

INDIA, PAKISTAN AND CHINA: AN ASSESSMENT OF CONNECTIVITY THROUGH CHINA PAKISTAN ECONOMIC CORRIDOR (CPEC)

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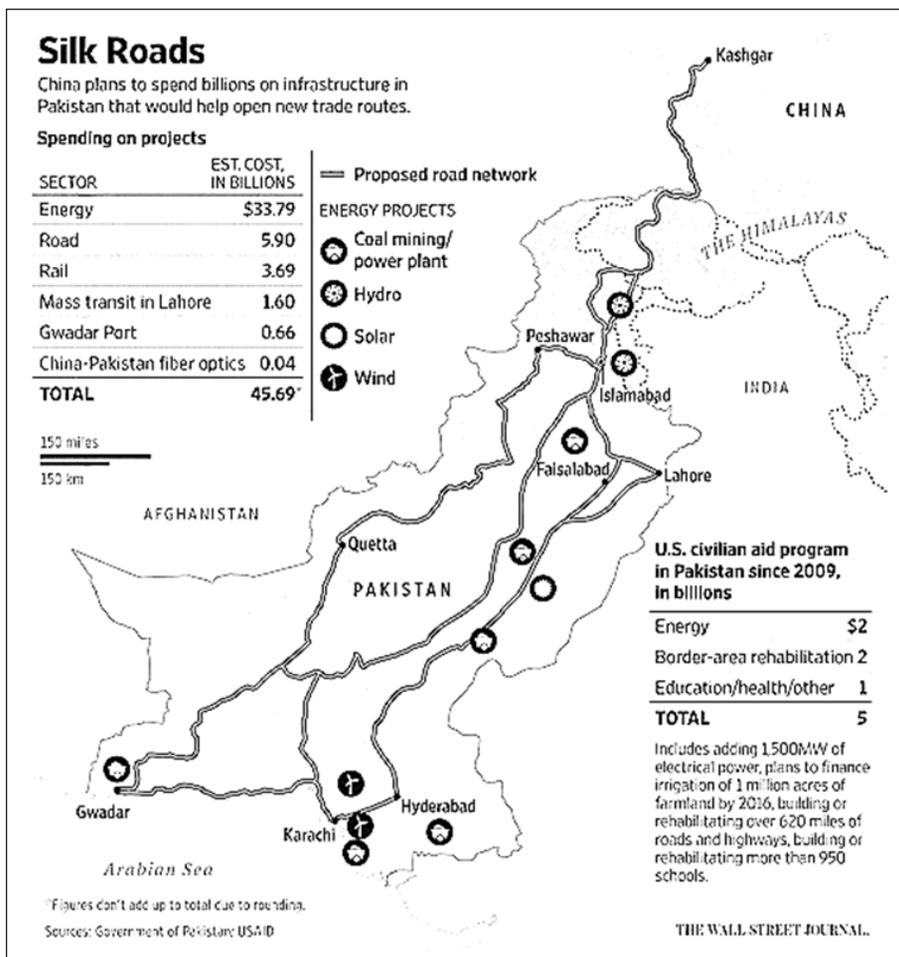
China Pakistan Economic Corridor (CPEC), a flagship project of OBOR or BRI, has brought China and Pakistan economically and strategically close. As significant part of the corridor develops through the disputed region of Pakistan Occupied Kashmir (PoK), it has been difficult for India to accept the project as it infringes on its sovereignty. The nature of investment, the controversies associated with the location of the corridor in Pakistan, the opacity of the investments, the conflict in Baluchistan, and the manner in which Pakistani civilian and military administration has become embroiled in the multi-billion-dollar project, has made CPEC more of a challenge to the region, than a corridor of opportunity. The paper will try to assess the nature of the project and the various challenges that it entails. Building upon these notions, the article in the end would attempt to make future predictions for the region.

Keywords : Baluchistan, Economic Corridor, Pakistan Occupied Kashmir, Chinese OBOR, Infrastructure, Gilgit Baltistan

INTRODUCTION

The recent spate of new connectivity projects has turned the term 'connectivity' into a buzz word for nations in South, Southeast and Central Asia. These regions have been witnessing fast changing geostrategic and political equations. In such a context economic growth and development through these projects is seen as a political panacea. It has been rightly pointed out that 'connectivity is the key building block of convergence and cohesion in any regional integration initiative. Development of connectivity,

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especially of transportation linkages, energy pipelines, and information and communication technology (ICT) across any region, contributes to regional integration by reducing transaction costs and facilitating intra-regional trade and investment. Cooperation on connectivity may lead to a reduction in trade costs and result in welfare gains well in excess of the gains from mere tariff liberalization². Though the subject of connectivity is multifaceted and hence includes roads, bridges, ports and electrical grids as well as integrating it with commercial institutions, customs codes, trade facilitation, regulatory regimes, training and capacity building. Building of regional digital network and paperless business facilitation is the next level of connectivity. Following the experience of regional economic integration through a

² Prabir De, "India's Emerging Connectivity with Southeast Asia: Progress and Prospects", Asian Development Bank Institute, No. 507 December 2014, p. 3, <https://www.adb.org/sites/default/files/publication/156362/adbi-wp507.pdf> (accessed on April 27, 2017)

network of transnational economic corridors in the Greater Mekong Sub-region (GMS), similar initiatives are now being promoted in different parts of Asia to accelerate economic growth by linking backward regions with more developed industrial centers and to improve access to markets through the integration of trans-border production networks.³ However, the paper will try to identify, the nature of the project, the various challenges that it evolves, and will answer why India has abstained to be a part of OBOR/BRI, CPEC being its flagship project, the manner in which India is searching for alternative routes of connectivity within the region, and CPEC's future implications.

PAKISTAN, CHINA AND CHINA PAKISTAN ECONOMIC CORRIDOR (CPEC)⁴

The idea of developing a China Pakistan Economic Corridor (CPEC), which was visualised by Chinese Premier Li Keqiang during his visit to Pakistan on May 2013, found a proper shape in a visit by Chinese President Xi Jinping to Pakistan in 2015.⁵ The proposed economic corridor will connect the north-western Chinese province of Xinjiang with the Pakistani port of Gwadar through a network of roads measuring around 3000 kms (1,800 miles), providing Pakistan with its much needed economic infrastructure, most importantly in development of power-generation plants.⁶ The proposed economic corridor will shorten the route for China's energy imports from the Middle East by about 12,000 kms and will also link China's underdeveloped far-western region to Pakistan's Gwadar deep-sea port on the Arabian Sea via PoK through a massive and complex network of roads, railways, business zones, energy schemes and pipelines.⁷ By investing heavily on the CPEC, China has made an attempt to fulfil multiple interests of its own. For them, CPEC doesn't only provide opportunities of being involved in

³ Alok Ranjan, "The China-Pakistan Economic Corridor: India's Options", Institute of Chinese Studies, ICS Occasional Paper # 10, May 2015, <http://www.icsin.org/uploads/2015/06/05/31e217cf46cab5bd9f15930569843895.pdf> (accessed on April 27, 2017)

⁴ The map of CPEC: Josh Chin, Liyan Qi, Saeed Shah and Qasim Nauman, "China Makes Multibillion-Dollar Down-Payment on Silk Road Plans", *The Wall Street Journal*, April 21, 2015, (Web Blog), <https://blogs.wsj.com/chinarealtime/2015/04/21/china-makes-multibillion-dollar-down-payment-on-silk-road-plans/> (accessed on May 10, 2017)

⁵ "Chinese Premier Hopes for More Fruits in Friendship with Pakistan" (2013), Xinhuanet, May 24, http://news.xinhuanet.com/english/china/2013-05/24/c_124755924.htm (accessed on April 28, 2017)

⁶ Saeed Shah, "China s Xi Jinping Launches Investment Deal in Pakistan", *The Wall Street Journal*, April 20, 2015, <http://www.wsj.com/articles/chinas-xi-jinping-set-to-launch-investment-deal-in-pakistan-1429533767> (accessed on April 28, 2017)

⁷ "China and Pakistan Just did Something that will Anger India", RediffNews, April 20, 2015, <http://www.rediff.com/news/report/china-and-pakistan-just-did-something-will-anger-india/20150420.htm> (accessed on April 28, 2017)

building energy and infrastructural projects of around \$45.6 billion (which has presently surpassed \$50bn as projected by investors), where Chinese companies will be able to operate the projects as profit-making entities, but it also provide them the strategic opportunity to control Pakistan's economic and political environment.⁸ CPEC has turned China into the major economic player in the country in all major and minor projects in the rural and urban spaces in Pakistan.

China has continuously harped about its own 'core interests' caring less when it encroaches upon its neighbours core areas and interests, whilst expecting them to bow down in pressure. Amidst the "China first" policy, smaller nations have sometimes put their foot down to such pressure, while some have succumbed to it, expecting China to facilitate such nations to be pulled out of their respective economic depravities. The recent Chinese strategic economic moves and investments in Sri Lanka, have made it clear about their real covert intentions, which strengthens the principles of neo-colonialism and neo-imperialism, aka Chinese model. It has been stated by many that ambiguity has long been a key asset of Chinese diplomacy, from grand strategy to even territorial claims. And they keep pursuing such policy on the issue of One Belt One Road (OBOR) as well as with regard to China Pakistan Economic Corridor (CPEC). In the OBOR forum in May 2017, the project has been rechristened as Belt and Road Initiative (BRI) to connote a more open and flexible initiative (that is, there can be many roads and belts), although rather the name in Mandarin remains *Yi Dai Yi Lu* (or, One Belt, One Road).⁹ They understand that without the inclusion of India, CPEC as well as OBOR will have major hurdles. India will grow as a major market that China cannot ignore, and the various partners in the OBOR project would want India in the project, that is pushing Chinese envoys working hard to convince the Indian political leadership about the OBOR project. Chinese ambassador to India, Luo Zhaohui in a speech to the United Service Institution (USI) on May 5th 2017, went to the extent of proposing new names to CPEC, (on the line of China-Pakistan-India Corridor or South Asian Economic corridor, which was retracted within a day by the Chinese foreign office), going to the extent of shifting the proposed corridor through Jammu and Kashmir instead of PoK, if that made the corridor more acceptable to India. Luo said China is sincere in its intention to cooperate with India on the OBOR as it is "good for both of

⁸ Dhruvajyoti Bhattacharjee, "China Pakistan Economic Corridor (CPEC)", Indian Council of World Affairs, Issue Brief, May 12, 2015, <http://icwa.in/pdfs/IB/2014/CPECIB12052015.pdf> (accessed on April 28, 2017)

⁹ Ananth Krishnan, "Why India is keeping China guessing over One Belt, One Road", *Daily O*, April 26, 2017, <http://www.dailyo.in/politics/china-pakistan-corridor-cpec-india-pok-one-belt-one-road/story/1/16856.html> (accessed on April 28, 2017)

us". The envoy also proposed a four-point initiative to improve ties between India and China which includes aligning its OBOR project with India's 'Act East Policy', and restarting negotiations on a free trade pact. He stated "Firstly, start negotiation on a China-India Treaty of Good Neighborliness and Friendly Cooperation. Secondly, restart negotiation of China-India Free Trade Agreement. Thirdly, strive for an early harvest on the border issue. Fourthly, actively explore the feasibility of aligning China's 'One Belt One Road Initiative' (OBOR) and India's 'Act East Policy'."¹⁰ He went to the extent of stating to please the Indian leadership that he was involved in lots of mediation during the Mumbai terrorist attacks in November 2008, being posted as the Chinese ambassador to Pakistan.¹¹ Pakistan media reported that the re-naming of the CPEC – or even portions of it – would raise eyebrows in Pakistan, where the then Prime Minister Nawaz Sharif has promoted the \$51 billion project as the key economic "game-changer" during his term in office. The Pakistani military establishment, which is a key stakeholder in the corridor, also sees enormous strategic value from the corridor and may balk at any symbolic Chinese gesture towards Indian concerns (which remained one of the reasons for the removal of the envoy's remarks from Chinese official websites).¹²

Indian Reservations to OBOR: India has not responded positively to be a part of OBOR or BRI as the strategic intentions of China, the financial obligations of nations in the project, the future geo-strategic implications, after the project is completed has not been clarified at any level by the Chinese leadership, which remain vexing for India. It undermines the Chinese plan of making CPEC its flagship project of OBOR or BRI, building it through Pakistan occupied Kashmir (PoK), without informing India, which has undisputed sovereignty over the territory. This undermines India's core interests in the region. Such projects in India's sovereign territory have brought forth large presence of Chinese security personnel, undermining India's geo-strategic position. To have a better analysis, hypothetically, it's like Tibet allowing United States and Vietnam to build infra-structure and connectivity projects on the Sino-Tibetan border areas, which would have certainly disturbed the leadership in Beijing, leading protests against such ventures. By CPEC, as former National Security Adviser Shiv Shankar

¹⁰ "China offers to rename China-Pakistan Economic Corridor", *The Economic Times*, May 8, 2017, <http://economictimes.indiatimes.com/news/politics-and-nation/china-offers-to-rename-china-pakistan-economic-corridor/articleshow/58579096.cms> (accessed on May 10, 2017)

¹¹ "Can rename CPEC, we are not biased towards Pakistan: Chinese envoy to India", *DNA India*, May 8, 2017, <http://www.dnaindia.com/india/report-can-rename-cpec-we-are-not-biased-towards-pakistan-chinese-envoy-to-india-2431614> (accessed on May 10, 2017)

¹² Dawood Rehman, "Pakistan seeks clarification over 'China's offer for India to re-name CPEC'", *Daily Pakistan*, May 8, 2017, <https://en.dailypakistan.com.pk/headline/pakistan-seeks-clarification-over-chinas-offer-for-india-to-re-name-cpec/> (accessed on May 10, 2017)

Menon has rightly pointed out, China “seems to solidify and legitimise” Pakistan’s illegal occupation through such long term investments.¹³ For some analysts, the recent effort made by the Chinese envoy, might seem a desperate attempt to woo Indian policy makers to participate in the OBOR project.

Role of Chinese Aid: It needs to be noted that various analysts have tried to assess the manner in which Chinese aid and overseas projects function, as such figures are not transparent as per the data provided by the Chinese. As per the White Paper that was issued by China in 2011, it was mentioned that China would help recipient countries strengthen their self-development capacity, enrich and improve their people’s livelihoods, and promote their economic growth and social progress. The purpose of the 2011 White Paper was to set out China’s foreign aid policy, and to provide information about China’s foreign aid mechanisms. As an extension of the 2011 White Paper, the White Paper II provides an overview of China’s foreign aid between 2010 and 2012, and elaborates China’s achievements in this regard during the three-year period. The data and statistics provided cover only aid figures from the Ministry of Commerce (MOFCOM) and concessional loans from the Exim Bank, and exclude official aid flows from other ministries (which also does not include contributions to international development agencies, such as the World Bank by the Ministry of Finance and the Ministry of Education).¹⁴ The aim of these grants, which at times are locked grants, is basically meant to build positive constituency about China’s rise and also provide employment opportunities to Chinese labour. It is a well-known fact, that in projects carried out by Chinese investments, one seldom finds the employment of local labor or usage of local resources which might strengthen secondary and tertiary industries of the destination country.

Pakistan and China: Pakistan remains in a mirage whereas the leadership remains delusional about the Chinese investments. The total investment for CPEC that stood at US \$46 billion in 2015 has surpassed US \$55 billion mark, without Pakistani economy feeling any impact of such investments even after the passage of two years. Rather it seems, that most of Pakistan’s primary sector industries including Pakistan Steel Mills and Pakistan Railways are

¹³ Ananth Krishnan, “Why India is keeping China guessing over One Belt, One Road”, Daily O, April 26, 2017, <http://www.dailyo.in/politics/china-pakistan-corridor-cpec-india-pok-one-belt-one-road/story/1/16856.html> (accessed on April 28, 2017)

¹⁴ Naohiro Kitano and Yukinori Harada, “Estimating China’s Foreign Aid 2001 – 2013”, Comparative Study on Development Cooperation Strategies: Focusing on G20 Emerging Economies, No. 78 (2014), JICA Research Institute, Tokyo, p. 3; “China’s Second White Paper on Foreign Aid”, Issue Brief, United Nations Development Programme, South South Cooperation China, No. 5 (2014), August, <http://www.cn.undp.org/content/dam/china/docs/Publications/UNDP-CH-ISSUE%20BRIEF.pdf> (accessed on April 28, 2017)

being handed over to Chinese business houses in a platter. Shanghai Electric's imminent takeover of Karachi's electricity utility, the rising Chinese stakes in the Pakistan Stock Exchange and Karachi Stock Exchange, China's role in the development of the Gwadar Port as well as in the creation of the Special Economic Zone (SEZ) in Gwadar, its role in extracting natural resources in the Gilgit-Baltistan region (which created significant furor and discontent amongst the local populace), Lahore's Orange Line Metro, which is a matter lying in the Pakistani courts, the various energy projects in Pakistan Water and Power Development Authority (WAPDA) which is being developed by Chinese business houses, expecting that China would successfully bolster those stagnant or dying industries, ushering Pakistan economy into a new stage. China is also going to fund the \$8 billion Karachi-Peshawar Railway Line (ML-1) single-handedly, for which Pakistan has refused part financing from the Asian Development Bank (ADB). When asked, Minister for Planning and Development Ahsan Iqbal declined to comment on the monopoly China will have on the project.¹⁵

It needs to be asked to Pakistani economists, how they propose to repay back such massive investments being made by private investors from China. As per recent reports, state-backed Chinese banks have twice visited to Pakistan's rescue of Pakistan with US \$ 900m in 2016 and US \$300m in 2017's first quarter. As per the State Bank of Pakistan (SBP), Pakistan's net reserves at the end of February were down to US \$17.1bn from US \$18.9bn at the end of October, and a peak of US \$25bn several years ago. This compelled Pakistan to seek emergency debt from external sources to repay older foreign currency loans. Of the US \$1.2bn loan from China, US \$600m came from the government-run China Development Bank and US \$600m from the state-owned Industrial and Commercial Bank of China, the only mainland bank with a branch in Pakistan. Pakistan's stocks of foreign currency remained saw volatile activity due to rising imports and a parallel fall in exports and remittances in the recent months.¹⁶ In a seminar hosted in Karachi on May 5th 2017, Pakistani analysts stated that CPEC could make Pakistan politically and economically subservient to China. The result of CPEC would be Pakistan turning into a country like Greece and taking unprecedented loans in the name of CPEC. China's over-capacity in cement, glass, steel and manpower is being poured in OBOR including Pakistan. CPEC has become the convenient way for China to deploy its

¹⁵ Khaleeq Kiani, "Pakistan refuses ADB loan for railway as China becomes sole financier", *Dawn*, April 28, 2017, <https://www.dawn.com/news/1329651/pakistan-refuses-adb-loan-for-railway-as-china-becomes-sole-financier> (accessed on April 28, 2017)

¹⁶ "China provided \$1.2bn in loans to bail out Pakistan: report", *Geo TV*, April 26, 2017, <https://www.geo.tv/latest/139497-China-provided-12bn-in-loans-to-bail-out-Pakistan-report> (accessed on May 2, 2017)

excess manpower abroad. Is this called an all-weather friendship or is it a means to mortgage tomorrow's future of Pakistan? Mushtaq A. Kaw stated that 'the project faces several inextricable challenges and threats ahead of its completion in 2030... Pakistan is currently unable to repay the Chinese loan due to its steeply soaring trade deficit (US\$ 28 billion by June 2017) and national and international debts (US\$ 73 billion respectively in 2015). China will benefit more from the project than Pakistan, because China is lending Pakistan for construction but the works will be executed by its own companies and work force. Most of the lending is on commercial terms, including overhead charges on debt-service and loan-reinsurance. Even the lending involves charges of a debt-to-equity ratio of around 80:20, or in some cases 75:25. And in most cases, return on equity is guaranteed at either 17 or 20 percent... Transit and taxes from CPEC alone will not suffice to both reinvigorate Pakistan's economy and repay the CPEC-borne foreign debt'.¹⁷

Pakistan keeps on experiencing massive power blackouts, the government has failed to provide any answers to the questions posed by members of the National Assembly regarding transparency of the projects being carried out in the CPEC, have mounting foreign lending and withering national economy. There have been protests by provincial leaders of them not being part of the decision making process, the dilemma of powerful provinces undermining the weaker provinces of the share of profits, if any, which will be generated through the project. In the projects that have been carried out by China before, in Gilgit Baltistan, there have been major issues within the region.

Gilgit and Baltistan: In Gilgit and Baltistan, China is already involved in building three mega dams. They have developed mining projects for gems, uranium, gold, copper and heavy metals in the region. Many accuse the China Roads and Bridges Corporation, a Chinese firm currently blacklisted in Turkey and Malaysia, of using devastating environmental practices in its expansion of the Karakoram highway in Gilgit-Baltistan.¹⁸ Local newspaper, *Daily Baadeshimal* stated that the Chinese firms violate local laws and have failed to contribute to regional development.¹⁹ However, Huang Xilian, Deputy Director General of the Asian Affairs of the Foreign Ministry of

¹⁷ Mushtaq A. Kaw, "The China-Pakistan Economic Corridor Between Hope and Fear", *The Central Asia-Caucasus Analyst*, April 26, 2017, <https://www.cacianalyst.org/publications/analytical-articles/item/13440-the-china-pakistan-economic-corridor-between-hope-and-fear.html> (accessed on May 9, 2017)

¹⁸ Senge Sering, "China at a Crossroads in Gilgit-Baltistan", Institute for Gilgit Baltistan Studies, Sharnoff's Global Views, September 15, 2014, <http://www.sharnoffsglobalviews.com/china-crossroads-baltistan-391/> (accessed on May 9, 2017)

China, stated that these “projects are not political projects. They are all for the livelihood of people. There is no commercial action by China in that part of the region,” which seems to overlook the plight of the common people of G-B.²⁰ International analyst, Selig Harrison stated that Pakistan has de facto handed over G-B to China. “Many of the PLA soldiers entering Gilgit-Baltistan are expected to work on the railroad. Some are extending the Karakoram highway, built to link China’s Sinkiang Province with Pakistan. Others are working on dams, expressways and other projects.” He further said that “mystery surrounds the construction of 22 tunnels in secret locations where Pakistanis are barred. Tunnels would be necessary for a projected gas pipeline from Iran to China that would cross the Himalayas through Gilgit. But they could also be used as missile storage sites... Until recently, the PLA construction crews lived in temporary encampments and went home after completing their assignments. Now they are building big residential enclaves, clearly designed for a long-term presence.”²¹ The presence of the People’s Liberation Army during the making of the highway had created serious reservations not only in the Pakistani neighbourhood, but even the people of G-B had doubts of getting annexed by the Chinese. The purpose of the highway was clear to most foreign analysts as in 2010 only, it was stated that “China deployed an infantry battalion of the People’s Liberation Army (PLA) at the 15,397-foot Khunjerab Pass on the Karakoram highway... for the security of its workers engaged in building a railroad. This railroad will eventually connect Xinjiang to the port of Gwadar in Balochistan, Pakistan,”²² which remains the China Pakistan Economic Corridor of today.

Here it can be noted that there have been apprehensions as well about the rate of success and quality maintenance that Chinese investments have brought about. As per two researchers affiliated with a Chinese state agency, the delivery rate of completed capital projects, which was 74-79 per cent in the late 1990s, has now fallen below 60 per cent. This implies that nearly 40 per cent of Chinese investment projects are either not finished on time or

¹⁹ Senge Sering, “China at a Crossroads in Gilgit-Baltistan”, Institute for Gilgit Baltistan Studies, Sharnoff’s Global Views, September 15, 2014, <http://www.sharnoffsglobalviews.com/china-crossroads-baltistan-391/> (accessed on May 9, 2017)

²⁰ “China Rejects India’s Proposal on LAC Clarity”, *The Pioneer*, June 5, 2015, <http://www.dailypioneer.com/todays-newspaper/china-rejects-indias-proposal-on-lac-clarity.html> (accessed on May 9, 2017)

²¹ Selig S Harrison, “China’s Discreet Hold on Pakistan’s Northern Borderlands”, *The New York Times*, August 26, 2010, http://www.nytimes.com/2010/08/27/opinion/27iht-edharrison.html?_r=0. (accessed on May 9, 2017)

²² “Re: NYT Story about Chinese Troops in Pakistan’s Northern Gilgit-Baltistan Region”, *The Global Intelligence Files*, WikiLeaks, November 2013, https://wikileaks.org/gifiles/docs/12/1221974_re-nyt-story-about-chinesetroops-in-pakistan-snorthern.html. (accessed on May 9, 2017)

not completed at all.²³ The even more alarming figure, which made headlines around the world, is that ineffective investment has cost China US\$ 10.8 trillion since 1997. Sixty-two per cent of the wasteful investment—US\$ 6.8 trillion—was made after 2009, when China went on an investment binge to stimulate its economy. The Chinese government and state owned enterprises invest US\$ 2.3 trillion a year in infrastructure and factories (43 per cent of the country's total investment). Since government-funded investments are driven by political decisions, these investments are more likely to fall victim to waste and corruption.²⁴ Edwin Lee, a lawyer and overseas investment consultant, while speaking to China Dialogue, mentioned, “The main aspect of Chinese overseas investment today that makes host nations nervous is too strong a focus on obtaining resources. The issues reported in the media – pollution, poor community relations, a failure to use local labour – are all results of Chinese companies taking an unsuitable approach.”²⁵

As per a discussion by a senior analyst and diplomat, the manner in which Chinese foreign investments are put to use, it seriously contradicts the basic theme of the White Papers issued by China in 2011 and 2014. Especially, in the massive investments made by China in its neighbouring nations including Africa in the last three to four decades, bilateral investment deals have been usually opaque in nature. In the various infrastructural development projects, local indigenous markets have been fully overlooked, stressing entirely on Chinese services and logistics, where even the labour is brought in from Chinese mainland, salaries paid to their families directly, sustenance of the labourers being provided directly by China, bringing all material and manufacturing material from the mainland, which would be paid from the investment package. In that way, though it seems that a huge investment is made, not a single yuan leaves China during the entire developmental process.²⁶

IS INDIA AGAINST CONNECTIVITY?

²³ Minxin Pei, “Why China Keeps Throwing Trillions in Investments Down the Drain”, *Fortune*, December 1, 2014, <http://fortune.com/2014/12/01/china-investment-losses-infrastructure/> (accessed on May 9, 2017)

²⁴ Minxin Pei, “Why China Keeps Throwing Trillions in Investments Down the Drain”, *Fortune*, December 1, 2014, <http://fortune.com/2014/12/01/china-investment-losses-infrastructure/> (accessed on May 9, 2017)

²⁵ Zhang Chun (2014), “Why doesn't Anyone like Chinese Companies Overseas?”, *China Dialogue*, September 12, <https://www.chinadialogue.net/article/show/single/en/7299-Why-does-no-one-like-Chinese-companies-overseas-> (accessed on May 9, 2017)

²⁶ Dhrubajyoti Bhattacharjee, “China Pakistan Economic Corridor (CPEC)”, *Indian Council of World Affairs*, Issue Brief, May 12, 2015, <http://icwa.in/pdfs/IB/2014/CPECIB12052015.pdf> (accessed on May 9, 2017)

It needs to be clearly stated that the Indian initiative of connectivity does not involve undermining the national interest or 'core interest' of any nation and remains sensitive to nations strategic interests. The government has taken all the partners in confidence while carrying out projects, laying out the proposed objectives, its future plans as well as the manner in which nations will be participating in the project for its feasibility and long term growth. It does not propose to use connectivity and infra-structure to strengthen its geo-strategic positioning, or undermining the sovereignty of any nation in the neighbourhood.

Connectivity and infrastructure building has been the thrust of Indian foreign policy makers for the last three decades and the present government has focused on bringing regions closer through multilateral, regional as well as sub-regional forums. The government has directed the NITI Aayog to maintain international standards in the application of technology for infrastructure creation. India is ramping up infrastructure with an investment of \$1.15 trillion to push growth to 8% in coming years, as outlined by the Niti Aayog in its long term vision. Prime Minister Modi called for a "consolidated" approach to the existing road projects and completion within strict timelines. The government is swiftly working on Eastern Peripheral Expressway, Char Dham Project, Quazigund-Banihal Tunnel, Chenab Railway Bridge and the Jiribam-Imphal project, which would significantly improve connectivity within the country. In the ports sector under the Sagarmala project, 415 projects have been identified with investment of Rs 8 lakh crore, and projects worth Rs 1.37 lakh crore have been taken up for implementation.

India is working closely to strengthen the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), having connectivity and integration as one of the basic fulcrum for the forum. India is also involved in a number of connectivity initiatives in the North East, especially involving Myanmar, Bangladesh, and Thailand. India has also announced a \$5 billion investment in regional connectivity projects in South Asia, to help facilitate trade and deal with infrastructure deficits that hinder integration. These include establishing integrated customs ports with Bangladesh, Nepal, Bhutan. The recent initiative taken by Indian Railway Minister Suresh Prabhu to run a trans-continental container train full of goods from Dhaka to Istanbul, which would cover a 6,000-km journey across five countries – Bangladesh, India, Pakistan, Iran and Turkey, would open up significant gateways which could reap more profits and connectivity for nations than any other connectivity projects present in the region, also demonstrating to the world that there can be a real, commercial trans-Asian container corridor of this magnitude in the rail sector. The plan

is to later connecting Yangon to the proposed train route, after Yangon is connected to Dhaka after the missing Tamu-Kalay link in Myanmar is completed.

It has played an integral role in supporting the Ganga Mekong Cooperation, realised the Bangladesh Bhutan India Nepal (BBIN) Motor Vehicles Agreement, realizing the Golden Quadrilateral bringing the nation closer together. The government has also sought the Pan-Asia Nalanda project which would bring the traditional seat of learning alive, bringing nations in South and South East Asia, East Asia, Central Asia as well as in the extended neighbourhood, having Buddhist roots and studies reconnect with their rich history. So it cannot be stated that the Indian government has undermined the role of connectivity or remain apprehensive of opening to new avenues.

Assessment

Pakistan places high economic hopes in CPEC. To what extent the project can really be carried out remains unclear. There has always been a gap between official announcements and the funds actually spent on Chinese projects in Pakistan²⁷ and there remain serious loopholes in the vision that Pakistani leadership portrays to the people and the gross economic reality of Pakistan. According to Sanjay Pulipaka, there is a paucity of data regarding CPEC and its ability to affect Pakistani businesses, and how smaller industries within the country would be able to cope with the challenges posed by the project. Were the project to materialize on the ground and affect both sides, it would be easier to gauge the impact of it.²⁸ Especially in light of the accusations of endemic corruption in the Sharif administration, enhances the perception that the civilian government is not capable of governing effectively. This further strengthens the military's 'doctrine of necessity' to intervene in politics, not only regarding internal and external security related affairs but also regarding the country's social and economic progress in general and the implementation of the CPEC in particular. So, in order to carry out the essential tasks related to the economic corridor project, the military resorts to their traditional 'help-yourself' attitude. It then created 'reserved domains' in public policy, like its own business activities²⁹ (MILBUS, see Siddiq 2009) or a foreign policy independent and separate from the rest of the government.³⁰ A lot will depend on how the

²⁷ Christian Wagner, "The Effects of the China-Pakistan Economic Corridor on India-Pakistan Relations", German Institute for International and Security Affairs, SWP Comments 25, April 2016, p. 4

²⁸ Sanjay Pulipaka, Senior Consultant, East Asia Program, Indian Council for Research on International Economic Relations (ICRIER) as stated in a discussion in New Delhi, 2016.

security situation, especially on the terrorism front, unfolds in the months and years ahead and how Pakistan continues to use the Chinese shield to protect its strategic terrorism policy. CPEC can turn into a boon for the region, only if it addresses the needs of the region, along with Pakistan, by taking into consideration the various sensitivities it entails. The manner in which it has been laid out shows gross negligence of international and bilateral laws and agreements. China wants the participation of India in the OBOR/BRI, as without its participation, the success of the project seems unlikely. However, with the present mindset of the Chinese leadership, and the manner in which it is challenging the core interests of India, it seems very unlikely to have India as a partner in such a project, even if it envisages of bringing Asia and Europe together.

²⁹ Ayesha Siddiqa, (2009). *Military Inc. Inside Pakistan's Military Economy*. Oxford: Oxford University Press; Ayesha Siddiqa, (2003). *Pakistan's Arms Procurement and Military Buildup, 1979-99. In search of a Policy*. Lahore: Sang-E-Meel Publications.

³⁰ Siegfried O. Wolf, "China-Pakistan Economic Corridor, Civil-Military Relations and Democracy in Pakistan", Paper presented at the 24th European Conference on South Asian Studies (ECSAS), University of Warsaw (Poland) from 27 to 30 July 2016