

## SADF WORKING PAPER

19 April 2018

Issue n° 10

ISSN 2506-8202

## South Asia at the crossroads: Connectivity, security and sustainable development

### Special Issue

Edited by Dr Siegfried O. Wolf

#### Table of contents

##### 1. Preface

Geoffrey Van Orden, MEP

Page 1

##### 2. Introduction

Dr Siegfried O. Wolf

Page 3

##### 3. East-west Asia economic connections: Chinese and Japanese perspectives

Dr Paul Chambers

Page 8

##### 4. Japanese approach toward infrastructure and connectivity development in South Asia

Ryohei Kasai

Page 31

##### 5. Assessing China-Pakistan economic cooperation in the context of CPEC

Dr Siegfried O. Wolf

Page 42

##### About the contributors

Page 56

This Special Issue of the SADF Working Paper Series is an outcome of a conference on ‘South Asia at the Crossroads: Connectivity, Security and Sustainable Development’, organised by the South Asia Democratic Forum (SADF) on 21 November 2017 at the European Parliament in Brussels, Belgium.

### 1. Preface: South Asia at the crossroads

Geoffrey Van Orden

*Member of the European Parliament, Chairman of the European Parliament Delegation for Relations with India, and Co-Chairman of the Asia Europe Political Forum*

There is a new dynamism in South Asia with remarkable economic growth figures, the opening of more markets to goods and foreign direct investment, and the development of new transport corridors as well as greatly increased national pride and self-awareness. India is of central and overwhelming importance in this new vitality.

Huge, youthful populations are both a resource and a challenge in terms of jobs, infrastructure, and food. The region’s strategic importance as a maritime transit route is unparalleled. Its reach, to the Gulf, Africa, the Pacific and beyond is historically embedded and has great modern relevance. But the ambition for enhanced regional connectivity is often skewed by inter-state frictions, unresolved border disputes and the involvement of certain foreign powers. And the dash for growth has environmental consequences.

**South  
Asia  
Democratic  
Forum**



Avenue des Arts 19  
1210 Brussels

[info@sadf.eu](mailto:info@sadf.eu)  
[www.sadf.eu](http://www.sadf.eu)

European nations such as the United Kingdom, France, The Netherlands and Portugal have deep, centuries old connections while in more recent years the economic heft of China, as well as Japan and the United States, has become a new factor in regional perspectives.

Strategically, the pretence of “non-alignment” has become obsolete. The United States is a major strategic partner in the region, Russia still lurks in the shadows, while China’s ever more visible presence and influence has been seen south of the Karakoram range and extending to the Arabian Sea with its ‘string of pearls’ around Sri Lanka and on to Myanmar. Britain has begun to return to an ‘East of Suez’ military presence and, like France, has territories in the Indian Ocean and military bases in the region.

But the presence goes two ways. A relatively recent development has been a large-scale movement of people from South Asia to countries with developed economies. In the United Kingdom for example, there are around 1.4 million Indians, 1.7 million Pakistanis and 450,000 Bangladeshis as well as some 200,000 Sri Lankans. Most have integrated well and make a hugely important contribution to the economy and culture of their new homelands while a minority among the Muslim and Tamil populations have been vulnerable to extremist influences and involved directly or indirectly in terrorism. The positive impact of the south Asian connection is reinforced by the fact that some of the most successful businesses in Europe are of South Asian origin with India’s Tata conglomerate as one of the biggest.

At one stage the European Union model had an enchanting effect not only on its own member states but in other parts of the world, including South Asia. There were ambitious ideas about the potential for the South Asian Association for Regional Cooperation (SAARC) to link eight countries in a process of gradual economic integration and political alignment. Reality has seen the cancellation of recent SAARC Summits and slow progress on regional economic cooperation while open borders hold little attraction.

Engagement with world beyond, linking to different external partners, seems to hold greater allure for the countries of South Asia. Our authors shine a light on some aspects of these relationships which have been insufficiently explored before.

## 2. Introduction: The need to bridge the connectivity gap in South Asia and beyond

Dr Siegfried O. Wolf

*Director of Research, South Asia Democratic Forum (SADF), Brussels, Belgium*

South Asia has reached a pivotal point in time. Comprising the states of Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan, Sri Lanka, and the Maldives, and being a home of around one-fourth of the world's population, South Asia has witnessed remarkable ups and downs in all spheres of both the state and society. Even a passing view of its current developments shows that the entire subcontinent is in transition and has reached a crossroads. Despite a more or less shared colonial experience of the British Raj (colonial rule), the South Asian states have progressed along widely diverse paths of statehood, nation-building, and different strategies of development. This finds its expression not only in the tremendous variety of regime types ranging from democracies to authoritarian regimes (including monarchical systems and military dictatorships), but also in the subcontinent's emergence as a hub for international terrorism, religious fundamentalism, large socio-political movements with separatist and anti-systemic or pro-democratic dispositions. On top of this, several states faced the challenge of boosting their economies to address the worrying manifold socioeconomic difficulties. Having this in mind, it does not come as a surprise that South Asia is a home to persistent encounters between Eastern and Western concepts and notions of institution- and nation-buildings as well as normative foundation of nations to address the manifold tasks. The fact that the region is struggling not only with multi-layered social-economic uncertainties, but also with deeply entrenched national disharmonies and bilateral crisis, makes it a site of some of the world's most intractable intra- as well as inter-state conflicts. This has led critical analysts to identify the region as a part of the global 'Arc of Crisis'. In this context, South Asia was unable to fully recover from the traumatic partition that followed the end of the European presence. The latter phenomenon turned into a major source for intraregional diplomatic conflicts and fully-fledged wars became rampant and prevailed over the logic of effective and cohesive regional cooperation.

Subsequently, South Asia has not stood out as one of the great success stories when it comes to regional integration and cooperation. This finds its expression in the limited achievements of the South Asian Association of Regional Cooperation (SAARC). Instead of functioning as a vehicle for multilateral collaboration, since its official establishment in 1985, it is hampered by inadequate political will or insufficient capacities to promote sustainable integration and cooperation process (Rahman, 2004). Fundamental state-building tasks and bilateral issues caught the main attention of the South Asian political leaderships after gaining independence. Regionalism and inter-regional cooperation was therefore a distant concern for these newly founded states (Datta, 2017).

However, one has to understand that regional integration and cooperation is not a linear process; rather, it is an evolutionary path marked by various highs and lows. The appearance of persistent challenges within the EU, which is often portrayed as the world's pioneer of regionalization, can be seen as proof. Despite having experienced several deep crises, the EU continues to function without undermining its basic normative principles and stresses the resilience of the integration process in Europe. In other words, the traumatic legacies of the past—foremost the experience of two world wars, the destruction of Europe, and the experience of radical ideologies leading to the death of millions of people—and the collective memory of it led to the political determination to change the unfortunate trajectories, creating a path towards European integration which can take multiple ways but does not change its direction.

Today, it seems that South Asia has finally reached a turning point which could lead the region towards greater regionalization. Therefore, one should take the current developments in the respective countries into account since it seems that several trends occurred which have the potential dynamic to break with entrenched, unfortunate patterns of the past. Here, besides the steady rise of religious extremism, Jihadism, and cross-border terrorism (including the state-sponsored terrorism) turning bilateral ties sour, there is an awareness among South Asian political decision-makers that the steady process of regional disintegration needs to be reversed. Additionally, suffering from a multitude of socioeconomic inequalities, but at the same time having the opportunity to evaluate one's own situation in a comparative national as well as international perspective, South Asia's growing civil societies are starting to question the harmful

logic of fragmented national interests and conflicts. Consequently, the argument that colonialism is the cause of most of the current problems, such as underdevelopment and political instability, is losing credibility. This of course will not force the individual national governments to increase trust and transparency of state behaviour immediately, but it might help to overcome the endemic unwillingness to initiate any cohesive, purposeful action in the direction of ending the traditional political and economic disunity in the region.

Presently, there is a greater perception of the necessity for interstate rapprochement and cooperation to unleash new dynamics in the direction of a more integrated South Asia. This process is undoubtedly enforced through voices from within the region which are increasingly advocating a break with unfortunate historical paths to achieve security, economic development and public welfare, and the complex identity crises of the South Asian states. Along with all the major stakeholders in the region, India is of crucial importance for the success of any kind of regional project. Not only because of the tremendous asymmetries in size and population, which make India the natural centre piece of South Asia, but also because of newly and partly rediscovered interests in the energy resources and trade potential that new routes, allegiances and transport agreements may yield. This is gaining momentum since all South Asian states share a border with India, but practically none of them share a common border, except for the troubled Durand Line between Afghanistan and Pakistan. Furthermore, it is important to note that the smaller states of South Asia too are not spared by the global dynamics and subsequent regional processes of transition. Each of them has discovered their geopolitical leverage within the emerging regional dynamics. Yet they are still constrained by complex internal politics. Needless to say, whichever the outcome of this process may be, it will define the international perception of South Asia as an area of persistent crisis or as a region which still has the potential to develop fruitful cooperation.

But what could the driving forces and appropriate instruments for improved regional cooperation be? It becomes clear that besides some individual success stories (like the growing middle class), South Asian states have to contend with endemic poverty, tremendous inequalities, mega-urbanisation, and extra-ordinary challenges when it comes to infrastructure, environmental issues, food and energy security. Most of these issues can be linked with the lack of connectivity

within South Asia and its interconnections with other regions, for example South East Asia or Central Asia. Against this backdrop, the establishment of a South Asia wide network of connectivity projects, like Economic Corridors (ECs), would significantly improve trade and transport facilities and ease regional trade. Additionally, it would improve the infrastructure which is still ‘abysmally inadequate and of poor quality’ compared to the one in other regions (Karim, 2017, p. 15). If this challenge is sufficiently addressed, ECs (and other connectivity initiatives) can create more opportunities for the successful establishment of cross-regional linkages. It would also help to link South Asia with global transport and logistic networks and production chains. In this context, connectivity projects are not only able to play a key role in integrating economies (Vickerman, 2002) across a region and functioning as essential building blocks of regional economic integration (Kuroda, Kawai, Nangia, 2007), but they can also serve as confidence building tools in a political non-congenial environment.

However, in order to be able to benefit from these potential positive impacts, the development planners need to move beyond the economic prism and consider the larger political and social context; because without this, the implementation of a mega-infrastructure project like an EC can lead to further entrenchment of existing conflicts and cleavages, turning a peaceful regional cooperation, especially in South Asia, into an even more distant dream. Here, the ongoing distrust and subsequent lack of political consensus will continue to severely hamper cross-border connectivity within the region. Therefore, it is imperative to understand the challenges which major, cross-border infrastructure projects in South Asia and beyond are facing.

## Reference list

- Datta, S. (2017). India: The Bridge Linking South and Southeast. In Yhome, K. and Rajeev Ranjan.
- Chaturvedy. (Eds.), Emerging Trans-Regional Corridors (pp. 16-25). South and South East Asia, New Delhi: Observer Research Foundation (ORF). Retrieved from <http://cf.orfonline.org/wp-content/uploads/2017/01/GP-ORF-Transregional-Corridors.pdf>.
- Karim, T. A. (2017). Connecting South Asia with Southeast Asia: A Reality Check. In K. Yhome, R.R. Chaturvedy (Eds.), Emerging Trans-Regional Corridors (p.12). South and South East Asia. New Delhi: Observer Research Foundation (ORF). Retrieved from <http://cf.orfonline.org/wp-content/uploads/2017/01/GP-ORF-Transregional-Corridors.pdf>.
- Kuroda, H., Kawai, M., Nangia, Infrastructure and Regional Cooperation. In F. Bourguignon, B. Pleskovic (Ed.), Rethinking Infrastructure for Development (pp. 235-260). Washington, DC: World Bank.
- Lenczowski, G. (1979). The Arc of Crisis: Its Central Sector. Foreign Affairs, Spring Issue. Retrieved from <https://www.foreignaffairs.com/articles/russian-federation/1979-03-01/arc-crisis-its-central-sector>.
- Rahman, A. (2004). SAARC: Not yet a community. In J. Rolfe (Ed.), The Asia Pacific: A Region in transition (pp. 133-148). Honolulu: Asia-Pacific Center for Security Studies.
- Rehman, I. (2013, March 7). Arc of Crisis 2.0?. National Interest. Retrieved from <http://nationalinterest.org/commentary/arc-crisis-20-8194>.
- Vickerman, R. (2002). Restructuring of Transportation Networks. In G. Atalik and M. M. Fischer (Ed.), Regional Development Reconsidered (pp. 148-58). Berlin: Springer.

### 3. East-west economic connections: Chinese and Japanese perspectives

Dr Paul Chambers

*Lecturer and Special Adviser for International Affairs, College of ASEAN Community Studies, Naresuan University, Phitsanulok, Thailand*

#### Abstract

The East-West Economic Corridor (EWEC), a brainchild of the Asian Development Bank, through its Greater Mekong Sub-region project, links Da Nang, Vietnam, through Lao PDR, through Mukdahan, Khon Kaen, Phitsanulok, and Mae Sot, Thailand, to Mawlamyaing in Myanmar. Eventually, there could be linkages from EWEC to India. The transport project, covering an area of 1450 square kilometres, essentially began in 1998, and began to operate in 2006. EWEC is meant to bring economic growth and development to the peoples of Vietnam, Lao PDR, Thailand and Myanmar. However, there are challenges and potential negative ramifications as well. In 2017, China, with its global “One Belt, One Road” Economic Strategy” is seeking to enhance its economic clout across Southeast Asia. Japanese domination over investment in EWEC could hinder this plan. China is instead centring its investments in the North-South Economic Corridor (NSEC) from Yunnan, China, to Bangkok, Thailand and Yangon, Myanmar NSEC provides an exit and entry point for trade from and into South-Central China. However, Japan, under the Abe government, has been attempting to build up Japanese trade and investment through the East-West Corridor. Ultimately, China and Japan find themselves in a commercial clash across mainland Southeast Asia, best understood in terms of economic realism. What is next for Chinese and Japanese policies along the East-West Corridor? What is the future role of India? How does ASEAN fit in? This presentation will address these and other related questions.

#### I. Introduction

In 2018, the plethora of Asian economies are growing and becoming more integrated in terms of diminishing barriers to trade and investment as well as expanding production and supply chain networks. These intensifying linkages are nevertheless not without risks, given the persistence of bureaucratic bottlenecks, disparities in trade infrastructure, insufficient cooperation and corruption. A further factor influencing the Asian network of economic connections has been



the growing geometric crisscrossing of corridors representing commercial competition between China and Japan. Each dominates different strategies regarding Asian economic corridors. There are three corridors within the Japan-dominated Greater Mekong Sub-region (GMS), a project of the Asian Development Bank. These corridors are: the North-South Economic Corridor (with three sub-corridors), the East-West Corridor and the Southern Corridor (with four sub-corridors). Now there are a total of nine GMS corridors, though some of them such as the Northeastern Corridor are currently theoretical rather than realized (See Appendix A). Of the three, the East-West Economic Corridor (EWEC) links Da Nang, Vietnam through Phitsanulok, Thailand to Mawlamyaing in Myanmar. Eventually, there could be linkages from EWEC to Yangon (Myanmar) and to India. Covering an area of 1450 sq. kms., the building of EWC commenced in 1998; it became operational in 2006. This corridor is meant to bring economic growth and development to the peoples of Vietnam, Lao PDR, Thailand and Myanmar - while delivering profits to Japanese corporations. Japan has dedicated even more attention to the Southern Economic Corridor (SEC) linking Dawei and Myawaddy, Myanmar, with Bangkok, Thailand, Phnom Penh, Cambodia, and Ho Chi Minh City, Vietnam. However, the economic rise of China over the last decade has come to threaten Japan's interests in the GMS corridor. China also benefited more than the Japanese from another GMS corridor (North-South Economic Corridor or NSEC) which extends from Yunnan, China, to Bangkok, Thailand and Yangon, Myanmar. Beijing's dividends derive from the fact that the NSEC provides a passage point for trade from and into South-Central China. By the mid-2000s, Beijing was heavily investing and trading across the NSEC. Since 2013, China has sought to enhance its economic clout through its global "Belt and Road Initiative" (called the "One Belt, One Road" Initiative until 2016) embedding Southeast Asia within a colossal zone linking Beijing to the rest of the world. Indeed, within the BRI there are in truth seven corridors. The OBOR corridors are: the New Eurasian Land Bridge, from Western China to Western Russia via Kazakhstan; the China–Mongolia–Russia Corridor; the China–Central Asia–West Asia Corridor, from Western China to Turkey; the China–Indochina Peninsula Corridor, from Southern China to Singapore; the China–Myanmar–Bangladesh–India Corridor; the China–Pakistan Corridor; and the Maritime Silk Road, from the Chinese Coast through Singapore to the Mediterranean Sea. The BRI's China–Indochina Peninsula Corridor actually encroaches upon the GMS corridors and could come to compete directly with the GMS. Not to be outdone, Japan, under Prime Minister

Shinzo Abe, has attempted to develop trade and investment through a much larger Asia-Africa Growth Corridor (established in 2017), which would be a Japanese economic strategy extending far beyond the GMS. Yet what exactly are the different perspectives of China and Japan regarding Southeast Asia? Why is there such a clash between the two countries in this region? What is the role of India? What is to be expected for Chinese and Japanese policies across their prospective “corridors” of power in Southeast Asia? In addressing these questions, this study argues that growing tensions between China and Japan regarding East-West connections are themselves bringing enhanced frictions to Southeast Asia. These intensifying strains are unlikely to disappear in the near future and are best understood in terms of post-classical realism.

## **II. Post-classical realism and China-Japan relations in Southeast Asia**

To explain the growing conflict between China and Japan in Southeast Asia, this study utilizes the theoretical framework of Post-Classical Realism. Realism itself is a paradigm defined by the following assumptions: the international realm is anarchic and consists of independent political units called states; states are the primary actors and inherently possess some offensive military capability or power which makes them potentially dangerous to each other; states can never be sure about the intentions of other states; the basic motive driving states is survival or the maintenance of sovereignty; states are instrumentally rational and think strategically about how to survive.

A recent variant of realism—post-classical realism—stresses the importance of economic interdependence and redefines security as encompassing the external economic sources needed for military capabilities. Accordingly, three factors affect the probability of conflict between states: technology, geography, and international economic pressure. Technological innovation facilitates the extraction of resources necessary to enhance a state’s security. Geographic proximity affects access to externally-based raw materials as well as the utility of using military as opposed to economic methods. International economic pressure is a key factor when states decide to influence other states through economic, as opposed to military, means. Moreover, post-classical realists contend that a rational decision-maker may trade-off military readiness if the potential net gains from enhanced economic capacity are substantially superior to the probability of military security losses. Post-classical realists further posit that states seek to

enhance their share of economic resources, and hence their power, because it provides the foundation for military capacity - and indeed economic resources can be utilized to influence other international actors (Brooks 1997 pp. 455-77; Barth 2000).

Post-classical realism supports economic cooperation in the developing world if the gains in economic capacity are more significant than potential security threats. Developing countries will seek cooperation to enhance economic capacity (hence power) where cooperation can 1) enhance negotiating power vis-à-vis powerful economic actors; 2) provide alternative export partners if other markets become protectionist; 3) increase the chance of foreign investment and consequent strengthening economic competitiveness; 4) allow member states to reduce transaction costs and utilize economies of scale (Brooks 1997 p. 475).

### **III. Chinese and Japanese perspectives in Southeast Asia**

Under the lens of post-classical realism, China and Japan share a similar perspective on Southeast Asia – seen as a region which can offer economic and geo-strategic resources to bolster state capabilities, and hence power. As such, Japan and China are engaged in geo-political leveraging in Southeast Asia for purposes of satisfying principally economic needs. Each of the two states requires access to cheap and plentiful labour, raw materials and energy so as to maintain or augment its economic position. The corridors are useful as transportation infrastructures intended to deliver needed goods from Southeast Asia as part of production and supply networks. Such networks are essential for the two countries to attract more foreign investment, diminish production costs, ensure a stable supply of industrial inputs, maintain economic output at full capacity, constantly innovate transportation infrastructure, and fasten the industrial process wherever possible so as to compete effectively in the international market.

With regard to China's OBOR in Southeast Asia and beyond, an offensive (post-classical) realist strategy appears to be at play. Offensive realism holds that states, when they can, attempt to maximize power so as to achieve security through domination and hegemony. China has utilized economic corridors to achieve four goals. First, by means of these corridors, Beijing is building its own lasting infrastructure across the region so as to secure access to natural resources from production bases there. Second, the corridors have increased Southeast Asia's political and

economic dependence on China, increasing Chinese trade and investment in the region and asymmetrically (conveniently) linking Southeast Asian countries under the hegemony of Beijing. Third, maritime infrastructure has been strategically positioned so as to ensure the creation of future bases overseas. Fourth, the economic corridors, with assistance from China's very own Asian Infrastructure Investment Bank (AIIB) established in 2016, challenge international economic institutions of the Bretton Woods system as dominated by the United States and Japan (David 2015 pp. 31-44). Fifth, the corridors are bringing more (Beijing) Chinese tourists and businesspeople into Southeast Asia, enhancing people-people relations between China and the region.

As opposed to China, Japan's perspective in Southeast Asia appears to be greased by a strategy of defensive (post-classical) realism. Defensive realism contends that states act in a manner focused on protecting their own security and maintaining the status-quo balance of power. When threatened, a state will use economic tools, assistance via alliances and/or diplomatic action so as to ensure survival. Military action would be a final step. As with China, Japan has utilized economic corridors to achieve four goals. First, like China, the corridors give Tokyo access to needed natural resources. Second, the corridors assist Japanese corporations in their quest for profits in building and sustaining infrastructure for development across Japan's corridors. Third, perhaps not intentionally, Japan's corridors have increased mainland Southeast Asia's dependence on Tokyo. Fourth, the strategy of the GMS corridors is conducive to and falls squarely under the hierarchy of a US-led hegemonic-stabilizing balance of power.

#### **IV. Evolution of the China-Japan duel in Southeast Asia**

The end of the Cold War in 1991 facilitated a new strategic configuration in Southeast Asia, as the end of global tensions suddenly gave way to new opportunities by global superpowers to extract economic resources from the region and gain commercial footholds there. Though Cambodia and Myanmar continued to experience conflict, other countries in the region were stable enough to actively move towards the prioritization of regional trade and investment. And so they did. Meanwhile, though Japan was formerly the economic hegemon in the region, the growing economic boom in China came to establish (after 2010) an intensifying rivalry between Beijing and Tokyo regarding economic and political leverage over the Southeast Asian region.

## A. Evolution of the Japanese corridors

In 1985, as a result of high costs of labour, land and other factors of production as well as the Yen's appreciation from the 1985 Plaza Accord, Japanese companies relocated to cheaper Southeast Asian countries where such costs were significantly lower. By 1991, taking into account a decreased interest by the US in Southeast Asia, Russia's economic recession and China's relative weakness, Japan was able to take charge of spearheading trade and investment with Southeast Asia. As such, in 1992, Tokyo - through the ADB- embarked on the Greater Mekong Sub-region (GMS) program. The GMS comprises Cambodia, China (especially the Yunnan Province and the Guangxi Zhuang Autonomous Region), Laos, Myanmar, Thailand, and Vietnam. The ADB is the funding agency for GMS infrastructure development: Japan is its principal financier through loans and grants, although China stands second as a financier, behind Japan and the United States, who bankroll the GMS in equal shares.

The program has been tasked with delivering development, sharing a joint resource base, and promoting a freer flow of goods and people in the sub-region - which is to become an economic growth area.

In practice, the GMS builds partnerships with local state or business entities so as to construct and deliver a wide variety of development projects in agriculture, energy, environment, health, human resource development, information and communication technology, transport, tourism, trade facilitation and urban planning. The GMS economic corridors have been utilized primarily so as to promote a structured sub-regional economy - enhancing trade ties, investment opportunities, and constructing infrastructure and improving transportation. The program has channelled over US\$20 billion in investments to Southeast Asia since 1992. The GMS's most recent annual conference concluded with promises of 222 new investment and technical assistance projects, which will necessitate over US\$64 billion worth of Japanese money between 2018 and 2022. (GMS 2017) However, some GMS projects have been the subject of controversy; this is the case of mega-construction projects and expedited economic development, including hydro-electric power, damming, mining and forestry and industrial expansion.

One very prominent project under the GMS program is the development of the aforementioned economic corridors which would eventually link the countries of the Mekong sub-region. Though the North-South, East-West, and Southern Economic Corridors are so far the most important trade and transport arteries, more corridors are being constructed or are being planned for construction. Indeed, as of 2018 there are a total of nine GMS corridors, though some of them - such as the Northeastern Corridor - exist currently on a merely theoretical basis (See Appendix A). The ADB's 2012-2022 GMS strategic plan details policies for the strengthening of these corridors. While it is important for Japan to build and utilize the corridors as a means of securing commercial interests for Japanese corporations, the corridors also allow Japan access to raw materials. Moreover, GMS countries must utilize Japanese companies in the construction of infrastructure in the region. Finally, Japan's efforts in the GMS are seen as a method of keeping the countries in the region from turning completely to Japan's rival China for development assistance.

#### **B. The Japan-Mekong cooperation (JMC)**

To complement the GMS, in 2007 Japan began a dialogue with the Mekong riparian countries of Myanmar, Thailand, Cambodia, Laos and Vietnam, resulting in 2009 in the first summit of the Japan-Mekong Cooperation. The JMC has become a nexus of Japanese assistance to Mekong states in the areas of industrial infrastructure development, logistics and transport, institutional building, human resources development, and regional community building. In 2015, Japan committed to providing US\$110 billion to these Mekong countries during the following five years. As part of this scheme, in 2016, Japan offered financing for infrastructure developments - including Cambodia's Sihanoukville Port, Myanmar's Yangon-Mandalay railway, and Thailand's high-speed railway. However, recognizing that China can compete with Japan to offer capital for Mekong projects, Japanese officials have made great efforts so as to emphasize that Japanese infrastructure offers "quality," rather than the mere "quantity" that China provides. Indeed the quality of Japanese products is perhaps a principal reason for doing business with Japan. Nevertheless, Japan, under Prime Minister Shinzo Abe, recognizes the importance of providing more assistance for the region, thus countering China's policy of offering more enticements to Mekong states. Thus the Japanese have sought to go further. As part of the Japan-Mekong

Cooperation, Tokyo has worked to promote a “Green Mekong Forum” - a “Sustainable Mekong” with emphasis on environmental protection as well as renewable energy. Finally, the JMC has ambiguously promoted Japanese political standpoints. For example, during the JMC 2015 meeting, representatives of both Japan and Mekong states expressed “concerns...over the recent development in the South China Sea, which will further complicate the situation and erode trust and confidence and may undermine peace, security and stability.” (Parameswaran 2015) China was not explicitly mentioned.

Aside from the GMS and the Japan-Mekong Cooperation, Japan participates in other (less prominent) Southeast Asian regional frameworks of cooperation. These include: (1) the Initiative for ASEAN Integration (IAI); (2) the Mekong River Commission (MRC), (3) the ASEAN-METI Economic and Industrial Cooperation Committee (AMEICC), and (4) the JICA-ASEAN Regional Cooperation Meeting (JARCOM).

### **C. Evolution of the Chinese corridors**

During the 1990s, China’s economic interests and influence across Southeast Asia translated mostly in the form of shareholdings in the Asian Development Bank or ADB (though it also participated in the International Monetary Fund and World Bank). China became part of the ADB in 1986. The ADB is a regional development bank established in 1966 which provides loans, grants and information to its member states. The ADB is dominated mostly by Japan; the United States is also present. In fact, the two countries are the ADB’s principal shareholders - they each hold 15.6 percent of ADB shares. This means that the two states have been able to decide who receives loans and grants, what should be the policy of the ADB, and which countries should predominately staff it. Because China holds only a minority of ADB shares (6.4 percent in 2016), it has never been able to dominate ADB decision-making (Asian Development Bank 2016).

In the early 2000s, as China began its economic ascension across Asia, Japan increasingly sought to balance off China’s growing sway in the region. China too became increasingly proactive in Asia - partially to prevent Japan from overshadowing the region. The result of such posturing directly influenced the GMS. Japan deeply reduced its investments in the GMS North-South

Economic Corridor (NSEC) because the NSEC appeared to be primarily economically beneficial to China (it gave Yunnan an outlet to Bangkok). Thus Japan now promoted the East-West and Southern Economic Corridors instead. Each is strategic since they link the Indian and Pacific Oceans, giving Japanese corporations commercial advantages (Cochrane 2012 pp. 46-47). Meanwhile China, through its ADB funding, continued to pour financial assets into the NSEC. By the late 2000s, the growing clash between Japan and China had become a new “Great Scramble” or competition for economic resources in Southeast Asia. Yet the weighted voting structure within the ADB favoured Japan; the ADB’s GMS program seemed to offer a system that was stacked against China.

Thus in 2015, China created the Asian Infrastructure Investment Bank (AIIB), a China-controlled development bank meant to function as an alternative to the ADB. This bank was established to help fund the grants and loans of China’s own version of the GMS - though this version was much more grandiose and on a global level.

In fact, this global strategy was set up two years before the AIIB was founded. Indeed, China’s President Xi Jinping unveiled the Silk Road Economic Belt and the 21st-century Maritime Silk Road, also known as the One Belt and One Road Initiative (OBOR) in 2013. In 2016, the name was changed to the more simplified term Belt and Road Initiative (BRI). The BRI is a development program emphasizing economic/political connectivity and collaboration between China and other countries throughout the world. The BRI also seeks to establish a China-centred trading and investment network across the globe. Other objectives include developing China-led infrastructure and construction projects as well as road, rail, air and sea transportation linkages; gaining greater influence across land resources; obtaining access to natural resources and transforming these into oil and natural gas pipelines; and establishment of power grids.

Yet the OBOR/BRI was originally created because the Chinese leadership decided that fundamental changes were necessary in China’s economic model. After three decades functioning as the world’s factory - utilizing its comparative advantage in manufacturing linked to the Chinese masses of cheap labour - the advantages of such model began to disappear. As the national standards of living improved, Chinese citizens demanded and obtained higher



wages. Realizing this, China's leadership sought to capture the capital-intensive end of the global value chain. Beijing thus embarked on the "Made in China 2025 Strategy," which called for an upgrading of Chinese industry (Cai 2017). In addition to such restructuring, a greater emphasis was placed upon seeking new foreign markets for Chinese goods and new investment opportunities abroad. The result has been an outward-oriented, globally inclusive economic model for China, although one which still gravitates around an all-powerful Communist Party. Such economic liberalism without accompanying political openness is part and parcel of the new Beijing Model of development.

Yet China's leadership also views the BRI in terms of the social constructivist spreading of Chinese "soft power" or a Chinese mission civilisatrice. As such, Beijing pursues its "moral mission" of ideationally socializing and improving the world by building a "community of shared destiny." The BRI itself is supposed to build mutual trust and reciprocity over time, eventually leading to a "Sinocentric regional system." With Chinese propagandists invoking China's ancient narrative of a hierarchical "tributary system for Asia," this "community of shared destiny" offers an alternative not just to a Japan-led regional system but also to a Western-centric global order (Callahan 2016 p. 21).

The financial needs of the BRI are estimated to range within as much as US\$8 trillion. These costs will come in the form of concessional funding through China's Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund. Other costs will derive from China's state-owned banks. In addition, China will expect countries participating in the BRI to help fund the projects. Private and public-private partnerships are also expected to contribute.

The BRI is surely ambitious and is indeed one of the largest "development" strategies in history - it encompasses over 68 countries, 4.4 billion people and close to 40 percent of the global GDP (Griffiths 2017). Yet some say that the BRI could become an overpriced "boondoggle" or represents an attempt to extend "Chinese imperialist power" (Ibid.).

Through the BRI China is seeking to establish connectivity with the world via (so far) seven economic corridors: the China-Mongolia-Russia Economic Corridor; the New Eurasian Land

Bridge; the China-Central Asia-West Asia Economic Corridor; the China-Pakistan Economic Corridor; the Bangladesh-China-India-Myanmar Economic Corridor (BCIMEC); the China–Indochina Peninsula Economic Corridor (CICPEC) and the Maritime Silk Road (MSR). The latter three relate directly to Southeast Asia: the BCIMEC runs from China through Myanmar; the CICPEC runs from Kunming, China to Vientiane, Laos to Bangkok, Thailand to Singapore (though it possesses auxiliary routes); the SMR is a maritime route connecting China to Malaysia, Singapore, Indonesia and Europe (Xinhua 2017). While the SMR relates to ocean-facing Southeast Asia, the BCIMEC and CICPEC directly complement or clash with Japan’s GMS as both Chinese programs cover part or all of the GMS land areas.

The CICPEC is the Chinese corridor in mainland Southeast Asia which most directly overlaps with Japan’s GMS. Indeed, the CICPEC aims to connect all five mainland Southeast Asian capital cities with the Chinese city of Nanning (See Appendix B and C). Furthermore the CICPEC is to be extended to the Chinese economic centres of Guangzhou and Hong Kong, all of which would now be connected to ten major urban centres of Asia and over 50 million people. The CICPEC extends across not only the GMS but also the ASEAN Economic Community (AEC) and could thus complement these groupings (Luft 2016 pp. 24-25). However, the existence of the CICPEC could also motivate enhanced competition with Japan in mainland Southeast Asia. Currently, the principal infrastructure project of the CICPEC is a Chinese-led high speed train which, when completed, will connect Kunming, China; Boten and Vientiane in Laos; Bangkok, Laem Chabang and Map Ta Phut in Thailand; Kuala Lumpur, Malaysia; and Singapore. Two other train routes connect Kunming to Ho Chi Minh City, and Vietnam and Kunming to Yangon (See Appendix C). However, Japanese competition with China can be seen in the post-classical realism of railway rivalry: Japan is building a rail line for Thailand from Chiang Mai to Bangkok.

The Chinese BCIMEC, meanwhile travels mainly through Myanmar but also spans China, Bangladesh and India. The BCIMEC benefits China for the following reasons: 1) it links China’s southernmost provinces with Indian markets; 2) it offers landlocked Southwestern China an outlet to the Bay of Bengal (which circumvents the Strait of Malacca); 3) it facilitates more Chinese investment in Myanmar’s infrastructure; 4) it adds more investment in support of the

already-established oil/natural gas pipeline from Kyaukpyu, Myanmar to southwestern China. It also (6) strengthens the hydropower connections between Myanmar and China (Beijing has already built 43 dams in Myanmar); finally, (7) it advances China's goal of taking advantage of Myanmar's cheap labour potential. Nevertheless, Myanmar possesses one of the least developed infrastructure networks in Southeast Asia and this might hinder its integration into the BCIMEC. At the same time, the corridor involves political risks. First, it partly crosses a part of Arunachal Pradesh – a territory disputed between India and China. Second, part of the corridor also crosses an area where East Indian secessionists have been engaged in violent secession movements (Ibid. pp. 22-24). Finally, the BCIMEC travels through Rakhine State, Myanmar, where a violent and brutal conflict has been raging since 2015.

Japan's interest in countering China led Tokyo to offer Myanmar an alternative to the BCIMEC. Japanese businesses are investing heavily in the Thilawa special economic zone. But Tokyo has also expressed interest in developing the Dawei economic zone and could even compete with China in Kyaukpyu. Finally, the SMR is an oceanic corridor linking China with the rest of the world. Three "passages" are to connect China with Africa, Oceania and Europe under the Maritime Silk Road venture. However, in Southeast Asia, the SMR passes through Malaysia, Indonesia and Singapore. To some extent, one could interpret the SMR under the theory of Alfred Thayer Mann, whose 1890 book *The Influence of Sea Power upon History: 1660–1783* contended that countries can become powerful through control over the seas (Cropsey et al. 2012). Mann would likely look at the SMR as a means of promoting Chinese naval power in what has come to be known as the "String of Pearls" theory. Like Mann, this theory holds that China can aim to establish port bases along key nodes connecting critical sea lines so as to project power and safeguard Chinese energy imports. Strategic "pearls" along the "string" also include infrastructure development programmes. Thus, the SMR emphasises infrastructure programmes that will drive economic growth and development along its path and link the maritime "road" component with the land-based "belt" component (Drun 2017). In addition, Chinese naval facilities (such as the Chinese base built in Djibouti, Africa) are beginning to appear along the SMR. Thus, despite the SMR's self-proclaimed emphasis on win-win situations and economic co-existence, it does overlap with the "String of Pearls" concept. Multiple visits by Chinese vessels to ports in Cambodia, Thailand, the Philippines, Singapore, and Malaysia have also been

observed. The 2017 Japan-India Growth Corridor, a maritime strategy led by Japan and India which aims to enhance economic and political ties with countries of Africa and Asia, represents direct competition with China's SMR.

#### **D. The Lancang-Mekong Cooperation (LMC)**

In 2015, China initiated its own Mekong dialogue, which could be seen as a mechanism aimed at furthering Chinese interests among the riparian states of the Mekong River. The new entity, called the Lancang-Mekong Cooperation (LMC), was created as a way to counter the long-established Mekong River Commission or MRC (initially created as the Mekong Committee in 1957) as well as the JMC. China never joined the MRC because Beijing did not want to be subjected to the decisions of that organization. Meanwhile, Beijing has viewed the JMC as its direct rival in mainland Southeast Asia. The LMC focuses upon Beijing-led cooperation between China and the five Mekong states in economic affairs, infrastructure construction, political-security matters, social affairs and people-to-people exchanges. Indeed, the LMC is a “core element of China's neighbourhood diplomacy to strengthen its presence and influence in the Mekong region....” (Vannarith 2017) Aside from diplomacy, the LMC builds upon China's BRI so as to extend Chinese political and economic influence across the Mekong basin as well as ward against the influence of Japan or the United States in the Mekong.

In the three years since the LMC's creation, China has hosted several workshops and two leaders' meetings - while committing US\$1.54 billion in preferential loans as well as a credit line of US\$10 billion to support over 45 LMC projects. The focus of these projects is on 1) improving the Lancang-Mekong rivers for purposes of trade and navigation; 2) pushing towards an expanded road and railway network linking China with Mekong countries; 3) expanding connectivity of highways, railways, waterways, ports and air linkages in the Lancang-Mekong region; 4) facilitate the construction of telecommunications, power grids and the Internet across the Lancang-Mekong region; 5) promote trade and investment; and 6) expand tourism linkages.

Other areas of cooperation include promoting exchanges among political parties of Lancang-Mekong countries; greater law enforcement cooperation and cooperation among police agencies; cooperation in counter-terrorism and cyber-crime; and cooperation among judicial bodies as well

as universities and colleges. Minor objectives of the LMC include forestry conservation, managing air and water pollution, and exchanges on water resources management. Of course, one can wonder if these goals are meant to enhance the LMC's positive public image or if implementation is actually intended.

In 2018, the members of the LMC adopted the Five-Year Plan of Action on Lancang-Mekong Cooperation (2018-2022). Officially, this plan aims to contribute to the economic and sub-regional development of Mekong states as well as build a community of shared "prosperity" among Lancang-Mekong countries.

By synergizing China's Belt and Road Initiative and the ASEAN Community Vision 2025 as well as the Master Plan on ASEAN Connectivity 2025 and visions of other Mekong sub-regional cooperation mechanisms, the LMC is moving towards a new sub-regional cooperation mechanism with unique features driven by internal strength...which will support the ASEAN Community building and regional integration process..." (China Daily, 2018).

To fund projects under the 2018 Plan of Action, China is setting aside financial resources under its LMC Special Fund. Other funding would come from China's Asian Infrastructure Investment Bank (AIIB), the Silk Road Fund and even the Asian Development Bank (ADB). (Ibid.) This latter source of funding is interesting because both China and Japan are active investors in the ADB. Thus, though there is an assumption that Chinese investments in the ADB could be used for LMC projects, by using ADB funds China could try to incorporate Japan into supporting some LMC projects.

A principal challenge to successful regional cooperation is linked to China's damming of tributaries of the upstream Lancang River (among others) and consequent grievances of lower Mekong countries. Chinese investment in building dams in Lao and Myanmar is another such issue. China has constructed or is planning to construct 4,800 dams. Ten of these dams are located on the Lancang River (Lancang is the Chinese name of the Mekong River; Chinese National Committee on Large Dams 2010). As part of the LMC, China will now share data relating its upstream damming activities. China has also agreed to discharge water from its

upstream dams so as to assist downstream countries in mitigating droughts. Nevertheless, according to Pianporn Deetes - Thailand Campaign Coordinator for the environmental pressure group International Rivers - despite such agreements, for many Chinese dams developed in China and Laos “development...has not followed international good practice for considering and avoiding or mitigating social and environmental impacts” (Cited in Wong, 2018). In addition, Chinese companies have proceeded with the environmentally-destructive blasting of rapids and shoals in the Mekong so as to facilitate the navigation of that river by Chinese ships. As is the case with Japan and the JMC, the LMC appears to be a mere mechanism for China to co-opt Mekong states into a China-led Mekong regional order by using infrastructure projects and funding. However, consent to this order depends upon China at least making good on some of the grievances of Mekong countries regarding China’s upstream water management activities. If China wishes to sustain positive diplomacy with its Southeast Asian neighbours, it should work towards dealing with these frictions as quickly as possible.

#### **V. India and the China-Japan “duel” in Southeast Asia**

What is India’s position in the competition between Japan and China in Southeast Asia? In January 2018, Indian Prime Minister Narendra Modi welcomed all ten ASEAN heads of state to a summit in India. The objective was to strengthen investment and trade ties between ASEAN countries amidst Indian fears regarding the intensifying influence of China in Southeast Asia. The visiting leaders were feted to a large-scale military parade, separate meetings with Modi, as well as the closed-door summit. India’s External Affairs Minister, following a visit to ASEAN countries, noted “a desire on the part of all the ASEAN countries for a greater presence of India, greater cooperation with India and a greater integration economically, politically and in terms of people-to-people contact” (Sharma 2018). Indeed, according to Arvind Gupta, India’s former deputy national security adviser, China’s “distinctly hegemonic moves in the last few years in the South China Sea and its growing assertiveness have made ASEAN look towards India as a ‘partner’ for equilibrium” (Ibid.)

Modi has been an avid proponent of India’s Act East Policy (AEP) toward ASEAN countries. AEP is a deepened version of India’s 1991 policy shift which was called Look East Policy (LEP). LEP was an attempt to establish extensive economic and political connections with the countries

of Southeast Asia so as to strengthen India's stature as a regional power in Asia and also balance against the influence of China. The emphasis on the LEP gave rise to two regional organizations headed by India: the BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation), originally created in 1997, and the MGC (Mekong-Ganga Cooperation), established in 2000. The former comprises Bangladesh, India, Myanmar, Sri Lanka, Thailand, Bhutan and Nepal. Its objectives are to collaborate in the areas of joint investment, technology, tourism, human resource development, agriculture, fisheries, transport and communication, and textiles. The latter, comprising India, Thailand, Myanmar, Cambodia, Laos and Vietnam, focuses on cooperation regarding tourism, culture, education and transportation.

In 2014, the Modi government upgraded the LEP to the Act East Policy. The AEP differed from the LEP in that the former makes establishing closer relations with ASEAN states a top foreign policy priority. As part of the AEP, India is working on a 1,360km long trilateral highway project (IMT) with Myanmar and Thailand. However, New Delhi now wants a more ambitious highway leading to Vietnam through Cambodia and Laos. Actually, the trilateral highway conveniently links up with the GMS East-West Corridor via Moreh, India, through Myanmar and on to Mae Sot, Thailand. In addition, India is considering beefing up its financial assistance to ASEAN.

Modi has also been an avid proponent of the Quadrilateral Security Dialogue (QSD), encompassing India, Japan, Australia and the United States. The QSD clearly excludes China and indeed seeks to create a security agreement among countries which feel threatened by China's rise. India is one of those countries. Members of the QSD engage in joint military exercises each year.

Finally, India under Modi has worked with Japan's Prime Minister Shinzo Abe to inaugurate in 2017 the Asia-Africa Growth Corridor (AAGC). The AAGC is similar to China's BRI Maritime Silk Road (MSR); each is a sea corridor extending through Southeast Asia, Oceania to Africa. Perhaps the only difference with the MSR is that the AAGC is led by Japan and India rather than

China. The principal objective of the AAGC, however, is to counter the growing influence of China's BRI in both Asia and Africa (Nair 2017).

## Conclusion

The standpoints of Japan and China with regard to Southeast Asia are similar in the sense that each maximizes interests and minimizes losses in terms post-classical realism. Through duelling institutions and dialogues, especially in the Mekong region but more fundamentally across Southeast Asia, the two countries have sought to utilize technology, geography, and international economic pressure in order to gain control over labour and resources in the region so as to achieve economic security objectives. In mainland Southeast Asia, Cambodia, Laos, Myanmar and Vietnam (CLMV) have acted as labour intensive sites in the production chain (with Thailand in the role of semi-periphery) which are valuable for both Japanese and Chinese manufacturers. Japan has long been an economic hegemon in Southeast Asia, especially in the Mekong region. But Chinese economic and political influence has been accelerating since the early 2000s. With the establishment of BRI corridors, China's clout looks set to intensify both economically and politically. As a result, Japan has sought to increase its economic and political role in Southeast Asia by building upon its economic strategies in the GMS. The result has been a growing competition for power in the region between Japan and China. Though a Japan-China Dialogue has convened five times since 2008 so as to iron out differences between the two states, its results have been extremely lacklustre. The frictions between Japan and China in the Mekong Region and in Southeast Asia overall look set to continue for at least the near future. Like Japan and China, India has also sought to bolster its ties with ASEAN, establishing greater connectivity with the Southeast Asia region. In addition, India has attempted to carve out a regional role for itself while working with China and Japan. However, and despite Indian actions, the regional scramble between Japan and China will likely continue unabated. While optimists may be hopeful that the two countries will find ways to mitigate tensions between them, there is little evidence that China and Japan have become cordial chums in the Southeast Asian region. Post-classical realism tells us that if the two powerhouses fail to soon steer away from the brink and achieve a greater balance of power in economic resources in Southeast Asia, the current frictions between them could endure or even worsen.



## Appendix A

The Nine Economic Corridors of the Greater Mekong Sub-region (GMS)  
(AmCham Vietnam, 2015)



## Appendix B

The China-Indochina Peninsula Economic Corridor of China's BRI (OBOReupe 2018)



**Appendix C:** The Three Railway Linkages along the China-Indochina Economic Corridor of China's BRI and High Speed Train Routes (Geopolitical Monitor 2017)



## Reference list

- Barth, A. (2000). *Econo-Realism: Putting Economics at the Center Stage, How Does and Should, IR*.
- Research React to Expanding Economic Interdependence?”. 41st International Studies Association Annual Convention.
- Brooks, S. (1997) *Dueling Realisms (Realism in International Relations)*. International Organization, 51 (3).
- Cai, P. (2017). *Understanding China’s Belt and Road Initiative*. Retrieved from <https://www.lowyinstitute.org/publications/understanding-belt-and-road-initiative>.
- Callahan, W. Policy Brief 22: China’s Belt and Road Initiative and the New Eurasian Order. Norwegian Institute of International Affairs, 2016. Retrived from [https://brage.bibsys.no/xmlui/bitstream/handle/11250/2401876/NUPI\\_Policy\\_Brief\\_22-16\\_William\\_Callahan.pdf](https://brage.bibsys.no/xmlui/bitstream/handle/11250/2401876/NUPI_Policy_Brief_22-16_William_Callahan.pdf).
- Chinas highest dams. (2018). *Chincold.org.cn*. Retrieved from <http://www.chincold.org.cn/dams/DamInformation/damsinchina/webinfo/2010/07/1279253973917784.htm>.
- Cochrane, G. (2012) *The Greater Mekong Sub-Region at 20: Japan’s Role in the Region and Its Implications for Regional Integration*. (Master’s thesis) Lund University—Centre for East and Southeast Asian Studies.
- Cropsey, S. & Milikh, A. (2012). *Mahan’s Naval Strategy: China learned it. Will America Forget It?* World Affairs. Retrieved from <http://www.worldaffairsjournal.org/article/mahan%E2%80%99s-naval-strategy-china-learned-it-will-america-forget-it>.
- Drun, J. (2017). *China’s Maritime Ambitions: a Sinister String of Pearls or a Benevolent Silk Road (or Both)?* Community Party Watch. Retrieved from <https://www.ccpwatch.org/single-post/2017/12/05/China%E2%80%99s-Maritime-Ambitions-a-Sinister-String-of-Pearls-or-a-Benevolent-Silk-Road-or-Both>.
- Fact Sheet: Kunming-Singapore High Speed Rail Network. (2017, December 19). *Geopolitical Monitor*. Retrieved from <https://www.geopoliticalmonitor.com/fact-sheet-kunming-singapore-high-speed-rail-network/>.

- Five-Year Plan of Action on Lancang-Mekong Cooperation (2018-2022) (2018). Chinadaily.com.cn. Retrieved from <http://www.chinadaily.com.cn/a/201801/11/WS5a56cd04a3102e5b17374295.html>.
- Greater Mekong Subregion (GMS) Road Network in 2015 (ADB). (n.d.). Retrieved from <http://www.amchamvietnam.com/greater-mekong-subregion-gms-road-network-in-2015-adb/>.
- Griffiths, J. (2017, May 12). Just what is this One Belt, One Road thing anyway? CNN. Retrieved from <https://edition.cnn.com/2017/05/11/asia/china-one-belt-one-road-explainer/index.html>.
- Luft, G. (2016). It Takes a Road—China’s One Belt, One Road Initiative: An American Response to the New Silk Road. Institute for the Analysis of Global Security. Retrieved from [http://www.iags.org/Luft\\_BRI.pdf](http://www.iags.org/Luft_BRI.pdf).
- Ministers Endorse \$64 Billion Project Plan under Strategy for Mekong. (2017, September 20). Greater Mekong Sub-region. Retrieved from <http://greatermekong.org/ministers-endorse-64-billion-project-plan-under-strategy-mekong>.
- Nair, A. (2017, May 31). To counter OBOR, India and Japan propose Asia-Africa sea corridor. Indian Express. Retrieved from <http://indianexpress.com/article/explained/to-counter-obor-india-and-japan-propose-asia-africa-sea-corridor-4681749/>.
- Nicholas, D. (2015) Chinese Infrastructure in South Asia: a Realist and Liberal Perspective. Naval Post-Graduate School.
- OBORurope [One Belt One Road Europe]. (2018). The New Silk Road Corridors. Retrieved from <http://www.oboreurope.com/en/beltandroad/one-belt/>.
- Shareholders. (2018). Asian Development Bank. Retrieved from <https://www.adb.org/site/investors/credit-fundamentals/shareholders>.
- Sharma, K. (2018, January 25). India’s Modi courts ASEAN leaders to counter China's Belt and Road. Nikkei Asian Review. Retrieved from <https://asia.nikkei.com/Politics-Economy/International-Relations/India-s-Modi-courts-ASEAN-leaders-to-counter-China-s-Belt-and-Road>.
- The Diplomat. (2015, July 7). The Real Importance of Japan’s New Strategy for the Mekong [Blog Post]. Retrieved from <https://thediplomat.com/2015/07/the-real-importance-of-japans-new-strategy-for-the-mekong/>.

Vannarith, C. (2017). The Mekong Region: From a Divided to a Connected Region. Phnom Penh, Cambodia: Konrad Adenauer Stiftung. Retrieved from <http://www.kas.de/kambodscha/en/publications/48018/>.

## 4. Japanese approach toward infrastructure and connectivity development in South Asia

Ryohei Kasai

*Visiting Researcher at Centre for South Asian Studies, Gifu Women's University, Japan*

### Abstract

The issue of infrastructure and connectivity development has become one of the most significant hurdles in South Asia. References to corridors, roads, ports, bridges and financial cooperation for infrastructure building are often found in bilateral or multilateral diplomatic documents. Economic interest is a main driver for this trend: according to an estimate by the Asian Development Bank (ADB), US\$22.6 trillion will be needed for infrastructure development in Asia from 2016 to 2030 (Asian Development Bank 2017); South Asia accounts for a great part of this sum. However, infrastructure development is also seen as an issue with increasingly strategic and political implications. This view has gained particular strength since China unveiled its “Belt and Road Initiative” (BRI), an ambitious and grand development strategy that covers most of Asia and reaches into Europe and Africa. Meanwhile Japan, once a substantial but low-key aid donor, has also emerged as a proactive player with a clear vision and principle for further advancing developments in the region. The country has been collaborating closely with India in this regard based on a bilateral “Special Strategic Global Partnership”. What kinds of projects are Japan and India working on? What are their intentions and obstacles? Are they compatible with China-led projects, or meant to confront them? These are the questions this paper aims to examine.

### Projects within India

Since Japan and India agreed on a “Global Partnership” during the visit of the Japanese Prime Minister Yoshiro Mori in 2000, both countries have expanded areas of bilateral cooperation - including trade and investment, security and defence, energy, global issues, culture and people-to-people contact. Infrastructure has benefited from particular attention as Japan accelerated its engagement in numerous infrastructure projects within India. The Delhi Metro is one such example. Funded and constructed by Japan, it became operational in December 2002. The success of the Delhi Metro led Japan to win more mass transit projects in India, including in Chennai and Ahmedabad. Japan and India have also been working on the Delhi-Mumbai

Industrial Corridor (DCIM), a US\$100 billion project aiming to connect Delhi, the national capital, and Mumbai, the commercial hub, by constructing a freight rail and developing varied infrastructure - including smart cities, industrial parks, logistical hubs and power plants (Delhi-Mumbai Industrial Corridor Development Corporation 2017).

The latest infrastructure project within India achieved in partnership with Japan is the Mumbai-Ahmedabad High Speed Railway (MAHSR). It was decided that Japan's Shinkansen, or bullet train, would be introduced in MAHSR when Japanese Prime Minister Shinzo Abe had a summit meeting with his Indian counterpart Prime Minister Narendra Modi in December 2015. It should be noted that not only the train itself but also operational systems, technology transfer and capacity building would be part of the project package. Japan is committed to provide soft loans so as to cover the cost, which is estimated to amount at US\$12 billion. The construction began in September 2017 and is expected to finalize (become operational) in 2023. The MAHSR is significant for several reasons: i) it constitutes the first high-speed railway project in India; ii) the planned route connects Mumbai and Ahmedabad, two major commercial and industrial cities; iii) successful construction, operation and management may pave the way for Japan to finance more routes. Furthermore, the project was seen as a success for Japan in the context of its competition with China for project-building overseas: the introduction of the Shinkansen system to MAHSR was agreed not long after the country lost to China the high speed rail project in Indonesia.

## **Connecting with neighbours and beyond**

### *Northeast Connectivity Development*

India has requested Japan to assist developing infrastructure in an area which had seldom opened its door to foreign countries: the Northeast region. Once seen as an impoverished and unstable area due to its remoteness and a number of insurgencies, the Northeast has now come under the spotlight as the “final frontier” in India (Glancey 2010). It has gained further momentum since the Modi government launched the “Act East Policy”, an upgrade from the original “Look East Policy” which envisioned the region as a new gateway to Southeast Asia. It is against this backdrop that Japanese aid in the region has caught considerable attention.



During his visit to Delhi in 2015, Prime Minister Abe expressed Japan's "intention to provide Official Development Assistance (ODA) loans for the improvement of road network connectivity in the north-eastern states of India". Subsequently, in March 2017, Japan International Cooperation Agency (JICA), in effect Japan's foreign aid structure, signed an agreement with the Government of India to extend a very generously designed ODA loan of ¥67,170 million (approximately US\$610 million) for improvement of roads and bridges in Mizoram and Meghalaya (Japan International Cooperation Agency 2017). In a meeting with the Union Minister of State for Development of the North Eastern Region, Dr. Jitendra Singh, in May 2017, Japanese Ambassador to India Kenji Hiramatsu cited Assam, Manipur and Nagaland as the "preferred states" Japan looked forward to invest in (Press Information Bureau (India), 2017). Furthermore, the two governments set up the Japan-India Coordination Forum for Development of the North-Eastern Region in August 2017, in an attempt to accelerate infrastructure in the region.

While the scope of these involvements by Japan remains limited to the Indian territory, they are expected to help connect the Indian Northeast region with Myanmar and countries of the Mekong region. Improved connectivity between India and Mainland Southeast Asia would bring mutual benefit for both Tokyo and New Delhi: the former has strengthened partnership with countries of the Mekong region by holding eight rounds of the Mekong-Japan Summit Meeting since 2009; the latter has sought to deepen and widen its engagement with the region through the Mekong-Ganga Cooperation (MGC) and, more recently, the Mekong-India Economic Corridor (MIEC). Meanwhile, it is noteworthy that China has also attached importance to the region and put up a proposal for a Bangladesh-China-India-Myanmar Economic Corridor (BCIM-EC). However, talks on this initiative seems stalled and China is now willing to go ahead only with Myanmar, indicating disagreement among the concerned countries.

#### *Chabahar Port Development*

Tokyo and New Delhi have taken another step in expanding cooperation in infrastructure and connectivity development. Both governments announced an idea to jointly develop the port of Chabahar, a coastal city in the Southeastern part of Iran. According to the joint statement issued during the visit to Tokyo by Prime Minister Narendra Modi in November 2016, the project

appears in the context of “promoting peace and stability in South Asia and neighbouring countries”. The strategic significance of Chabahar is linked to its location: the port is only 72 km away from Gwadar, a port city in Southwestern Pakistan. Once a small fishing village, Gwadar has been developed by China since 2001 (Small, 2015, pp. 100-101) and now serves as one of the strategic points in the China-Pakistan Economic Corridor (CPEC), which India sees with concerns. Development of Chabahar would bring India multiple benefits, including strengthening ties with Iran, securing a comfortable access to Afghanistan by bypassing Pakistan, and further reaching into Central Asian countries as well as Russia (Stobdan, 2017).

New Delhi’s interests in Chabahar go back as early as 2003 when the country agreed to develop the port and build a railway from there to Zaranj, an Afghan city close to the border with Iran. India also made an investment of US\$135 million to construct a highway connecting Zaranj and Delaram, which became operational in 2009, in an attempt to improve road connectivity in the landlocked country. Prime Minister Modi made clear his intent to invest US\$500 million for the development of this port during his visit to Tehran in May 2016; the first phase was inaugurated in December 2017.

Although the development of the port proceeds, Tokyo seems to have lost its initial enthusiasm regarding the project. Chabahar was not mentioned at all in the Japan-India Joint Statement in September 2017 - signalling a pause, if not a complete departure, from the 2016 statement. This is presumably due to Washington’s Iran policy under President Donald Trump. As the current US administration has taken a hard-line stance on Iran, indicating it would even scrap the nuclear deal. Japan might have accommodated such a situation by shifting to a “wait-and-see” attitude.

### *The Asia-Africa Growth Corridor*

At the annual meeting of the African Development Bank (AfDB) held in Ahmedabad, India in May 2017, Prime Minister Modi unveiled an “Asia-Africa Growth Corridor” (AAGC), a joint initiative with Japan to promote development in Africa. As in the case of the countries of the Mekong region, both governments have been engaged in Africa. The Tokyo International Conference on African Development (TICAD) in 1993 has marked the beginning of Japan’s involvement; the India-Africa Forum Summit (IAFS) in 2008 marked the birth of India’s

involvement. Tokyo has moreover a record of providing aid to African countries for decades while New Delhi has historical and cultural ties with Eastern and Southern African countries.

While details are still to be worked out, efforts to conceptualize the idea and identify issues have already been undertaken by think tanks in Japan, India and Indonesia. “A Vision Document” released at the AfDB meeting in May 2017 points out that there are four components in the AAGC, namely: i) development and cooperation projects, ii) quality infrastructure and institutional connectivity, iii) capacity and skill enhancement and iv) people-to-people partnerships, in which Japan and India have a complementary role in realizing the idea (RIS, ERIA and IDE-JETRO, 2017, p.3). The three think tanks are tasked with further works including organizing a joint study team as the next step along with action by other institutions and organizations (RIS, ERIA and IDE-JETRO, 2017, pp.15-16).

### *Two guiding principles*

While initiating the new development projects, Tokyo also launched the “Free and Open Indo-Pacific Strategy” and the “Partnership for Quality Infrastructure”; these two major principles guide its policy toward Asia and beyond.

The “Free and Open Indo-Pacific Strategy” was unveiled by Prime Minister Shinzo Abe at TICAD VI in Kenya in August 2016. He said that “Japan bears the responsibility of fostering the confluence of the Pacific and Indian Oceans and of Asia and Africa into a place that values freedom, the rule of law, and the market economy, free from force or coercion, and making it prosperous” (Abe, 2016). In order to fulfil this commitment, Tokyo vows to “expand infrastructure development, trade and investment, and enhance business environment and human development” from East Asia to the Middle East and Africa (Ministry of Foreign Affairs (Japan), 2017, p.27). The strategy was endorsed by the US, India and Australia, the three key countries Tokyo expects to join as important partners in this regard. Prime Minister Modi “appreciated Japan’s greater engagement under this strategy” in his meeting with Prime Minister Abe in November 2016; US President Donald Trump said during his Asia tour in November 2017 - which included Tokyo - that “I’ve had the honour of sharing the vision for a free and open Indo-Pacific” (Sevastopulo, 2017). Prime Minister Malcolm Turnbull of Australia also

expressed his appreciation of the strategy during his working meeting with Prime Minister Abe in Sydney in January 2017.

If the Indo-Pacific Strategy defines a geographical area of Japan's initiative, the Partnership for Quality Infrastructure (PQI) is meant to clarify "how" the initiative will be implemented. In a speech at Nikkei's "The Future of Asia" International Conference in May 2015, Prime Minister Abe made it clear that Tokyo intends to "actively make use of such funds in order to spread high-quality and innovative infrastructure throughout Asia, taking a long-term view", pledging to provide US\$110 billion for the region in collaboration with strengthened ADB over the next five years (Abe, 2015). The reference to "quality" might perhaps be taken as meaning "quality over quantity". However, it is "quality as well as quantity" that Tokyo pursues. According to a document issued by Japan's four relevant government organizations, multiple financial resources are envisaged in order to achieve this goal, including JICA, the Japan Bank for International Cooperation (JBIC) and the Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN) for Public-Private Partnership (Ministry of Foreign Affairs, Ministry of Finance, Ministry of Economy, Trade and Industry, Ministry of Land, Infrastructure and Transport (Japan), 2015). The PQI was renamed "Expanded Partnership for Quality Infrastructure"(EPQI) at the G-7 summit held in Ise-Shima, Japan, in May 2016 as it expanded the target area from Asia to all over the world, with an emphasis on Africa and Russia, and increased the amount involved to US\$200 billion (Ministry of Economy, Trade and Industry (Japan), 2016).

Since inception Tokyo's two principles along with the AAGC have often been compared and interpreted as a "counter" to Beijing's BRI, previously called "One Belt and One Road" (Mohan, 2015; Borah, 2017). These arguments are, in part, convincing as both the Indo-Pacific Strategy and PQI were brought about after the Chinese initiative. The announcing of the AAGC in late May 2017 also must have been carefully chosen as it was only ten days after Beijing held the Belt and Road Forum for International Cooperation. However, there are also other factors making Japan much more eager than ever before to foster infrastructure development in the region: its firm commitment to uphold universal values such as rule of law, navigation of freedom, and equitable and stable development; the rapidly growing Japan-India partnership; an increasing

emphasis on economic diplomacy; and exporting infrastructure systems as a revitalizing strategy for its own economy.

## Conclusion

Japan and India have collaborated so as to launch multiple projects not only within India but also in its neighbourhood and beyond. In this regard, a contention by Takenori Horimoto that Japan-India relations should be positioned as a “public good” in Asia is important (Horimoto, 2016, pp.12-13). The “Free and Open Indo-Pacific Strategy” and the PQI further set the principles according to which this regional development policy would be guided.

Meanwhile, an idea to involve the US and Australia in the development of infrastructure in the region has been floated recently (Reuters 2018). The Japan-US-India-Australia quadrilateral nexus, often referred as the “Quad”, started as a framework to promote dialogue and cooperation in security affairs. While such multilateral cooperation serves to expand, deepen and accelerate Tokyo’s initiatives, the new proposal to apply the Quad to infrastructure development may draw further suspicion and concern from Beijing as the framework has often been regarded as a group collaborating so as to contain Chinese influence.

What is necessary and meaningful for infrastructure and connectivity development in Asia would be dialogue between Japan-India and China. As far as Beijing’s overseas infrastructure development remains peaceful and commercial, an interaction between the two parties would bring about coordination and streamlining of projects that may otherwise overlap. Tokyo seems to have gradually changed its earlier cautious view toward the BRI as Prime Minister Abe now expresses that his government is “ready to extend cooperation” to the Chinese initiative as far as it will “fully incorporate such a common frame of thinking, and come into harmony with the free and fair Trans Pacific economic zone, and contribute to the peace and prosperity of the region and the world” (Abe, 2017). According to a recent news report from the Japanese media, Tokyo is considering to ask Beijing for cooperation in projects within Africa (Yomiuri Shimbun, 2017). While New Delhi keeps its distance from the BRI for CPEC that goes through Pakistan-controlled Kashmir where it claims sovereignty, the country is one of the founding members of the Asia Infrastructure Investment Bank (AIIB), a Beijing-led development bank. However, if

infrastructure such as ports, roads and bridges are to be used by Beijing for military purposes, this will become a matter of grave concern not only for Tokyo and New Delhi but also for many other capitals in the region and beyond. It would certainly make a positive dialogue difficult to develop.

## Reference list

- Abe, S. (2015, May 21). The Future of Asia: Be Innovative - Speech by Prime Minister Shinzo Abe at the Banquet of the 21st International Conference on the Future of Asia. Prime Minister of Japan and his Cabinet. Retrieved from [https://japan.kantei.go.jp/97\\_abe/statement/201505/0521foaspeech.html](https://japan.kantei.go.jp/97_abe/statement/201505/0521foaspeech.html).
- Abe, S. (2016, August 27). Address by Prime Minister Shinzo Abe at the Opening Session of the Sixth Tokyo International Conference on African Development (TICAD VI). Prime Minister of Japan and his Cabinet. Retrieved from [https://japan.kantei.go.jp/97\\_abe/statement/201608/1218850\\_11013.html](https://japan.kantei.go.jp/97_abe/statement/201608/1218850_11013.html).
- Abe, S. (2017, June 5). Asia's Dream: Linking the Pacific and Eurasia" - Speech by Prime Minister Shinzo Abe at the Banquet of the 23rd International Conference on The Future of Asia. Prime Minister of Japan and his Cabinet. Retrieved from [https://japan.kantei.go.jp/97\\_abe/statement/201706/1222768\\_11579.html](https://japan.kantei.go.jp/97_abe/statement/201706/1222768_11579.html).
- Asia Africa Growth Corridor: Partnership for Sustainable and Innovative Development (A Vision Document). (2017). RIS, ERIA and IDE-JETRO. Retrieved from <http://www.eria.org/Asia-Africa-Growth-Corridor-Documents.pdf>.
- Asia Infrastructure Needs Exceed \$1.7 Trillion per Year, Double Previous Estimates. (2017, February 17). Asian Development Bank. Retrieved from <https://www.adb.org/news/asia-infrastructure-needs-exceed-17-trillion-year-double-previous-estimates>.
- Australia, U.S., India and Japan in talks to establish Belt and Road alternative: report. (2018, February 19). Reuters. Retrieved from <https://www.reuters.com/article/us-china-beltandroad-quad/australia-u-s-india-and-japan-in-talks-to-establish-belt-and-road-alternative-report-idUSKCN1G20WG?il=0>.
- Borah, R. (2017, November 16). To Counter China's Belt and Road Initiative, Japan, India Can Look to Iran's Chabahar Port. Japan Forward. Retrieved from <https://japan-forward.com/to-counter-chinas-belt-and-road-initiative-japan-india-can-look-to-irans-chabahar-port/>.
- Delhi-Mumbai Industrial Corridor Development Corporation. (2017). An Overview. Retrieved from <http://www.dmicdc.com/about-DMICDC>.
- Diplomatic Bluebook 2017. (2017, September 15). Ministry of Foreign Affairs (Japan). Retrieved

- from <http://www.mofa.go.jp/files/000287676.pdf>.
- Glancey, J. (2010, December 11). Finding Nagaland: India's final frontier. The Guardian. Retrieved from <https://www.theguardian.com/travel/2010/dec/11/india-nagaland-jonathan-glancey>.
- G7 Ise-Shima Summit: Expanded Partnership for Quality Infrastructure. (2016, May 23). Ministry of Economy, Trade and Industry (Japan). Retrieved from [http://www.meti.go.jp/english/press/2016/pdf/0523\\_01b.pdf](http://www.meti.go.jp/english/press/2016/pdf/0523_01b.pdf).
- Japan offers support for Northeast projects. (2017, May 17). Press Information Bureau (PIB) (India). Retrieved from <http://pib.nic.in/newsite/PrintRelease.aspx?relid=161902>.
- JICA Extends ODA Loan of approximately INR 4,000 Crores for the North-East Road Network Connectivity Improvement Project (Phase I). (2017, March 31). Japan International Cooperation Agency (JICA). Retrieved from [https://www.jica.go.jp/india/english/office/topics/press170331\\_01.html](https://www.jica.go.jp/india/english/office/topics/press170331_01.html).
- Kotani, T. (2017, January 10). Can the 'Indo-Pacific' compete with China?. The Japan Times. Retrieved from <https://www.japantimes.co.jp/opinion/2018/01/10/commentary/japan%20commentary/can-indo-pacific-compete-china/#WpRSL5PFLNA>.
- Mohan, R. (2015, November 24). Raja-Mandala: Japan's counter to China's Silk Road. Indian Express. Retrieved from <http://indianexpress.com/article/opinion/columns/raja-mandala-japans-counter-to-chinas-silk-road/>.
- Parasharl, S. (2017, February 26). China's ocean observatory in Maldives sparks fresh security concerns. Times of India. Retrieved from <https://timesofindia.indiatimes.com/india/chinas-ocean-observatory-in-maldives-sparks-fresh-security-fear/articleshow/63072040.cms>.
- Partnership for Quality Infrastructure: Investment for Asia's Future. (2015, May 21). Ministry of Foreign Affairs, Ministry of Finance, Ministry of Economy, Trade and Industry, Ministry of Land, Infrastructure and Transport (Japan). Retrieved from <http://www.mofa.go.jp/files/000081298.pdf>.
- Sevastpulo, D. (2017, November 11). Trump gives glimpses of 'Indo-Pacific' strategy to counter China. Retrieved from <https://www.ft.com/content/e6d17fd6-c623-11e7-a1d2-6786f39ef675>.



Small, A. (2015). *The China-Pakistan Axis: Asia's New Geopolitics*. Gurgaon: Random House India.

Stobdan, P. (2017, December 12). To make Chabahar a 'Game Changer' Central Asian states need to be roped in. Institute for Defence Studies and Analyses. Retrieved from [https://idsa.in/idsacomments/to-make-chabahar-a-game-changer-central-asian-states\\_pstobdan\\_121217](https://idsa.in/idsacomments/to-make-chabahar-a-game-changer-central-asian-states_pstobdan_121217).

Yomiuri S. (2017, December 31). Afurika shien, Chugoku kousou ni kyocho, Nicchu kyoryoku teian he [Japan to propose China to cooperate in assistance to Africa while extending support the Chinese initiative]. Yomiuri Online. Retrieved from <http://www.yomiuri.co.jp/feature/TO000301/20171230-OYT1T50087.html>.

## 5. Assessing China-Pakistan economic cooperation in the context of CPEC

Dr Siegfried O. Wolf

*Director of Research, South Asia Democratic Forum (SADF), Brussels, Belgium*

### Abstract

This article gives a brief overview of the genesis and contextualisation of China-Pakistan relations with focus on its economic dimension. Based on an elaboration of the initial conditions of the bilateral ties, the present study offers an analysis of the current state of the economic affairs between Islamabad and Beijing, while considering the impacts of the China-Pakistan Economic Corridor (CPEC) initiative. It is argued that the establishment of CPEC will further entrench the already existing imbalance in China-Pakistan economic and trade relations with major consequences for Pakistan's economy. First, it will further increase Beijing's enormous trade surplus towards Islamabad. Second, due to Islamabad's insufficient economic policies, poorly prepared trade negotiations with China, and Chinese trade barriers, Pakistan's companies are not able to compete with Chinese counterparts. Pakistani entrepreneurs might therefore not only get pushed out of the Chinese and other Asian markets, but also lose significant ground in the domestic market. Third, given the lack of sustainability and local ownership in many CPEC projects, Islamabad will not be able to address the future financial burdens towards Beijing on its own. All these trajectories will further enhance Pakistan's enormous trade deficit and debt burden towards China. The latter phenomenon will subsequently create economic as well as political dependencies working in favour of Beijing.

### Brief history of China-Pakistan relations

Pakistan and China maintain cordial relations since Pakistan recognised the People's Republic of China in 1950 as the first majority Muslim country, and established diplomatic ties with Beijing (Blood, 1995, p. 248; Allen-Ebrahimian, 2015; Zingel, 2015). This was soon followed by the establishment of trade ties between both countries. Since then, Pakistan continues to provide China with diplomatic assistance on numerous issues. This includes support for China's seat in the United Nations in 1961, the backing of Beijing's 'One-China Policy', as well as Pakistan's support in the aftermath of the bloody crackdown by the government during the Tiananmen

protests in 1989 (June Fourth incident) in which thousands of the ‘pro-democracy’ and ‘pro-reform’ supporters lost their lives.

Another example of Islamabad’s support for Beijing was its role in facilitating the Sino-American rapprochement in the early 1970s. In reverse, China’s diplomatic assistance to Islamabad increased significantly. What needs to be mentioned in this context is the role of China at the international level during the pre-emptive wars launched by the Pakistani armed forces against India in 1965 (Rann of Kutch affair and Operation Gibraltar ), and later during the Kargil offensive in 1999. China’s international support was also evident during the Bangladesh liberation war (former East Pakistan) in 1971, which resulted in the large-scale genocide (Blood, 1995, p. 248; Mascarenhas, 1986). In this context, the India-China border clash of 1962 widened the options for China to collaborate with Pakistan, and vice versa (Cheema 1986, p. 42). Additionally, due to the increasing international critic on Pakistan’s involvement in state-sponsored terrorism (Wolf, 2017a, pp. 109-110), Beijing started to grant diplomatic protection for Pakistani-based Jihadists involved in cross-border terrorism such as Masood Azhar (Shams, 2017; Wolf 2017c). Another milestone in Sino-Pakistan relations was the solution of their territorial disputes, which led to the signing of a border agreement in 1963. However, the question whether this arrangement involves parts of the disputed territory, foremost the Shaksgam Valley of Gilgit-Baltistan, a route from Pakistan to China, remains open and thus makes the whole border agreement highly controversial (Lamb, 1964, pp. 299-312). Ironically, despite the illegal nature of this border agreement, it fostered the political and diplomatic relations between China and Pakistan. As a result of this strong mutual diplomatic and political support, Pakistan is remarkably self-confident when it comes to its ties with China and points out that it “played a pioneering role in introducing the reality of China to the contemporary world.”

Today, Beijing is Pakistan’s top supplier for military hardware and nuclear technology and continues to increase the security and defence cooperation with Islamabad. Furthermore, the two neighbours got more deeply engaged in non-security and economic development related fields, including general academic collaboration, cultural exchange or providing aid to each-other in the wake of natural disasters. Nevertheless, China recently adopted a more critical stance towards

Pakistan, stressing the need for more security in South Asia (Vandewalle, 2015), especially with regards to domestic and cross-border terrorism (Wolf, 2017a), and urged the Pakistan government to make peace in Afghanistan a top priority of its foreign policy agenda (Iqbal, 2015). Having said this, it is clear that China is neither satisfied with Pakistan's counterterrorism strategies nor with the quality of security provided for Chinese workers and companies (Rehman, 2017; Shah, 2017). For example, the way that Pakistan handled the Uighur militants operating from its soil to conduct terrorist activities in China created dissatisfaction among Chinese security circles (Joscelyn, 2008; Wolf, 2015). Also, the ongoing attacks of Islamic State fighters and other militant groups in Balochistan is a matter of deep concern for China (Rehman, 2017; Shah, 2017). Beijing also expresses indignation regarding Islamabad's failure to prioritise stability in Afghanistan, rather than focusing its efforts of keeping India out of Afghanistan and establishing a pro-Pakistani government in Kabul (Wolf 2012a; 2012b).

Diplomatic, political and development collaboration between Beijing and Islamabad as well as major Chinese investments in Pakistan are not new. However, it has taken some time to find a comprehensive scheme to enhance deeper economic ties and ensure lasting cooperation (Rahman, 2007). In this context, China's move to open-up its western Xinjiang province to trade and regional integration by supporting the construction of the Karakorum Highway (KKH) was a significant step towards closer ties. In other words, the construction of the KKH helped not only to overcome one of the greatest physical barriers in the bilateral economic and trade relations, but it also created useful collaborative experiences that can serve as catalysts for ongoing and future joint enterprises (Khan, 2015).

### **China-Pakistan economic relations in perspective**

Islamabad and Beijing are emphasising their close ties on all official occasions and refer to the relationship as 'all-weather friends', a relation which is "is higher than mountains, deeper than oceans, sweeter than honey, and stronger than steel" (Tharoor, 2015). But besides this flowery rhetoric, China and Pakistan do not have much in common beyond a shared border of 520 kilometres (Tharoor, 2015; Vandewalle, 2015). International experts like Andrew Small are pointing out that Pakistan and China "have never been treaty allies, do not share any cultural reference points or values, and their militaries come from radically different traditions" (Small,

2015, p. 3). It is also worth mentioning that while Pakistanis view China in an overwhelmingly positive light, it seems many Chinese people, besides state officials, share a far less enthusiastic attitude towards Pakistan. The fact that some Chinese believe Pakistan is a violent, lawless, chaotic, poorly governed, and run-down place, partly explains this discrepancy (Allen-Ebrahimian, 2015; Tharoor, 2015). Nevertheless, most Chinese acknowledge the close ties between the countries, and despite ideological differences and differing perceptions among its respective populations, the cooperation between China and Pakistan has continued to grow during the past decades. A crucial step in this direction was the establishment of the 'Pakistan-China Joint Committee in 1982' (Kamal & Malik, 2017), which was aimed at facilitating trade and technology and path the way for further deepening of the bilateral relations. But one must be aware that, in many ways, Sino-Pakistan ties do not reflect a relationship of equal partners (Wolf, 2016). In other words, the main features of Sino-Pakistani relations are the obvious asymmetries, especially regarding political power and economic capacities as well as trade interaction (Jain, 2017, pp. 59-61). For example, in 2012 the average Chinese earned five times as much as the average Pakistani, and China's economy was 35 times the size of Pakistan's (Small, 2015, p. 95).

In order to boost the economic cooperation, both countries signed the 'China Pakistan Free Trade Agreement' (CPF<sup>2</sup>TA) on 24th November 2006 , which came into effect in July 2007 (Kamal & Malik, 2017, p. 2). The major aim of this FTA was to "promote bilateral trade and provide enhanced market access to the products on reciprocal basis" for goods (Kamal & Malik, 2017, p. 2). Since then, China has become Pakistan's largest trading partner (Ashraf, 2015) and the Chinese market has developed into the second largest export destination of Pakistan with a share of 7.7 percent in Pakistan's total exports. But it soon became clear that it is a one-sided phenomenon working to the advantage of China. As stated by an international observer, the volume of China's trade with Pakistan "is a drop in the bucket for Beijing" (Tharoor, 2015). It turned out that Pakistani entrepreneurs were until now not able to gain much benefit, neither from the CPF<sup>2</sup>TA (Muhammad, 2016) nor from the deepening political relations with China. In contrast, Pakistani businesses, especially in the textile and fruit sector, had to face tough competition from Chinese counterparts to such a high level that they lost crucial leverage in China as well as in other Asian markets. Furthermore, according to a survey conducted by the

State Bank of Pakistan (SBP) ‘Dynamics of Pakistan’s Trade Balance with China’, the production of several Pakistani industries declined since the signing of the FTA with Beijing (Business Recorder, 2017; Kamal & Malik, 2017). It is therefore interesting to note that not only China’s trade volume with India is much higher than with its ‘quasi-ally Pakistan’, but Beijing also maintains stronger economic relations with other, much smaller Asian states. For example, the Philippines, which had during the last decade roughly the same economic size as Pakistan, has now a three times higher trade volume with China. Likewise, Vietnam, the economy of which is half the size of Pakistan’s, has four times the amount of bilateral trade with the Chinese (Small, 2015, p. 96).

Some of the main reasons for Pakistan’s inability to keep up with Chinese competition as well as to benefit from its close relations with Beijing are the lingering energy crisis as well as infrastructural and logistic problems. Another major problem is corruption, which severely undermines the country’s economic performance and its overall development (BTI, 2016, pp. 2, 14, 26). The 2016 Corruption Perception Index (CPI) of Transparency International ranks Pakistan only at place 116 out of 176 states identifying it as one of the most corrupt countries in the world (TI, 2016). Furthermore, there is a lack of long-term, comprehensive and stringent economic policies, which would support local businesses, for example through investments in export orientated facilities; offering entrepreneurs access to cheaper financing ; broadening the export base or smart infrastructure solutions to reduce losses in the food chain; producing goods at lower costs; and establishing (or improving) linkages within global value chains (Pasha, 2017). In contrast, it is claimed that the decision-makers have largely ignored the need to promote the country’s manufacturing industries (Business Recorder, 2017). This is gaining significance since Islamabad’s opportunities to create an enabling environment for economic growth is getting further limited by additional perennial problems. In particular, the lack in management capacities and subsequent inefficient use of resources, the distortion of a free economic competition due to the omnipresent MILBUS phenomenon, and the involvement of military businesses (Siddiqi, 2009). The large business-conglomerates run by the military in Pakistan are not only forming monopolies in numerous sectors of the country’s economy, but also giving unfair advantage in competition in public tenders. Furthermore, having the means of coercive force, military secures its economic interests, for example by conducting land

acquisitions with the help of army, while justifying these actions by referring to national security, which compared to civilian entrepreneurs, gives the soldiers enormous advantage (BTI, 2016, p. 14; Siddiqa, 2009, pp. 13-14).

However, there are not only domestic structural factors and wrong policies leading to stagnancy or even to lowering of the local production and the capacities for trade in Pakistan, but on the Chinese side too are significant hurdles for foreigners, especially for Pakistani hampering trade and business in China (Mustafa, Qayyum & Noor-e-Hera, 2017, pp. 1-3). Beijing is still imposing several obstacles for Pakistani companies, making it difficult to export their products to China, foremost through technical barriers to trade (TBT), including non-tariff barriers (NTB) like import quotas, prohibitions, import licensing or product certification requirements, customs procedures, duplicate health certificates, quarantine regulations, administration fees, and distribution restrictions (Staiger, 2012, p. 2; Mustafa, Qayyum & Noor-e-Hera, 2017, pp. 1-3). Both TBTs and NTBs are a cause of delays and hurdles. Furthermore, Pakistani export attempts towards China's are severely hampered by domestically imposed non-tariff measures (NTMs). Such 'behind the border measures' are for example "technical, health, product, labour, environmental standards, internal taxes or charges, and domestic subsidies" (Staiger, 2012, p. 2). As such, Pakistani enterprises are not necessarily kept out of the Chinese market, but the costs for exporting their products are raising tremendously, which makes them less competitive vis-à-vis Chinese competitors (Kayani, Shah, 2014, p. 1).

Subsequently, Pakistan wants to review the conditions of the current CPF<sup>TA</sup> and seeks for respective changes. It seems, however, that the Chinese are not willing to offer Islamabad the same favourable trade concessions as the ones offered to other trading partners, at least for the moment. In consequence, Pakistan's trade deficit in its interaction with China is equally worrisome, and is persistently growing (Haider, 2017). It is interesting to note that in the first years after the CPF<sup>TA</sup> was signed, Pakistan was able to increase its exports to China from US\$575 million in 2006-07 to US\$2.1 billion in 2014-15. But at the same time, Chinese imports (into Pakistan) increased to US\$10.1 billion in 2014-15 from US\$3.5 billion in 2006-07 (Muhammad, 2016), which indicates an enormous trade imbalance. Since the CPEC initiative gathered steam, this imbalance in trade achieved an alarming high level. As pointed out by Hafiz

Pasha “Pakistan’s trade deficit has hit a record level of 30 billion US dollars in the first 11 months of 2016-17, showing a jump of 42 per cent as compared to the same period in the previous financial year. Exports have declined by three per cent to 18.5 billion US dollars, while imports have gone up by 21 per cent to 48.5 billion US dollars” (Pasha, 2017).

### **Economic corridor: A game changer in Pakistan-China economic relations?**

Today, the economic relations between Islamabad and Beijing are predominantly featured by the China-Pakistan Economic Corridor (CPEC), a multi-billion dollar investment initiative which gets heralded as a game changer for Pakistan’s economy and regional cooperation (Wolf, 2017b). It is a crucial part of a major development initiative led by China, known as the ‘Belt and Road’ initiative (BRI) or ‘New Silk Road’ , to connect Asia with Europe and the Middle East with Africa via land (belt) and sea (road). For the CPEC project itself and for those involved, it evokes many hopes and interests, but it also signals significant geopolitical shift (Wolf, 2017e). Moreover, Pakistan expects CPEC to address most of the above mentioned problems, hampering its economic activities with China. It is regarded as an essential link between the ‘belt and road’. In order to provide this connection, CPEC should connect Kashgar in China’s western Xinjiang province with Gwadar port on the Balochistan coast, which is located in Pakistan’s south-western region. According to the plan (Wolf, 2016), CPEC will encompass three routes through Pakistan, plus a northern extension. First, the Western Alignment goes through the Khyber Pakhtunkhwa and Balochistan. The Central Route will go via Khyber Pakhtunkhwa and through unconnected parts of Punjab and Sindh. The Eastern Alignment mainly passes through central Punjab and Sindh. Finally, the so called Northern route, which draws partly on the existing Karakorum Highway (KKH), will connect all three Pakistani alignments bordering the Khunjerab Pass and Chinese territory.

In brief, CPEC will be implemented through a “1+4 cooperation structure” (Khan, 2015): the Economic Corridor as an overall, multi-sectoral development vision at the centre; and Gwadar port, energy, infrastructure, and industrialisation as its four key areas of collaboration. To operationalise this endeavour, the corridor combines several components, such as roads, railways, local public transportations, pipelines (for oil and gas), facilities for trade and transport, special economic zones, renewable and non-renewable energy capacities, communication



networks, financial services, centres for research, education, and health care finalised, etc. The initiative, which is mainly financed through Chinese loans, is expected to be completed by 2030 (PT, 2016). Some parts of CPEC are already finalised or are likely to be ready within the next one to three years.

Having this in mind, it seems at the first sight that CPEC could be a boost for Pakistan's national economy as well as for further economic interaction with China and with its South Asian neighbours. However, taking into account various regional political trajectories and the way that CPEC decisions are made and implemented, the project faces many open questions. To begin with, there are extraordinary hurdles regarding the integration of CPEC in trade and logistic networks and/or supply chains beyond the China-Pakistan nexus. The fact that the corridor crosses Gilgit-Baltistan, a part of the disputed Kashmir area, determines a major roadblock for India's participation in the project. Any potential cooperation, which includes India in the CPEC development might therefore be interpreted as a legitimisation of the status quo, especially referring to the territory occupied by Pakistan but claimed by India (Wolf, 2017d). Furthermore, the tensed, or at least ambiguous relations with Afghanistan and Iran, are setting certain limitations to open up CPEC towards Pakistan western neighbours (Wolf, 2017b).

In addition, CPEC faces remarkable domestic challenges. Besides the general lack of security due to terrorism, militancy, crime, and other law and order situations, there is an increasing opposition towards CPEC. Most of the critics are centred around the exclusion of the regions and local people from CPEC related decision-making, lack of transparency; increased exploitation of resources without fair share of revenues between state and region; enforced acquisition of land without adequate compensation; negative impacts on environment, such as deforestation and destruction of valuable land for agricultural production; lack of fair mechanisms for sharing the benefits and the costs of CPEC; and the massive human rights violations by the Pakistani security agents. Instead of accommodating the concerns of the people, the state authorities are responding with extra-ordinary repressive measures, including blackmailing kidnapping, torture, killing of CPEC opponents. In order to keep all kind of opposition in check, the national elite is pushing securitisation and militarisation of restive areas which are tremendously increasing the costs of CPEC. This is gaining significance, since there is

an increasing awareness among the Pakistani people that most of the CPEC projects are not sustainable, especially in the disadvantaged regions of Balochistan, Gilgit-Baltistan, Khyber Pakhtunkhwa and rural Sindh, which are disproportionate affected by the negative impacts. Furthermore, by monitoring the CPEC implementation, it becomes clear that this development initiative is only aiming at the consequences, but not causes of Pakistan's economic decline.

### **Final thoughts**

Due to the lack of empirical data, it is difficult to show how China-Pakistani economic interaction, especially the trade imbalance, is hurting local Pakistani industries (Business Recorder, 2017). However, one must state, that the civilian and military leadership did not learn the lessons from the past. They are apparently not willing or able to fix the core problems which were leading Pakistan from being a model for developing countries on the brink of an economic and financial disaster. As long as Pakistani elite does not improve its relationship with neighbours, foremost by stopping its support for cross-border terrorists and by solving its border and territorial disputes, CPEC will be deprived from the chance to create maximum benefit and to produce a significant contribution for regional cooperation.

Furthermore, if Pakistan's establishment will not accept and internalise democratic norms to resolve local conflicts and implement substantial economic reforms, CPEC will, instead of acting as a 'game changer', deteriorate the social, political, and economic situation in the region. As such, CPEC should be implemented only under the conditions of substantial reforms like improved taxation system and centre-region financial affairs. The latter measures also include substantial re-assessment of the moral economic behaviour of significant sections of the country's national elites, while also considering the fulfilment of individual financial duties towards the state and society; the end of misusing state resources for partisan interests; and the willingness to invest inside the country rather than abroad. If the mindset of the country's leaders remains unchanged, CPEC may not only create a grim perspective for Pakistan's relations with its neighbours, but also bitter the 'all-weather friendship' with Beijing.

## Reference list

- Allen-Ebrahimian, B. (2015, April 22). China Loves Pakistan ... but Most Chinese Don't. Foreign Policy (FP). Retrieved from <http://foreignpolicy.com/2015/04/22/china-pakistan-relations-trade-deal-friendship/>.
- Almond export can yield billions of rupees for Gilgit-Baltistan. (2017, March 27). Dawn. Retrieved from <https://www.dawn.com/news/1323108>.
- Ashraf, S. (2015, April 9). China-Pakistan Economic Corridor. Institute of South Asian Studies National University of Singapore, Singapore, ISAS Brief, No. 364. Retrieved from <http://www.isas.nus.edu.sg/isaspapers/Pages/Briefs.aspx>.
- Blood, PR (Ed.). (2015). Pakistan a country study. Washington, D.C.: Federal Research Division, Library of Congress.
- BTI 2016 | Pakistan Country Report. (2016). Bertelsmann Transformations Index (BTI), Gütersloh. Retrieved from [https://www.bti-project.org/fileadmin/files/BTI/Downloads/Reports/2016/pdf/BTI\\_2016\\_Pakistan.pdf](https://www.bti-project.org/fileadmin/files/BTI/Downloads/Reports/2016/pdf/BTI_2016_Pakistan.pdf).
- Cheema, PI. (1986). Significance of Pakistan-China Agreement of 1963. Pakistan Institute of International Affairs, 39(4), pp. 41-52.
- Cloughley, B. (2006). A History of the Pakistan Army. Wars and Insurrections. Oxford, England: Oxford University Press.
- China and Pakistan. Corridor of power. (2015, April 20). The Economist. Retrieved from <http://www.economist.com/news/asia/21648918-xi-jinping-arrives-bearing-gifts-corridor-power>.
- Corruption Perception Index Pakistan. (2016). Transparency International (TI). Retrieved from <https://www.transparency.org/country/PAK#>.
- CPEC to be completed before schedule: Chinese official. (2016, April 24). Pakistan Today (PT). Retrieved from <https://www.pakistantoday.com.pk/2016/04/24/cpec-to-be-completed-before-schedule-chinese-official/>.
- Haider, K., Dilawar, I. (2017, June 28). Growing Trade Imbalance Leads Pakistan to Seek China Concessions. Bloomberg Politics. Retrieved from <https://www.bloomberg.com/news/articles/2017-06-27/growing-trade-imbalance-leads-pakistan-to-seek-china-concessions>.

- Iqbal, K. (2015, April 27). Challenges to China-Pakistan cooperation. The Nation. Retrieved from <http://nation.com.pk/columns/27-Apr-2015/challenges-to-china-pakistan-cooperation>.
- Jain, B. M. (2017). China's Soft Power Diplomacy in South Asia: Myth or Reality? London, England: Lexington Books.
- Joscelyn, T. (2008, October 9). Evaluating the Uighur Threat. The Long War Journal. Retrieved from [http://www.longwarjournal.org/archives/2008/10/evaluating\\_the\\_uighu.php](http://www.longwarjournal.org/archives/2008/10/evaluating_the_uighu.php).
- Kamal, J. & Malik, M. H. (2017, April 17). Dynamics of Pakistan's Trade Balance with China, State Bank of Pakistan (SBP). SBP Staff Notes. Retrieved from <http://www.sbp.org.pk/publications/staff-notes/Pak-China-trade-balance.pdf>.
- Kayani, U.J., Shah, S.A. (2014, March). Non tariff barriers and Pakistan regional trade. A Legal and Economic Analysis of Non-Tariff Barriers in Pakistan, India, China and Sri Lanka Working Paper. International Growth Centre. Retrieved from <https://www.theigc.org/wp-content/uploads/2014/09/Kayani-Shah-2014-Working-Paper.pdf>.
- Khan, M. (2015, May 28). CPEC: We will succeed. Pakistan Observer. Retrieved from <http://pakobserver.net/detailnews.asp?id=264996>.
- Ladley, E. (2002). Nixon's China Trip. New York, United States: Writer's Club Press.
- Lamb, A. (1964). The Sino-Pakistani boundary agreement of 2 March 1963. Australian Outlook, 18(3), pp. 299-312.
- Mascarenhas, A. (1986). Bangladesh: A Legacy of Blood. London, England: Hodder and Stoughton.
- Mazari, S.M. (2003). The Kargil Conflict 1999. Separating Fact from Fiction. Institute of Strategic Studies, Islamabad.
- McCormick, B.L., Shaozhi, S. & Xiaoming, X. (1992). The 1989 Democracy Movement: A Review of the Prospects for Civil Society in China. Pacific Affairs, 65(2), (pp. 182-202).
- Mitra, S.K., Wolf, S.O., & Schöttli, J. (2006). A Political and Economic Dictionary of South Asia. London, England: Routledge.
- Muhammad, P. (2016, June 26). Pakistan has failed when it comes to trade with China. The Express Tribune. Retrieved from <https://tribune.com.pk/story/1130268/free-trade-%20agreement-pakistan-failed-comes-trade-china/>.

- Mustafa, A., Qayyum, A., & Noor-e-Hera. (2017, December 12-14). Impact of Technical Barriers to Trade on Trade between China and Pakistan. Paper presented at the 33rd AGM and Conference, Redefining Prosperity Paths in Changing Global Economy; Opportunities and Challenges for Pakistan, Pakistan Society of Development Economists (PDE). Retrieved from <https://www.pide.org.pk/psde/pdf/AGM32/papers/Impact%20of%20Technical%20Barriers%20to%20Trade%20on%20Trade%20between%20China%20and%20Pakistan.pdf>
- Muzaffar, Z. (2015, June 18). Interview: Javed Jabbar. The Diplomat. Retrieved from <http://thediplomat.com/2015/06/interview-javed-jabbar/>.
- Pakistan's failure in trade with China. (2017, October 11). Business Recorder. Retrieved from <https://www.brecorder.com/2017/10/11/374174/pakistans-failure-in-trade-with-china/>.
- Pasha, H. (2017, July 24). What has caused Pakistan's alarming trade deficit?. Herald. Retrieved from <https://herald.dawn.com/news/1153812>.
- Rahman, F. (2007). Pakistan's Evolving Relations with China, Russia, and Central Asia. In Iwashita, Akihiro (Ed.), *Russia and Its Neighbors in Crisis*. Japan: Slavic Eurasian Research Center, Hokkaido University. Retrieved from [http://src-h.slav.hokudai.ac.jp/coe21/publish/no16\\_1\\_ses/11\\_rahman.pdf](http://src-h.slav.hokudai.ac.jp/coe21/publish/no16_1_ses/11_rahman.pdf).
- Rehman, A. (2017, June 24). How CPEC Security Will Test the 'All-Weather Friendship' of China and Pakistan. The Diplomat. Retrieved from <https://thediplomat.com/2017/06/how-cpec-security-will-test-the-all-weather-friendship-of-china-and-pakistan/>.
- Shah, S. A. (2017, June 9). Abducted Chinese nationals killed, claims IS. Dawn. Retrieved from <https://www.dawn.com/news/1338454/abducted-chinese-nationals-killed-claims-is>.
- Shams, S. (2017, February 7). Why is China 'protecting' the Pakistan-based Jaish-e-Mohammad militant group?, Interview with Siegfried O. Wolf. Deutsche Welle. Retrieved from <http://www.dw.com/en/why-is-china-protecting-the-pakistan-based-jaish-e-mohammad-militant-group/a-36974181>.
- Siddiq, A. (2009) *Military Inc. inside Pakistan's Military Economy*. Karachi, Pakistan: Oxford University Press.

- Small, A. (2015). *The China-Pakistan Axis Asia's New Geopolitics*. New York, United States: Oxford University Press.
- Staiger, R.W. (2012). Non-tariff measures and the WTO. Economic Research and Statistics Division, World Trade Organisation, Staff Working Paper (01). Retrieved from [https://www.wto.org/english/res\\_e/reser\\_e/ersd201201\\_e.pdf](https://www.wto.org/english/res_e/reser_e/ersd201201_e.pdf)
- Tharoor, I. (2015, April 21). What China's and Pakistan's special friendship means. *The Washington Post*. Retrieved from [https://www.washingtonpost.com/news/worldviews/wp/2015/04/21/what-china-and-pakistans-special-friendship-means/?utm\\_term=.4845b02b824f](https://www.washingtonpost.com/news/worldviews/wp/2015/04/21/what-china-and-pakistans-special-friendship-means/?utm_term=.4845b02b824f).
- Vandewalle, L. (2015). In- Depth Analysis Pakistan and China: 'Iron brothers' forever?. Directorate General for External Policies European Parliament. Retrieved from [http://www.europarl.europa.eu/RegData/etudes/IDAN/2015/549052/EXPO\\_IDA\(2015\)549052\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/IDAN/2015/549052/EXPO_IDA(2015)549052_EN.pdf).
- White Paper--The One-China Principle and the Taiwan Issue. (2000, February 21). Embassy of the People's Republic of China (PRC) to the United States of America. Retrieved from <http://www.china-embassy.org/eng/zt/twwt/White%20Papers/t36705.htm>.
- Wolf, S.O. (2017e, February). The China-Pakistan Economic Corridor. A Geopolitical Perspective. *Indian Military Review*, 8, pp. 56.-58.
- Wolf, S.O. (2017d, January 24). India's Doubts about Joining the Chinese New Silk Road Journey (January 24 – February 14, 2016). Centre on Asia and Globalisation, Lee Kuan Yew School of Public Policy, National University of Singapore, China-India Brief 88. Retrieved from <http://lkyspp2.nus.edu.sg/cag/publication/china-india-brief/china-india-brief-88>.
- Wolf, S.O. (2017c, January 6). Double Standards? Understanding China's Diplomatic Support for Pakistan's Cross-Border Terrorists, SADF Comment. *South Asia Democratic Forum (SADF)*, Belgium, Belgium, (68). Retrieved from <https://www.sadf.eu/sadf-comment-68-double-standards-understanding-chinas-diplomatic-support-pakistans-cross-border-terrorists-dr-wolf/>.
- Wolf, S.O. (2017) China-Pakistan Economic Corridor and Its Impact on Regionalisation in South Asia. In Bandyopadhyay, S. et Al. (Eds.), *Regional Cooperation in South Asia*

- Socio-economic, Spatial, Ecological and Institutional Aspects (pp.99-112). Heidelberg, Germany: Springer.
- Wolf, S.O. (2017a). Pakistan and State-Sponsored Terrorism in South Asia. In Paulo, C.& Wolf, S. O. (Eds.), *Terrorism Revisited. Islamism, Political Violence and State-Sponsorship* (pp.109-156).Heidelberg, Germany: Springer.
- Wolf, S.O. (2016, June 28). The China-Pakistan Economic Corridor: An Assessment of its Feasibility and Impact on Regional Cooperation. SADF Working Paper. South Asia Democratic Forum (SADF), (1). Retrieved from <https://www.sadf.eu/sadf-working-paper-1-china-pakistan-economic-corridor-assessment-feasibility-impact-regional-cooperation/>.
- Wolf, S.O. (2015, July 21). It's Not Only about Illegal Migration & International Law: The Uighur Conundrum. E-International Relations. Retrieved from. <http://www.e-ir.info/2015/07/21/its-not-only-about-illegal-migration-international-law-the-uighur-conundrum/>.
- Wolf, S.O. (2013, April 13). Civilian Control and Democratic Transition: Pakistan's Unequal Equation. Pakistan Security Research Unit (PSRU), Durham University, (2). Retrieved from <https://www.dur.ac.uk/resources/psru/PSRUreport2withPGNnos.pdf>.
- Wolf, S.O. (2012b, April 27). India in Afghanistan – Looking for the right approach. The Independent (Dhaka). Retrieved from <http://crossasia-repository.ub.uni-heidelberg.de/2808/>.
- Wolf, S.O. (2012a, April 20). Trapped in Old Patterns? The Future of Pakistan-Afghanistan Relations. The Independent (Dhaka). Retrieved from <http://crossasia-repository.ub.uni-heidelberg.de/2820/2/SOW.PakistanAfghanistanRelations.20122004.p.1.pdf>.
- Zingel, W.P. (2015). China's Pakistan option: Economic and social implications of an 'all-weather relationship. IIC Quarterly, Indian International Center (IIC),42(2), pp. 14-24.

### *About the contributors*

**Geoffrey Van Orden MEP**, has been Conservative Member of the European Parliament for the East of England since 1999. He sits on the Parliament's Foreign Affairs and Defence Committees and is Vice Chairman of the Special Committee on Terrorism. Before entering politics he was a Brigadier in the British Army with wide international experience and a particular focus on counter-terrorism. His military career began in Borneo and ended at NATO HQ in Brussels. His close interest in the Indian sub-continent began in 1977 when he attended the Indian Defence Services Staff College, Wellington, and travelled widely in India and Sri Lanka. He is a regular and frequent visitor to India and Sri Lanka and has travelled in China, Japan, Republic of Korea, and Taiwan. He is the Chairman of the European Parliament's Delegation for Relations with India. He is also the Co-Chairman of the Asia-Europe Political Forum. He is Vice-Chairman of the European Conservatives and Reformists (ECR), the third largest political group in the European Parliament and the founding President of its think-tank New Direction - The Foundation for European Reform. He read politics at the University of Sussex (1966-69); attended the Indian Defence Services Staff College (1977); was a Research Associate at the International Institute for Strategic Studies and Service Fellow at King's College, University of London (1990-91).

**Paul Chambers** is a Lecturer and Special Advisor on International Relations at the College of ASEAN Community Studies, Naresuan University, Phitsanulok, Thailand. In addition, he is a Research Fellow at: the German Institute of Global Area Studies (GIGA) in Hamburg, Germany; the Peace Research Institute Frankfurt (PRIF) in Frankfurt, Germany; and the Cambodian Institute for Cooperation and Peace (CICP) in Phnom Penh, Cambodia. In 2017 he became a member of the Board of Advisers of the South Asia Democratic Forum (SADF) in Brussels, Belgium. He graduated with a Ph.D. in political science from Northern Illinois University in 2003. Chambers' research interests focus on civil-military relations in Southeast Asia; politico-economic linkages between Southeast and South Asia; international politics of Asia; and the political economy of Asia. He has written or co-written five books as well as numerous journal articles and book chapters about the military, democratization, and international politics of Southeast Asia. His articles have appeared in *Asian Survey*,



Contemporary Southeast Asia and *The Journal of Contemporary Asia*, among others. His research focuses upon Thailand, but he has also pursued research pertaining to the Philippines, Myanmar, Cambodia and Laos, as well as linkages between Southeast and South Asia.

**Ryohei Kasai** is a Visiting Researcher at Centre for South Asian Studies, Gifu Wome University, Japan. He received MA from Aoyama Gakuin University, Japan. Working on international relations in South Asia, Japan-India relations, and politics in India and Pakistan, he has taught courses on these subjects at University of Tokyo, Waseda University and Yokohama City University. He has also served as a political researcher/advisor at Japanese Embassies in China, India and Pakistan. His recent publications include *Modi changes India* (Tokyo, 2017) (in Japanese), and “Infrastructure Building in Asia: Japan’s PQI and Japan-India Cooperation,” in Jagannath Panda ed., *China-India- Japan Triangularity in Asia: Ideas, Interests and Infrastructure* (New Delhi, forthcoming).

**Siegfried O. Wolf** is Director of Research at the South Asia Democratic Forum (SADF), Brussels; and Senior Researcher (affiliated member) at the South Asia Institute (SAI), Heidelberg University. Additionally he is an affiliated researcher at the Pakistan Security Research Unit (PSRU, Durham University, UK), and a former visiting fellow at the National University of Science and Technology (NUST, Islamabad, Pakistan), the IPW, and Centre de Sciences Humaines (CSH, New Delhi, India). Furthermore, he has worked as a consultant for the Federal Ministry for Economic Cooperation and Development (BMZ), Germany, and was member of the external expert group of the Afghanistan-Pakistan Task Force, Federal Foreign Office, Germany. Additionally he works as a political commentator and in-depth analyst for well-known international media within and outside South Asia. Dr Wolf is the co-author of ‘A Political and Economic Dictionary of South Asia’ (Routledge; London 2006), co-editor of ‘Terrorism Revisited. Islamism, Political Violence and State-Sponsorship’ (Spriger: Heidelberg, 2017), ‘Politics in South Asia. Culture, Rationality and Conceptual Flow’ (Springer: Heidelberg, 2015), ‘The Merits of Regionalisation. The Case of South Asia’ (Springer: Heidelberg, 2014), and ‘State and Foreign Policy in South Asia’ (Sanskriti: New Delhi, 2010).