization of the importance of creating an international consensus on peacemaking in the country and bringing the Taliban into the political fold. However, parallel processes that seek different outcomes for short-term gains can be counterproductive.

The United States, too, is not necessarily against regional cooperation in Afghanistan. The U.S. Department of State has appointed ambassador Zalmay Khalilzad, a veteran diplomat, as U.S. Special Advisor for Afghanistan Reconciliation. Khalilzad has traveled to the region and met with regional actors, including Pakistan, Saudi Arabia, the UAE, and Qatar. Washington has been in contact with the Taliban too, including direct official contacts with the group's political office in Doha. U.S. engagement with the Taliban has taken place in consultation with, if not with the permission of, the Afghan government.

As for U.S.-Russia talks on Afghanistan, there hasn't been a breakthrough. The United States has avoided the Moscow Process and emphasized alternatives, such as the Kabul Process. Russia, on the other hand, has insisted on the usefulness of its own process. At a time when U.S.-Russia relations are soured in several areas including disagreements on Syria, Ukraine, and the Intermediate-Range Nuclear Forces (INF) Treaty. Afghanistan may be one of the few areas where the two countries could cooperate.

Russia's overarching security interests, mainly transnational terrorism and drug trafficking, align with Afghan and American objectives. Moscow's efforts can be useful when they are well defined and are held in unison with efforts by Afghanistan and the United States, as two major parties to the conflict. Engaging with the Taliban for humanitarian causes and the initiating of a peace process is inevitable. Nonetheless, contacts that can embolden and disincentive the group to come the negotiating tables goes against the stabilization needs of Afghanistan. Russia's peacemaking efforts must meet Afghanistan's needs, which include initiating negotiations, achieving a political solution, and ultimately peace, and then maintaining that peace. This entails encouraging the Taliban to the negotiating table without undermining the Afghan government. Afghanistan can only achieve and maintain peace when the Afghan state is capable of governing, accountable to its citizens and acts as a responsible member of the international community. Afghanistan cannot be stabilized when actors rely on non-state actors to secure their perceived national interests.

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# Afghanistan: Peace Prospects at the Abyss

America's war in Afghanistan will soon enter its 17th year. Most Americans tired of the war long ago, but its odd invisibility in American domestic politics has allowed it to carry on, mostly out of sight, with little real political pressure to change a stalemated status quo.

This condition of stasis may not last much longer, however. The war's 17th year promises both opportunity and peril—and the former is due at least partly to the latter. Afghanistan's growing political dysfunction and the opportunism of its neighbors create a risk that it could go the way of Syria, or of Afghanistan itself in the 1990s: a breakup of the state into warring factions with rival neighbors sucked in to support conflicting proxies. Anyone can see what this has done to Syria since 2011, and South Asians old enough to be in leadership positions remember what Afghanistan was like after Najibullah fell in 1992. This specter presents a credible threat of equal opportunity disaster: the simultaneous realization of every actor's worst-case scenario. Few would choose this condition, but it does focus the mind; the threat of a Syrian abyss may be the goad that enables long-stalled negotiations to end the fighting on terms the United States can accept.

Indeed, the prospects for an acceptable peace in Afghanistan are now better than they have been in a very long time—perhaps since the Bonn Conference of 2001. But there are still many ways the negotiations could collapse and turn the worst-case scenario from goad to reality. Only some of the risk factors are under U.S. control, and certainly Americans lack the leverage once offered by 100,000 troops and $100 billion of annual expenditure. But U.S. choices do make a difference, and poor ones could slam shut a door that might otherwise be opening, dooming Afghanistan to a replay of the 1990s.

Three critical contributions are now needed from the U.S. government: patience, flexibility, and sustained politico-economic engagement. None have been hallmarks of the U.S. experience in Afghanistan since 2001, and skeptics could be forgiven for wondering how well these policy traits fit the current moment in American domestic politics. But none are impossible, and an acceptable end to a long, horrible war now rides on them.

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## Why Care?

The most basic question, as usual, is perhaps the most important, and it is the one at the root of much of the war's frustrating current condition. Does Afghanistan matter enough to the United States to warrant continued engagement at any significant cost?

The problem here is that Afghanistan poses stakes for Americans that are real, but limited. First of all, and most obvious, if the Kabul government falls, al-Qaeda, the Islamic State, or other terrorist groups could re-establish base camps in Afghanistan from which they could target the United States or other Western countries, as al-Qaeda did in 2001. This is a real threat. But there is nothing unique about Afghanistan as a base for terrorists to attack the West; dozens of ill-governed spaces around the world could serve this purpose.

The more important U.S. stake in Afghanistan is the stability of its nuclear-armed region, and especially Pakistan. Nuclear-armed Pakistan, with a nuclear-armed Indian rival on its eastern border, has been enmeshed in a counterinsurgency war of its own since 2004. Pakistan and Afghanistan are separated by a notoriously porous border, home to a large ethnic Pashtun population that is closely associated with both the Afghan and Pakistani insurgencies. Americans have long worried that Afghan Taliban base camps among Pakistani Pashtuns make the Afghan insurgency hard to defeat, but a much greater danger is if Afghan base camps make the Pakistani Taliban harder to defeat. A virulent insurgency in any nuclear-armed state is a serious danger to international stability; a virulent Pakistani insurgency with established base camps across a porous Afghan border amid the detritus of a failed Afghan state is a much bigger danger. The risk that collapse in Kabul could destabilize an already unstable, nuclear-armed region is a real threat to American interests.

That said, this peril, too, has its limits. Many things would have to break badly for an Afghan collapse to lead to nuclear violence. Kabul would have to fall; Islamabad would have to fall; the Pakistani security forces would have to split; nuclear weapons would have to fall into terrorist hands; and these terrorists would have to find a way to deliver one to a major city. The compound probability here is small, but it is not zero. And the resultant catastrophe if the breaks go badly for the United States would be of historic magnitude. This does not make Afghanistan a problem worth sending 500,000 American soldiers to solve—but neither does it make Afghanistan irrelevant or unimportant. Afghanistan lies somewhere in the middle on the scale of security interest magnitude: a real, but limited, threat to U.S. interests.

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**Expensive Means to Limited Ends**

Real but limited U.S. interests in Afghanistan have created a long and frustrating debate over how to respond. Because U.S. interests are real, neither the Obama nor the Trump Administration have been willing to just pull out. If they did, and things went badly, a catastrophe would be their fault. Neither Administration has been willing to take the risk of going down in history as the people responsible for a nuclear detonation in Times Square. But decisive victory in the war would be very expensive in lives, dollars, and time; this cost has long seemed to exceed what the stake was worth. The result has been a long, floundering search for some real-but-limited means to secure real-but-limited stakes wherein the cost would be commensurate with the benefit.

Mostly, this search has led to assorted variations on “light footprint” strategies where the United States provides training, advising, equipment, commando raids, and air power, while the Afghan government provides the ground forces and suffers most of the casualties. The Obama Administration experimented with a heavy footprint alternative, ordering a surge to an ultimate strength of 100,000 U.S. troops by 2011. But the surge announcement was accompanied by a promise of reversal and drawdown to begin after less than two years, and for most of the Obama presidency the U.S. military was in the process of lightening, not thickening, the U.S. presence.

The logic of this reinforce-then-drawdown approach was that the surge would hit the Taliban hard enough to reverse their momentum and put the war on a glide slope toward ultimate Taliban

defeat. In the meantime, U.S. aid would build a greatly expanded Afghan National Security Force (ANSF) to whom the war could then be handed off as U.S. troops gradually withdrew. A sustained, open-ended 100,000-soldier presence seemed more expensive than the war was worth, but perhaps a brief phase of excessive effort followed by much cheaper indigenous war-making could secure limited interests at a price worth paying.

The first part actually worked: The U.S. surge did reverse Taliban momentum, and U.S. troops were able to stabilize threatened Afghan districts when deployed in sufficient strength and kept in place to defend what had been cleared. The problem was mostly the second part of the plan. 100,000 soldiers seem like a lot, but it was enough to clear only about half of Afghanistan's threatened southern and eastern districts at a time. To clear all of threatened Afghanistan in the allotted time would have taken at least twice that number of troops; alternatively, the same troops could have cleared twice the ground by swinging from the south to the east once the south was cleared, relying on the ANSF to hold the cleared south afterwards, but that would have taken at least double the time. With only limited perceived stakes on the table, the Obama Administration was unwilling to double either the troops or the time. And the result was that the surge ended with the job left unfinished. The ANSF was handed not a war on a glide slope to Taliban defeat, but a war against a Taliban enemy that still held large stretches of strategically important Afghan real estate.

The job of defeating an enemy this strong was—and remains—beyond any plausible ANSF capability. This should not be surprising. In weakly institutionalized political systems like Afghanistan's, state militaries are often riven with corruption that saps combat motivation, undermines equipment availability, and interferes with the development of technical military expertise. Without a judicial system or legislature that can adjudicate conflict among armed elites, regimes in places like Afghanistan commonly rely on an internal balance of power to create political order and prevent factionalism from spilling over into armed violence. In such settings, the primary purpose of the army and police is not to defend the borders or defeat an insurgency—it is to maintain this internal balance within the political elite, and to do this typically requires a mixture of cronyism and corruption in the armed forces.

Corruption buys the loyalty of the largest armed militia in the country: the army. Cronyism reinforces the armed forces' loyalty by installing as senior commanders not trained technocrats but relatives, co-ethnics, political supporters, or representatives of allied political factions. Together such techniques bind the armed forces to the civilian leadership; just as important, they limit the threat that a powerful, technically proficient, politically disinterested army would pose to every other armed body in the country—most of which are in the hands of warlords and other elites. If the Afghan army really did professionalize itself by replacing cronies with technocrats, rooting out corruption, and promoting based on merit rather than political alignment, it would pose an existential threat to dozens of warlord militias that now extract resources for the benefit of their followers, and see the right to do so as their due given the strength of their armed following. Even worse, the first wave of new military technocrats would threaten their own corrupt, corniest superiors. In a political system where order is the product of the internal balance of armed power and not judicial or legislative institutions, the very process of reform is dangerously destabilizing. The result is a military that is actually very good at its primary

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purpose—maintaining internal political stability among armed elites—but is very poor at what Americans mistakenly suppose is its purpose: defeating an insurgency.

The unsurprising result of this is that light-footprint U.S. training and assistance has had deeply disappointing effects. U.S. equipment and logistical support is commonly redirected into the black market for the financial benefit of officers; training is used as a form of largesse to reward loyalists; U.S. financial aid underwrites ghost soldiers who exist on the payroll but not in the field. There are exceptions: Elite ANSF commando units too small to be a threat to the internal balance of power, for example, can be allowed to professionalize and often perform well in combat. But the ANSF as a whole cannot defeat the Taliban insurgency—and more U.S. advisers or a bit more U.S. aid cannot change that. Thus, reliance on a much-cheaper indigenous ANSF cannot secure even limited aims inexpensively.

**Stalemate and its Discontents**

What reliance on the ANSF can do is to preserve a rough stalemate—or at least, preserve it as long as outsiders pay most of the bills. The ANSF will never be the U.S. Marine Corps, but neither are the Taliban, and the ANSF now fields over 300,000 soldiers and police. The ANSF also benefits from increasingly intense U.S. air support, which dropped more than 2,500 bombs in support of ANSF operations in the first six months of 2018 alone, a pace that would more than double the war's previous annual peak of 2,170 in 2011. An ANSF that vastly outnumbers the Taliban insurgency and is backstopped by this kind of U.S. firepower has proven generally (if barely) able to hold most of the ground it took over from the Americans after 2011.

At the same time, the Taliban have expanded their control in traditional strongholds such as the central Helmand River Valley, and have mounted short sallies into urban areas such as Konduz or Ghazni before being ejected by counterattacks (mostly by Afghan commandoes and U.S. special forces). But they have yet shown no ability to take and hold any of the major urban areas that are the core of government power in the country. Seven years after the U.S. drawdown began, the Taliban still control less than 15 percent of the country's 407 districts (they contest another 30 percent). The trends have been turning gradually in the Taliban's favor, but at this rate it would take decades for them to complete the job were military factors alone to be the deciding ones. If the ANSF stays in the field and operating, the military prognosis is thus a continued grinding stalemate for many years to come.

The problem is that the ANSF probably can't stay in the field forever. Their morale is increasingly a concern: ANSF loss rates are high and growing, and the Afghan government is finding it ever harder to fill the ranks.

Their funding is another major concern. A 300,000-person security force is vastly larger than what the Afghan government can afford on its own. The ANSF's FY 2013 operating budget of $6.5 billion was more than twice the Afghan government's entire federal revenue. The lion's share of the money needed to keep the ANSF in the field must thus come from abroad, especially from the U.S. Treasury, which now pays almost $5 billion a year for Afghan soldiers and police. In a sense, this is a bargain: It's vastly cheaper than the $100 billion a year the U.S. government

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spent when there were 100,000 American troops in Afghanistan. But the political constituency in the U.S. Congress for Afghan soldiers is minimal, and the current Commander-in-Chief is clearly frustrated with any cost at all. It took a major sales job from the Defense Department earlier this year to persuade Donald Trump not to pull all U.S. troops and funding from the war, and a mercurial and impulsive President could easily change his mind.
If the plan for securing U.S. interests is to fund the ANSF forever to keep the war on indefinite life support, it's a plan that could be ripped to shreds by a single White House tweetstorm.
If the plan for securing U.S. interests is to fund the ANSF forever to keep the war on indefinite life support, it's a plan that could be ripped to shreds by a single White House tweetstorm.

Were the ANSF to be defunded or break under the strain of stalemated war-making, Afghanistan would quickly collapse into chaos. The government in Kabul would fall, but an immediate Taliban restoration would be less likely than an atomized, multi-sided civil war in which factions of the old ANSF fought over the rump with warlord militias, the Islamic State, and the Taliban's respective factions—much as happened in Afghanistan in 1992, the last time central government authority collapsed.

In the midst of such chaos, deals would very likely be made between local Afghan factions and Pakistani insurgents to call in old IOUs or broker new alliances that would enable access to strategic base areas on the Afghan side of the border for militants seeking to topple the regime in Islamabad. Such arrangements have already appeared on a small scale in border areas where Afghan government control is weakest. This would define defeat: The central war aims for which the United States has fought since 2001 would be forfeit, and the sacrifices and costs of the past rendered vain.

If the war simply drags on, sooner or later this will be the result. The only plausible alternative to eventual outright defeat at this point is not military victory, which is impossible at expenditure levels that Americans will ever accept, but a compromise political settlement with the Taliban.

To date, however, the negotiation prospects have looked bleak. A handful of initial contacts showed some promise, but a combination of confusion on the allied side (as Afghan President Hamid Karzai and U.S. officials failed to communicate successfully on the arrangements for talks) and a leadership succession crisis on the Taliban side (when the Taliban spiritual and political leader Mullah Omar's death was announced) froze the process in 2015. Talks remained stalled for more than two years afterwards.

## Change on the Horizon?

This politico-military deadlock might now be breaking, however—for better or worse. In November 2017, unofficial Track-Two meetings between Taliban representatives and former U.S. officials Christopher Kolenda and Robin Raphel signaled significant softening in the Taliban position. It dropped its prior insistence on total U.S. withdrawal as a precondition for talks, and it promised to oppose terrorism in a postwar Afghanistan. The U.S. government then dropped its former insistence that any talks be Afghan-led, and agreed to the Taliban's demands for direct, bilateral meetings between U.S. government and Taliban representatives in Doha

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(formal "negotiations" must still be Afghan-led, but the U.S. government is now willing to conduct direct bilateral "talks"). The Taliban reciprocated a temporary ceasefire announced by Afghan President Ashraf Ghani in June, and the resulting truce led to an outpouring of Afghan support for an end to the fighting. Widespread demonstrations in favor of peace led to scenes of Taliban fighters and government policemen celebrating in the streets over ice cream. These are baby steps, at best representing the beginning of what would be a long peace process if one formed at all. But against the backdrop of years of stalemated warfare with little or no progress toward settlement, the pace of change in the last few months has been breathtaking.

**Why now? And does this apparent thaw have a future?**

Part of the explanation for this recent movement may lie in the resolution of the Taliban succession crisis following the announcement of Mullah Omar's death in 2015. Omar had actually died two years earlier, but the Taliban kept his demise secret to avert precisely the internal political crisis that broke out when the Afghan government announced his death to the world on July 29, 2015. His immediate successor was then killed in an American air strike in November 2015, yielding further turmoil. Eventually, former cleric Hibatullah Akhundzada emerged as the new leader, but with potential rivals in the wings he dared not risk appearing weak by promoting settlement negotiations; instead, he escalated the war. Over time, however, the new leadership has consolidated power, making successful negotiations plausible.

Another part of the explanation may lie in the end of the U.S. government's previous insistence on shooting itself in the foot with repeated public deadlines for troop drawdowns. For the six years between President Obama's West Point speech of December 2009 and his Administration's announcement in July 2016 that further withdrawals would be halted, U.S. troop strength in Afghanistan was always subject to a timetable stipulating dates for incremental withdrawals. Each of these drawdown dates created the possibility that a weak ANSF might collapse with the next reduction in U.S. support, giving the Taliban an incentive to withhold concessions and wait to see whether they could get what they wanted for free. When President Obama finally ended this policy in 2016, the Taliban faced the prospect of a potentially permanent U.S. presence, which the Trump Administration eventually reinforced with its own declaration this year that there would be no announced date for withdrawal. One could debate this promise's credibility, but at least there are now no looming deadlines to encourage the Taliban to wait.

Perhaps the most important explanation, however, may be the looming peril of state collapse in Afghanistan if the war continues much longer. Internal politics in weakly institutionalized states are often fragile, and Afghanistan's are increasingly so. The country's last presidential election, in 2014, was deeply flawed. Many Afghans believe the winner, Ashraf Ghani, stole the election through large-scale fraud; to avert potential violence in the streets, U.S. officials brokered a compromise in which the second-place finisher, Abdullah Abdullah, was granted an ambiguous official status as the country's "chief executive." The rival camps were encouraged to divide subordinate offices between them, and both agreed to hold a constitutional convention within two years to formalize Abdullah's new office.

The result has been four years of increasing acrimony as the two camps have bickered over the

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spoils of office and effectively paralyzed the government. In the process, Abdullah has been increasingly marginalized, and the constitutional convention has been indefinitely postponed. Meanwhile Ghani has pursued an anti-corruption campaign that Abdullah's supporters see as a means of targeting them. Last year a coalition of warlords, including one of Ghani's own vice presidents, Abdulrashid Dostum, formed an alliance to oppose him, escalating the dispute along lines reinforced by the warlord alliance's access to armed followers and deep connections to elements in the ANSF.

Presidential elections are now scheduled for early 2019; if held, they are liable to be even more divisive than the last round. The competing camps are now deeply embittered even as the U.S. government's ability to play honest broker has atrophied. The Taliban's increased influence in the Pashtun south and east, too, is an even greater threat to electoral legitimacy. In a country where Ghani's Pashtun political base is located disproportionately in the increasingly Taliban-threatened south and east, where voting is dangerous, while Abdullah's Tajik and Uzbek base lives disproportionately in the safer north, where voting is easier, any result can be seen as illegitimate by the loser. After seeing themselves as railroaded following a stolen election in 2014, locked out of real power, and persecuted by the illegitimate winner, Abdullah's northern base is in no mood for a repeat—yet Ghani's Pashtun base would see an Abdullah victory as stolen via the inability of their voters to reach safe polling places. In this increasingly combustible mix, no electoral outcome will be stable; it is all too easy to imagine violence breaking out along factional lines in ways that outsiders could not tamp down this time around.

If a disputed election in an increasingly polarized and distrustful political system results in factional violence, the ANSF itself would come under severe pressure. The armed forces have long harbored competing northern Uzbek/Tajik and eastern Pashtun factions as one of the more consequential of its various internal fault lines. If pulled in different directions by orders to suppress a defeated party's violent post-election demonstrations, the pressure could finally push an already-strained security force beyond its breaking point.

At the same time, Afghanistan's neighbors are playing increasingly meddlesome roles on behalf of their own preferred proxies. Pakistan, of course, has long been deeply involved in supporting its Taliban allies in Afghanistan. But Russia, too, is playing an increasingly direct role in support of both the Taliban and several of Russia's preferred non-Taliban warlords. Moscow is doing this partly as a means of hedging Russian bets against possible Afghan state failure, and partly to impose costs on the United States amid a deteriorating U.S.-Russian relationship. Iran, with similar incentives, is playing a similar role with its own internal allies. India has longstanding ties to a variety of northern Afghan factions dating back to the civil war of the 1990s and beyond; the Trump Administration has dangled the threat of supporting a larger Indian role in Afghanistan as a cudgel to inspire Pakistani cooperation against the Taliban, but unless deftly handled this threat could just pour gasoline on glowing coals. Pakistan's chief interest in Afghanistan has long been to avert Indian encirclement via an Afghan-Indian alignment; a more prominent Indian role with northern proxies could easily inspire a less cooperative Pakistani response.

Together, these dynamics pose a serious risk that the coming election could be the straw that breaks the camel's back, splitting the government and security forces, pulling meddlesome

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neighbors even deeper into proxy warfare, and putting Afghanistan onto a short road to Syria-scale chaos. If so, the worst-case scenario for all the major players would simultaneously come into play. It would obviously be bad for U.S. interests. But it would be little better for Russia, Iran, or Pakistan—each of whom would now confront a failed state with ungoverned spaces offering safe haven to their own enemies either directly on their border (for Pakistan and Iran) or in close proximity (for Russia). Faced with this possibility, moreover, each must protect itself with aid to sympathetic proxies—but simultaneous aid to opposed Afghan proxies would just deepen the crisis at higher levels of armament.

For Pakistan in particular, this scenario would pose grave dangers, creating both hostile insurgent camps in Afghan sanctuary plus Indian assistance to anti-Pakistan militants to Pakistan's strategic rear. Pakistan has long sought to thwart the American project of creating a strong Afghan state that might align with India and threaten Pakistan with strategic encirclement, but a failed state on its border that drew India into the maelstrom could be even worse.

Even the Taliban apparently recoils at this prospect. In their Track-Two conversations with Kolenda and Raphel, Taliban representatives cited the rising danger of a Syria scenario as a major concern and as a reason to negotiate. Patriotism aside, a rational Taliban strategist would have good reasons to take this view. Internationalized proxy wars like Syria's are notoriously hard to terminate once they metastasize. The Syrian war has raged for seven years now, and historically such conflicts have typically lasted seven to ten years, often laying waste to whatever was there before and leaving little behind but bitterness and ruin for whoever inherits the remains. The Taliban came into existence in the first place to end just such a conflagration in the 1990s, but despite their relative success then, they never fully pacified the country: Their Northern Alliance enemies still held about 15 percent of the country when the United States intervened in 2001 and toppled the Taliban regime. A repeat performance now could be even harder for them, with deeper outside involvement brewing that could involve the United States, too, this time around as a backer of its own preferred warlord proxies.

This time, too, the Taliban would have to contend with the Islamic State in Afghanistan—an enemy of both the government and the Taliban, a bitter rival to the Taliban for the status of defender of the faith, and a growing threat that has fought multiple pitched battles against the Taliban even while waging war against the government and the Americans. The Taliban might once have thought they could defeat the ANSF and take control of a coherent state; that now seems unlikely. Hence they have good reason to explore negotiated alternatives to another decade of what would become a multi-sided, internationalized civil war. The Taliban have already been at war with the United States for 17 years, losing untold thousands of their followers, forcing them to live as exiles in Pakistan and raise their children as Pakistanis for almost a generation, and running an annual risk of personal violent death in American air strikes (just ask Akhundzada's predecessor Mullah Mansoor). The Taliban would not surrender just to save their country from a Syria scenario, but a compromise settlement that could avert all this without looking like a surrender instrument ought to be increasingly worthy of serious Taliban attention. It makes sense for them to explore a deal while there is still a government to deal with.

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## The Way Forward

What, then, should the United States, and others, do to exploit this opportunity and avert a mutual worst-case scenario? Several initiatives would help.

First, the United States must be prepared to accept serious compromises, and to encourage its Afghan government ally to do the same. The Taliban may be willing to parley, but they will not sign a surrender instrument. Compromise with an actor like the Taliban is not an appealing prospect, but military victory is a chimera and stalemate cannot be maintained forever. That leaves compromise or outright defeat as the only realistic prospects.

What does that mean in practice? Compromise will require legalizing the Taliban as a legitimate actor in Afghan politics, releasing Taliban prisoners from Western prisons, withdrawing all foreign troops and closing all U.S. bases if the Taliban continue to insist on this, and eventually offering them some extra-democratic set-aside of guaranteed offices, ministries, and/or parliamentary seats.

With today's hyper-partisan U.S. domestic politics, compromise on this scale could be hard to sell; in 2012, a much-smaller proffer to exchange some Afghan prisoners for the Taliban-held American Sergeant Bowe Bergdahl collapsed under Republican outrage at a Democratic President's willingness to make such a deal (Bergdahl was finally released two years later). But if a U.S. President can manage the domestic politics, an international agreement might be within reach: Afghan President Ghani has already offered to legalize the Taliban, exchange prisoners, review the Afghan constitution, and provide passports and safe passage for Taliban negotiators. The actual difference in the two sides' bargaining positions has now grown surprisingly small: The Taliban have already signaled willingness to forswear terrorism, break with al-Qaeda, and to accept an Afghan state governed by something similar to today's Afghan constitution, all critical elements of longstanding U.S. and Afghan government positions. And the June ceasefire demonstrated that the Taliban are sufficiently unified to make a deal stick if it can be reached. Still, the remaining differences are hardly trivial (including the nature of any eventual power sharing deal and the specifics of what a sufficiently Islamic state would comprise), and an actual deal will require concessions from allied governments as well as the Taliban.

Second, the United States will have to remain engaged both politically and economically in any postwar Afghanistan to stabilize the terms of a negotiated settlement. A legalized Taliban with a role in Afghan governance would not violate core U.S. interests, but an outright Taliban takeover would. A meaningful U.S. postwar assistance budget conditioned on Afghan government behavior is an important hedge against that possibility. A post-settlement Taliban's best chance for complete power would be if the current government's kleptocratic scale of corrupt extraction from the economy eventually alienates enough voters for a legalized Taliban to win national elections. Thoroughgoing reform is beyond American means today, but conditional aid on a plausible scale can at least discourage the worst kinds of government land grabs and other grand-mal corruption, and thus help keep a lid on a legalized Taliban's electoral prospects.

Ongoing conditional aid can also provide a disincentive for rearmament or other Taliban violation of settlement terms: If a deal is generally better for the Taliban than war, and if Taliban

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participation in a coalition government affords them a share of international largesse, then a threat to withdraw aid can offer the incentive at the margin needed to discourage violations. Of course, this does not mean the U.S. government must spend $100 billion a year to keep Afghanistan stable. But Afghanistan was a major recipient of international aid for much of the 20th century, and a stable postwar Afghanistan will probably have to be, too—which means the U.S. government will need to continue to provide aid, and to remain sufficiently engaged politically to know whether and when to threaten aid withdrawal if its preconditions go unmet.

Finally, an acceptable end to the war will require strategic patience from American statesmen. This will not be a quick or easy negotiation. Progress has been surprisingly rapid recently, but to bring this to fruition will probably take years, not months. A gradual process of confidence-building measures is required, to be followed only later by concrete talks over difficult issues such as power sharing, constitutional change, disarmament, demobilization, and reintegration. Before any deal can be signed with the Taliban, too, domestic support within Afghanistan must be built for prospective settlement terms, a process that could be long and fraught in itself. If Americans tire of a long process that moves slowly and fails to yield a quick, showy deal, then no deal will be had.

To provide this kind of time will require a near-term agreement to postpone Afghanistan's upcoming election and to substitute an interim caretaker government while negotiations with the Taliban unfold—perhaps with Ghani frozen in place but with a promise that he would not run for re-election afterwards, or perhaps with some other formula. The now-scheduled elections could easily serve as the match that sets Afghanistan's political tinder ablaze; if so, the state could collapse long before negotiations could conclude. The risk of such a conflagration is an important incentive for all parties to negotiate seriously, but the timelines of political risk and negotiated solution are now badly misaligned. An election in early 2019 would undermine peace prospects no matter how it comes out. If the election yields chaos it will derail a long negotiation; if the election yields a stable transition it will remove an important goad for talks. Any caretaker arrangement will itself have to be negotiated, and U.S. leverage to strong-arm recalcitrant power brokers will be needed for any such setup. Without strong, sustained U.S. involvement it is hard to see how Afghanistan's many factions could be brought in line behind any given choice for a caretaker, even a temporary one.

Moreover, this internal negotiation over the terms of any caretaker government may require an early ceasefire with the Taliban to enable it to unfold: ANSF effectiveness in the midst of prolonged uncertainty over who is in charge could well be even lower than today, risking serious losses if exposed to Taliban offensives before a new caretaker is appointed and lines of command clarified. A truce of this kind would be far from a final settlement to the war, and so could begin quickly, as the June ceasefire did. But it is important that it begin. If the Taliban decide not to facilitate a settlement with an early truce and instead try to exploit Afghan political instability for short-term battlefield gains, then settlement could become impossible—and if so, then the Taliban, like everyone else, will witness its worst-case scenario of chaotic state collapse unfold. To the extent that the Taliban's recent interest in negotiation is sincere, this interest will have to include a willingness to accept a truce while the Afghan government assembles a negotiating partner for them. None of this is impossible, but neither is it easy, and the elections

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create a demanding timetable. To get a ceasefire by early 2019 and a delay in Afghanistan's elections, the first steps must be taken soon.

Successful talks could also require international mediation, perhaps via the United Nations, and an explicit role for Pakistan among other Afghan neighbors in a parallel regional negotiating track. This, too, could be tough to swallow for a U.S. Administration that has been no friend of the United Nations and which has positioned itself to get tough on a duplicitous Pakistani ally rather than to welcome them into multilateral negotiations.

Given all this, skepticism about the prognosis for a negotiated end to the war is still a defensible position: Any talks will be long, hard, and perhaps ultimately unsuccessful; in the meantime, the United States will have to continue military assistance and economic aid on something like today's scale. Some may judge the cost of playing out this string to be higher than the real-but-limited stakes involved for the United States. The cost-benefit calculus for war in Afghanistan has always been a close call. But the costs are now a great deal lower than they were in 2009-11, and the prospects for a tolerable settlement are now better than they have been in years, perhaps since 2001. An Afghan Syria is now a distinct possibility. But so is a settlement that could terminate the war, limit the danger of Afghan instability spilling over into the region, and end the suffering of an Afghan people who have suffered much over generations of almost continuous warfare. These are important benefits, to Afghans, to other South Asians—and to Americans.

Ainuddin MegaLecture

## Afghanistan: A War in Crisis

The U.S, has announced a potential peace agreement with the Taliban in Afghanistan. Many of the details are still secret or undecided, and the Administration has sent mixed signals about the timing and scale of U.S. force cuts. President Trump announced shortly before reports the U.S. had agreed to the basic structure of a peace deal that he would cut U.S. forces.

He described these cuts as follows in an interview on Fox News on 29 August, "we're going down to 8,600 and then we make a determination from there as to what happens. We'll make a determination, but we're going down to 8,600, we're bringing it down. We have it very well controlled. You know, we're not fighting a war over there, we're just policeman over there. We could win that war so fast — if I wanted to kill 10 million people, Brian, which I don't. I'm not looking to kill a big portion of that country. I'm not looking to do that."

On September 2nd, in the middle of new Taliban attacks, the U.S announced a draft peace agreement between the United States and the Taliban that withdraws 5,400 U.S. troops from five bases in Afghanistan within five months – or 135 days – after the deal was signed. U.S. peace envoy Zalmay Khalilzad described the proposed plan in a broadcast on TOLO News as "an agreement with the Taliban in principle" although he cautioned that "it is not final until the president of the United States also agrees to it." He stated that such a withdrawal would depend on the Taliban meeting the terms of the agreement, ending its ties to Al-Qaida, and provide clear guarantees to support counterterrorism activities.

He also made it clear that the Afghan government had been briefed but not given copies of the draft agreement or played a major role in shaping it: "It is our (a U.S.) agreement with the Taliban, not their (the Afghan government) agreement with the Taliban. No reference was made to the fact that Afghanistan planned to hold a Presidential election on September 28 th, what role the Taliban was expected to play in the government in the future, and how the agreement with the Taliban could be reconciled with the results of the Afghan election.

Presumably, far more details will become apparent with time, but it is all too clear that any peace agreement will have to be a highly uncertain option, and it is far from clear what guarantees the U.S. will make to secure it, or what levels of military and civil aid it will pledge. Earlier media reports indicated that the Administration was considering a full withdrawal within a year of a ceasefire, but no report has had any official confirmation.

It is also unclear that the U.S. has the option of staying in Afghanistan without providing open-ended military and financial support. Much depends on current trends in the war, and the extent to which the Afghan Government or the Taliban are winning control and influence over the country, and a detailed review of the fighting shows that it is the Taliban that is making progress even while the Afghan forces still have major U.S. combat air, U.S. train and assist, and U.S. land combat support from elite force elements.

Much depends on the degree to which the Afghan government forces can stand on their own if a peace negotiation leads to the withdrawal of U.S. and Resolute support forces, or if the U.S. makes major further force cuts. At present, it seems doubtful that Afghan force can survive if the



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Taliban should use the peace process to secure a U.S. withdrawal and then turn on the Afghan government.

At the same time, the civil sector is weak and making marginal progress at best. The Afghan government remains weak and divided, the economy and government budget are heavily dependent on outside aid, and efforts to make aid conditional on Afghan performance has so far had only limited success.

The end result is that both peace and any open-ended effort to stay are both likely to be bad options, and the U.S. will be forced to choose between them. If the peace process should fail, it is doubtful that Afghan forces can survive without ongoing U.S. combat air support, help from U.S. elite forces, and forward deployed security assistance brigades indefinitely.

It is equally uncertain that even if Afghanistan can unite around some future President, that it can survive its gross failures in governance, the rule of law, and economic development without equally indefinite billions of dollars in U.S. civil aid. A detailed analysis of the civil side of the war shows that Afghanistan is still the equivalent of a failed state.

**The aspirants had better go through the following for further indepth analysis regarding Afghanistan Crisis.**

https://csis-prod.s3.amazonaws.com/s3fs-public/publication/190910_Progress_Afghanistan_AHC.pdf

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## Endless Conflict in Afghanistan Is Driving a Mental Health Crisis

A decade ago, Afghanistan was the worst place in the world to be born, according to UNICEF. That may still be true today. Poverty, lack of electricity, lack of clean water, and widespread sexual abuse of women and girls are simply facts of life. The country has seen some 40 years of violence, with 18 uninterrupted years of conflict following the U.S. invasion in 2001. Young Afghans are facing a crisis of hopelessness.

Saturday's presidential election offers few prospects for relief. After the collapse of U.S.-Taliban peace talks earlier this month, violence has spiked. The Taliban have carried out a string of suicide bombings in Kabul and across the country in the run-up to the vote, which has already been delayed several times over security concerns. In response, U.S. and Afghan forces have ramped up raids and airstrikes. A U.S.-backed Afghan commando raid in Taliban territory earlier this week left up to 40 civilians dead.

The violence has had a suffocating effect on the lives of millions of Afghans. Conflict dominates politics, leaving little room for discourse or action on a raft of sorely neglected social and economic issues. The young are carrying the heavy burdens of the past and receiving little support from a government dominated by elders, from the Taliban in areas they control, or from the United States.

The ramifications of prolonged violence and uncertainty extend beyond the realm of politics. Afghans' psyches, like the country, have been ravaged by war. As countries struggle to cope with the legacy of conflict, the psychological damage often goes overlooked. No matter the outcome of the presidential election or of a future peace deal with the Taliban, collective war trauma will continue to haunt the next generations of Afghans if it goes unaddressed.I am one of the many children of Afghanistan left scarred by the war. The image of a young, nervous U.S. soldier pointing a rifle at my forehead because he suspected I had a bomb underneath my shirt haunted me for years.

A Gallup poll released earlier this month revealed just how devastating conditions in Afghanistan have become: 85 percent of respondents said they were "suffering." No respondents said they were "thriving." When the same population was asked to predict their quality of life over the next five years, they predicted it would decline. The majority of the adults interviewed were aged 35 or younger. Afghanistan's young people have reached consensus on pessimism.

Violent conflict is the main cause of social and economic turmoil in the country. It has displaced millions of people and limited opportunities for them to improve their livelihoods. While the government is preoccupied with maintaining its grip on power and the Taliban with enhancing their legitimacy and bargaining position, many Afghans are stuck in the middle. Anxiety, depression, and PTSD are unavoidable consequences.

International aid to Afghanistan usually comes in the form of food packages, medicine, vaccines, and funds for infrastructure. Although those resources are critical, they neglect an invisible necessity: mental health. The World Health Organization estimated that over 2 million people in Afghanistan suffer from depressive and anxiety disorders. However, the results of the Gallup



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survey and other estimates suggest that the real numbers are likely much higher. Millions more almost certainly require some form of psychological support.

The Afghan Independent Human Rights Commission reported last year that some 3,000 Afghans attempt suicide every year—and women make 80 percent of those attempts. In the country's highly fixed patriarchal society, women and girls face the most extreme conditions and have limited resources for assistance and treatment. Forced child marriage, domestic abuse, and social pressures are only a few of the obstacles they face. Since mental health care and suicide are extremely stigmatized in Afghanistan, many suicide attempts and severe mental health crises go unreported.

Mental health facilities in Afghanistan are scarce. As of last year, the country had only one psychiatric hospital. According to the WHO, health care centers throughout the country have long experienced a "lack of trained psychiatrists, psychiatric nurses, psychologists and social workers." The services that do exist lack proper funding.

If Afghans are to climb out of darkness and build better lives, every province at minimum needs rehabilitation centers and publicly available mental health care services, especially in rural areas. These would need monitoring and supervision to ensure quality care. The government must also roll out awareness campaigns to fight the mental health stigma in Afghanistan, focusing on the struggles of women and girls face. With much of the country caught in perpetual turmoil, even these basic standards can prove unachievable.

I am one of the many children of Afghanistan left scarred by the war. The image of a young, nervous U.S. soldier pointing a rifle at my forehead because he suspected I had a bomb underneath my shirt haunted me for years. Fortunately, I was able to seek the proper care and treatment in the United States to battle my post-traumatic stress disorder. Most other Afghans, some just like me and some who have suffered far more, do not have that opportunity. Their pain endures, while the government, which claims to represent them, remains silent.

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## Afghanistan – what's next?

US President Donald Trump called off negotiations with the Taliban about withdrawing US troops from Afghanistan, widely expected to be followed by intra-Afghanistan peace talks, which Norway hoped to host and President Ashraf Ghani had begun to prepare for by selecting a negotiation team. The apparent change of mind by an ever-volatile US president, therefore, not only put a sudden end to nine rounds of US-Taliban negotiations since October 2017 in Qatar under the auspices of chief negotiator and former US ambassador Zalmay Khalilzad, but also frustrated progress on the crucial sequel.

The Afghan government and civil society, long consumed by fears that the US would strike a deal with the Taliban and leave Kabul to its fate, at one level welcomed the collapse of talks that they had been unable to participate in or influence. The lack of agreement on a country-wide ceasefire, which civil society has repeatedly called for, was of much concern, including:

- Will a US-Taliban agreement result in peace, or even the halting of violence?Is the Taliban leadership in full control of all fighting factions and foot soldiers?
- Is the Taliban leadership able or even willing to curb international terrorism from Afghan soil?
- How sincere is the Taliban leadership about an intra-Afghan dialogue and how far will they go in accepting the demands of the government, civil society, and women?

The Taliban's insistence so far on calling a new-order Afghanistan an "Emirate" is seen as emblematic. Many Afghans reject this designation as inimical to the present constitution and the democratic rights and civil liberties it provides for. The rights of women have been a particularly difficult sticking point so far, despite a concerted women's lobby.

As a result, in some Afghan government and civil-society circles, the dismay at the prospect of escalating violence mingled with a sense of relief that the Qatar talks were cut off.

**What comes next is, on one level, reasonably certain.**

First, an escalation of violence in a war that has cost an increasing human toll is likely. Both the Taliban and the US with its Afghan allies will intensify their efforts on the ground to gain leverage if and when another round of talks takes place.

Second, the Taliban will seek to disrupt the 28 September Presidential elections, which reportedly they had hoped to postpone in the case of a deal with the US and the establishment of an interim government with their participation.

Third, the elections might add another layer to the conflict. The restricted reach of the Afghan government will limit voting and rob any new government of a country-wide mandate. Furthermore, if past elections are indicative, corruption and fraud will further fragment the Afghan government.

Internally displaced persons camp outside Kabul (Photo: Fardin Waezi/United Nations)



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Intensification of the war in the short run will likely reinforce the conclusion reached by US military and political leaders after the 2009 military surge in Afghanistan: a military victory is not within reach, and a political solution has to be found. Trump's scuttling of the Qatar talks – for whatever reasons – does not change this reality.

Future talks may well build on the past nine rounds in Qatar and its four-point agenda, which covered US (and other foreign) troop withdrawal, guarantees by the Taliban to curb terrorists groups operating from Afghanistan, a ceasefire, and intra-Afghanistan peace negotiations. The only firm agreement reached by 8 September, when Trump called off negotiations, was reportedly on US troop withdrawals and Taliban assurances on terrorism. The Taliban appeared willing to accept only a partial ceasefire (only with US troops, not Afghan government forces) and their conditions for engaging with the Afghan government or its delegates were unclear.

If the government and significant segments of the population hope for better terms in a future round of talks, what are the prospects? Past trends give little comfort.

There are no signs that the Taliban will tire or retire anytime soon. They have grown steadily stronger in recent years. They will likely continue to launch dramatic offensives. Afghan troops and US forces will maintain or increase the pressure, including with heavy airstrikes. All of this will inflict heavy casualities on Afghan combatants on both sides, as well as huge civilian casualties. UN reports for the first half of this year show that Afghan and US forces now cause more civilian deaths than do the Taliban, although Taliban attacks have a much higher rate of injured civilians.

Civilian casualties by parties to the conflict, January–June 2019 (Source: UN Assistance Mission in Afghanistan)

These grim statistics will further alienate the population and, if not translate into support for the Taliban, strengthen the sense that any peace is better than continued war. Hence the strong calls for a ceasefire.

There may be good reasons the Afghan government and its supporters don't want US troops to go. US analyst Anthony Cordesman – long a voice of the internationalist foreign policy establishment in Washington – recently pointed out that a Vietnam-style scenario could befall Afghanistan if US withdraws its troops. The Paris agreement in 1973, it will be recalled, gave Saigon only a short breathing pause before it collapsed – two years after the US military withdrawal.

The key questions that now move to the forefront are clear: Can the US sustain another 18 years of military engagement in Afghanistan? Can Afghanistan and the Afghans sustain it? Who gains by prolonging a war that has all the hallmarks of a continuous, mutually destructive stalemate? Or is it time to try to ease conditions to a point where the contesting Afghan parties become the dominant actors in shaping the history of their country?



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AlmaariKhoz

story of counterterrorism worldwide is filled with strange bedfellows, although most of the cooperation that matters takes place out of public view. What's more, a loathsome but local partner may be even more effective in the counterterrorist tasks that matter most than the United States would be. When someone else can do the fighting and dying for their own local reasons, and to combat an international terrorist group in the process, so much the better for the United States.

Finally, doing business with a distasteful element such as the Taliban, only some of whose interests parallel those of the United States, is not a reason to tie the United States to everything else such an element does. Nor is it a reason similarly to tie any other outside actor that has specific reasons to do business with the Taliban. The Trump administration, as part of its misrepresentation-filled campaign of stoking hostility toward Iran, has gone so far as to blame Iran for car bombs in Afghanistan that Tehran probably had nothing to do with. On the eve of a possible U.S. agreement with the Taliban, which will be followed by the Taliban continuing to blow things up as it fights its enemies within Afghanistan, the administration needs to be more careful about such stone-throwing.

Iran, by the way, has interests regarding Afghanistan, the Afghan civil war, and terrorism that closely parallel the interests of the United States—just as it did in the first few months of the U.S. intervention, when Iran provided critical help in midwifing a new Afghan government to replace the Taliban. Iranian interests have suffered in the past at the hands of the Taliban, and in more recent years from attacks by ISIS. There is no shortage of strange bedfellows in combating the likes of ISIS.

Whenever Ambassador Khalilzad's negotiations bear fruit, the result should be judged not by the company that the United States has been keeping in the negotiating room but instead by how well the result upholds genuine U.S. interests while extracting it from its longest war in history.

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## Top American General On Future Of Afghanistan

President Trump has said in recent days that the U.S. will remove thousands of troops from Afghanistan. In return for some 5,000 troops leaving the country, the Taliban has reportedly agreed not to provide safe haven for extremist groups like al-Qaida and ISIS. But the top American general for the region insists that the U.S. will still need some kind of force on the ground to combat terrorism in that country. Here's NPR's Tom Bowman.

TOM BOWMAN, BYLINE: General Frank McKenzie, during a trip to the region, says he hasn't yet received orders from the president to reduce the U.S. presence in Afghanistan, currently at about 14,000. Those forces are now training Afghan troops, fighting the Taliban as well as al-Qaida and ISIS terrorist groups. And McKenzie says that even with a peace deal, there'll continue to be a need for some type of counterterror effort to make sure those terrorist groups do not try to mount attacks on the U.S. or Europe.

FRANK MCKENZIE: We believe that ISIS and al-Qaida even have aspirational dream to doing that, and some foreign pressure is going to be necessary going forward. We can explore what that's going to look like. It could be a broad variety of things, but I don't think you can leave it uncontested.

BOWMAN: Asked whether U.S. counterterror forces need to remain inside Afghanistan, McKenzie would only say, quote, "there are a lot of possibilities out there." The Taliban are insisting that all U.S. troops must eventually leave Afghanistan in exchange for a pledge not to harbor al-Qaida again. It was that safe harbor in Afghanistan under Taliban rule that allowed al-Qaida to plan and mount the 9/11 attacks that killed more than 3,000 Americans.

Some defense analysts and lawmakers, including Senator Lindsey Graham of South Carolina, argue that simply a pledge from the Taliban to break with al-Qaida is not enough. They say the U.S. must continue to maintain a counterterror force in Afghanistan to make sure terrorist groups don't gain strength. In the past few days, U.S. Ambassador Zalmay Khalilzad, who's leading the negotiations with the Taliban, say there's a deal awaiting President Trump's approval. But that deal has been met with skepticism from the Afghan government.



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# 15. US-Iran Conflict and its Future

## US-Iran relations: A brief history

From the CIA-orchestrated overthrow of Iran's prime minister in 1953, to tension and confrontation under President Trump, a look back over more than 65 years of tricky relations between Iran and the US.

**1953: Overthrow of Mossadeq**

US and British intelligence agencies orchestrate a coup to oust Iran's democratically elected Prime Minister, Mohammad Mossadeq. The secular leader had sought to nationalise Iran's oil industry.

**1979: Iranian revolution**

The US-backed Shah of Iran, Mohammed Reza Pahlevi, is forced to leave the country on 16 January following months of demonstrations and strikes against his rule by secular and religious opponents.

Two weeks later, Islamic religious leader Ayatollah Khomeini returns from exile. Following a referendum, the Islamic Republic of Iran is proclaimed on 1 April.

**1979-81: US Embassy hostage crisis**

The US embassy in Tehran is seized by protesters in November 1979 and American hostages are held inside for 444 days. The final 52 hostages are freed in January 1981, the day of US President Ronald Reagan's inauguration.

Another six Americans who had escaped the embassy are smuggled out of Iran by a team posing as film-makers, in events dramatised in the 2012 Oscar-winning film Argo.

**1985-86: Iran-Contra scandal**

The US secretly ships weapons to Iran, allegedly in exchange for Tehran's help in freeing US hostages held by Hezbollah militants in Lebanon.

The profits are illegally channelled to rebels in Nicaragua, creating a political crisis for Reagan.

**1988: Iranian passenger plane shot down**

The American warship USS Vincennes shoots down an Iran Air flight in the Gulf on 3 July, killing all 290 people on board. The US says the Airbus A300 was mistaken for a fighter jet.

Most of the victims are Iranian pilgrims on their way to Mecca.



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**2002: 'Axis of evil'**

In his State of the Union address, President George Bush denounces Iran as part of an "axis of evil" with Iraq and North Korea. The speech causes outrage in Iran.

**2000s: Nuclear fears and sanctions**

In 2002 an Iranian opposition group reveals that Iran is developing nuclear facilities including a uranium enrichment plant.

The US accuses Iran of a clandestine nuclear weapons programme, which Iran denies. A decade of diplomatic activity and intermittent Iranian engagement with the UN's nuclear watchdog follows.

But several rounds of sanctions are imposed by the UN, the US and the EU against ultra-conservative president Mahmoud Ahmadinejad's government. This causes Iran's currency to lose two-thirds of its value in two years.

**2013-2016: Closer ties, and a nuclear deal**

In September 2013, a month after Iran's new moderate president Hassan Rouhani takes office, he and US President Barack Obama speak by phone - the first such top-level conversation in more than 30 years.

Then in 2015, after a flurry of diplomatic activity, Iran agrees a long-term deal on its nuclear programme with a group of world powers known as the P5+1 - the US, UK, France, China, Russia and Germany.

Under the accord, Iran agrees to limit its sensitive nuclear activities and allow in international inspectors in return for the lifting of crippling economic sanctions.

**2019: Tension in the Gulf**

In May 2018, US President Donald Trump abandons the nuclear deal, before reinstating sanctions against Iran and countries that trade with it.

Relations between the US and Iran worsen. The US sends an aircraft carrier strike group and B-52 bombers to the Gulf because of what it calls "troubling and escalatory indications" related to Iran.

Then, in May and June 2019, explosions hit six oil tankers in the Gulf of Oman, and the US accuses Iran.

And on 20 June, Iranian forces shoot down a US military drone over the Strait of Hormuz. The US says it was over international waters, Iran says it is over their territory.



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## A breakdown of what's at stake in US-Iran crisis

Both sides in the U.S.-Iran standoff say they don't want war. But unless one or the other changes course - the United States from its harsh economic sanctions or Iran from its risky pushback - the confrontation appears headed for a collision that could trigger yet another Middle East conflict.

After last week's Iranian shootdown of a U.S. Navy surveillance drone near the Strait of Hormuz and President Donald Trump's last-minute pullback from military retaliation, the American focus has shifted to diplomacy and an effort to build international support for Trump's approach.

Trump says his administration's economic sanctions are meant to compel Tehran to negotiate a deal that would go well beyond the nuclear agreement it made in 2015 with the United States, Russia, China, Germany, France and Britain. Last year, Trump withdrew the U.S. from that deal, which limited Iran's nuclear program in exchange for sanctions relief.

Since then, the U.S. has engaged in what Iran calls economic terrorism by ending sanctions exemptions for major importers of Iranian oil, a move in early May that coincided with what Washington called a surge in Iranian threats to attack U.S. forces and allied interests in the Middle East. Trump says he will insist on a deal with Iran that limits not just its nuclear program but also its ballistic missile program and its support for militant proxy forces.

The problem for Trump, who is entering the 2020 election season, is that his administration's pressure tactics have thus far had the opposite of their intended effect. Iran has vowed not to negotiate as long as the sanctions are in place, and it has raised concerns about war by allegedly sabotaging commercial oil tankers in the Persian Gulf and by shooting down the U.S. drone, which it said violated Iranian airspace, a claim the U.S. denies.

Karim Sadjadpour, an analyst at the Carnegie Endowment for International Peace, says the U.S. must approach Iran with a combination of diplomatic engagement and coercion.

"The danger of Trump's approach is that he has provoked an escalation cycle with Iran while also making it clear to everyone that he opposes another war in the Middle East," Sadjadpour said via email. "As a result, Tehran may miscalculate that the U.S. is all bluster."

**IRAN**

For Iran, the promise of its 2015 nuclear deal has turned into a waking nightmare. After the U.S. withdrawal, the prospect of re-entering the global energy market has slipped away. Billion-dollar airplane purchases have collapsed. Its rial currency has plummeted, chewing into the savings of its 80 million people already battered by 40 years of economic crises since the Islamic Revolution.

To stabilize its economy, Iran needs access to the global market it has been locked out of for years. It also requires assurances to international companies that any long-term investment in the country won't become a massive liability the next time the U.S. presidency changes hands.



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Direct military confrontation with the West doesn't suit Iran. Its air force still flies pre-revolution jetfighters that are outmatched by the modern fighters of the U.S., its Gulf Arab allies and Israel. It wants to shake the U.S., as it has with its downing of the drone, but avoid escalation.

Iran also remains in close contact with regional forces, including Hezbollah, the Lebanese Shiite militant group, and Yemen's Houthi rebels.

**GULF ARAB STATES**

Gulf Arab states like Saudi Arabia and the United Arab Emirates long have warned about Iran. They cheered Trump's maximum pressure campaign after criticizing his predecessor's nuclear deal. However, neither the Saudis nor the UAE likely wants a war that drags them into a regional conflict, particularly the UAE, where the economy of Dubai could be hurt. Both nations remain mired in a long war against Iranian-backed rebels in Yemen. The rebels have launched drone attacks deep into Saudi Arabia, while oil tankers have come under mysterious attacks off the UAE's eastern coast near the Strait of Hormuz. However, Saudi Arabia's Crown Prince Mohammed bin Salman has been particularly aggressive in his comments about Iran in recent years, warning that his kingdom would seek nuclear weapons if Iran did. He also once said: "We are not waiting until there becomes a battle in Saudi Arabia, so we will work so that it becomes a battle for them in Iran and not in Saudi Arabia."

Many of the Gulf states, including Bahrain, Kuwait, Qatar, Iraq and the UAE, also host U.S. military forces, which would be targets in a U.S.-Iran conflict.

**ISRAEL**

Israel has long identified Iran as its biggest threat, in large part because of its suspect nuclear program.

Prime Minister Benjamin Netanyahu was a vocal critic of the nuclear deal and strongly encouraged Trump's withdrawal from it. While he has welcomed the recent American pressure on Iran, he has kept a low profile throughout the latest Gulf crisis. Netanyahu appears to be wary of being seen as encouraging the U.S. to go to war, and Israel is in no rush for renewed fighting with the well-armed Hezbollah, a possible scenario if Iran is attacked.

Hosting a meeting Tuesday with the U.S. and Russian national security advisers, Netanyahu confirmed the Israeli military has acted "hundreds of times" to prevent Iran from establishing a permanent military presence in neighboring Syria and to prevent it from delivering "increasingly sophisticated weaponry" to Hezbollah. He also called for a removal of all Iranian troops from Syria.

**EUROPE**

The three European powers that signed the nuclear agreement — Britain, France and Germany — plus the European Union foreign policy chief who acts as its guarantor, have been largely



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reduced to a chorus of appeals for restraint in the U.S.-Iran standoff. But while there is little they can do to force Iran to comply with the pact, it's unlikely they will stop trying.

Since the U.S. quit the deal, the Europeans have tried to keep it afloat. A safeguard was built to keep money flowing into Iran to bolster its damaged economy. A system is in place to protect European companies doing business in the Islamic Republic from U.S. sanctions, even though not many firms are using it because they fear being shut out of the more lucrative American market if they do.

EU ministers and diplomats have been shuttling between Tehran and Washington to encourage dialogue.

The Europeans believe the 2015 deal stopped Iran from developing a nuclear bomb, and also see it as a step toward addressing many other thorny questions about the Islamic Republic's behavior.

Ainuddin Kibzai Mega Lecture

## There is an off-ramp in the U.S.-Iran crisis

The slow-motion crisis between Iran and the United States picked up tempo this week with Tehran's announcement that it will soon defy restrictions set by the 2015 nuclear deal on its stockpile of low-enriched uranium. Tehran's first major step away from the nuclear accord since the United States exited the deal in 2018 comes in the wake of a series of attacks on tankers in the Persian Gulf, as well as missile and drone strikes directed at Saudi and Emirati infrastructure and American presence in Iraq. The latest spasm of violence played out even as the Japanese prime minister left Tehran empty-handed after a mediation effort apparently encouraged by President Trump.

Iran's impending breach of the nuclear deal (the Joint Comprehensive Plan of Action, JCPOA) and the attacks in the Gulf reflect the increasing desperation of Iranian leaders as the stranglehold of sanctions reimposed by Trump intensifies. This is not simply knee-jerk Iranian counterpunching; rather, the rising tensions are an acknowledgement that Iran cannot afford a protracted impasse, with uncertain hopes of economic relief from some future U.S. administration. Facing an economic abyss and anticipating consequent domestic political fallout, Tehran has recently begun to cast aside its self-imposed restraint and test the world's response to calibrated reprisals. The only surprise is that Iran's vengeance has taken so long and—until this month—amounted to so little.

Iran is now injecting a sense of urgency within the international community around devising a pathway out of its simmering standoff with Washington. Ayatollah Ali Khamenei, Iran's supreme leader, recently explained that negotiating from a position of weakness is a trap, and the only recourse for a country under U.S. pressure is to utilize its own "pressure tools" to induce Washington to alter its approach. Escalation is a dangerous way to accrue leverage, but Tehran is well versed in using provocation to gain advantage.

The images of burning tankers in the world's most important energy corridor has stoked fears that the United States and Iran are on a collision course. There is legitimate cause to worry that neither side has the skill—or the will—to avert a conflict. The stakes are high, but it's not too late to forestall yet another catastrophic American military intervention in the Middle East. The latest skirmishing underscores the risks of what has become a strategic impasse between Washington and Tehran, one that will end in disaster for both sides if they continue along their current strategies. And for all the rhetorical fulminations and engrained animosity, influential constituencies on both sides would prefer to avoid a confrontation. The challenge now is to temper nerves and begin to develop a realistic framework for diplomacy.

### A PREDICTABLE TIT-FOR-TAT

The latest incidents mark a dangerous new escalation in the simmering standoff between the United States and Iran, puncturing a full year of relative calm that prevailed around Iran even as Washington upended the nuclear pact in 2018 and launched a full-frontal assault on Iran's economy. The U.S. campaign has intensified significantly since early May, as the White House abruptly ratcheted up efforts to halt Iranian oil exports, designated its elite military force as a foreign terrorist organization, unveiled new sanctions targeting Iran's steel and petrochemical



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industries, revoked some permissions necessary for Iran to continue complying with the nuclear deal, and pointedly bolstered U.S. military posture in the Gulf.

In the wake of those moves, tensions mounted quickly with a series of incidents that included attacks on oil vessels and pipeline infrastructure in Saudi Arabia and the United Arab Emirates, the emergency departure of some U.S. diplomats from Iraq, reports that the White House was reviewing military options for Iran, a rocket attack on the "green zone" near the U.S. embassy in Baghdad, and a missile strike on a Saudi airport by Iranian-backed Houthi rebels that wounded 26 civilians. This week, several sites in Iraq that house American and Iraqi personnel have been struck by rockets or mortars, including several military bases and a U.S. oil company facility. Trump has used his itchy Twitter fingers to respond, warning in mid-May that any conflict would mean "the official end of Iran," and the administration has incrementally expanded U.S. deployments to the region in response to the series of attacks.

None of this should come as a surprise. In fact, backlash by Tehran is the predictable and widely anticipated consequence of Washington's "maximum pressure" campaign against Iran. Counterattack is central to Iran's deterrent strategy; for a leadership whose worldview was forged by Saddam Hussein's 1980 invasion and the brutal eight-year war that followed, the conviction that yielding to pressure only invites its intensification is deeply engrained. Tehran's aversion to submission is well understood in Washington, and for many on the right, it drives the calculation that the application of overwhelming force offers the only way to dissuade Iran from destabilizing policies.

The Trump administration has approached Iran from that mindset, launching a premediated, gratuitous effort to try to push Tehran to the brink of economic collapse. This is in fact the centerpiece of Trump's Middle East strategy. And yet, the White House appears to have failed to devise a game plan for managing the consequence of a foreseeable flare-up of tensions—or equally importantly, for achieving its vague but ambitious objective "for Iran to behave like a normal nation," reiterated recently by Brian Hook, the U.S. special envoy on Iran.

Whether the failure to plan for obvious contingencies signals an intentional recklessness by the White House or is simply a byproduct of this administration's dysfunctional policy process—or some combination of both—it has brought us to the current saber-rattling, which has spooked oil markets and elevated Iran near the top of an already crowded array of urgent challenges for Washington.

**SANCTIONS SUCCESS**

In terms of sheer impact, Trump's policy on Iran has outperformed the expectations of its critics in Iran and in the West. Over the course of the past year, any hope that Europe could even partially counterbalance the re-imposition of U.S. sanctions was quickly disabused, as firms and financial institutions beat a hasty path to extricate themselves from their post-JCPOA forays back into the Iranian market. Since November, when U.S. measures targeting oil exports went back into effect, Tehran has struggled to maintain production—which has now fallen to five-year lows—and early signs suggest that broad compliance with even tougher restrictions imposed in May might drive exports down by another 500,000 barrels per day or more.



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All this has had a devastating effect on Iran and Iranians. Tehran has hard-earned expertise in the art of circumventing sanctions and insulating the country against their blowback. However, the combination of Washington's uncompromising implementation and the atrophy of Iran's resilience as a result of long-term mismanagement, corruption, and sanctions has blunted Tehran's capacity to deflect the latest blows. Over the past year, the value of the Iranian currency has sunk by two-thirds, inflation is approaching 40%, and per the IMF, the economy is expected to shrink by 6% this year.

And even though agricultural products and medical goods are exempted from all U.S. sanctions, prices for basic goods, including many foodstuffs, have doubled or tripled, and many medicines are in short supply. Iranians wait for hours in snaking queues for subsidized meat supplies and the government is considering reinstating the ration system that sustained the country through its ruinous war with Iraq. The possibilities that briefly seemed within reach during the halcyon afterglow of the nuclear negotiations have been supplanted by a grim, jittery state of siege.

The possibilities that briefly seemed within reach during the halcyon afterglow of the nuclear negotiations have been supplanted by a grim, jittery state of siege.

Among the other parties to the nuclear deal—Britain, France, Germany, Russia, and China—there is genuine sympathy with Iranians' plight and some real bitterness over the Trump administration's noxious unilateralism. But they have few realistic mechanisms for mitigating the fallout. None of these capitals can compel banks and companies to do business with Iran, and even if they could, they have no interest in placing their own economies and industries in the cross-hairs of the U.S. Treasury Department. And based on broader shared interests and the presumption of some eventual return to multilateral cooperation on Iran, the Europeans in particular have sought to avoid a full-fledged breach with Washington on Iran policy. As a result, the wide condemnations of Trump's exit from the nuclear deal have produced little in the way of tangible compensation or assistance to Iran.

AinMegaLecture

## The Iranian hostage crisis and its effect on American politics

Unlike many other countries, America has been blessed by two oceans and two friendly countries on its borders. Because of this, foreign affairs do not typically figure prominently in American electoral politics except when Americans are in danger for one reason or another. In the late 1970s, the American public had little knowledge of Iran, the shah, Islam, or terrorism. That would all change on November 4, 1979, when radical Iranian students took over the U.S. embassy in Tehran and held 52 Americans hostage for 444 days. The Iranian revolution and the hostage crisis would take down President Jimmy Carter and make Americans aware of a part of the world and the roiling tensions within it that are still part of our politics today.

When the shah fell, I was working at the Democratic National Committee, getting ready for the 1980 presidential election. The turmoil in Iran and the fall of the shah had, frankly, very little impact on American politics. In fact, what I remember from that period of time is the Jules Feiffer cartoon with a series of men in Middle Eastern dress lined up. And the gist of the cartoon was: Who knows the difference? Shiites, Sunnis, the differences between them, what their enmity meant to the region: Most Americans remained unaware of the religious and political nuances of the region.

Most of that changed when the hostages were taken. Suddenly, this heretofore unknown country burst into the public's consciousness. There was the initial, predictable burst of patriotism. A 1973 hit by Tony Orlando and Dawn about a prisoner coming home, called "Tie a Yellow Ribbon 'Round the Ole Oak Tree," was appropriated to the hostage situation, and all over the land people began tying yellow ribbons on their trees.Iran's revolution, 40 years on

At the center of this was President Carter, whose bid for reelection in 1980 was already being complicated by a primary challenge from Senator Ted Kennedy (D-Mass). Carter immediately suspended foreign travel and political campaigning to focus on the crisis. But there was no diplomatic solution to be had. And what came to be known as "the Rose Garden strategy" (referring to the White House Rose Garden) turned into a trap for the president. Stu Eizenstat, one of Carter's top aides and the author of the book "President Carter: The White House Years," writes that the Rose Garden strategy "had another unintended and deeply pervasive effect. It totally personalized the crisis in the American media by focusing the responsibility on the Oval Office and showing the terrorists they could put the American presidency itself into dysfunction."

Carter initially tried negotiating with Iran's government that had been thrown into new disarray by the hostage seizure. But given that it was Carter who had invited the shah into the United States, the students who were in control were not inclined to let him off the hook. Furthermore, Ayatollah Ruhollah Khomeini was calling the shots, and he opposed any early settlement. So month after month, as Carter was trapped in the White House, negotiations went nowhere. This is why, in the spring, he decided to mount a military rescue of the hostages.

Operation Eagle Claw was a disaster that ended with American deaths, ruined military planes, and the hostages no closer to freedom. The phone at my house rang early in the morning on April 25, 1980. It was Rick Hernandez, one of the president's senior political aides, who had heard



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about the aborted mission and subsequent disaster. He opened the conversation with, "We just lost the election." I was confused. It was the middle of the night, and, moreover, Carter had just beaten Kennedy in a string of southern primaries and had tied him in the Pennsylvania primary. Rick proceeded to describe, in fairly accurate terms, the debacle in the desert.

All of this happened at a very crucial time in the election cycle. The Carter-Kennedy fight was big news, and voters were just tuning in. To put these events in context, it is also important to remember that Americans had been enchanted with the story of the Israeli raid on Entebbe in 1976. This is one of the first special operations missions that burst into the public consciousness. The dramatic and stunning Israeli rescue of hostages who had been taken by Palestinians in Uganda captured the public imagination. Four years later, the United States tried its own daring rescue and fell flat on its face. That was devastating to Carter. And I believe to this day that my friend Rick Hernandez was right. Carter lost the election that night.

The failed mission was the last straw. Going into 1980, Jimmy Carter was seen as a weak and feckless president. The economy was going extraordinarily badly. His approval ratings were in the toilet. And the challenge from Kennedy, a lion of the Democratic Party, was the toughest nomination challenge any incumbent Democrat had had in many years. Although Carter won the Democratic nomination, he lost all but six states plus the District of Columbia to Ronald Reagan in November. By then, the Iranian students had played out their hand. They had held the hostages for longer than anyone (including themselves) had expected. The hostages were released on January 20, 1981 — the day Ronald Reagan was inaugurated.

On a brighter note, the disastrous rescue mission had tremendous consequences for reform in the U.S. military. It should be noted that at the time of the attempted hostage rescue mission in 1980, there was no unified Special Operations Command in the U.S. military to coordinate the various commands and agencies involved in special operations warfare. In fact, these elements of U.S. military power were, after the wind-down of the Vietnam War, generally underfunded and mistrusted within the military establishment.

The failure of Operation Eagle Claw changed that. It was the straw that broke the camel's back when it came to military reform. Remember, this happened in 1980. Carter lost the election resoundingly to Ronald Reagan. And in 1985, the Senate began to look at a major military reform bill. Reformers faced intense opposition within the military, particularly from the Navy, and they also faced opposition from Reagan's secretary of defense. But it was clear that the failure of Operation Eagle Claw, in addition to Vietnam and several other smaller failures, contributed to a point in history where people said, it is time to do something with the United States military when the greatest power in the world cannot manage to rescue its own people.

AinuddinKibzai MegaLecture

# CAN PAKISTAN MEDIATE BETWEEN IRAN AND THE UNITED STATES?

My visit to the Iranian cultural center in Karachi was short-lived. It was 2017, and I was in the city to attend a conference. Despite a warm welcome, I was abruptly asked to leave after just 20 minutes. Pakistani Rangers guarded the exits on my way out as a worried staff member saw to it that I actually left.

Security was tight for a reason. In 1990, the director of a similar Iranian facility in Lahore was assassinated by a member of the anti-Shi'a extremist group Sipah-i-Sahaba Pakistan (SSP). It is unclear whether the motive stemmed from a fear that Iran was exporting revolutionary Shi'a ideology or if it was a retaliation for the assassination of SSP leader Haq Nawaz Jhangvi. The remainder of the 1990s saw similar attacks on the cultural centers in Multan and the murder of Iranian air force cadets in Rawalpindi. These centers — and the very real threats to them — represent the contradictions in ties between Iran and Pakistan. There is a veneer of ceremonial warmth at the surface and a deep tension just below.

During the U.N. General Assembly last month, reports circulated that Saudi and U.S. officials asked Pakistan's Prime Minister Imran Khan to mediate between the Trump administration and Iran. "I immediately spoke to President Rouhani yesterday after the meeting with President Trump, but I can't say anything right now more than this, except that we are trying and mediating," said Khan during a press conference. Assuming that the reporting was real — and not planted to boost the country's diplomatic bona fides — one might ask, can Pakistan serve as an effective mediator? Possibly.

Pakistan is in a unique position to serve as a short-term mediator between Washington and Tehran. Despite the unravelling of negotiations building towards a once-imminent U.S.-Taliban peace deal, the charismatic Prime Minister Imran Khan and his administration possess a newfound confidence on the world stage. Pakistan is enjoying diplomatic wins in the aftermath of February's military standoff with Delhi and India's subsequent suspension of Kashmir's special status. More importantly, the relationship of Pakistan's elected leadership and military establishment with Washington and Tehran is distant enough for Islamabad to present itself as an objective mediator but still robust enough to do the job. This opportunity is fleeting, however, as Pakistan's own tensions with the United States, Iran, and Saudi Arabia undermine its ability to facilitate dialogue in the long term.

Ties between Washington and Tehran are bad and getting worse. Seventeen months have passed since the Trump administration withdrew the United States from the Iran nuclear deal and reimposed broad economic sanctions on Iran. Politicians from France's President Emmanuel Macron to America's 2020 presidential hopefuls have renewed calls for back-channel diplomacy or direct talks between Tehran and Washington. This is because of concern that a failure to do so will lead Iran to advance its nuclear program and possibly drive military conflict. Oman's Sultan Qaboos bin Said al Said played a lead role in channeling messages between the two countries in the past. Can Pakistan play a similar role now?



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**Pakistan: Enemy or Frenemy?**

Several barriers may prevent Pakistan from serving as an effective mediator. First, neither Prime Minister Khan nor Iran's President Hassan Rouhani enjoys full executive authority. Khan is the face of the country's diplomatic efforts, but the security establishment sets the country's foreign policy positions. In Iran, Supreme Leader Ali Khamenei and the Iranian Revolutionary Guard Corps (IRGC) temper Rouhani's diplomatic ambitions. Khan and Rouhani can influence the foreign policy positions of their respective countries, but final decisions remain the domain of other stakeholders.

This dynamic is particularly true for bilateral ties between Pakistan and Iran. Intelligence agencies and the military establishment have traditionally driven relations. This was on open display during Prime Minister Khan's April 2019 visit to Iran when he met with both President Rouhani and Supreme Leader Khamenei. Director of Pakistan's Inter-Service Intelligence (ISI), General Asim Munir, accompanied Khan under the official mission of addressing the very real terrorism problem both countries face. But unlike his counterpart in Oman, Prime Minister Khan is not the sole decision maker. This may cause observers to view him, perhaps unfairly, as a mediator to the real mediator — Pakistan's military establishment.

Second, a culture of distrust pervades Pakistan's diplomatic relations. Iran and Pakistan enjoy lukewarm relations due to cross-border attacks in Balochistan. Economic activity remains stagnant, due to U.S. sanctions and alleged Saudi pressure on Islamabad not to complete its portion of the Iran-Pakistan gas pipeline.

Pakistan and the United States have competing visions for what role the Afghan Taliban should play in the future of Afghanistan. Islamabad advocates for a political settlement that extends political legitimacy to the group, while Washington fights the Taliban on the battlefield. Washington views Pakistan with unease due to its history of proliferation and for advancing Iran's nuclear program. Former U.S. Defense Secretary James Mattis wrote in his autobiography that "I consider Pakistan to be the most dangerous [country], because of the radicalization of its society and the availability of nuclear weapons." This is a widely held position among U.S. officials and experts and not unique to Mattis himself.

**The Cordial Frigidness of Iran–Pakistan Relations**

Iran's soft power inside Pakistan pales in comparison to that of the United States, the United Kingdom, Saudi Arabia, and even China. However, Iran and Pakistan share a significant cultural heritage that could assist Islamabad in mediating with Tehran. It was not uncommon for the elite of Pakistan's partition-era generation to read Farsi. Pakistan's national anthem is also written in Farsi, with only one exclusively Urdu word. As of 2014, there were an estimated 7,000 Pakistanis living in Iran but that number still pales in comparison to the United States and Saudi Arabia which both host more than 1.5 million Pakistanis. Trade remains underwhelming, but academic exchanges between the various medical and engineering universities of the two countries are common. Trigger points between Iran and Pakistan hinge primarily on matters of security rather than cultural or sectarian enmity.



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But Iran's activities are not strictly limited to grammar instruction. In conversations with former Pakistani diplomats and civil servants, I have found that most blame Saudi Arabia and Iran to varying degrees for the sectarianism Pakistan has experienced since the 1980s. Following the 1979 revolution, Iran set up its cultural centers in Pakistan, recruited aspiring Shi'a clergy to study in Qom and learn a politically proactive version of Shi'ism, and funded the subsequent Shi'a political movements that resulted in Pakistan.

This occurred concurrently with the rise of General Zia-ul-Haq as Pakistan's military ruler and his campaign to "Arabicize" Sunni Islam in the country. Iran also recruited Pakistani Shi'a to fight in Syria from areas like Parachinar in Pakistan's western tribal region where the minority sect routinely faces sectarian violence. Even in major cities, terror groups periodically target Shi'a congregation halls known as imambargahs. Pakistani authorities cut cell phone service during Shi'a mourning days to thwart attacks. I once naively picked the martyrdom commemoration of Imam Hussein to visit Peshawar only to find myself without a working cell phone as security quickly cordoned off the streets. These precautions are the result of two decades of sustained attacks on Shi'a religious gatherings. Some estimates place the death toll at over 2,000.

Despite sectarian violence, public opinion of Iran in Pakistan departs from the hostility seen in other primarily Sunni countries. A 2013 Pew poll found that 69 percent of Pakistanis interviewed had a positive view of Iran, the most of the 39 countries surveyed.

Iran's Supreme Leader Ayatollah Khamenei's past criticism of Pakistan's sectarianism is also muted compared to his critiques of other countries. First, he acknowledged Pakistani transgressions against Iran. Speaking to a group of Pakistani Shi'a pilgrims in 1992, he noted that "they [Pakistan's government and Sunnis] are putting Shias under pressure." He also referenced the 1988 assassination of Arif Hussaini, a native of Parichinar in Pakistan's Pashtun tribal belt, leader of the Shi'a political party Tehrik-e-Jafaria Pakistan, and the representative of Ayatollah Khomeini in Pakistan. Second, Khamenei urged Pakistan's Shi'a to unite but without any clear direction except to develop cordial relations with Sunni groups to counter the influence of "arrogant powers [the United States and the United Kingdom]" in the country. In 2016, Iranian state propaganda described the two countries as engaged in "progressive reconciliation diplomacy." This message echoed the Supreme Leader's face-saving narrative of tensions between Tehran and Islamabad as a mere symptom of U.S. meddling.

Pakistan also shares Iran's suspicions of U.S. motives in the region. Its characterization of China as an "all-weather friend" adorns murals in Islamabad and is a direct critique of Washington as the unreliable "fair-weather friend." Prime Minister Khan also campaigned on a message of reducing U.S. influence in Pakistan, including aid, which he once viewed as a primary cause of corruption in the country's political system.

Cross-border violence in Balochistan is the largest irritant in Pakistan–Iran relations. In December 2018, a Baloch militant group launched an attack from Iran killing six Pakistani paramilitary personnel and leading Islamabad to file a formal protest with Tehran. These incidents are common, and militants use both sides of the border as a base for operations. On the Iranian side, over 3,000 soldiers and border guards have been killed since 2001. Nevertheless,



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Iran was Prime Minister Khan's first foreign trip after assuming office. There he discussed the possibility of increasing trade and extending gas pipelines, which had thus far proven untenable due to Iran's economic isolation. Handshakes aside, a future incident along the border could detract from Pakistan's ability to serve as a mediator or Iran's receptiveness to it.

**Can Pakistan Overcome its Client-State Image?**

Islamabad does a number of things that run counter to U.S. interests — it provides safe-haven to elements of the Taliban, supports anti-Indian terrorist groups, and is building out its nuclear arsenal. At the same time, however, Pakistan is deeply reliant on U.S. and Saudi aid.

In September 2018, the Trump administration announced it was cutting $300 million in military aid to Pakistan. Pakistan still received $423 million in USAID in 2018, and in 2010 this number exceeded $2 billion. For comparison, Oman receives modest U.S. security assistance and no economic aid. According to the U.S. State Department, Oman received over $3 million in anti-terrorism assistance in 2017, $2 million in military training in 2018, and its total 2020 request is $3.4 million.

In 2018, Saudi Arabia agreed to give Pakistan $3 billion in foreign currency support and another $3 billion in oil import deferred payments. Pakistan has a long history of receiving aid from Saudi Arabia, but Prime Minister Khan's domestic critics accuse him of particularly poor optics in his relations with Riyadh. Most recently, regional news outlets criticized Khan for traveling to the U.N. General Assembly meeting on a Saudi plane. His own citizens accuse him of failing to resolve the plight of over two million Pakistani workers in Saudi Arabia who are subjected to unfair working conditions, deportations, and death sentences with dubious due process.

Some economists and policymakers argue that such aid isn't responsible for growth, achieves little, and may even do more harm than good. But the perception of Islamabad's reliance on U.S. and Saudi assistance will undoubtedly place Pakistan's objectivity as a mediator into question. Increased U.S. sanctions on Iran will only heighten this sentiment. Still, U.S. civilian and military aid to Pakistan has fallen dramatically, and this lull in U.S.–Pakistan relations may present a valuable opportunity for Pakistan to act as a legitimate mediator in Tehran's eyes.

There is also a widely held perception in the United States and among Western counterproliferation analysts that Saudi Arabia provided funding for Pakistan's nuclear program in exchange for a nuclear guarantee. However, Riyadh's push for domestic enrichment suggests a lack of confidence in this assurance — if it exists at all.

Whether Pakistan has extended its nuclear umbrella to cover Saudi Arabia remains unsubstantiated. What is clear, however, is that Pakistan's nuclear status has given it diplomatic leverage and autonomy. It's hard to push around a country with nuclear weapons. Add to that concerns that Pakistan is "too nuclear to fail" — in other words, the international community has a stake in Pakistan's stability, because in the view of many diplomats and world leaders, the alternative could very well be an Islamist government in control of a nuclear arsenal — and it's easy to understand why Islamabad could be seen as an independent mediator. Pakistan's military establishment gets away with supporting terrorist groups that undermine U.S. interests in the



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region so long as it ensures a tolerable level of nuclear security and appears less radicalized to Western allies than the broader society. In other words, the prestige of being a nuclear power makes Pakistan a credible mediator.

**The Limits of Pakistan as Mediator**

Pakistan's government is in the midst of a public relations blitz. The world's attention is on Kashmir after decades of unsuccessful lobbying by Pakistan. Senators Chris Van Hollen, Todd Young, Ben Cardin, and Lindsey Graham wrote a joint letter last month urging President Trump to act on Kashmir. Prime Minister Khan has leveraged a growing relationship with Sen. Lindsey Graham, who described Khan's government as the "best opportunity in decades to have a beneficial strategic relationship [sic] the US." Prime Minister Khan is effective at using social media and public gatherings to rally support. He filled Washington's Capital One Arena during a speech to Pakistani-Americans in July and recently met with the New York Times' Editorial Board to discuss their coverage of South Asia and Kashmir in particular.

This environment may lead Pakistan to overestimate its influence in Washington, its diplomatic prowess, and its ability to act as a mediator between the Trump administration and Iran. Islamabad has undoubtedly run a coordinated and effective campaign in response to recent developments in South Asia. However, Pakistan's success in raising the profile of the Kashmir dispute is as much due to India's blunders as Islamabad's newfound diplomatic claws. After all, it was Indian Prime Minister Narendra Modi's administration that appeared to grossly exaggerate the effectiveness of airstrikes against an alleged terror camp in Pakistan on February 26, 2019. India also miscalculated the world media's reaction to a complete lockdown and communications blackout of Kashmir.

**Pakistan's Stakes in American–Iranian Ties**

If Washington and Tehran genuinely seek a solution to their disputes, then it would be foolish not to accept Pakistan as an initial mediator. However, Pakistan's domestic politics and foreign relations may prove too unpredictable for it to serve in the role long-term. The moment for Pakistan's mediation, therefore, is fleeting.

Islamabad's relationship with Iran and the United States is warm enough to facilitate dialogue but just acrimonious enough so that neither Tehran nor Washington view Islamabad as an agent of the other. But, Pakistan also isn't immune to the competition for influence between Saudi Arabia and Iran. So far, Pakistan has managed to largely remain neutral on the conflict in Yemen. However, as the rivalry between Tehran and Riyadh escalates, Pakistan will face increased pressure to pick a side. This risks spoiling its ability to mediate.

Historically, Oman has been the preferred interlocutor in the region. It was precisely Oman's distance from Saudi influence, despite being a member of the Gulf Cooperation Council, which made it an ideal mediator between Washington and Tehran in the past. Islamabad's reliance on its relations with the United States and Saudi Arabia is greater in comparison. However, its status as a nuclear power places a cap on the degree to which it can be coerced. This grants its military establishment the ability to take unchecked foreign policy risks such as periodic sponsorship of



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terrorist groups without concern that relations with the United States will completely deteriorate. The distance from Washington that this dysfunctional dynamic creates will prove an asset if Pakistan is to be viewed as an objective mediator by Iran.

Islamabad has a stake in improved ties between Washington and Tehran. A nuclear-capable Iran is not in Pakistan's interest. Islamabad does not benefit from economic chaos in Iran, and a military conflict between Iran and the United States would be disastrous. An isolated Iran prevents the development of regional trade that could benefit Iran, Pakistan, and India alike. The closeness of Iran's trading relationship with India and the development of the Chabahar Port is not an opportunity cost for Pakistan. The sooner regional trade projects can go forward, the better for Islamabad.

A de-escalation of tensions between the United States and Iran is beneficial for Pakistan in and of itself — acting as mediator will increase its prestige on the world stage. If the Trump administration genuinely seeks a resolution to rising tensions with Iran, then it should cautiously approach Pakistan to serve as a catalyst for dialogue.

Ainuddin Kibzai Mega Lecture

## The impact of US-Iran tensions in the region

As published by ALJAZEERA News dated 15 May 2019,the suspected "sabotage operations" on four commercial ships off the coast of the UAE's port of Fujairah on 12 May 2019, have heightened turmoil in a region already on edge amid a standoff between the United States and Iran over Tehran's nuclear programme. According to the Time dated 17 May 2019, Washington already had warned shipping companies that "Iran or its proxies" could be targeting maritime traffic in the Persian Gulf region and said it has deployed an aircraft carrier strike group and B-52 bombers there to counter the threat.

As stated by the Arab News dated 16 May 2019, Saudi Arabia, the United Arab Emirates and Norway (ship owners) have notified the United Nations about the sabotage attacks. In a written statement, the three countries jointly said the attack "posed a threat to the safety and security" of international shipping and maritime navigation. It said no one was injured, but the hulls of at least three of the four ships were damaged. The joint statement said the three countries, working with international partners, are investigating.

Iranian officials have expressed concern, saying the alleged attacks could have been carried out by third parties to stir up conflict between Washington and Tehran. Iran denies US accusation of attacks on oil tankers off the UAE coast. Iran's foreign minister commented, "We had previously predicted that such actions would occur to create tensions in the region. However, the spokesman for Iran's parliament, Behrouz Nemati, blamed Israel for the attacks.

Adding to the tensions, as published by the Straits Times on May 14, 2019, the explosive-laden drones had struck oil pumping station/oil pipeline in the Saudi Arabia, Riyadh region. The Energy Minister Khalid al-Falih, in comments run by state media, said the two recent attacks threatened global oil supplies and proved the need to counter "terrorist groups behind such destructive acts" including the Iranian-backed Houthi militias in Yemen.

It is a positive development that President Trump has welcomed the initiative of the Prime Minister of Japan, Mr. Shinzo Abe for mediation between the US and Iran and this initiative needs to be supported by all concerned to make it a success

In view of the above situation, tensions are high in the region. About a fifth of the oil that is consumed globally passes through the area. Last month, Iran threatened to "close" the Strait of Hormuz if it was prevented from using the waterway. This followed a US decision to end exemptions from sanctions for major importers of Iranian oil, thus triggering an economic crisis in Iran. President Trump also said, Iran will "suffer greatly" if they threaten US interests in the Middle East. President Hassan Rouhani announced plans to scale back into compliance with the nuclear deal unless remaining signatories acted to shield Tehran's economy.

As the USA is still fighting the long Afghan war due to which the people of Afghanistan and other neighbouring countries like Pakistan are suffering from the spill over of terrorism and refugee issue,a military action/war by the US against Iran will be catastrophic for the Middle East, especially when the region is still facing the aftermath of wars in Iraq and Syria. Such an



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action can likely transform into a long war, and Pakistan will likely suffer being the neighbour and might face Afghan war situations.

Prime Minister Imran Khan has already warned against the risk of conflict in the region, as the brewing tensions between the USA and Iran has created alarm bells in the entire region. He said the war will add to the existing instability, and poverty in the region, and will negatively impact the economic growth.

Pakistan has already suffered for the last 3 decades due to the Afghan war in the shape of terrorism, influx of refugees and economic turmoil. Considering the past experience, Pakistan's Government is very concerned about the US-Iran military stand off.

The US-Iran war is also likely to hit the world economy very badly, as the oil prices will rise to the unexpected level as Iran will likely block the passage of oil tankers from and to the Straits of Hormuz, which will negatively impact the growth of the world economy, that will add to the unemployment and poverty in the third world countries, especially in the adjoining regions. This war may also involve other major powers as their oil supplies may also be disrupted and thus disturb the regional and world peace.

In the light of the above scenario, major powers and other US friends are expected to play their role in diffusing the tensions and convincing the US that contentious issues with Iran should be resolved through a dialogue instead of using the force. In this context, it is a positive development that President Trump has welcomed the initiative of the Prime Minister of Japan, Mr. Shinzo Abe for mediation between the US and Iran and this initiative needs to be supported by all concerned to make it a success.

AinuddinKibzai MegaLecture

## Is there a way out of the Iran crisis?

U.S.-Iranian tensions have reached new heights since President Trump pulled the United States out of the Iranian nuclear agreement, the Joint Comprehensive Plan of Action (JCPOA), last year and imposed a wide range of sanctions designed for "maximum pressure." A number of surprise attacks against U.S. allies in the Persian Gulf can only be ascribed to the audacity and precision of Iran, according to Washington.

Trump has warned that he would use the "ultimate option" — a military strike — while Iran's foreign minister said that Tehran would consider even a limited attack "all-out war." At the same time, rumors swirl about the possibility of renewed diplomacy, even after Trump and Iranian President Hassan Rouhani failed to meet at the U.N. General Assembly meeting last week. My research on Iranian foreign policy suggests that there may still be a possibility to reach a stable equilibrium despite the seemingly relentless pressures toward escalation.

**A possible equilibrium?**

In the past four decades, some of the most significant foreign policy issues in Iran were resolved only when Tehran's ruling conservative faction grew stronger internally, while the Iranian state as a whole weakened enough to prevent its emergence as a regional hegemon. Both the 1979 Iran Hostage Crisis and the Iran-Iraq War, as I have discussed in two recent articles, ended only after such a balance was achieved: Iran's Islamists consolidated domestically, but the state was contained regionally.

From the outset, the JCPOA generated two sets of security threats that jeopardized its long-term viability: one to Iran's internal power structure and the other to U.S. allies and the regional balance of power. Since the U.S. withdrawal from the agreement, the first threat has been largely resolved, while the second can be dealt with.

**Politics inside Iran**

U.S. analysis typically fails to recognize the threats Iranian leaders perceived potentially emerging from the JCPOA. The JCPOA polarized both the Iranian polity and society. It deepened Iran's factional fault lines by helping Rouhani and Foreign Minister Javad Zarif outmaneuver their conservative rivals, particularly the Islamic Revolutionary Guard Corps (IRGC). Rouhani and Zarif viewed the IRGC's underground "missile cities" and regional activities as an impediment to diplomacy.

Shortly before his sudden death, Rouhani's mentor, former president Akbar Hashemi Rafsanjani, took a jab at the IRGC's ballistic missile tests by saying, "tomorrow's world is the world of dialogues, not missiles." Zarif, too, said that the United States feared Iran's soft, not hard, power since it could destroy Iran's "entire military systems with one bomb."

The experience of the past two years has since challenged these positions. Rouhani and Zarif are now on the defensive for having signed what their detractors consider a flawed deal that



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foolishly gave away the most critical aspects of Iran's nuclear program without successfully removing the sanctions that are strangling the country.

Largely discredited, both are working in close coordination with the IRGC to leverage Iran's regional influence for a better diplomatic bargain. The factionalism of Iranian politics in the foreign policy arena has reached its weakest point since the death of the founder of the Islamic Republic, Ayatollah Khomeini, in 1989. The JCPOA, if revived, would now be seen as an effective collaboration between all of Iran's political factions.

Additionally, collective punishment in the form of U.S. sanctions has alienated social forces that Iranian hard-liners viewed as subversive. Many Iranians have come to learn that just as their own government has ruled and penalized in the name of Islam, so has the United States applied pressure by instrumentally using domestic and international laws as well as liberal democratic institutions.

Those who hoped that the JCPOA meant better relations with the United States now worry about their basic economic and security needs. By withdrawing from the JCPOA and imposing an economic blockade on Iran, the United States is giving the IRGC the raison d'etre that it has been seeking for over three decades, particularly since the humiliating end of the Iran-Iraq War.

This has important implications: Far from the regime breaking under the pressure of sanctions, under the conservatives, Iran internally is as cohesive as it has been in decades.

**Iran's place in the region**

The second security concern that the JCPOA unleashed was regional. Although the agreement closed the path to nuclear weapons, it frightened U.S. Arab and Israeli allies — since Iran could come out of its box by lowering tensions with the United States and reviving its economy and military.

Europeans saw Iran as an untapped market — perhaps the biggest emerging market since the collapse of the Soviet Union. Major companies rushed to Tehran for lucrative contacts with the government and private entities. Boeing and Airbus signed $40 billion contracts with Iran to sell nearly 200 planes to the country's airlines.

After the United States withdrew from the agreement, however, foreign investors fled Iran. Boeing and Airbus canceled agreements, and Iran's economy began to shrink by 3.9 percent. U.S. "maximum pressure" policy reduced Iran's oil exports from 2.5 million to 250,000 barrels a day.

Iran is now back in a box. Tehran's increasing reliance on proxies and missiles as a deterrence strategy is testament to the fact that the state's conventional capabilities are weak, with no prospect for improvement as sanctions further impoverish the nation. The long-term fear of Iranian regional hegemony remains illusory.



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**A new plan in the future?**

Iran currently has the combination of strong internal cohesion and a weak state within the region. This opens the door to a no-frills agreement that guarantees each side's most basic goals: Iran can continue chanting "death to America" for regime survival, and the United States can continue demonizing and containing Iran.

One possibility is for the United States to stay away from the JCPOA, but remove secondary sanctions so that other countries can do business with Iran. In return, Iran can accept some adjustments in the JCPOA and agree to extend some provisions that are due to expire soon.

Iran's distrust of the Trump administration may not be a liability in future negotiations. It could help further cultivate the anti-Americanism that the regime needs for its domestic survival. The Obama administration, by creating an international consensus and internal divisions in Iran, had an unsettling effect on the Islamic Republic that led it to sign the JCPOA.

The opportunity for an agreement today, however, may be short-lived. Tehran's overconfidence and Washington's selective obsession with losing credibility could bring the two sides into a catastrophic conflict.

Ainuddin Kibzai Mega Lecture

## Impact of the US-Iran Confrontation on Central Asia

Increasing political and economic pressure on Iran, exacerbated by the renewed economic sanctions resulting from the U.S. withdrawal from the 2015 nuclear deal known as the Joint Comprehensive Plan of Action (JCPOA), has led Tehran to seek support from the two major Eurasian political and economic powers Russia and China. Iran has also increasingly turned its attention toward its neighbors in Central Asia, which remain closely integrated into the political, economic and military projects of Moscow and Beijing. Central Asian leaders are well aware that a possible armed conflict between the U.S. and Iran would adversely affect Eurasian security.

BACKGROUND: During the international crisis in the Persian Gulf in June 2019, which included a series of attacks on oil tankers and the downing of a U.S. Global Hawk surveillance drone, Iranian President Hassan Rouhani visited Central Asia. On June 13-14, he attended the summit of the Shanghai Cooperation Organization (SCO) in Bishkek, where he met with Russian leader Vladimir Putin and China's Xi Jinping. Rouhani stressed "the unity of the Iranian nation in the face of unilateral U.S. economic terrorism" and termed ties with China and Russia "as always strategic." He used the SCO platform to accuse the U.S. of undermining regional and global stability and urged all members of the summit to unite against unilateralism. During the summit discussions, it became clear that Iran continues to seek to expand its "resistance" policy through the Central Asian and SCO member states.

Iran first applied for SCO membership in March 2008, yet the process was frozen until 2015 due to UN sanctions against Iran. While these sanctions were lifted with the implementation of the JCPOA, other issues continued to hinder Iran's SCO bid for full membership, rather than observer status. Among these are Iran's difficult relationships with Tajikistan and Pakistan, which are full SCO members, whereas the admission of new members to the SCO requires unanimous assent.

After Kyrgyzstan, Rouhani visited Tajikistan's capital Dushanbe on June 15-16, where he attended the summit of the Conference on Interaction and Confidence Building Measures in Asia (CICA). Created in 2002 at the initiative of Kazakhstan, CICA includes 27 states, including Russia, China, the Republic of Korea, India, Turkey, Azerbaijan and the countries of Central Asia, with the exception of Turkmenistan. In his speech at the CICA summit, Rouhani once again threatened the European signatories of JCPOA "to terminate the implementation of some of its obligations" on the nuclear deal.

Immediately after the conclusion of the CICA summit, the Fars News Agency reported that Iran had exceeded the 300 kilograms of 3.67 percent enriched uranium it is allowed to stockpile under the deal. As required by the 2015 JCPOA agreement, Iran has abandoned the pre-deal 20 percent enrichment level, capping it at 3.67 percent. At the initiative of Russia and China, the CICA summit in Dushanbe adopted a declaration calling for "all other parties to fully fulfill their commitments on Iran's nuclear program" after the U.S. withdrew from it.

President Rouhani's primary focus in attending the SCO and CICA summits in Bishkek and Dushanbe was to alleviate Iran's isolation. As the final documents of these summits showed, Iran



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managed to achieve certain successes with the support of China, Russia and the Central Asian states.

IMPLICATIONS: During his tour of Central Asia, Rouhani made diplomatic efforts to enlist the support of Russia's Putin and China's Xi to reduce the consequences of the severe U.S. economic sanctions crippling the Iranian economy. The value of Iran's currency, the Rial, plummeted by about 60 percent over the past year. Inflation is up 37 percent and the cost of food and medicine has increased between 40 and 60 percent. The youth unemployment rate is close to 30 percent in a country where almost 40 percent of the population of 80 million is under 25 years of age. Russia does not hide its pleasure that the Trump Administration's "maximum pressure" campaign has forced Iran to seek integration with the Kremlin's economic projects in Eurasia. In June 2019, Iran's parliament, the Majlis, ratified the free trade zone agreement with the Eurasian Economic Union (EEU), which includes Russia, Belarus, Armenia, Kazakhstan and Kyrgyzstan as members. Russia represents 84 percent of the EEU's gross domestic production and the organization is for all practical purposes an instrument of Russian economic influence in the post-Soviet space.

Iran's full membership in the SCO remains uncertain. When Iran gained SCO observer status in 2005, it hoped to leverage the SCO's anti-NATO sentiment and to capitalize on the political value of the growing tensions with the U.S. Iran expected that these sentiments would facilitate full membership in the organization but no tangible dividends materialized.

Even after the conclusion the 2015 JCPOA deal and international sanctions were lifted, Iran's full membership was denied twice, in 2016 and 2017. In comparison, India and Pakistan both applied for SCO membership in 2015 and were officially recognized as members in 2017. Tajikistan has been a major barrier in this regard; relations between Tajikistan and Iran deteriorated seriously in 2015 when Tajik authorities accused Iran of supporting the opposition Islamic Renaissance Party of Tajikistan (IRPT). Former IRPT member, deputy defense minister and rebel general Abdukhalim Nazarzoda attempted a coup d'état in the country in September 2015. Tajikistan has further accused Iran of training Tajik Islamic militants and protested loudly against Iran's Supreme Leader Ali Khamenei's reception of IRPT leader Muhiddin Kabiri, who left Tajikistan due to political persecution, in December 2015. Moreover, Dushanbe suspected Iran's hand in a terror attack in July 2018, when four foreign tourists were killed in Danghara. Iran has diplomatically denied all accusations of involvement in Tajikistan's civil war in the 1990s, which further deteriorated the relationship between the two Persian-speaking states.

Today, when the confrontation with the U.S. has reached its peak, full membership in the SCO remains a strategic goal for Iran. Tehran expects that its SCO accession will make this organization an anti-American outpost in Central Asia and hopes to use the SCO platform to criticize the U.S. in a global context. According to Iran's leaders, a regional security system in Central Asia should be formed without a U.S. presence, on the basis of a balance between Russian and Chinese interests, which Tehran expects to leverage in pursuit of its goals. Second, Tehran's full membership in the SCO can help reduce the negative impact of U.S. sanctions that limit the inflow of foreign investment in its energy sector, by increasing oil trade with other SCO members, primarily with China and India. Third, SCO membership would undoubtedly raise



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Tehran's regional status. Also, Iran's leaders do not hide their hopes that SCO membership will counteract U.S. and Israeli influence in Central Asia.

However, despite their support for Iran's position on the nuclear deal during the SCO and CICA summits, Moscow and Beijing are not inclined to fully open the doors of the SCO for Iran, fearing that Iran's full membership would reinforce the geostrategic confrontation between the SCO's members.

As demonstrated by the output of the SCO and CICA summits, the U.S.-Iran confrontation has begun to reverberate in Central Asia. With the support of Russia and China, which have strong positions in Central Asia, Iran is seeking to expand its strategic influence among the five former Soviet Muslim republics. Tehran has always opposed the deployment of U.S. military bases in Central Asia, considering them a threat to Iran's national interests. In fact, Iran threatened to attack the U.S. airbase in Kyrgyzstan in 2012. Experts note that in recent years, Iran's intelligence agencies have intensified their activities in the region, with highest priority given to countering U.S. interests.

**CONCLUSIONS:**

Central Asian governments are well aware that the situation around Iran is pivotal to security and stability in their region. A destabilization of the Islamic Republic and its involvement in a large-scale military conflict in the Persian Gulf would seriously affect the security of the Central Asian region. Therefore, the Central Asian states will carefully calibrate their economic and military cooperation with Iran in order not to violate U.S. sanctions and the norms of international diplomacy. Despite the pro-Iranian final communiqués resulting from the SCO and CICA summits, the Central Asian states, taking into account the realities of international politics and the anti-Iranian strategy of the U.S., have opted for a pragmatic approach towards Iran. The five Central Asian nations prefer to retain a balanced position on the Iranian nuclear issue by affirming Iran's the right of to use nuclear technology but only for peaceful purposes.

AinMegaLecture

## How the Growing Gulf Crisis Impacts Pakistan

Tensions in the Persian Gulf escalated dramatically after Iran's elite Revolutionary Guard shot down a U.S. surveillance drone over the Strait of Hormuz. The Americans threatened military strikes in retaliation but pulled back at the last moment, after senior officials in the Pentagon had warned that such a response could endanger American troops deployed throughout the Middle East. The June 20 incident was preceded by a series of different attacks on oil tankers operating in the Strait of Hormuz, all of which were allegedly sponsored by Iran. Although the breakout of immediate hostilities seems to have been halted for now, saber-rattling by senior members of the Trump administration and Iran's announcement that it plans to breach the limit set on its enriched uranium, means that war in the region still remains a realistic possibility.

The ongoing crisis presents a unique opportunity for Pakistan to mend its troublesome relationship with Iran, which has deteriorated considerably in the years following the I979 Iranian revolution. The Iranians have long viewed Pakistan with suspicion, owing to the latter's intimate relationship with the Saudis, whereas Islamabad remains concerned over Iran's courtship of India and the development of Chabahar port as a possible alternative to its own Chinese-funded Gwadar project. Another obstacle to greater cooperation between the two Islamic Republics has been the recurring issue of cross-border terrorism, with both sides accusing each other of not doing enough to curtail terrorist networks operating on their side of the border. While Pakistani government and military officials have largely refrained from making public statements against Iran, the response from Tehran has been far more hawkish. In the aftermath of the February 2019 bomb attack on an IRGC bus in Iranian Balochistan, General Qassem Soleimani of the Quds Force vowed retaliation and even went as far as threatening a possible military strike inside mainland Pakistan.

Prime Minister Imran Khan's visit to Tehran in April signaled another attempt by Islamabad to normalize relations and came at a time when Pakistan itself was facing a plethora of internal and external challenges. Pakistan's economy is in a nose dive and the incumbent Khan government is accused by his political opposition of being a product of the deep state's electoral maneuvering. Relations with India continue to remain tense and the Islamic State's foray into South Asia is another cause for concern. Thus, Khan's visit to Tehran offered Pakistan a rare opportunity to flex its regional clout, as it succeeded in easing tensions between the two countries. In an apparent demonstration of warming ties, Iranian Foreign Minister Javed Zarif also visited Pakistan, seeking to garner Islamabad's support to avert a war in the region. Pakistan's historically close ties with Saudi Arabia and other Gulf Cooperation Council monarchies, as well as a record of extensive Islamabad-Washington contact, place the country in a unique position to exercise a mediator role in the Middle East.

Preventing another Middle East war and urging both sides to de-escalate is in Pakistan's national interest. Owing to the deteriorating security situation in the Persian Gulf, Pakistan's arch-nemesis India has deployed warships in the Gulf of Oman to protect its vessels transiting in the region. A prolonged period of tension in the Persian Gulf and further attacks on oil tankers might even prompt the Indians to consider a heavier naval presence in the area, which would in turn lead to Pakistan attempting to check the Indian move by deploying its own naval assets in the

Gulf. Such a scenario greatly enhances the risk of an unintended Pakistan-India clash in the Gulf and raises the stakes further in an already hostile environment.

Another concern is that an American-Iranian conflict would have a significant domestic impact inside Pakistan. Being home to the world's second largest Shi'ite population, Pakistan has carefully avoided engagements that would place it directly at odds with Iran. While resisting pressure from the GCC bloc, Islamabad opted for neutrality in the Iran-Iraq war and the ongoing Yemen conflict. In the event that a regional war does break out, Pakistan would face considerable pressure from its Shi'ite population to play a greater role in the conflict and bring hostilities to an end. At a time when Islamabad is receiving much needed financial assistance from Saudi Arabia, it appears unlikely that Pakistan would risk alienating its long-time ally. Domestically, Pakistan's failure to act would be perceived by the Shi'ite population as amounting to collusion with Saudi Arabia and result in sectarian tensions surging.

In addition, Pakistan and Iran have of late begun to cooperate in Afghanistan. Both countries are active participants in the Kabul Process and were signatories of the 2018 Tashkent Declaration. Iran's fast-growing engagement with the Taliban has also been productive. Senior Taliban officials now regularly visit Tehran for negotiations, leading to American accusations of Iran providing military support to the Taliban. An American-led attack on Iran and subsequent regime change in Tehran would most certainly derail the progress made in bringing about a negotiated settlement to the Afghan war. There is also no guarantee that a post-war Iranian government would be open to legitimizing Taliban political influence in Afghanistan and could even throw its weight behind other rival factions. Such a scenario is detrimental for Pakistan's internal security as another full-blown civil war inside Afghanistan would result in a violent blowback and force Pakistan to take on an even greater role in the conflict.

A successful Pakistani drive for mediation would also provide Khan with much needed breathing space. Although the domestic policies of Imran Khan's government have been heavily criticized, his clever handling of foreign policy matters has earned him praise. Khan's decision to unconditionally release a captured pilot of the Indian Air Force, and his attempts at greater cooperation with Iran, are two such examples. As the political climate inside Pakistan heats up again and the country's political opposition is threatening massive street protests, Khan could well push for greater Pakistani mediation in the Gulf crisis to improve his portfolio back home.



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# 16. Economic crisis in Pakistan

## An autopsy of the Pakistan's economic crisis

Pakistan is the country of 208 million people. Its population is growing at the rate of nearly three percent annually. This means the country will need more and more funds and infrastructure to sustain quality life of its people in future. However, an autopsy of the state's present economic outlook has revealed that the past and current economic policies have failed to achieve long-term objectives. Resultantly, the country is facing one of the worst economic crises in its history.

Roots of Pakistan's economic crisis dates back to the time of its inception. The unequal distribution of funds during the partition paved the way for country's dependence on first external loans from the International Monitory Fund (IMF) in 1958. Although the nature of economic crises has evolved over time, the crises have not ended. For the fiscal year (FY) 2018-2019, our economic growth has fallen to 3.4 percent, which is the lowest of all times. At present, the crises revolve around balance of payment, circular debt, exchange rate, debt and investment.

A balance of payments simply suggests whether a country saves enough money to pay for its international transactions. Unfortunately, for many years, the trade deficit in Pakistan has broadened except for FY 2018-2019;we still need $20 billion to avoid a foreign payment crisis.

The next factor behind the economic downfall is the circular debt crisis. It is the non-payment by the power purchaser for the generated electricity. The circular debt of Rs 807 billion has crippled the fragile economy of Pakistan. The present government vows to cut down debt efficiently, but the challenge of cutting down won't be easy, as per the latest report by Aljazeera, Pakistan will need 15,000-megawattmore electricity in future. More demand and no payments to WAPDA will take the circular debt crisis to the next stage.

The exchange rate is the value of currency in terms of currency of another country or economic zone. Pakistani currency has devalued more than 30 percent against the US dollar in recent days. Such a significant devaluation has raised new challenges and impacted the loan payments and other financial obligations with which Pakistan has to comply.

Pakistan's inability to repay its debts is adding fuel to the declining economic conditions. The country has a long history of borrowing from external sources such as the IMF. No sincere efforts have been taken by any government in bringing durable economic reforms. Borrowing has become the practice of our everyday life without putting any genuine effort to minimise dependence on the IMF. In the present scenario, despite our moral and political unwillingness to borrow, a six-billion dollar bailout package was needed to cap off intense chaos, which had begun as the result of the policies of the former finance minister, Asad Umar.

Lastly, the substantial reduction in local and foreign investments due to government's fresh tax and tariff policies has also resulted in economic dormancy in the country. Foreign direct investment (FDI) has declined by more than 50 percent, whereas local investors are hesitating to invest mainly because of unfair accountability checks on capital and fresh taxes.



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There is many causes of that what is explained above. They range from corruption and money laundering to international economic pressures and external relations to internal security conditions.

Corruption and money laundering have deeply affected our economy. Politicians and their trade partners have stolen money from multiple state-owned institutions for years; it is laundered using hawala/hundi in order to invest in overseas businesses. As per the reports of the leading national daily, Dawn, Pakistan loses $10-15 billion a year to money laundering. The country is already placed on the grey list by the international watchdog, Financial Action Task Force, owing to reasons of huge money laundering and terror financing in the country.

Political instability and lack of coherent and consistent fiscal policies are the next important factorsbehind the long standing economic crisis in Pakistan. The country is ruled partially by civilians and partially by non-civilian leaders. Their antagonistic economic policies have taken the country to the point of no return. No durable economic reforms have been introduced by any government to date. If steps for improvement are taken by anyone, the successive government have always revoked them, and then introduced fresh economic policies to serve their vested interests.

The past government's inability and unwillingness to govern taxation also brought massive losses to us

The global financial meltdowns, rise and fall of petroleum prices and fluctuations in exchange rate in one part of the world also affect the economies in other parts of the world. The global economic recession of 2008 also badly affected our economy. The effect of these crises on our national economy continued to 2014 and 2015. Pakistan's economic growth was cut down by half from 8.3 percent in 2007 to 4.5 percent in 2009, as remittance and FDI drastically decreased, and Pakistani exports to the USA, the UK, Germany, Japan and Saudi Arabia were not accepted.

The poor external relations of Pakistan, especially with its neighbouring countries, are another major setback to the national economy. Many countries in other parts of the world have established Free Trade Zones and Special Economic Zones a long time ago, and are harvesting enormous economic benefits from regional and neighbouring countries. Pakistan's total trade with its neighbouring countries, except china, is merely four billion dollars, which is just 5.7 percent of our total global trade volume, whereas the trade between Canada, the USA and Mexico under the North America Free Trade Agreement crossed $1000 billion in 2016. This simply implies that Pakistan like, other countries can enhance its trade with its neighbouring countries if it seriously works towards ameliorating external relations.

Security conditions in the post-9/11 era have also subdued our potential to grow. Although Pakistan received many billion dollars from the USA as the Coalition Support Fund and military assistance, the menace of terrorism caused Pakistan many economic and non-economic losses, which were much higher than the funds received from the USA. Many countries rolled back their businesses, stopped FDIs and their international airlines operations from our country.

All that, resultantly, have affected our past and present economic outlook; in addition, Pakistan



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also suffered the loss of thousands of precious lives of civilians and armed forces in an insurgency started by the Taliban after the US invasion of Afghanistan.

Lastly, the past government's inability and unwillingness to govern taxation also brought massive losses to us. Tax evasions, exemptions and plea bargain policies incorporated through the Statutory Regulatory Orders helped many people convert black money into white. The new government has also failed to achieve good tax-to-GDP ratio. Currently, it hovers around 10 percent, which simply means that to cover 90 percent of the country's expenses, the government would have to look for other sources of revenue.

There are many other reasons behind the economic downfall of Pakistan, which include growing non-developmental expenditures, failure to develop and protect local industry. With great urgency, government should make better policies before it gets too late. According to international security strategists, economic security is more important than conventional security in the twenty-first century. It is believed that the fragile economy is now the national security issue of Pakistan. Therefore, credible economic deterrence can be created by focusing on increasing remittance, ease of doing business, foreign direct investment, increasing tax net, enhancing exports, improving regional connectivity and internal security conditions. Such deterrence is also reliable.

Ainuddin Kibzai Mega Lecture

## Why Pakistan's economy is sinking

The Pakistani government unveiled its first annual budget for the fiscal year 2019-2020 on June 11 and was only able to pass it on June 28. The considerable delay was due to strong resistance from the opposition in parliament which threatened with protests over perceived economic mismanagement by the government.

The economic situation in Pakistan today is indeed worrying. This year's Pakistan Economic Survey, a government-issued report that precedes the annual budget presentation, has painted a dismal picture of the domestic economy.

Almost all financial indicators have seen a downward trend. The growth rate fell by almost 50 percent from 6.2 percent to 3.3 percent. It is expected to go down even further to 2.4 percent next year, which will be the country's lowest in the past 10 years. The Pakistani rupee has lost a fifth of its value against the dollar since the beginning of this fiscal year. Inflation is expected to hover around 13 percent over the next 12 months, reaching a 10-year-high as well.

Then there is the issue of the ever-increasing debt, which eats up some 30 percent of the budget every year. Pakistan continues to take out loans to be able to cover repayments of past borrowing. It recently signed yet another deal with the International Monetary Fund (IMF) for a bailout package worth $6bn.

In a televised address after his budget presentation, Prime Minister Imran Khan announced the creation of a special commission to investigate why the country has so much debt.

But Khan does not need to look any further than the budget unveiled by his own government to see where the problem lies: The country has low sources of revenues and high non-development expenditures, which is a recipe for a financial disaster.

For decades, the Pakistani authorities have been unable to establish effective tax collection practices. Currently, only one percent of Pakistanis pay their taxes and the country has one of the lowest tax-to-GDP ratios in the world.

Successive governments have avoided imposing stricter controls because they have been staffed by members of the same elites that are actively evading taxes. They are able to do so not only because of government inaction but also because of widespread corruption. In fact, it is cheaper for them to bribe than to pay their dues.

Thus, the tax burden in Pakistan falls overwhelmingly on the poor who pay in various indirect ways and who already struggle to make ends meet. Currently, a third of the nation is living below the poverty line.

Khan promised to crack down on tax evasion and corruption before coming to power but little has been done so far. He has not introduced any measures to address corruption in the ranks of his own party, for example. Recently it emerged that a minister in Khan's cabinet had evaded



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paying taxes for years by transferring his luxury properties to one of his employees, but no action has been taken against him so far.

Given this selective justice, it is hardly surprising that a recent tax amnesty scheme implemented by the government in which tax debt is forgiven in exchange for a fee failed to kick off.

While Khan's government is failing to raise revenue flows it is also failing to cut non-developmental expenditures.

The biggest source of such spending after debt-servicing is the military which officially receives around 18 and 23 percent of the budget every year.

The funds the military receives from the state budget is in addition to the revenue it gets from its large business operations, which include over 50 commercial entities generating some $1.5bn annually. It just recently moved into the mining and oil and gas exploration sector, some of which was facilitated by Khan's government.

So despite being rich itself, the army continues to be a burden on the Pakistani economy and to get preferential treatment. At this point, there are no signs that this would change under the current government.

Earlier this month, Khan announced the formation of a new committee called the National Development Council to oversee Pakistan's economic growth strategy. Apart from a number of ministers with relevant portfolios and key government officials, the army chief is also a member of the council, which indicates that the military will continue to be part of any decision-making on the economy in the future.

A few days before the annual budget was submitted to parliament, Khan also announced that the military was going to take a voluntary budget cut, attributing it specifically to the economic turmoil. However, when the details of the budget were made public, it turned out that the allocation to the army saw an increase of 17.6 percent from last year. As a result, some have speculated that the earlier announcement was just a PR exercise, aimed to fool Pakistan's international creditors, like the IMF, who have urged the government to cut down its non-development expenditures.

Despite this persistent pressure from outside entities, defence spending continues to be prioritised. The official justification for this policy is always the perceived threat from neighbouring countries, which in some ways the military itself perpetuates.

Both Afghanistan and India are regularly identified as sources of threat to the national security in local mainstream media, yet the fact that militant groups targeting these two countries are allowed to organise on Pakistani territory is often overlooked.

Their presence maintains low-intensity conflicts with neighbouring countries, which conveniently justifies increased military spending to protect Pakistan from "foreign enemies".



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Thus Pakistan appears to be stuck in a vicious cycle of accommodating the interests of the army and the powerful economic elites which cripple its economy and force it to continue borrowing from international creditors, sinking further into debt and inching closer to full economic collapse.

At this point, those in power and those who enjoy economic privileges must realise that this status quo is unsustainable. The only way out is to implement a just tax system along with a cut or at least a freeze on the ever-increasing military budget.

If Pakistan is to avoid the looming economic disaster, it must revise current spending and prioritise expenditures that will actually generate social and economic development and uplift the poor, not just the civilian and military elites.

Ainuddin Kibzai Mega Lecture

## The World Bank In Pakistan

Pakistan's Gross Domestic Product (GDP) growth slowed as economic policies to address the twin deficits took effect. Growth slowed to 3.3 percent in FY19—a 2.2 percentage points decline compared to the previous year, due to the stabilization measures undertaken by the authorities. Over the past year, the exchange rate was allowed to depreciate, with a cumulative depreciation of 25.5 percent, the development budget was cut, energy prices were increased, and the policy rate was raised by 575 bps. As a result, private consumption growth decelerated from 6.8 percent in FY18 to 4.1 percent in FY19 while investment contracted by 8.9 percent. On the supply side, the industrial sector growth slowed to 1.4 percent in FY19 compared to 4.9 percent in FY18. The services sector grew at 4.7 percent—1.5 percent lower than in FY18. Adverse weather conditions have dampened agricultural performance and reduced growth to 0.8 percent in FY19, significantly lower than the targeted growth of 3.8 percent. Average headline inflation increased to 7.3 percent in FY19 compared with 3.9 percent in FY18, primarily because of the exchange rate passthrough.

The Current Account Deficit (CAD) declined. The CAD narrowed to US$13.5 billion (4.8 percent of GDP) in FY19 compared to US$19.9 billion (6.3 percent of GDP) in FY18. The decline was primarily driven by lower import growth (goods imports declined by 7.4 percent while services imports fell by 14.9 percent). The largest decline in imports was for transport and machineries, because of the slowdown in investment and industrial growth, followed by food items and metals. However, petroleum related imports continued to grow (5.0 percent), albeit at a lower rate than last year (25 percent). Exports, on the other hand, did not respond to the exchange rate depreciation, as regaining competitiveness after an extended period of an overvalued exchange rate will take time. The growth in remittances by 9.7 percent year-on-year in FY19, due to higher flows from USA, Malaysia, and GCC countries, also supported the current account. The narrowing of the CAD has continued in FY20, as the CAD declined to US$1.3 billion in Jul-Aug FY20, compared to US$2.9 billion in Jul-Aug FY19. Imports declined by 23.4 percent year-on-year in Jul-Aug FY20, while exports recorded a marginal recovery of 1.4 percent year-on-year.

Aided by bilateral, IMF, and other multilateral flows, international reserves have started to recover. Financial flows had a boost in FY19 due to a significant increase in central bank deposits and bilateral inflows from China, UAE and Saudi Arabia. The approval of the IMF Extended Fund Facility in July 2019 coupled with the resumption of multilateral budget support have contributed to an increase in the international reserves to US$9.4 billion (1.9 months of import coverage) in September 2019 compared to US$7.6 billion (1.6 months of import coverage) in January 2019. The gradual accumulation of reserves is also being supported by reduced pressures on the exchange rate.

The fiscal deficit (including grants) increased to 8.8 percent of GDP in FY19 from 6.4 percent in FY18. The higher deficit was primarily due to revenue underperformance and higher interest payments. Tax revenues, at both the federal and the provincial level, stagnated at last year's level. In addition, non-tax revenues declined by 44 percent as the exchange rate depreciation reduced the profits of the State Bank of Pakistan (SBP), resulting in lower transfers to the government. As a result, overall revenues contracted by 6.3 percent. Total expenditures increased



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by 11.5 percent year-on-year in FY19, as current expenditures increased by 21 percent driven by the almost 40 percent increase in interest expenditures, year-on-year. Development spending was curtailed by 25 percent year-on-year in FY19, as the federal and provincial governments attempted to adjust their fiscal balances.

Public debt increased during FY19, primarily because of the exchange rate depreciation. Pakistan's public debt (comprising general government and State-Owned Enterprises (SOE) external debt) stood at 86.5 percent of GDP at end-June 2019—13.5 percentage points higher than end-June 2018. The debt level is in breach of the Fiscal Responsibility and Debt Limitation Act (FRDLA) 2005 (amended in 2017) that stipulates a reduction of total public debt to 60 percent of GDP by end-FY18[1]. The increase in public debt was primarily driven by the depreciation of the Pakistani rupee (PKR) against the US dollar in FY19. External debt accounts for 37.9 percent of the total and is held by multilaterals (44.2 percent), bilaterals (34.3 percent), commercial creditors including international bonds (20.0 percent) and others (1.6 percent).

Real GDP growth is projected to decelerate to 2.4 percent in FY20 as the government tightens fiscal and monetary policies. Pakistan's adjustment entails a rebalancing from domestic to external demand. While domestic demand will slow down quickly, net exports are expected to increase gradually. Growth is expected to recover gradually to 3.0 percent in FY21 as external demand picks up, macroeconomic conditions improve, and the package of structural reforms in fiscal management and competitiveness take effect. This recovery is conditional on relatively stable oil prices and reduced risks. Inflation is expected to increase slightly in FY20, driven by the second-round impact of exchange-rate pass-through to domestic prices. Thereafter, inflation is projected to decline gradually.

Ainuddin Mega Lecture

## What's wrong with Pakistan's economy?

Regressive policies, too much debt and a failure to collect tax have hampered Pakistan's growth prospects and the situation isn't getting better.

There are several ways to diagnose what ails Pakistan's economy. But one place to start is at the Office of the Protectorate of Emigrants for the answer. That's where people get their passports stamped before travelling abroad for work.

Very often expats are turned away from the airport right before their flights because they don't have the protectorate's 'seal'. Many of them don't even know such a requirement exists.

Set up in the 1970s, the protectorate's job was primarily to regulate recruiting companies, which were not trusted with looking after the welfare of unskilled construction workers moving to Saudi Arabia and the United Arab Emirates.

A lot has changed since then as most applicants find jobs directly, however, the rules are unchanged.

The protectorate office in Karachi is tucked behind commercial high-rises off its busy Shahrah-e-Faisal road. Usually, it takes some asking around to find the premises, as I found out on a visit last year.

It's a place emblematic of how excess regulations frustrate people sending home crucial remittances while at the same time giving others an opportunity to exploit the bureaucratic red tape to earn some cash.

Last year, overseas Pakistanis wired home more than $19 billion, a lifeline of foreign exchange in a country crippled by international debt. But successive governments have failed to address the broken system.

Earlier this month, Pakistani stocks plunged to their lowest level in three years as concerns about economic outlook mounted.
Earlier this month, Pakistani stocks plunged to their lowest level in three years as concerns about economic outlook mounted. (AP)
At the protectorate, the real problem is going through the hassle of arranging a dozen documents including a medical certificate from a designated doctor, filling out complicated forms and paying registration fees at two different bank branches.

That's also where some people use jugaad, an improvised solution or 'hack', to monetise the bureaucratic labyrinth and fuel what's known as the informal economy, where money changes hands away from the official tax net.

It's not only a part of the informal economy, estimated to make up at least one-third of the country's GDP of more than $300 billion, but also a place the taxman can't reach.



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Take for example one Gul Khan who drives a three-wheeled rickshaw and offers his services to people coming to the protectorate office in Karachi, Pakistan's biggest city and its commercial capital. For a few hundred rupees, Khan will fill in the forms for you, deposit the fee at the bank and get all the photocopies.

While some may benefit from the hack, too much regulation is discouraging private businesses from investing.

"It's really all about the ease of doing business. A lot of our time is wasted in dealing with bureaucratic issues," says Ikram Elahi, CEO of a Lahore-based food company.

It's also about incompetence.

"For instance, food department officials will take samples from raw milk and complain about the bacterial count. We tell them the sample is bound to have bacteria because it's not even pasteurised," says Elahi.

Pakistan can least afford such legal and tax loopholes at a time when its economic growth has slowed down to its lowest rate in seven years, inflation is running high and the government is short of funds to pay its debt and the salaries of employees.

The resignation of Finance Minister Asad Umar on April 18, just months after taking office, has complicated the situation.

Hascol Petroleum is one of Pakistan's leading companies in terms of growth. From a nonentity, it has emerged as the country's second largest supplier of petroleum products over the last 10 years.

But its share price has plummeted by more than two-thirds in the past 12 months.

"Right now, the problem for most businesses is uncertainty," says Hascol's CEO Saleem Butt. "You don't know where the growth is headed, you don't know the direction of interest rates, and you don't know by how much inflation is going to increase."

Country-wide sales of diesel fuel are widely considered a barometer of economic activity as it is used to run tractors in farms and factories in the cities, he says.

"Its sale is down 23 percent. This just shows where things stand right now."

Pakistan's current economic problems can also be traced to decisions made by the previous government to artificially inflate the value of the country's currency, the rupee.

That strategy hurt exporters as they were unable to compete in international markets especially in the textile sector, which remains the country's key export.



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"They have lost market share to countries such as Laos, Vietnam and Bangladesh. And once you lose market share in textiles, then it's very hard to regain it," says Asad Sayeed, an economist.

A buyer's paradise

Prime Minister Imran Khan's government, which came to power last year, made a mistake by delaying negotiations with the International Monetary Fund (IMF) on a bailout package.

"An IMF agreement brings certainty, gives access to the capital markets and restores confidence. Right now no one is investing and the stock market is in free fall," says Sayeed.

Pakistan is seeking billions of dollars from the international lender to boost its depleted foreign exchange reserves.

The failure to bring more individuals and businesses into the tax net, people like Gul Khan and millions others, handicaps the government's ability to spend on new hospitals and roads.

"I don't remember such a large reduction in tax to GDP ratio in my 24-year-long career," says Sayeed.

But amid this gloom, there's also an opportunity.

"Yes, it's a buyer's market right now. Whoever buy [assets] today, will benefit tomorrow. Prices are down and returns are going to be high for anyone who invests today," says Butt of Hascol Petroleum.

Ainuddin Kibzai Mega Lecture

## Economy: The way forward

It's that same song and dance once again. Why have things gotten so bad that we need an IMF bailout and who is to blame for it? Contradictory statements, feeble excuses, and a lot of finger pointing are rife. The current government is blaming previous governments for squandering the country's wealth and the previous government blaming the current government for incompetence, reminding them of the larger than life promises they made to the people. There is enough blame to go around. However, ironically enough, maybe for once, neither side is entirely responsible for this crisis. I don't want to absolve our leadership but there is more to it than what meets the eye.

Let me focus on two things: first, the aspect of the current the crisis that is global in nature and, as such, mostly out of control of our government, and secondly, and more importantly, what are some of the things that the government can do to stop the bleeding and move the country in the right direction.

Pakistan, once again, finds itself in the middle of a global power struggle. I frankly don't envy the officials attempting the very delicate and tricky balancing act to appease competing global powers.

There is a seismic shift in the global power structure that has been triggered by American President Donald J. Trump. His trade war with China has threatened to put the already slowing Chinese economy in a tailspin. It has put many of the ambitious infrastructure projects, especially around the Belt and Roadway Initiative, on the back burner. Infrastructure spending on these projects has slowed down significantly over the past year due to various reasons, including a shift in focus of the Chinese government on the domestic economy to cushion the blows from the trade war. This doesn't bode well for Pakistan as a major recipient of these investments.

United States has seized this opportunity to achieve two primary objectives of the Trump administration: a negotiated withdrawal of U.S. forces from Afghanistan and curtailing Iran's influence in the region. It will squeeze Pakistan-- both politically and economically -- to "cooperate" in isolating Iran and bringing the Taliban to the negotiation table. Last but not the least, the jingoism coming from India and re-election of Modi government doesn't bode well for Pakistan and investor confidence.

Things are grim on the international stage, all of which have eroded investor confidence, which may as well be goodbye for FDI in the near future. I am sure at this point most readers are thinking, tell me something I don't know Sherlock, I know things are bad; question is how to fix it.

The answers to this question are not that easy. However, there are specific quick steps the government can take to put the country on the right footing. Pakistan is a country of 200 million with a GDP of ~$ 300 billion, it is resource rich and has a large young population; all the drivers needed to turn the economy around without a lot of FDI.



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First, create certainty by providing business owners with a clear path forward. Pass legislation that removes any uncertainty related to changes in laws/regulation and the threat of dragging them in front of courts for past and current "malpractices" as it refers to minor offenses. Please give them a breather. i.e., don't raze shops of small vendors or flip carts of street food vendors for not being officially licensed.

Provide clarity on the devaluation of the currency that is sustainable and then hold on to it. If the exchange rate needs to be Pkr 200 per dollar, then provide a specific timeline for the devaluation and stick to it. It is not helpful for any business person to wake up every morning wondering how much the exchange rate will fluctuate that day and how the government will give many contradictory statements around exchange rates.

Moreover, please for the sake of sanity, can we get all government officials to be on the same page and provide consistent responses? Provide talking points to all officials making public statements so that at least there is coherence in the messaging. If you can't get your people to listen and believe your message, then you will have a hard time making the population listen to it.

Streamline and in many cases outright eliminate many of the regulations that are slowing business activity unless it is causing a mortal danger for the citizens, freeze the regulation requirements.

Make it easy for people to get appropriate permits and register a new business. The goal should be to allow a person to be able to register and start a business in a matter of days from his/her computer.

Anyone who has dealt with bureaucracy in Pakistan knows how difficult it is to do business. For those who haven't, according to the World Bank, Pakistan ranks 136 out of 190 in terms of ease of doing business. Ironically Pakistan is one of the lowest ranked countries when it comes to ease of paying taxes.

Create incentives to businesses for hiring people especially small businesses, but giving them tax breaks or easing for them permit and licensing processes i.e. opening bank accounts, obtaining permits, doing business in residential areas, getting power connections, etc. This would have the added benefit of bringing these businesses and their employee payroll into the official economy.

Provide civil servants written legal assurances (maybe through act of parliament) that the steps taken to streamline businesses and eliminate delays will be supported by the government and no punitive actions will be taken against them for circumventing un-necessary red tape.

Significantly increase the import duties on luxury and non-essential items. Why we are importing $1billion of cell phones is unfathomable. Drastically increase import duties on cars. This is where the public holds as much responsibility for this situation as the politicians. Pakistan needs to provide protection and incentives to domestic businesses from foreign competition and may I say whims of the people who have developed a peculiar taste for imported items.



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While expanding the tax base is necessary, and the amnesty schemes introduced are a good first step to move in the right direction. There needs to be a two-pronged approach to solve this problem. First, instead of creating uncertainty for small businesses when it comes to bringing them in the tax net, take a slower approach. The unofficial economy is the golden goose that keeps the economy going. Please don't kill it in haste to increase tax revenues as quickly as possible.

Digitize the economy by creating incentives to move transactions from cash to electronic so that more of the unofficial economy is formalized. This would allow the government to bring in more of the informal economy into tax net over the long run, while at the same time removing inefficiencies from day to day business transactions.

Leverage the infrastructure that has been built over the past decade to create opportunities for businesses. For example, create special economic zones on the CPEC routes, especially close to population centres, and provide incentives to people to build storage/staging facilities for imports and exports, providing incentives to buy heavy transport vehicles to move goods and provide tax incentives to manufacturing companies who would be interested in manufacturing products on the route to easily access the ports. Chinese firms, engaged in exports, would be an ideal target for these incentives as it would allow them to circumvent the U.S. China trade war.

Increase spending on port expansions and streamline port operations so that we can cut the time to get produce on ships for export. Spoilage due to delays is one of the big reason grains and produce from Pakistan doesn't make it to the international markets. This is by no means an exhaustive list of steps the government can take to get things on the right footing but a few quick and easy fixes.

For a long-term solution, as the first step, Pakistan needs to get some serious people to sit down and reassess the current MDTF and build a new five-year plan, similar to the ones that have been created since 1955. Maybe some of the retired bureaucrats that have built some of the more effective plans in the past should be brought out of retirement along with experts today to create a plan that addresses long term challenges and lays down an achievable strategy for growth.

Identify specific sectors and focus energies to develop those sectors/industries rather than taking a shotgun approach and achieving nothing due to lack of focus and funds.

Not every country needs to be the back office of global businesses like India. Focus on businesses that have traditionally provided growth such as textile and agriculture that while low value added to provide consistent growth and cash flow and then focus on a handful of leading-edge sectors such as arts and entertainment, robotics, medicine, genetics, and defense production. Just pick a few and concentrate energies across the value chain for five years to put these sectors on a strong footing. This would differentiate us from the pack and ensure that we are on the leading edge on some of the emerging sectors rather than behind the curve on everything.

Importance of investment in education and healthcare can't be overstated. One of the primary reasons for our problems is that none of our leaders have ever taken education seriously. Education doesn't win elections as it takes decades to educate people. A new road can be built in



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months and will win the politician the next election, which is why they focus on building roads. If people voted for those who built schools and got higher pay for teachers, maybe more politicians would focus on education. This is especially relevant when it comes to higher education.

Focus on quality and depth of research and higher education. The number one complaint I have heard from foreign businesses trying to set up research or back office in Pakistan is the abundance of candidates with university degrees yet a complete lack of basic underlying concepts and principals in their respective fields. It seems too many students are good at passing exams but not understanding or applying the material.

Increase the focus on specializations that are cutting edge such as genetics, A.I., materials sciences, etc. rather than generating waves and waves MBAs. I assure you as an MBA myself, the world does not need a lot of MBAs.

The challenges are many, and the path forward is not without peril. However, I am hopeful for the future. All we need to do is to stop searching for a silver bullet and instead pull ourselves up from the bootstraps.

Ainuddin Kibzai Mega Lecture

# PAKISTAN'S ECONOMIC WOES: THE WAY FORWARD

Pakistan's economic woes – dwindling foreign exchange reserves, low exports, high inflation, growing fiscal deficit, and current account deficit – are nothing new, and once again, the country finds itself knocking on the doors of the International Monetary Fund (IMF) for what will be its 22nd loan. While the exact amount of this package has not been determined, Pakistan already owes the IMF billions from previous programs. Indeed, 30.7% of Pakistan's government expenditure is earmarked for debt servicing, which cannot be supported by its decreasing revenues. Already on the Financial Action Task Force's (FATF) grey list, and with the current Pakistan Tehreek-e-Insaf (PTI) government enjoying internal institutional consensus on the national agenda, Pakistan must focus its attention on resolving its economic woes before it finds itself on the shores of bankruptcy.

## Current State of the Economy

In 2019, Pakistan finds itself facing a dire macroeconomic crisis. It is spending more on imports than it receives on exports, with its current account deficit having risen from USD $2.7 billion in 2015 to $18.2 billion in 2018. The major driver of this rising current account deficit is an expanding trade deficit, which is mostly due to the rising imports under new China-Pakistan Economic Corridor (CPEC) projects and low exports in general. The previous government focused more on import-led growth strategy to finance large scale projects under CPEC. By the end of June 2018, the gross public debt of Pakistan reached USD $179.8 billion, showing an increase of $25.2 billion within a year. More than half of this increase in gross public debt was due to an increase in public external debt, which grew by 30.1%. In 2018, the depreciation of the Pakistani rupee against the U.S. dollar alone was responsible for an excessive USD $7.9 billion increase in public external debt. Despite the massive depreciation in the rupee, Pakistani exports have remained almost the same. Meanwhile, the government's external debt has also increased from USD $64.1 billion in June 2018 to USD $65.8 billion in January 2019. The inflation rate is now touching 9.4%, which is a record level high over the last five years mostly due to rupee depreciation and rising energy prices. In addition, increased defense spending and its ongoing fight against extremism only further burden the economy. Along with a depreciating rupee that has made imports costlier, low foreign investment due to Pakistan's security and political challenges has also severely hit its foreign exchange reserves.

Despite rising deficits, Pakistan's tax revenue was only 13% of its GDP in 2018. During the current fiscal year, the country has seen a decline in its revenues while expenditures have increased, resulting in a half-year fiscal deficit of 2.7% of GDP, the highest since 2010-11. According to the State Bank of Pakistan, the sharp decline in revenue can be attributed to a fall in development spending, reductions in income and corporate taxes, and taxes on petroleum products, as announced by the previous Pakistan Muslim League-Nawaz (PML-N) government.

Similarly, the previous government failed to make any significant progress in enhancing exports: in fact, Pakistan's total exports fell in real terms during the PML-N's tenure. In its recent report "Pakistan @100: Shaping the Future," the World Bank held weak governance responsible for the fiscal deficit. Pakistan's poorly regulated financial system facilitates tax evasion, which contributes significantly to the growth of the fiscal deficit. Having inherited this economic crisis



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from the previous government, the PTI government, led by Prime Minister Imran Khan, has an enormous task ahead: steer Pakistan's struggling economy out of a macroeconomic crisis by fostering economic development.

Having inherited this economic crisis from the previous government, the PTI government, led by Prime Minister Imran Khan, has an enormous task ahead: steer Pakistan's struggling economy out of a macroeconomic crisis by fostering economic development.
With its domestic industry in ruins, Pakistan has not been able to rely on consistent foreign investment for more than stopgap measures. It did recently receive USD $2 billion from the United Arab Emirates (UAE) through the Abu Dhabi Fund for Development (ADFD), which provides concessionary development loans. This inflow has increased Pakistan's foreign reserves from USD $14.956 billion at the start of March 2019 to $17.398 billion. In February, the Crown Prince of Saudi Arabia, Mohammad bin Salman, signed seven Memorandums of Understanding (MoUs) with Pakistan, pledging up to USD $21 billion worth of investment over the next six years. However, relying only on foreign aid and friendly countries for loans is not enough. If Pakistan is to tackle its current account deficit in the long run, the government must take substantial steps to improve the macroeconomic conditions of the country and modernize its industrial sector to become more competitive in international markets.

**The Way Forward: Steps for the Pakistan Government**

To make a significant impact on the current account deficit, Pakistan needs to ensure an investment-friendly environment that attracts more foreign direct investment (FDI), instead of relying so heavily on foreign aid. According to the World Bank's Ease of Doing Business report, Pakistan ranks 136th out of 190 economies. To improve this ranking and draw more investment, Pakistan should ease customs laws and regulations, improve the security of the country, and rebrand and boost its international image as a desirable destination for tourism and industry alike – a goal the current government is set to pursue as it eases its visa policies, including its introduction of e-visas. It should also encourage domestic investment through more flexible tax policies, particularly targeting small and medium-sized enterprises (SMEs). Such measures would reposition Pakistan on the international stage as stable, competitive ground for foreign investment.

Pakistan also needs to focus on building its domestic industry to expand its export portfolio and enhance its competitiveness in the international markets. In 2018, Pakistan ranked 107th out of 140 on the Global Competitiveness Index (GCI), which measures the performance of countries in indicators such as infrastructure, ICT adoption, macroeconomic stability, labor market, skills, financial stability, innovation capacity, etc. The low ranking signifies that the Pakistani government needs to take measures to stimulate economic growth and provide favorable business environment. The country's ongoing energy crisis, which has caused significant losses in industry, has led factory owners to increasingly relocate to countries such as Bangladesh. Moreover, since its exports currently lose out to low-priced, good-quality products from countries like China and Bangladesh, Pakistan needs to modernize its industrial sector by establishing new plants and equipment to enhance global integration. It can do this by investing in research and development (R&D) to encourage product innovation and enhance labor productivity.



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On top of these issues is the larger question of Pakistan's failure to expand its export portfolio beyond a few low value-added products, such as textiles, rice, surgical goods, carpets, sports goods, and leather items, which is one of the largest factors behind its balance of payments deficit. Broadening the country's export portfolio and exploring new export destinations such as Eastern European and Central Asian countries could revitalize foreign exchange earnings. As a security-oriented state, Pakistan's priority has never been the economy, but it now needs to focus more on geoeconomics over geostrategy.

Currently, Pakistan is not taxing its agriculture sector and large businesses are often given big tax breaks. Hence, Pakistan needs to broaden its tax base – by taxing the agricultural produce of landlords with big land holdings and stop giving tax amnesties to big businesses – instead of overburdening current taxpayers, improve fiscal transparency, and strengthen tax collection coordination at the national and provincial levels to ensure that revenue targets are met. These steps would go a long way to addressing the myriad financial and deficit issues stemming from the country's weak governance.

**Conclusion**

The coming months are going to be tough for the current government as the rupee is expected to depreciate further, causing inflation to rise. Pakistan's economic crisis cannot be resolved overnight. Support from the IMF and friendly countries like Saudi Arabia, China, and the UAE will only provide some breathing room in the short term to its shattered economy. Promoting manufacturing by creating a more investment-friendly environment, broadening its tax base, and encouraging innovation and modernization in export-led industries are just some of the most urgent measures the government can take to address the growing fiscal and current account deficit. Pakistan must take advantage of this moment of hard-won reprieve by building a truly stable and sustainable economy before it once again finds itself digging its own economic grave – and that of its people.

AinMegaLecture

## For Pakistan, reforms are the only way forward

Economy has always been on the periphery of talk show debates in Pakistan. Last eight months have seen a record deliberation on the topic as compared to the last 15 years. How many of us knew of inflation rates when it came to PPP and PML-N's first eight months in power — 25.3% and 10.9% respectively. How many of us read the fine print of previous IMF conditions, limitations and restrictions? How many of us knew of rupee devaluation during PPP's term. Or that it was higher in percentage terms than in any other government in the last 30 years?

Mind-numbing aggregates and startling figures are force-fed to an equally bamboozled public round the clock today and it seems anchors have assumed that they have nothing short of a doctorate in economy.

Is it because this is the only debate the opposition can win today or are we finally waking up to what has been staring us in the face for decades now? Worse yet, is it owing to Imran Khan's catastrophic lack of homework on this front? Truth be told, a bit of each. An unnamed senior party official said one can deliberate over climate change with Khan for four hours straight but try discussing the economy and you'll see his eyes glaze over. This has been the case since April 18, 2012, when Asad Umar officially joined PTI. Ironically, exactly seven years later, on the same date, he lost Khan's confidence as PTI's answer to all of Pakistan's economic woes.

Interestingly, it seems neither Khan nor Umar saw it coming. Until April 15, Umar was being reassured that rumours about his removal were "rubbish", thus the hazaroun khwahishain aisi, ke har khwahish pe dum niklay (if wishes were horses, beggars would ride) confidence flaunted by the then finance minister in Washington. Three days later, on April 18, his portfolio was finally taken away from him.

In truth, as soon as the news cycle around Umar's 'shaky' position in the cabinet took hold, it successfully created the environment and the pressure that his opponents had been waiting for. Some might have also muttered something regarding the 'pompous finance minister', thinking he considers himself aql-i-qul (know it all) but way too 'indecisive' in a situation where fast and bold decisions may be needed.

It is also an open secret who Umar's leading antagonist was during his short stint and the many others who wanted him gone, some of them serving on the top advisory council on the economy.

It was during this time that the perception had been created that if Umar continued in his role, the consequences would be dire and things would get from bad to worse. Things were also said about how expat bonds issued sans any marketing campaigns were faring badly and that no reform initiatives had been undertaken to shore up revenue, and basically, that nothing was looking good. What happened after is history.

How are things now? It is widely believed and perhaps there is good reason to do so that the people currently in control have the nod and approval of multilateral agencies.
When one looks at Umar and where he went wrong, perhaps his singular biggest fault was his failure to espouse confidence in the handling of the economy.



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Pompous or not, the uncertainty that was generated created panic, paralysed investments, and sent shockwaves through the market.

He had serious disagreements with the terms being proposed by IMF and has called a Finance Standing Committee meeting, where he plans to share what he was willing to accept when it came to the Fund vis-à-vis the agreement that has now taken shape. This should make for an interesting account.

Everything said and done, Khan has now effectively put all his eggs in the proverbial status-quo basket, whereas others call it a professional, specialist team.

In survival mode, the tried and tested are a far easier bite to digest than a blue blooded, anti-privatisation, all-is-possible Insafian, unbothered by perceptions and possibly causing loss to political capital.

The premier, who until 2017 was vociferously rejecting PML-N's amnesty scheme as a direct abetment of tax evaders, asset concealers and money launderers — a scheme he would investigate upon assuming office, has extended the same opportunity today in order to "document the economy". And the well-preserved media archives are enough to show what Khan promised compared to what he is delivering.

The truth is, we are in a royal mess and there is no exit from the highway with a singular flashing neon sign screaming reforms. Reforms, which will give the squeezed opposition much needed breathing space, enough to distract the political debate away from NAB investigations and an all-consuming corruption narrative which has suited the government all too well up until now.

Maryam Nawaz has seized this opportunity to make a powerful comeback, where she wants the party to feel a difference; and what's better than to cash in on the idea of a hysterical public struggling to make ends meet?

The days ahead offer no respite for the government. Finally put to test, Khan, who coddled in hyperbole, has been called out; call it under-training, call it ignorance, he has been dealt the punch he did not prepare for or saw coming.

A set of events has changed the rules of the game as of now. Cases against Shahbaz Sharif have shifted power back to the father-daughter duo and the vote ko izzat dou (respect the vote) narrative has been reinvigorated.

Many within the PML-N feel an effective opposition alliance would not have been carved out had the opposition leader been at the helm.

As for PPP's co-chairman, there is nothing inexperienced or naive about Bilawal either and he has fit in rather comfortably in the role his party has always been known for, opposition ki party. Informed sources reveal that the field may clear for him even further very soon and the newly-



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bolstered PML-N coupled with a fiery Bilawal with much to say, will indeed be a test for the government in the coming days.

Khan, who has otherwise been an idealist, has perhaps taken this path to turn towards the technocrats, men who know what they're doing, thinking now is not the time for dull reflexes.

Perhaps, he's also aware that simply incapacitating his opponents is no longer the way to win this round, most likely his first and last, and that he must struggle to think out of the box and deliver where the old guard least expects, overhaul of the system.

The political resistance against Khan can get vicious, a tsunami threatening to wash his government away, riding on the undercurrents of an angry restless public. And the third-world truth is, the common man is concerned with only two things, unemployment and inflation; he has no care or appreciation of a better current account deficit or improving foreign exchange reserves.

Hard political choices need to be made and communicated effectively. For instance, rightly allocating gas in order to support industry, investment, employment, as well as achieving the right balance of trade versus gas for household consumers, motorists etc.

A large chunk of pharmaceutical production capacity has also shut down in the last five years. Difficult decisions need to be made regarding pricing of pharmaceuticals; don't increase prices and we're looking at more companies shutting down, unemployment increasing, more medicine being imported (outflow of dollar) and smuggled (black market). Damned if you do, damned if you don't. Similar is the case of over 190 hemorrhaging state-owned enterprises, where the bulk of the loss is made by the top few. Shut them down, sell them or continue burning money? Pick your poison, unemployment or continue bleeding? Khan cannot divorce himself from these hard choices.

The truth dawning on us better late than never is, fixing a rotting, calcified system in the face of all resistance is the end game. Khan mustn't only calculate his risks and take timely decisions, he must also succeed at convincing the public that it has to get a lot worse before it gets better. For the time being, how quickly he tackles the problems of circular debt, public enterprises and the tax net will disclose his aptitude.

Finally, when it comes to all these decisions, the public needs to be engaged at every step and explained, patiently and very simply, every choice, each of which will have its consequences. And more likely than not, the political loss will be borne by Khan alone.



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# 17. Organization of the Islamic Conference (OIC)

## All you need to know about the OIC

### What is the OIC?

The OIC's mission statement bills it as "the collective voice of the Muslim world" that works to "protect the interests of the Muslim world". It was established by 24 member states in 1969.

Today, with 57 member states from four continents, the OIC is the second-largest intergovernmental organisation in the world after the United Nations, with a collective population reaching over 1.8 billion.

The majority of its member states are Muslim-majority countries, while others have significant Muslim populations, including several African and South American countries.

While the 22 members of the Arab League are also part of the OIC, the organisation has several significant non-Arab member states, including Turkey, Iran and Pakistan.

It also has five observer members, including Russia and Thailand.

The organisation has permanent delegations to the UN and the European Union and its official languages are Arabic, English and French.

### Why was the OIC established?

The OIC first met in Morocco in September 1969, a month after an arson attack inside the Al-Aqsa Mosque that destroyed part of the roof and the 800-year-old pulpit of Salahuddin, best known for recapturing Jerusalem from the Crusaders in the 12th century.

Reacting to the incident, representatives from 24 Muslim countries met in the capital Rabat to establish a body that would promote cooperation across the Muslim world.

In March 1970, the first Islamic Conference of Foreign Ministers was held in Jeddah, Saudi Arabia, and plans for setting up a permanent secretariat for the OIC were established.

Issues relating to Palestine have been central to the OIC's agenda and summit discussions. The organisation has continuously condemned what member states consider Israeli aggressions against the Palestinians.

Other issues that have also taken centre stage in OIC summits include the wars in Bosnia and Iraq, a rise in the number of refugees from Muslim-majority countries such as Syria, as well as Islamophobia in the West.



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**Objectives and role**

According to its charter, the OIC aims to preserve Islamic values, safeguard and defend the national sovereignty and independence of member states and to contribute to international peace and security.

While the organisation has been known for its cultural and social projects, its political influence has been relatively limited.

"Typically, in the past, the OIC has been effective in promoting cultural and educational projects across the Muslim world," Sami Hamdi, a Middle East expert, told Al Jazeera. "However, its political capabilities remain severely limited."

According to Mamoon Alabbasi, a political analyst focusing on the Middle East and North Africa region, while the OIC has relative political weight, its rhetoric does not always translate into action on the ground.

"With 57 member states… the OIC carries a [relatively] heavy political weight… [and] impact. But how much change that makes on the ground is not always clear," said Alabbasi.

Adding to its political limitations is its inability to unify its stance on issues, say experts.

"Like other international organisations, such as the UN General Assembly, the OIC is supposed to have a unified voice but it does not because policies of the individual countries greatly differ," said Alabbasi.

"Most importantly, the OIC doesn't have a unified voice because most of its member countries are not democracies. So, while their populations may be in agreement [over an issue] they do not always represent the views of their populations."

Hamdi agrees: "The OIC has a broad spectrum of different cultures. This means that on the political front, even if there is a united stance, it means very little, practically."

**Is the OIC relevant and effective?**

Like other intergovernmental organisations, although resolutions issued by the OIC are not usually followed by action, statements usually point towards member states' "red lines" that they cannot cross, say experts.

"If you want to know what position member states can take in the eyes of their own public, statements by the OIC are reflective of that. They [statements] show their [member states'] limits," explained Alabbasi.



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**OIC Palestine pledge calls for international protection**

Because the OIC includes a significant number of Arab states among its membership, it has often been compared with the Arab League.

While the two organisations share many similarities, the main difference lies in the OIC's limited politicisation compared with the Arab League, say analysts.

"The Arab League is more of a political entity than the OIC given the close proximity of its members and the, often joint, threat that the countries have had to face in the past," according to Hamdi.

According to Alabbasi, because of its wider scope of membership, a lack of consensus within the OIC sets it farther apart from the Arab League.

"The OIC is very different in the sense that member states cannot get a consensus across," said Alabbasi

"But in other organisations such as the GCC, and to a lesser extent the Arab League, there tends to be an agreement on issues in broad terms, as opinions are similar, even if there is some disagreement," added Alabbasi.

**How does the OIC operate?**

The OIC holds an Islamic Summit once every three years. At the summit, heads of state discuss ways to achieve the charter's objectives and make policy decisions that concern its member states.

Talha Abdulrazaq, a Middle East expert at the University of Exeter's Strategy and Security Institute, explained how OIC decisions and resolutions are much like they are at UN General Assembly.

"Member states each get a vote. Each member state can table a resolution and then others can vote on it or suggest tweaks.

"But much like the GA, OIC resolutions aren't binding. They are just a declaration of the general feeling of the leaders of the Islamic world," said Abdulrazaq.

Meeting on a more regular basis, the council of foreign ministers convenes annually to evaluate the implementation of the organisation's policies and objectives.

The general secretariat, the OIC's executive body, is responsible for implementing those decisions.



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## Yemen Conflict and OIC: The role of the powerful states

Yemen is an important Muslim state located on southern border of Saudi Arabia. It is situated adjacent to Red Sea, which is most important trade route between East and West .Despite its important geographical location Yemen is not on the path of prosperity. In fact it is plunged into civil war which had destroyed the country. Thousands of people had been died so far and million have been replaced in the last few years of the conflict.

Internal conflict Yemen is a long story now, it was present during the time of President Ali Abdullah Saleh. Roots of it can be found in the in conflict of 1962 when Zaydi Shia Imam was removed from power, who was ruling the country since many decades. Houthi's claimed that when Imam removed from power they were not given equal opportunities. Resentment was always present in different sections of Houthi population but a full scale campaign against government started in 2014. (Key facts about the war in Yemen, 2018)

Many local Sunni fighters those who were not happy with the policies of President Hadi joined hands with Houthi rebels. President Hadi fled to southern city of Aden from where he left Yemen.

Houthis victory in Sana produced a major concern for Saudi Arabia who saw it as result of expansionist policies adopted by Iran. Saudis believe that the Houthi rebels are supported and funded by Iran. Saudi Arabia started air strikes targeting Houthis, along with its allies who are mostly Arab States,. They were supported logistically by US, UK and France. These extra regional powers are also sharing intelligence information with Saudi led coalition.. Houthis are pushed out from capital Sana but still they are controlling large swathes of land. (Yemen crisis: Why is there a war?, 2018)

Continuous fighting has produced terrifying humanitarian crisis in Yemen. While rebels are determined that they will not stop fighting until they can completely overthrow president Hadi's government. Saudi Arabia is doing its best to crush these rebels. It has used even cluster bombs to stop the rebels advance. Local Yemeni population is suffering a lot due to this relentless fighting between two parties.

This prolonged war in Yemen has produced a severe humanitarian crisis. Ever since the start of the conflict more than 15000 thousand people have been killed and almost 3 million people are forced to leave their home; 22.5 million are in need for humanitarian aid. If aid is not be provided to them we might see a famine in near future. Due to air and naval blockade by Saudis led coalition forces it is very difficult for international organizations to supply food and other supplies to Yemeni people. (YEMEN: THE FORGOTTEN WAR)

This worsening situation in Yemen have put some serious question on credibility of OIC. Organization of Islamic conference (OIC) which is now termed as organization of Islamic cooperation is second largest intergovernmental organization in the world after United Nation. It consists, a total of 57 Islamic Countries. Idea for establishing an organization for Islamic Countries was put forward during Islamic Conference of Rabat in 1969.Basic purpose for the creation of OIC is to secure an independent state for Palestinian people. But it has included many



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other subjects in the agenda as well. That includes more cooperation between Muslim states, conflict management among them and to have a common voice on issues of mutual interest. Iran and Saudi Arabia are two most important countries of this organization because of their geopolitical position and as leaders of the two most important sects of Islam. (Johnson, 2010)

Organization of Islamic Cooperation, which always had supported solidarity in the Muslim world and had also tried to mediate between Shia-Sunni conflicts, is now taking side. It is the most important reason that OIC is failed to solve Yemen conflict.OIC is continuously supporting Saudis .Saudi Arabia is a dominant state in the Muslim world and also in the OIC. Domination of Saudi Arabia in OIC has few imperative reasons.

First of all Saudi Arabia is a leading state of Arab League and Arab Leagues have strong block in OIC. So if OIC wants to take any decision it should respect the best interests of Arab States. Secondly, Saudi Arabia who is birth place of Islam, is exploiting its religious position for it political purposed. Every Muslim, even he is present in any part of the world will always show sympathy for Saudi Arabia because of the holy places of Islam are present there. They have also made The Islamic Military Counter Terrorism Coalition. Its primary purpose is to counter terrorism but Saudi Arabia is using it for its own geopolitical benefits. It consist total of 41 states and most of them are part of OIC .Thus anything done by this alliance cannot be condemned by OIC because most of OIC members are part of this alliance. This military alliance had carried out many deadly air strikes in Yemen. Despite the claims that they are targeting only terrorist groups many times it resulted in civilian causalities too. But we have not seen any condemnation by OIC about these attacks.

Last but not the least Saudi Arabia is providing huge sum of money to OIC to carry out its activities. Current Secretary General of OIC is also Saudi national .His name is Madni who was formerly serving at position of minister of culture and information. Due to Saudi dominance in OIC has been supporting Saudi Arabia in Yemen conflict. During 2016 summit of OIC it has accused Iran of promoting terrorism in the region especially in Yemen. (Ilishev, 2016) But this resolution was silent on human rights abuses by Saudi led coalition forces in Yemen. This is now routine work of OIC members to condemn Houthis and their supporter in Yemen but paying no attention to humanitarian crisis. As in 2018 they have again urged international community to take serious action against Houthi and their masters' .but still deep silence on humanitarian crisis.(AL-KHUDAIR, 2018)

Pakistan's former ambassador to Iran once said that "OIC is now dead and Muslim countries should find a new organization for the settlements of their disputes". (OIC 'dead'; Pakistan, Iran need find new Muslim alliance: diplomat, 2017)Prevailing situation in Yemen is reflecting his statement. Infect OIC had a negative role in Yemen. This situation also demonstrates that how great powers use International Organization for their own vested interests.



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## The failure of the OIC and Arab League to stand up for Muslims

The sentiment that there is a 'united Islamic front' standing up for the welfare of Muslims needs to be retired - nothing could be further from the truth.
In 2008 at the Arab League summit in Damascus the former Libyan leader Colonel Moammar Gaddafi warned Arab League leaders that their countries would be next after the capture and hanging of former Iraqi President Saddam Hussein.

Indeed, it was a chilling prophecy that predicted Gaddafi's demise and brutal killing. He had said that Saddam had fought America's war against Iran's Khomeini and then the US turned on him, and now the whole Arab and Muslim world was just a joke that went from one disaster to another.

As Libya teeters from a catastrophic civil war between various Arab states backing different proxies, the role of the Organisation of Islamic Cooperation (OIC) and Arab League stands in complete contrast to the pleas of various leaders of Muslim countries such Pakistan, Malaysia and Turkey.

The latest illegal annexation of the disputed territory of Kashmir by India shows there is no such thing as a 'united Islamic front'. Furthermore, the Arab League and the Gulf Cooperation Council (GCC) have also resulted in more bickering rather than conflict resolution in the light of the 'Arab Spring' and the Gulf crisis between the Saudi led bloc against Qatar.

The Pakistani Foreign Minister, Shah Mahmood Qureshi bluntly said that Pakistan should not live in a fool's paradise that anyone would support it at the UN. It could very much be the same in the OIC.

**Profit before faith**

Saddam had warned before the invasion in 2003 that certain so-called Muslim and Arab neighbours were plotting to destroy Iraq. In a BBC documentary earlier this year, senior American officials admitted that Iran helped the Americans and British give crucial intelligence that led to the invasion and overthrow of Saddam in Iraq.

So, all the much-vaunted slogans of various Arab countries and Iran of helping the 'Muslim' cause are in name only, given how they have all actively helped facilitate the invasion of other Muslim majority countries.

Pakistan and its foreign minister rightly cry foul over Indian actions and atrocities in Kashmir - but that's the same Pakistan that has actively ignored the alleged persecution of Chinese Muslims in internment camps.

In Al Jazeera documentary, many innocent Uighurs have protested how Pakistani authorities handed over hundreds to Guantanamo Bay without any evidence of them being linked to any militant groups. Pakistan, like Iran and many other Arab states, cannot hold a moral high ground when trying to play the Muslim card.



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Similarly, when the Rohingya crisis was raging at its peak over the last two years, one of Pakistan's most famous actors and social media stars, Hamza Ali Abbasi said that Pakistan should first grant its Rohingya refugees fundamental rights before it criticised Myanmar and others for their treatment of the Rohingya. He was referring to the thousands of Rohingya who fled to Karachi after the 1971 war.

**The bottom line: self-interest comes first**

There has been a lot of debate on Pakistani print and broadcast media about why the Arab and Muslim states have been silent about Kashmir. Prime Minister Imran Khan has publicly spoken about how the world has stood silent on the killings of Muslims in Kashmir but has also repeatedly defended Pakistan's right not to criticise China over the matter. It leads to the basic argument that the premise for which the OIC and Arab League were formed has failed.

Farcical conferences are held each year, most of which turn into shouting matches or events where individual states boycott each other, for the very unity which they mean to enshrine.

Similarly, the Palestinians recalled their ambassador to Pakistan when the Indians protested of him appearing at a Kashmir rally with the alleged mastermind of the Mumbai attacks. Pakistani TV anchor Ahmed Qureshi has repeatedly called for Pakistan to normalise ties with Israel as the Palestinians never support the Kashmir cause at the UN, unlike Pakistan's support to the Palestinians.

**Time to disband?**

Saddam and Gaddafi were far from angels, in fact, the opposite, but they had a point on the idea of so-called Muslim or Arab unity. Leaders like Imran Khan still insisting on the 'ummah' is a farce when various Arab and non-Arab states are backing different proxies on direct 'Muslim on Muslim' violence in Libya, Yemen and Iraq.

The UAE has not just said the Indian move is an internal matter of India but have gone as far as to say that it would enhance the state's status. It is quite clear the OIC and the Arab League are failures as they use the faith card when it suits them while looking the other way to war and persecution in Palestine, Kashmir and further afield.

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## 50 years of failure of the Organization of Islamic Conference

The 14th Islamic Summit Conference ended Friday Night (May 31) in Mecca. A final statement accused Iran of supporting Yemen's Houthi rebel group; illegally occupying three islands in the Persian Gulf; and "interfering" in the domestic affairs of both Syria and Bahrain.

Not surprisingly, the Mecca summit reiterated support for Saudi/western-backed Yemeni government of President Abdu Rabuh Mansour Hadi which is fighting the Houthi rebels.

The OIC summit condemned a "terrorist attack" on Saudi Arabia's oil pumping stations which targeted global oil supplies. The summit statement also condemned "sabotage operations" against four vessels near the territorial waters of the United Arab Emirates, which it said threatened international maritime traffic safety.

### Tehran rejects OIC statement

Iran on Friday rejected a final communique issued following a Mecca-hosted summit of the Organization of Islamic Cooperation (OIC), saying it did not reflect the views of all OIC member-states, according to Iran's state-run IRNA news agency.

Foreign Ministry spokesman Abbas Mousavi accused summit host Saudi Arabia of "exploiting the holy month of Ramadan, and the holy city of Mecca, to level allegations against Iran."

Mousavi also reportedly accused Riyadh of "missing the opportunity provided by International Quds Day and the OIC summit to press for the rights of the Palestinian people… and choosing instead to sow discord among Muslim and regional countries".

Saudi Arabia's behavior at Thursday's summit, he added, "are in line with the futile efforts of the U.S. and the Zionist regime against… Iran".

Mousavi went on to voice hope that leaders of OIC member-states "will not allow the Palestinian issue to be overshadowed by divisive policies".

### Syria also rejects OIC statement

Syria is rejecting the final statement of the Arab emergency summit held in Saudi Arabia, which criticizes what it calls Iranian intervention into Syrian affairs.

Syria says the statement is an unacceptable interference in the internal affairs of Syria.

A Syrian Foreign Ministry statement said the Iranian presence is "legitimate because it came at the request of the Syrian government and contributed to support Syria's efforts in combating terrorism supported by some of the participants in this summit."
The Syrian statement said the summit should instead condemn the involvement of other countries in Syrian affairs, "which lacked legitimacy and legality" and provided "unlimited support in various forms to terrorist groups and prolonging the crisis in Syria."



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The leader of the Iranian-backed Hezbollah group told supporters in Lebanon on Friday the Mecca summits are a Saudi call for help from Arab countries after Saudi Arabia failed to win in Yemen, where the kingdom and its allies have been at war since 2015 against Iranian-allied Yemeni rebels.

"It is a sign of failure," Hassan Nasrallah said. "These summits are calls for help …that express the failure and the inabilities in confronting the Yemeni army, popular resistance and people."

**OIC summit condemns any decision to recognize Jerusalem as Israel's capital**

The OIC summit condemned any position adopted by an international body that supports prolonging occupation, including a U.S. decision to recognize Jerusalem as Israel's capital, it said on Saturday.

The Mecca summit also refused all illegal Israeli measures aimed at changing facts in occupied Palestinian territories including Jerusalem, and undermining the two-state solution, it said in a statement.

The summit urged member countries to take "appropriate measures" against countries that move their embassies to Jerusalem, it added.

The summit refused any proposal for peaceful settlement that did not accord with Palestinians' legitimate inalienable rights, the statement said.

Iran's President Hassan Rouhani had his own message for OIC leaders ahead of the summit, urging them to stay focused on the rights of Palestinians.

In a letter published online Friday, Rouhani said Muslim leaders should not let the importance of Palestinian statehood be "marginalized" in the face of the Trump administration's forthcoming Israeli-Palestinian plan.

Rouhani also noted in the letter he was not invited to the Islamic summit, but expressed Iran's readiness to work with all Muslim leaders to confront the White House's so-called "Deal of the Century."

**Syrian Golan Heights**

The Islamic summit condemned President Trump's decision to annex the occupied Syrian Golan Heights into Israeli territory. Paragraph 17 of the joint communiqué said:

"The conference called for Israel's full withdrawal from the Occupied Syrian Golan to the borders of 4 June 1967, in accordance with Security Council Resolutions Nos. 242 (1967) and 338 (1973), the principle of 'land for peace, the terms of reference of the Madrid Peace Conference and the Arab Peace Initiative adopted by the Arab Summit in Beirut in 2002. It also affirmed non-recognition of any decision or action aiming to change the legal and demographic



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status of the Golan. The Conference specifically rejected and condemned the American President's decision to annex the Golan into Israeli territory, dismissing it as null and void and of no legal effect."

Tellingly, the US State Department spokesperson Morgan Ortagus confirmed Thursday that the State Department has changed its maps to show the disputed Golan Heights as Israeli territory. Ortugas statement came after Israel's Prime Minister Benjamin Netanyahu said he had received one of the updated versions.

"I know we have for sure we updated the maps," Ortagus said when asked whether the State Department had taken such steps after President Donald Trump in March officially recognised the Golan Heights as part of Israel.

**Fifty years on**

The Islamic summit convenes every three years to make decisions about how to confront and contain conflicts and crises in Muslim-majority countries. This year it coincides with two emergency summits – The Arab League and Gulf Cooperation Council summits- called for by Saudi King Salman Ben Abdulaziz amid heightened tensions with Iran.

On September 25, 1969, representatives from 24 Muslim-majority countries held a summit in Rabat, Morocco, in response to the burning of al-Aqsa Mosque in Jerusalem. Fifty years later, the summit still regularly convenes, with the latest set to take place in Mecca on May 31, 2019.

The historic Rabat meeting resulted in a decision to establish the Organization of Islamic Cooperation (OIC), which was designated to handle the Islamic Summit, turning it into a permanent and fundamental executive body.

At the 13th Summit, held in Istanbul in 2016, a statement was issued stressing the need for "cooperative relations" between Iran and Islamic countries, including "abstaining from the use or threat of force."

The OIC is the second largest intergovernmental institution, just after the UN, with 57 member states from four continents. It is the voice of 1.5 billion Muslims around the world.

OIC members represent 22 per cent of the world population, have 2 per cent of the world's GDP, 1.3 per cent of the world trade and only 1.5 per cent of the investments. Twenty five per cent of OIC population does not have access to medical facilities or safe drinking water.

Half of the population lives below the poverty line classified as the most poor. No Muslim country is in the top list of the Human Development Index or in any other global economic indicators.
This depressing picture of the Islamic countries is not limited to the economic and social spheres, in the realm of education and technology the facts are equally disappointing.

The OIC member countries possess 70 per cent of the world's energy resources and 40 per cent



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of available raw material but their GDP is only 5 per cent of the world GDP. Muslim countries miserably lag behind in education and technology.

They produce only 500 PhDs each year as compared to 3,000 in India and 5,000 in the United Kingdom. None of their educational or research institutions or centres of excellence find place in the top 100 in the world.

The OIC today has 57 Muslim member-states and has held 14 summits in response to the challenges confronting the Muslim world. Since its establishment, the Islamic world has suffered several major catastrophes which have reduced it to almost a non-factor in international politics.

The breakup of Pakistan through armed intervention by India in 1971, the invasion of Lebanon by Israel in 1982, the Iran-Iraq war (1980-88), the US invasion of Iraq 2003, recent US attempts for regimes change in Iran and Syria have dealt a mortal blow to the unity, dignity and sovereignty of the Muslim world.

The OIC has failed to respond meaningfully to any of these crises or demonstrate any unity of thought and action apart from issuing high-sounding declarations at the end of each summit. Nothing was done to contain the crises or avert the tragedies. The OIC remained merely a silent spectator.

**Limited influence**

While the OIC has been known for its cultural and social projects, its political influence has been relatively limited.

“Typically, in the past, the OIC has been effective in promoting cultural and educational projects across the Muslim world,” Sami Hamdi, a Middle East expert, told Al Jazeera. “However, its political capabilities remain severely limited.”

According to Mamoon Alabbasi, a political analyst focusing on the Middle East and North Africa region, while the OIC has relative political weight, its rhetoric does not always translate into action on the ground.

“With 57 member states… the OIC carries a [relatively] heavy political weight… [and] impact. But how much change that makes on the ground is not always clear,” said Alabbasi.

Adding to its political limitations is its inability to unify its stance on issues, say experts.

“Like other international organizations, such as the UN General Assembly, the OIC is supposed to have a unified voice but it does not because policies of the individual countries greatly differ,” said Alabbasi.
“Most importantly, the OIC doesn’t have a unified voice because most of its member countries are not democracies. So, while their populations may be in agreement [over an issue] they do not always represent the views of their populations.”



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Hamdi agrees: "The OIC has a broad spectrum of different cultures. This means that on the political front, even if there is a united stance, it means very little, practically."

**Final Analysis**

The Palestinian cause and support for Somalia, Djibouti, poor Islamic countries, and oppressed minorities have been permanent points in the Islamic Summit's resolutions during its 50 years history. The 14th Islamic summit issued three documents: A joint communiqué of 18 pages with 102 paragraph, a special resolution on the Cause of Palestine and Al-Quds and a three page Mecca Declaration.

Among other issues, the Mecca Declaration stressed "the importance of standing by those Muslims in non-Islamic countries who suffer persecution, injustice, coercion and aggression; extending full support to them and adopting their causes in international forums to ensure the realization of their political and social rights in their countries and develop programs and mechanisms that would guarantee their integration in their societies without any discrimination."

**Rohingya Muslims of Myanmar**

The Conference condemned the inhumane situation in which the Rohingya Muslim community lives and called for urgent action to end acts of violence and all brutal practices targeting this minority and give it all its rights without any discrimination or racial profiling. It emphasized that the Government of Myanmar is fully responsible for the protection of its citizens and underscored the need to stop the use of military power in Rakhine State immediately.

The Conference urged the Government of Myanmar to take practical, time bound and concrete steps to restore the citizenship of Rohingya IDPs and forcibly displaced Rohingya Muslim Minority Community who were deprived of their nationality, with all associated rights, especially the right to full citizenship, and to allow and facilitate the return in safely, security and dignity of all Rohingyas internally and externally displaced, including those forced into taking shelter in Bangladesh.

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The Conference insisted on the importance of conducting international, independent and transparent investigations into the human rights violations in Myanmar, including sexual violence and aggression against children, and to hold accountable all those responsible for these brutal acts in order to make justice to the victims. The Conference affirmed its support for the ad hoc ministerial committee on human rights violations against the Rohingyas in Myanmar, using all international legal instruments to hold accountable the perpetrators of crimes against the Rohingya. In this connection, the Conference urged upon the ad hoc Ministerial Committee led by the Gambia to take immediate measures to launch the case at the International Court of Justice on behalf of the OIC. It further called for ensuring free and unrestricted access to humanitarian assistance by affected persons and communities.

**Sri Lanka**

The Conference expressed deep concern and strong condemnation of the recent acts of violence against Muslims in Sri Lanka and urged the Government of this country to hold accountable to perpetrators of these acts, bring them to justice and counter firmly the spread of rhetoric of hatred and intolerance, while ensuring the security and safety of the Muslim community in Sri Lanka.

**Jammu and Kashmir**

The Conference reaffirmed its principled support for the people of Jammu and Kashmir for the realization of their legitimate right to self-determination, in accordance with relevant UN resolutions. It condemned the recent outbreaks of violence in the region and invited India to implement the relevant Security Council resolutions to settle its protracted conflict with its neighbor. It further welcomed the recommendations included in the UN report on Kashmir issued in June 2018; called for the expedited establishment of a UN commission of inquiry to investigate into the grave human rights violations in Kashmir, and called on India to allow this proposed commission and international human rights organizations to access Indian-administered Kashmir.

**Islamophobia is a form of racism**

The Conference noted with concern that Islamophobia, as a form of racism and religious discrimination today, has spread across the world, as evidenced by the increase in religious intolerance, negative stereotyping, hatred and violence against Muslims. In this connection, the Conference encouraged the United Nations and other regional and international organizations to declare 15 March an international day to combat Islamophobia.

It condemned roundly the horribly appalling terrorist attack, perpetrated out of hatred for Islam, against innocent worshipers at Al-Noor and Linwood mosques in the New Zealand city of Christchurch on 15 March 2019. In the meantime, it expressed appreciation to the Government of New Zealand for its unequivocal condemnation of the terrorist attacks, hailing the firm and clear position of the Prime Minister of New Zealand, who displayed compassion toward and sympathy with the Muslim community in their bereavement. The Conference equally paid tribute



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to the wider New Zealand society for showing such a deep empathy with the families of the victims and the Muslim community.

The Conference urged all countries with Muslim minorities, communities and migrants to refrain from all policies, statements and practices associating Islam with terrorism, extremism or dangers posing a threat to society.

The Conference called upon all Member States, in coordination with the General Secretariat, to adopt a comprehensive OIC Strategy on Combating Islamophobia, in order to establish a legally binding international instrument to prevent the growing trend of intolerance, discrimination and hatred on the grounds of religion and faith.

The Conference welcomed the establishment of the OIC Contact Group on Peace and Dialogue and called on the Contact Group to develop a Plan of Action on Combating Islamophobia in preparation to the Contact Group meeting at the ministerial level at the sidelines of the UN General Assembly in September 2019.

Ainuddin Kibzai Mega Lecture