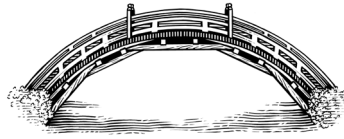


ROUNDTABLE

Where the Belt Meets the Road:  
Security in a Contested South Asia



*Nadège Rolland*

*Filippo Boni*

*Meia Nouwens*

*Nilanthi Samaranayake*

*Gurpreet S. Khurana*

*Arzan Tarapore*

## Introduction

*Nadège Rolland*

In recent years the Belt and Road Initiative (BRI), previously known as the “One Belt, One Road” strategy, has emerged as the cornerstone of China’s foreign policy under Xi Jinping. Presented as a cooperative endeavor motivated by China’s willingness to bring economic prosperity, growth, and stability to its wider periphery, BRI nevertheless has more than one purpose. As part of its New Silk Road project launched in 2015, the National Bureau of Asian Research (NBR) has been studying BRI in detail over the last several years. We have unpacked its drivers, ambitions, and strategic implications.<sup>1</sup> We have analyzed its possible impact on the Eurasian continental and maritime energy environment,<sup>2</sup> described and assessed regional responses,<sup>3</sup> underlined the challenges and uncertainties it faces,<sup>4</sup> and participated in policymaking assessments of the initiative.<sup>5</sup>

This *Asia Policy* roundtable follows in the footsteps of these groundbreaking research activities, this time with the intention to shed light on BRI’s military and security implications in South Asia. The roundtable has been made possible by the generous support of the Daniel Morgan Graduate School of National Security, which partnered with NBR on a new project launched in 2018 dedicated to examining how China’s expanding interests along the belt and road affect its military and security calculations and shape its external security behavior.

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<sup>1</sup> Nadège Rolland, *China’s Eurasian Century: Political and Strategic Implications of the Belt and Road Initiative* (Seattle: NBR, 2017).

<sup>2</sup> Erica Downs et al., “Asia’s Energy Security and China’s Belt and Road Initiative,” NBR, NBR Special Report, no. 68, November 2017.

<sup>3</sup> “China’s Belt and Road Initiative: Views from Along the Silk Road,” *Asia Policy*, no. 24 (2017): 65–122.

<sup>4</sup> Joel Wuthnow, “China’s Belt and Road: One Initiative, Three Strategies,” in *Strategic Asia 2019: China’s Expanding Strategic Ambitions*, ed. Ashley J. Tellis, Alison Szalwinski, and Michael Wills (Seattle: NBR, 2019), 211–45.

<sup>5</sup> Roy D. Kamphausen, “Development Finance in Asia: U.S. Economic Strategy amid China’s Belt and Road,” testimony before the U.S. House Committee on Foreign Affairs Subcommittee on Asia and the Pacific, Washington, D.C., November 15, 2017; and Nadège Rolland, “China’s Belt and Road Initiative: Five Years Later,” testimony before the U.S.-China Economic and Security Review Commission, Washington, D.C., January 25, 2018.

As China's economic and political footprint expands along the continental Silk Road Economic Belt and the 21st Century Maritime Silk Road, an increasing number of Chinese diplomats, businessmen, and workers are venturing into areas that were until now largely outside China's traditional reach. Along the belt and road, the security situation is often volatile due to insurgency and destabilizing spillovers from regional conflicts. How the Chinese military and security elite are trying to protect and secure China's interests along the new Silk Roads is one of the issues critical to BRI's sustainability and success.

Nowhere is China's tentative response to BRI's security challenges more apparent than in South Asia. The significance of this geographic space is self-evident, as this subregion is where the continental "belt" meets the maritime "road" and connects three continents—Europe, Africa, and Asia—via land and the Indian Ocean, a crucial artery for international commerce and energy supplies. But it is also where BRI faces a whole gamut of serious security challenges, from traditional conflicts centered on territorial and border disputes, to potential naval competition with India, to nontraditional terrorist and religious insurgencies, to energy security challenges.

Pakistan epitomizes most of the security challenges BRI faces. Using the China-Pakistan Economic Corridor as a test case to assess how China attempts to secure its assets, Filippo Boni finds that the responsibility to protect Chinese citizens and assets is delegated to the Pakistani military and police forces, who have benefited from increased cooperation with their Chinese counterparts. Pakistan is also the only example of a South Asian country where Chinese private security companies operate so far. Meia Nouwens notes that the lack of either international or domestic regulations, combined with these companies' relative inexperience with operating in hostile environments, increases risks of miscalculation. Widening the geographic focus to the entire Indian Ocean, Nilanthi Samaranyake looks at China's first attempts in securing the Maritime Silk Road. Although Beijing's efforts still seem limited in scope and constricted by local and regional counterbalancing, the situation could change in the long run. It is precisely against the possibility of losing their strategic edge in the Indian Ocean to an expanded Chinese naval presence that both India and the United States should strengthen their countervailing response, argue Gurpreet Khurana and Arzan Tarapore. Considering the national security risks posed by China's expanded influence on its traditional periphery, India should promote military and geoeconomic

solutions, argues Khurana. Viewing BRI as an essential element of China's grand strategy, Tarapore advocates enhanced U.S. partnerships with regional states, with India at the core, and a comprehensive U.S. strategy that blurs the traditional economic and security fault lines (not unlike BRI itself).

Taken together, the essays presented in this roundtable offer a tangible picture of the security challenges for BRI in this critical subregion and how Beijing is trying to address them. The patterns and responses examined in South Asia by these five authors could possibly be replicated elsewhere as China's security outreach grows along an expanding belt and road. ♦

## Protecting the Belt and Road Initiative: China's Cooperation with Pakistan to Secure CPEC

*Filippo Boni*

As China's interests and investments expand globally under the new economic and political architecture envisaged with the Belt and Road Initiative (BRI), so do the risks. China's global ambitions have progressively exposed Chinese assets and nationals abroad to an increasing set of challenges, ranging from threats emanating from terrorist groups and separatist movements to cautious and critical views about Chinese investments and personnel working in foreign countries. Among the more than one hundred countries that have now signed up to BRI, Pakistan, through the China-Pakistan Economic Corridor (CPEC), epitomizes most of the challenges that Beijing is confronting in the implementation of its BRI-driven international design.<sup>1</sup> CPEC—designated by Chinese premier Li Keqiang as the initiative's "flagship project"—represents an ideal test case to assess how China is aiming to secure its investments abroad. The economic corridor running through Pakistan has by far the most advanced set of projects coming under the aegis of BRI. The level of investment in the official narrative has increased from \$46 billion to \$62 billion in recent years, although actual investment will likely be around \$19 to \$20 billion, including the so-called early-harvest projects already completed as part of the first phase of CPEC.<sup>2</sup>

Notwithstanding the vast amounts of economic and political capital that China has invested in Pakistan, however, an array of challenges persist. In 2018, three attacks to Chinese nationals, assets, and symbols sounded a powerful reminder of the risks that China faces in implementing its global ambitions. The most prominent of the three incidents occurred in November 2018, when a group of assailants attempted to enter the Chinese consulate in Karachi. The attackers belonged to the Fidayeen Majeed

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<sup>1</sup> Zhu Wenqian, "China Has Signed 171 B&R Cooperation Documents," *China Daily*, March 7, 2019, available at <https://eng.yidaiyilu.gov.cn/qwyw/rdxw/81686.htm>.

<sup>2</sup> Arif Rafiq, "The China-Pakistan Economic Corridor: Three Years Later," Center for Strategic and International Studies, Reconnecting Asia, February 12, 2018 ~ <https://reconnectingasia.csis.org/analysis/entries/cpec-at-three>.

Brigade—a China-focused cell recently established within the Balochistan Liberation Army—and they were prevented from entering the consulate’s premises.<sup>3</sup> Nevertheless, the attack was a clear warning of the threats that China faces in its global outreach, even from a country like Pakistan where perceptions of Beijing are largely favorable.

This essay examines how China is cooperating with Pakistan to protect its investment under CPEC. It demonstrates that cooperation to secure BRI projects in Pakistan is articulated around a two-pronged strategy: reliance on the host nation’s military, government, and private security contractors to safeguard China’s interests; and increased fiber-optic connectivity to protect communications and the digital component of CPEC. Each of these two dimensions will be dissected, as well as some of the adjustments Beijing has made more recently to couple reliance on the Pakistani authorities with initiatives in the social sector that are aimed at mitigating criticism surrounding China’s inroads in Pakistan.

### *The Military and Government Efforts to Protect CPEC*

China’s reliance on BRI host nations to ensure the security of Chinese workers and nationals has included a range of institutional actors within Pakistan. Since CPEC was officially launched in April 2015, the Pakistani authorities, both military and civilian, have collaborated with their Chinese counterparts to provide a safe environment for Chinese investments and those working to implement them.

The Pakistan Army has played a pivotal role in the overall security framework of CPEC. Military-to-military cooperation is a key factor in the continuity of Sino-Pakistani relations, and the dynamics surrounding CPEC confirm this wider, historical trend. Over the years, China has ensured that the Pakistani military has had the capabilities and means to carry out its tasks, as well as those in China’s interests. Since 2011, China has emerged as the major arms supplier to Pakistan. From 2013, when the first memoranda of understanding (MOUs) related to CPEC were signed, to 2018, the total value of arms transfers from China to Pakistan was \$3.5 billion. To put this data into perspective, the United States, which is still Pakistan’s second-largest supplier, transferred only \$493 million in arms,

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<sup>3</sup> Asad Hashim, “Gunmen Attack Chinese Consulate in Karachi,” Al Jazeera, November 23, 2018. ↗ <https://www.aljazeera.com/news/2018/11/shots-heard-china-consulate-pakistan-karachi-181123051817209.html>.

and Italy (third-largest) transferred \$299 million.<sup>4</sup> Looking at these figures, it should not come as a surprise that during a visit to Beijing in September 2018, the Pakistani chief of army staff, General Qamar Bajwa, reiterated in a meeting with President Xi Jinping that “the Pakistan Army shall ensure security of CPEC at all costs.”<sup>5</sup>

A key component of the security architecture put in place around the economic corridor is the Special Security Division, which was announced during President Xi’s visit to Pakistan in April 2015. The division is headed by a two-star general of the Pakistan Army and comprises fifteen thousand soldiers, including nine thousand military and six thousand paramilitary. In addition to this land component, there is also a maritime dimension that has been developed simultaneously. In 2016, the Pakistan Navy established “Task Force 88” in order to provide security to the port of Gwadar, the starting point of CPEC in Baluchistan.<sup>6</sup> To this end, in January 2017 China handed over two ships to the Pakistan Navy. This followed a deal in 2015 for Pakistan to buy eight Chinese submarines as well as a contract signed in June 2015 between the Ministry of Defence Production and China Shipbuilding Trading Company for the construction of six maritime patrol ships, four of which would be built in China and the remaining two in Pakistan.<sup>7</sup>

At the regional level, China has involved Pakistan, and its military, in a number of multilateral forums and international organizations aimed at increasing coordination over the security-related aspects of BRI. In particular, Pakistan’s participation in the Quadrilateral Cooperation and Coordination Mechanism, bringing together the militaries of Afghanistan, China, Pakistan, and Tajikistan and aimed at strengthening counterterrorism cooperation among the four countries, is a testament to the preeminence that the military component plays in securing CPEC, not just nationally but also regionally.

With regard to civilian institutions, at the federal level the Ministry of Interior has been a point of call for China to convey its concerns regarding the security of Chinese nationals within Pakistan. An example of this was

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<sup>4</sup> “TIV of Arms Exports to Pakistan, 2013–2018,” Stockholm International Peace Research Institute (SIPRI), SIPRI Arms Transfers Database.

<sup>5</sup> “Pak Army Shall Ensure Security of CPEC at All Costs, Gen Bajwa Tells President Xi Jinping,” *Dawn*, September 19, 2018 ~ <https://www.dawn.com/news/1433887>.

<sup>6</sup> “Pakistan Navy’s Special ‘Task Force-88’ Set Up to Guard Gwadar Port’s Sea Lanes,” *Dawn*, December 13, 2016 ~ <https://www.dawn.com/news/1302102>.

<sup>7</sup> Behram Baloch, “China Hands Over Two Ships to Pakistan for Maritime Security,” *Dawn*, January 15, 2017 ~ <https://www.dawn.com/news/1308491/two-chinese-ships-arrive-for-gwadar-port-security>; and Mateen Haider, “Pak-China Sign Agreement for MSA Patrol Vessels,” *Dawn*, June 10, 2015 ~ <https://www.dawn.com/news/1187352>.

the letter sent by the Chinese embassy to the ministry in October 2017 asking for increased security for Chinese companies and warning of a threat to the Chinese ambassador to Pakistan.<sup>8</sup> In addition to the coordination at the federal level, provincial governments have also established measures aimed at protecting Chinese investment. The Punjab Special Protection Unit—the first of its kind in Pakistan—was established in 2014 with the aim to protect foreigners working in the province.<sup>9</sup> More recently, the provincial government in Punjab has set up cells devoted to foreigners’ security in all of its districts, which include China desks dedicated exclusively to Chinese nationals working there.<sup>10</sup> Along similar lines, Sindh has raised a protection unit of 2,600 police officers, and Khyber Pakhtunkhwa is raising a force of about 4,200 officers. Baluchistan has likewise pledged to “review the whole security arrangement.” Chinese nationals traveling to the province in a private capacity will be required to inform the relevant authorities about their activities.<sup>11</sup>

China has also supported a range of schemes to ensure security within major urban areas in Pakistan. As part of these efforts, a number of so-called safe city projects are being implemented across the country, with China either providing loans or pushing for its companies to be involved in the implementation of these projects. Safe city projects are an attempt at digitizing and making urban policing more effective and involve a number of measures and instruments, ranging from closed-circuit television cameras to unmanned aerial vehicles, and encompassing integrated communication platforms as well as geographic information systems.<sup>12</sup> For instance, in Islamabad—the first safe city project to be completed in 2016—China agreed to a soft loan of \$124 million, provided that the equipment for the project’s implementation would be bought from Chinese companies. Similarly, the safe city project in Lahore was executed by Huawei, and a number of similar projects have been launched across the country in Karachi, Peshawar (where China signed a \$2 billion agreement

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<sup>8</sup> Naveed Siddiqui, “Chinese Embassy Warns Interior Ministry of Possible ‘Threat’ to Ambassador,” *Dawn*, October 22, 2017 ~ <https://www.dawn.com/news/1365503>.

<sup>9</sup> “Special Protection Unit (SPU),” Government of the Punjab (Pakistan), Punjab Police ~ <https://punjabpolice.gov.pk/spu>.

<sup>10</sup> Mohammad Asghar, “Foreigners’ Security Desks to Be Set Up across Punjab,” *Dawn*, January 8, 2019 ~ <https://www.dawn.com/news/1456092>.

<sup>11</sup> “After Abductions, Pakistan Scrambles to Protect Chinese Citizens,” Reuters, June 11, 2017, available at <https://www.dawn.com/news/1338887>.

<sup>12</sup> Shymla Khan, “Punjab Government’s Safe City Projects: Safer City or Over Policing?” Digital Rights Foundation, August 14, 2018 ~ <https://www.privacyinternational.org/blog/2228/punjab-governments-safe-cities-project-safer-city-or-over-policing>.



with the provincial government in March 2017), Quetta, and Gwadar.<sup>13</sup> As these examples demonstrate, the digital aspect of security is an area that China has been very keen to develop with Pakistan, both through increasing safety within urban conglomerates but also as part of a wider increase in digital connectivity between the two countries, primarily through the fiber-optic cable link (discussed in greater detail below). China's active involvement in some of these projects therefore raises questions about data sharing between the two governments in Punjab as well as other areas of Pakistan, both within and outside the CPEC umbrella.

Finally, another growing area of cooperation worth following closely is the role of private security companies in providing security to CPEC projects. These are mostly Pakistani security firms, in line with the regulatory framework in place in Pakistan that bans foreign security companies from operating in the country. Most of the Chinese companies within Pakistan cooperate with local security providers, and there have been reports that the Pakistani branch of the China Overseas Security Group, known as the Pan-Asia Group, was actively involved in training personnel, including from China's diplomatic mission in Pakistan as well as Chinese enterprises.<sup>14</sup>

China will continue to rely on a host of Pakistani actors to ensure that the security of its nationals is properly taken care of. However, its entanglement in ethnic and center-province tensions within Pakistan's federation has led Beijing to partly adjust its policies. In some parts of Pakistan (Baluchistan above all), CPEC has come to represent the continuation of development through mega projects initiated under General Pervez Musharraf, who resigned as president in the face of potential impeachment in 2008. To safeguard Chinese investments, Pakistan has beefed up security in Gwadar, the starting point of CPEC.<sup>15</sup> Reports from the area indicate that the port city has been turned into a fortress with heavy security and frequent police and army checkpoints.<sup>16</sup> In turn, these measures have caused resentment among the local populations in both Gwadar and Baluchistan and have

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<sup>13</sup> Jahanzaib Haque and Qurat ul ain Siddiqui, "Exclusive: The CPEC Plan for Pakistan's Digital Future," *Dawn*, March 22, 2019  $\approx$  <https://www.dawn.com/news/1361176>.

<sup>14</sup> Helena Legarda and Meia Nouwens, "Guardians of the Belt and Road: The Internationalization of China's Private Security Companies," Mercator Institute of China Studies, August 16, 2018.

<sup>15</sup> Filippo Boni, "Civil-Military Relations in Pakistan: A Case Study of Sino-Pakistani Relations and the Port of Gwadar," *Commonwealth and Comparative Politics* 54, no. 4 (2016): 498–517.

<sup>16</sup> Syed Raza Hassan, "To Protect Chinese Investment, Pakistan Military Leaves Little to Chance," Reuters, February 8, 2016  $\approx$  <https://www.reuters.com/article/pakistan-china-security-gwadar/to-protect-chinese-investment-pakistan-military-leaves-little-to-chance-idUSKCN0VH06F>.

exacerbated existing tensions within Pakistan about the unequal allocation of resources across the federation.<sup>17</sup>

To overcome the skepticism surrounding its investments in Pakistan, and to eventually better secure its assets and workers within the country, China has started investing more in the social sector, with the construction of hospitals, desalination plants, and schools all being presented under the CPEC banner. Given the setbacks and bad publicity that BRI has received in Malaysia, Sri Lanka, and Maldives, CPEC needed to correct course and adjust to the popular concerns expressed. As it enters a new phase, and with the Pakistan Tehreek-e-Insaf's government in Islamabad pushing for greater inclusion of the social sector within the CPEC framework, this is an area that is likely to represent an increasingly important addition to the economic corridor.

### *The Digital Silk Road: Securing the CPEC Network*

A key component of China's attempts to secure its investments in Pakistan is building information network infrastructure to increase connectivity, which is covered in Pakistan's *Long Term Plan for China-Pakistan Economic Corridor (2017–2030)*.<sup>18</sup> The first step, already completed as part of the early-harvest projects and inaugurated in July 2018, is the fiber-optic cable. This idea emerged in 2007 with the first MOU signed under then president Musharraf. In 2010 the two countries reiterated their willingness to implement this project, but it was not until then prime minister Nawaz Sharif's maiden visit to Beijing in July 2013 that the project was actually launched. Implementing the fiber-optic cable project, which to date has cost around \$44 million,<sup>19</sup> has a clear strategic component. This is demonstrated by the fact that the project was implemented by the Special Communications Organization, which is officially under the Ministry of Information and Technology but is de facto run by the Pakistan Army and headed by a two-star general. The inauguration of the project was attended not only by the Chinese ambassador in Pakistan but also by the Pakistani

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<sup>17</sup> Filippo Boni and Katharine Adeney, "China's BRI in Pakistan—A Poster Child for Success?" University of Nottingham Asia Research Institute, Asia Dialogue, January 29, 2019 ~ <http://theasiadialogue.com/2019/01/29/chinas-bri-in-pakistan-a-poster-child-for-success>.

<sup>18</sup> Ministry of Planning, Development and Reform (Pakistan), *Long Term Plan for China-Pakistan Economic Corridor (2017–2030)* (Islamabad, 2017) ~ <http://cpec.gov.pk/long-term-plan-cpec>.

<sup>19</sup> Haider Nasim, "Pak-China Fibre Optic Link Activated for Commercial Use," *Express Tribune*, February 2, 2019 ~ <https://tribune.com.pk/story/1901975/8-pak-china-fibre-optic-link-activated-commercial-use>.

chief of army staff, General Qamar Bajwa, as another potent reminder of the centrality that the military plays in this endeavor under the aegis of CPEC. In 2017 the then director general of the Special Communications Organization, Major General Amir Azeem Bajwa, told the National Assembly Standing Committee on Information Technology that the network of submarine cables that Pakistan has been using for internet traffic was developed by a consortium that included Indian companies as partners or shareholders, highlighting that this represents a “serious security concern.”<sup>20</sup> He added that the security of CPEC was of “utmost priority” for Pakistan and that the new cable would route inbound and outbound internet traffic through China.<sup>21</sup>

The significance of the fiber-optic cable is therefore twofold. Geopolitically, the aim is to tie Pakistan and China even closer, and the project is a clear example of the role that the militaries play in deepening engagement at both ends of the Karakoram Highway. From an information standpoint, routing internet traffic through China and potentially adopting Chinese regulations for the internet could have adverse effects on access to information within Pakistan and for the freedom of internet more broadly. Pakistan Telecommunication Authority is reportedly planning to develop an internet firewall similar to that of China.<sup>22</sup>

### *Conclusion*

China has mainly adopted a dual approach in safeguarding its interests in Pakistan: first, it has relied extensively on the Pakistani military and civilian authorities to ensure that its investments and workers are protected; second, China is progressively incorporating Pakistan into its digital connectivity network, primarily through developing a cross-border fiber-optic network. As CPEC projects start coming to fruition, the security challenges will need to be kept at bay in order for Chinese investment in Pakistan to truly materialize into tangible benefits. To this end, the backbone of China’s engagement with the Pakistani authorities will likely remain the Pakistan Army’s general headquarters in Rawalpindi. General Bajwa met frequently with Chinese envoys and

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<sup>20</sup> Jamal Shahid “Army Seeks Fibre Optic Cables along CPEC,” *Dawn*, January 25, 2017 ~ <https://www.dawn.com/news/1310593>.

<sup>21</sup> *Ibid.*

<sup>22</sup> Haque and Siddiqui “Exclusive: The CPEC Plan for Pakistan’s Digital Future”; and Abdul Rahman, “PTA Is Planning to Setup China-Like National Firewall in Pakistan,” *ProPakistani*, February 20, 2018 ~ <https://propakistani.pk/2018/02/20/pta-planning-setup-china-like-national-firewall-pakistan>.

visited China well before Prime Minister Imran Khan did, at a time when the political debate in Pakistan was dominated by discussions about the potential revision of some CPEC projects. Yet in the longer term, a third strategy—increasing the sense of ownership and consultations with local stakeholders across Pakistan—will likely be needed to mitigate the security challenges that China faces in Pakistan. ◆

## China's Use of Private Companies and Other Actors to Secure the Belt and Road across South Asia

*Meia Nouwens*

The Belt and Road Initiative (BRI), comprising the 21st Century Maritime Silk Road and the overland Silk Road Economic Belt, involves 65 countries and approximately \$900 billion in planned investments around the world.<sup>1</sup> As of 2016, this global umbrella of investment had drawn 847,000 Chinese nationals to work abroad in over 16,000 companies.<sup>2</sup> BRI has expanded into countries with new or long-standing security problems, including violent conflict, political instability, and transnational terrorism. The risks associated with working in unstable countries and regions have already resulted in Chinese casualties.<sup>3</sup>

Not only are Chinese companies and nationals a target for terrorist or separatist-fueled violence, but BRI also has the potential to exacerbate local, regional, or national security issues in the countries through which it passes. Expensive projects can lead to substantial debt in host countries and create opportunities for corruption where transparency is lacking at the national level. Low social and environmental standards can also fuel tensions within local communities, causing anti-Chinese pushback against BRI, as seen in Pakistan, Vietnam, and Sri Lanka.

The case for the Chinese government to secure its companies and citizens working abroad is thus a compelling one from Beijing's perspective. Beijing has had to calculate whether to employ national military resources, the People's Liberation Army (PLA), or other means to do so. Although China has experience in utilizing military and paramilitary forces for national security in its domestic context—against separatist movements

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NOTE ~ This essay draws on the report by Helena Legarda and Meia Nouwens, "Guardians of the Belt and Road: The Internationalization of China's Private Security Companies," Mercator Institute of China Studies, August 16, 2018.

<sup>1</sup> Tom Hancock, "China Encircles the World with One Belt, One Road Strategy," *Financial Times*, May 3, 2017 ~ <https://www.ft.com/content/0714074a-0334-11e7-aa5b-6bb07f5c8e12>.

<sup>2</sup> Zhong Nan, "Overseas Security to Get Upgrade," *China Daily*, April 22, 2016 ~ [https://www.chinadailyasia.com/nation/2016-04/22/content\\_15420820.html](https://www.chinadailyasia.com/nation/2016-04/22/content_15420820.html).

<sup>3</sup> See, for example, Katie Hunt, Sophia Saifi, and Hamdi Alkhshali, "'Grave Concern' over Chinese Teachers Reportedly Killed by ISIS in Pakistan," CNN, June 10, 2017 ~ <https://edition.cnn.com/2017/06/09/asia/pakistan-china-isis-teachers/index.html>.

in western China, for example—it has chosen not to use the PLA to secure BRI projects. Doing so would be inconsistent with its long-standing policy of noninterference in other countries' sovereignty, potentially damage diplomatic relations with neighboring countries, test a military that has lacked combat experience since the late 1970s, and require greater investments in military logistics and infrastructure. Instead, Beijing has turned to Chinese private security companies (PSCs).

This essay will first analyze the drivers of Chinese PSCs' work abroad and also examine their legal standing and the weak regulatory oversight within domestic Chinese law and international law. The essay will then look at Chinese PSC activity in Pakistan as a case study of where strong host-country national laws still fail to fully regulate Chinese PSCs. The essay concludes that utilizing Chinese PSCs to secure Chinese projects and citizens working abroad is a tempting option for Beijing, which does not wish to use the PLA out of fear of militarizing BRI. However, to avoid foreign policy disasters through miscalculations or misconduct by Chinese PSCs that increasingly operate in volatile regions, Beijing will need to address regulatory and training challenges in the near future.

### *Chinese PSCs Are Going Global*

Private security companies have operated widely in China since the legalization of the sector in September 2009. While some small PSCs already operated in the country prior to 2009, their activities were limited. The 2009 Regulation on the Administration of Security and Guarding Services legalized PSCs and established a domestic regulatory framework. By 2013, the number of domestic PSCs had increased to 4,000 companies, employing more than 4.3 million security personnel, and in 2017 the number had grown to 5,000.<sup>4</sup>

As the domestic market became saturated, the international market presented opportunities for growth. In 2010, China's Ministry of Commerce issued rules and regulations for firms operating abroad, creating very strict security requirements for them. Indirectly, this encouraged Chinese PSCs to operate internationally. Under the new policies, Chinese firms must

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<sup>4</sup> "Guonei baobiao hangye jiemi: Chao banshu fuhao gu baobiao cheng menmian" [Domestic Bodyguard Industry Revealed: Over Half of the Rich and Powerful Employ Bodyguards to Maintain Appearances], *Chongqing Shibao*, October 20, 2013 ~ <http://new.qq.com/cmsn/20131020/20131020000223>; and Alessandro Arduino, "China's Private Army: Protecting the New Silk Road," *Diplomat*, March 20, 2018 ~ <https://thediplomat.com/2018/03/chinas-private-army-protecting-the-new-silk-road>.

provide security training to their employees before sending them abroad. Companies that operate in high-risk areas must also set up overseas security management systems and mechanisms for responding to emergencies. By offering such training programs and security management systems to Chinese firms overseas, PSCs could enter into the international private security market.

According to Chinese state media, by 2016, 20 Chinese PSCs had entered the international market, employing 3,200 security personnel overseas.<sup>5</sup> This represented only a small fraction of the Chinese PSCs operating domestically and was significantly smaller than the number of Western PSCs operating abroad. In 2008, for example, an estimated 50 foreign PSCs operated in Iraq alone.<sup>6</sup>

Though many private firms operating overseas still prefer to use large British and U.S. private military companies, Chinese PSCs have found a niche market with the Chinese companies operating in BRI countries. Their reasons for employing Chinese PSCs are multiple. Not only is there the advantage of sharing a language and culture, but Chinese PSCs are substantially cheaper than Western alternatives. A team of twelve Chinese guards, for example, might cost the same as a single British or U.S. guard.<sup>7</sup> Beijing also reportedly pressures Chinese companies abroad to hire Chinese PSCs.

However, due to the special conditions under which Chinese PSCs emerged and operate, the services they can provide are still substantially different from those offered by their international counterparts. Their employees are relatively young, lack experience in combat scenarios, and do not normally carry or use arms when operating abroad, even though PSCs are staffed by People's Liberation Army (PLA) veterans. Most companies tend to focus on security consulting, while only occasionally carrying out armed missions via contracted local teams.

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<sup>5</sup> Wenting Xie, "Chinese Security Companies in Great Demand as Overseas Investment Surges," *Global Times*, June 23, 2016  $\approx$  <http://www.globaltimes.cn/content/990161.shtml>; and Zhong, "Overseas Security to Get Upgrade."

<sup>6</sup> Jennifer K. Elsea, Moshe Schwartz, and Kennon H. Nakamura, "Private Security Contractors in Iraq: Background, Legal Status, and Other Issues," Congressional Research Service, CRS Report for Congress, RL32419, August 25, 2008.

<sup>7</sup> Alessandro Arduino, *China's Private Army: Protecting the New Silk Road* (Singapore: Palgrave Pivot, 2018), 103; Charles Clover, "Chinese Private Security Companies Go Global," *Financial Times*, February 26, 2017  $\approx$  <https://www.ft.com/content/2a1ce1c8-fa7c-11e6-9516-2d969e0d3b65>; and Andrew Erickson and Gabe Collins, "Enter China's Security Firms," *Diplomat*, February 21, 2012  $\approx$  <https://thediplomat.com/2012/02/enter-chinas-security-firms>.

## *The Legal Limbo of Chinese PSCs*

In addition to the operational challenges, the legal realities of PSCs abroad are also complex. Similar to the international debate about private military companies, Chinese PSCs also operate within a legal gray zone. At the supranational level, international law focuses mostly on the role of mercenaries and does not cover the private security industry specifically.<sup>8</sup> Initiatives such as the 2008 Montreux Document and the 2013 International Code of Conduct for Private Security Providers are voluntary mechanisms.<sup>9</sup> China is a signatory to the former but not the latter, and only three Chinese PSCs have signed on. Furthermore, the Montreux Document highlights that the responsibility for misconduct of private military and security companies lies with the perpetrators and their superiors as well as with the state that gave instruction for, directed, or controlled the operations in question.

That said, Chinese domestic law only regulates PSC activities within China. The previously mentioned 2009 regulation made clear that Chinese PSCs are entirely under the control of the state through the Ministry of Public Security. This, in addition to the hiring of former PLA personnel, blurs the line between public and private in this sector. PSCs that wish to provide armed services in China are effectively required to give up their private status, since they must either be a wholly state-owned company or have state-owned capital account for at least 51% of all their registered capital. By operating overseas, however, Chinese PSCs could theoretically remain private companies and thus bypass any strict security requirements.

The lack of oversight of security companies' activities extends to gun control, which is heavily regulated within China. The 1996 Law of the PRC on Control of Guns and the 2002 Regulation on the Administration of the Use of Guns by Full-Time Guards and Escorts regulate the use of weapons in China but not abroad. Chinese PSCs set themselves apart from their international counterparts by arguing that they do not use firearms, although the reason for their reluctance to carry guns is unclear. Given that international law does not prohibit PSCs from using guns, it is possible that

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<sup>8</sup> "Convention (IV) Respecting the Laws and Customs of War on Land and Its Annex: Regulations Concerning the Laws and Customs of War on Land," The Hague, October 18, 1907.

<sup>9</sup> "The Montreux Document on Private Military and Security Companies," International Committee of the Red Cross, May 2, 2011 ~ <https://www.icrc.org/en/publication/0996-montreux-document-private-military-and-security-companies>; and "International Code of Conduct for Private Security Service Providers," International Code of Conduct Association, November 9, 2010 ~ [https://www.icoca.ch/sites/all/themes/icoca/assets/icoc\\_english3.pdf](https://www.icoca.ch/sites/all/themes/icoca/assets/icoc_english3.pdf).



Chinese PSCs, unless restricted by Beijing or host-country governments, could eventually choose to provide armed protection without the use of local security companies.

### *The Pakistan Example*

Chinese PSC involvement in BRI projects in South Asia is limited. India has not joined BRI, and Sri Lanka has decided to maintain the security of Hambantota port (leased by China) through a local security company to allay fears that the port might serve Chinese military interests.<sup>10</sup> Though Chinese PSCs have not been reported in Bangladesh, they do operate along its border in Myanmar's Rakhine State. For example, in 2019, former Blackwater CEO Erik Prince has extended the services of his Hong Kong-listed Frontier Services Group to providing security to international visitors in Myanmar.<sup>11</sup> Despite Chinese investment, there have been no reports of Chinese PSC activity in Maldives, Nepal, or Bhutan. While China is reportedly building a "military base" in Afghanistan to carry out counterterrorism training, this supposedly does not involve Chinese PSCs.<sup>12</sup>

The clearest example of Chinese PSC involvement in BRI projects in South Asia remains Pakistan. The China-Pakistan Economic Corridor (CPEC) is the initiative's flagship project. CPEC lies at the heart of the land and maritime routes, connecting the two through Gwadar port and a network of three thousand kilometers of roads, railways, and pipelines. Over \$62 billion reportedly has been invested in the project, and over 30,000 Chinese nationals are said to be employed throughout the various CPEC-related projects across Pakistan.<sup>13</sup> However, the project runs through notoriously unstable and insecure parts of the country. Extremists in Quetta and Karachi have targeted Chinese nationals, and in 2017

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<sup>10</sup> Bharatha Mallawarachi, "Sri Lanka Will Get a \$3.9 Billion Refinery Next to China-Run Hambantota Port," *Diplomat*, March 20, 2019 ~ <https://thediplomat.com/2019/03/sri-lanka-will-get-a-3-9-billion-refinery-next-to-china-run-hambantota-port>.

<sup>11</sup> Thompson Chau, "Ex-Blackwater Boss Moves into Myanmar Security," *Myanmar Times*, March 18, 2019 ~ <https://www.mmtimes.com/news/ex-blackwater-boss-moves-myanmar-security.html>.

<sup>12</sup> Minnie Chan, "China Is Helping Afghanistan Set up Mountain Brigade to Fight Terrorism," *South China Morning Post*, August 28, 2018 ~ <https://www.scmp.com/news/china/diplomacy-defence/article/2161745/china-building-training-camp-afghanistan-fight>.

<sup>13</sup> "CPEC, Other Projects Being Supported by 30,000 Chinese Workers: Ambassador Khalid," *Nation* (Pakistan), August 24, 2017 ~ <https://nation.com.pk/24-Aug-2017/cpec-and-other-projects-being-supported-by-30000-chinese-workers-ambassador-khalid>; "Chinese Firms Ink 41 CPEC-linked Accords in 2018," *News* (Pakistan), March 16, 2018 ~ <https://www.thenews.com.pk/print/292807-chinese-firms-ink-41-cpec-linked-accords-in-2018>; and "CPEC, Other Projects Being Supported."

Beijing warned that more attacks on Chinese nationals were imminent.<sup>14</sup> In August 2018 a suicide bombing in the province of Baluchistan injured a number of Chinese engineers, and in November 2018 gunmen attacked the Chinese embassy in Karachi, killing four people. A separatist group, the Balochistan Liberation Army, claimed to have carried out the attack, stating that they “have been seeing the Chinese as an oppressor, along with Pakistani forces.”<sup>15</sup> Though the incidents have not been large enough in scale to threaten the viability of Chinese investment in Pakistan, Chinese PSCs have played an important role in providing additional security to Chinese companies.

In theory, the Pakistani example highlights the strength of host-country law in restricting Chinese PSC operations and providing local security alternatives. In 2012, then minister of the interior Rehman Malik barred foreign security companies from operating in Pakistan.<sup>16</sup> The statement came after the arrest of a private contractor for the U.S. Central Intelligence Agency who shot and killed two reportedly armed men in Lahore in January 2011. As a result, international PSCs such as G4S withdrew their services from the country.<sup>17</sup> Pakistan then made a political decision to secure investment, including CPEC projects, using only Pakistani security providers. At least six hundred local security companies exist, though many of them are nonfunctional.<sup>18</sup>

PSC activities across Pakistan are governed by strict regulations. Private military companies are forbidden under law from operating in the country, and local PSCs must adhere to provincial legislation.<sup>19</sup> PSCs are allowed to carry arms only if appropriately licensed, trained, and registered. Yet there is a gray zone that has allowed Chinese PSCs to

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<sup>14</sup> Syed Raza Hassan, “Senior Chinese Shipping Executive Shot Dead in Pakistan,” Reuters, February 5, 2018, <https://www.reuters.com/article/us-pakistan-china-shooting/senior-chinese-shipping-executive-shot-dead-in-pakistan-idUSKBN1FP1UK>.

<sup>15</sup> “Karachi Attack: China Consulate Attack Leaves Four Dead,” BBC, November 23, 2018 ~ <https://www.bbc.co.uk/news/world-asia-46313136>.

<sup>16</sup> Mark Mazzetti, “How a Single Spy Helped Turn Pakistan Against the United States,” *New York Times*, April 9, 2013 ~ <https://www.nytimes.com/2013/04/14/magazine/raymond-davis-pakistan.html>.

<sup>17</sup> “G4S to Pullout from Pakistan: FT,” Reuters, August 19, 2012 ~ <https://www.reuters.com/article/us-g4s-pakistan/g4s-to-pullout-from-pakistan-ft-idUSBRE87J00520120820>.

<sup>18</sup> Saba Imtiaz, “Private Security Guards: On the Safe Side,” *Express Tribune*, July 10, 2011 ~ <https://tribune.com.pk/story/203775/private-security-guards-on-the-safe-side>.

<sup>19</sup> “Private Security Companies,” Ministry of the Interior (Pakistan) ~ <https://www.interior.gov.pk/index.php/2012-08-08-03-01-35>.

provide services in Pakistan.<sup>20</sup> Provincial and national laws do not prevent the creation of joint ventures between Pakistani and foreign private security firms.<sup>21</sup>

Some Chinese PSCs such as Frontier Services Group and China Overseas Security Group (COSG), among several others, claim to operate in Pakistan, though these companies likely work with local partners. COSG, for example, states on its website that it has a Pakistan branch, but news reports mention that the firm cooperates with a local security company.<sup>22</sup> Another Chinese PSC, Huaxin Zhongan, claims to have operated in Pakistan—for example, using retired local special forces as armed guards in 2017 when providing services to Chinese TV crews covering the kidnapping of two Chinese nationals in Quetta.<sup>23</sup>

However, COSG's services in Pakistan have gone beyond security consulting. In 2018 the Pan-Asia Group (the company's Pakistan branch) participated in live-fire training for management personnel and first-line security guards, with the aim of providing security for overseas Chinese in light of the deteriorating security environment. The Pan-Asia Group's regional manager, Yang Lulei, reported that the overseas Chinese included the diplomatic mission in Pakistan and Chinese-funded enterprises and individuals.<sup>24</sup>

### *The Way Forward: Increasing Regulation and Oversight*

The Pakistan example shows that even when foreign PSCs are barred from working in a country, companies can sometimes find loopholes to exploit a relatively sound national legal framework. In the case of Pakistan, Chinese PSCs filled a gap left by the departure of Western PSCs in 2012

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<sup>20</sup> Sidney Leng, Coco Liu, and Kristin Huang, "A Peek into China's 'Top Bodyguard Factories,'" *South China Morning Post*, July 23, 2017 [~ http://www.scmp.com/news/china/society/article/2102703/peek-chinas-swashbuckling-bodyguard-factories-and-their](http://www.scmp.com/news/china/society/article/2102703/peek-chinas-swashbuckling-bodyguard-factories-and-their).

<sup>21</sup> "The Companies Ordinance, 1984," Government of Pakistan, 1984 [~ https://www.secp.gov.pk/document/companies-ordinance-1984-3/?wpdmdl=22579](https://www.secp.gov.pk/document/companies-ordinance-1984-3/?wpdmdl=22579).

<sup>22</sup> "Waimei cheng zhongzi gongsi yi zao fengxian zhongwai bao'an gongsi zhengqiang shangji" [Western Media Says Chinese Companies Are Vulnerable to Risk—Chinese Overseas Security Companies Scramble for Business Opportunities], *Guancha*, April 25, 2017 [~ http://www.guancha.cn/global-news/2017\\_04\\_25\\_405230.shtml](http://www.guancha.cn/global-news/2017_04_25_405230.shtml).

<sup>23</sup> "Ba anquan daichu guomen, ba fangxin liugei zuguo—ji Huaxin Zhongan zai Bajisitan wuzhuang sui wei" [Take Security Abroad, Provide the Motherland with Peace of Mind—Huaxin Zhongan Provides Armed Security in Pakistan], *Sohu*, June 22, 2017 [~ http://www.sohu.com/a/151199778\\_465554](http://www.sohu.com/a/151199778_465554).

<sup>24</sup> "Zhongguo haiwai bao'an jituan Bajisitan fengongsi juxing shidan sheji xunlian" [Pakistan Branch of Chinese Overseas Security Group Conducts Live-Fire Drill], China Overseas Security Group, March 21, 2018 [~ http://www.cosg-ss.com.cn/2018/jtxw\\_0321/139.html](http://www.cosg-ss.com.cn/2018/jtxw_0321/139.html).

and now compete with local private security providers for CPEC projects. Considering the ever more volatile security situation in Pakistan, it is conceivable that Chinese PSCs will increase their business in the country, taking advantage of Chinese companies' preference for hiring Chinese security firms.

This prospect is not an entirely positive one, as cases of Chinese PSCs entering into conflict situations in other countries to protect Chinese citizens have shown. The lack of Chinese and international laws to regulate their activity, combined with their relative inexperience with operating in hostile environments, could increase the margin of miscalculation and make regulating their activities difficult.

Chinese authorities are becoming aware of the problems caused by the lack of regulatory oversight. Media reports claim that China's Ministry of Public Security may issue regulations on PSCs' overseas operations in the future. In 2017, *Caijing* reported that the Security Association of China, which is under the jurisdiction of the ministry, was evaluating Chinese PSCs to draw up a "white list" of firms deemed suitable for overseas work.<sup>25</sup> For now, however, barring any new law or regulation, these companies' overseas activities remain largely unregulated by either international or domestic law, while BRI continues to expand. ◆

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<sup>25</sup> "Haiwai Zhongguo de yinmi shiwei" [Secret Guardian of Overseas China], *Caijing*, July 27, 2017. ~  
[http://www.caijingmobile.com/article/detail/334033?source\\_id=40](http://www.caijingmobile.com/article/detail/334033?source_id=40).

## Securing the Maritime Silk Road in South Asia and the Indian Ocean

*Nilanthi Samaranyake*

For roughly fifteen years, China's commercial and military activities in South Asia and the wider Indian Ocean have caused increasing concern about its intentions in the region. China specialists have examined the country's energy interests and naval planning along its sea lines of communication.<sup>1</sup> The proliferation of commercial infrastructure projects now branded under the Belt and Road Initiative (BRI) has heightened these concerns about China's presence in the Indian Ocean region. Prominent infrastructure efforts include port development in Pakistan, Sri Lanka, and Myanmar, while lower-profile efforts include tunnel and bridge construction in Bangladesh and Maldives.

These developments have raised questions about how China is attempting to secure the 21st Century Maritime Silk Road (MSR)—the waterway “road” component of BRI—in South Asia and across the Indian Ocean region more broadly. Because Pakistan will be examined by another essay in this roundtable and the China-Pakistan relationship is long-standing and predates BRI activities, this essay focuses on what China's activities look like elsewhere in maritime South Asia and out to critical Indian Ocean chokepoints.

Despite notable changes in the country's presence in the Indian Ocean over the last decade, to what extent is China securing its commercial interests using naval and maritime forces? If it indeed aims to do this in a comprehensive way, then the results are modest at present. The first section of this essay examines the evidence that China is working to secure its interests in the region. The next section describes challenges to China's efforts to do so and the galvanizing effects of its activities thus far. The essay will conclude by emphasizing the importance of monitoring potential indicators of a substantive shift in the Indian Ocean and South Asian order,

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**NOTE** ~ The views expressed are solely those of the author and not of any organization with which she is affiliated.

<sup>1</sup> See, for example, Bernard D. Cole, *China's Quest for Great Power: Ships, Oil, and Foreign Policy* (Annapolis: Naval Institute Press, 2016), 148–49.

despite the limited scope of China's activities to secure the MSR to date, and by considering the implications for U.S. interests in the region.

### *Is China Securing the MSR?*

The clearest examples of China acting to secure the MSR are the counterpiracy and noncombatant evacuation operations (NEOs) conducted by the People's Liberation Army (PLA) Navy and the establishment of a base in the far fringes of the Indian Ocean at the chokepoint in Djibouti.

Since 2008, Beijing has sent a PLA Navy task force to the Gulf of Aden. Originating out of UN resolutions to combat piracy,<sup>2</sup> China's military vessels have transited the Indian Ocean for the past decade, providing escort activity that aims to secure the safe passage of shipping, including for Chinese commercial vessels. China has used this mission to justify the deployment of submarines. These were clearly not in support of counterpiracy but instead appeared to be aimed at gaining operational experience far from home for this platform.<sup>3</sup> As Admiral (ret.) Michael McDevitt observes, at any given time the PLA Navy has four to five surface ships and two support ships transiting the Indian Ocean, plus occasionally a submarine.<sup>4</sup> India's chief of naval staff Admiral Sunil Lanba estimates a similar number (six to eight ships).<sup>5</sup>

Second, China conducted NEOs in response to domestic instability in Libya in 2011 and Yemen in 2015. In total, roughly 35,000 Chinese nationals were evacuated from Libya using Chinese civilian and military aircraft and ships,<sup>6</sup> and nearly 1,000 Chinese and foreign nationals were evacuated from Yemen.<sup>7</sup> Through such operations, China secured an important MSR asset—its citizens working in these countries.

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<sup>2</sup> Alison A. Kaufman, "China's Participation in Anti-piracy Operations Off the Horn of Africa: Drivers and Implications," CNA, July 2009, 3, 6.

<sup>3</sup> Andrew S. Erickson and Austin Strange, "China's Global Maritime Presence: Hard and Soft Dimensions of PLAN Antipiracy Operations," Jamestown Foundation, China Brief, May 1, 2015.

<sup>4</sup> Michael McDevitt, "Chinese Capabilities in the Indian Ocean: 'Seeing an Acorn, and Imagining an Oak Tree,'" in "Policy Recommendations by the Quadripartite Commission on the Indian Ocean Regional Security—Towards a More Stable Security Environment in the Indian Ocean Region: Appendix," Sasakawa Peace Foundation, 2017, 213.

<sup>5</sup> Indrani Bagchi, "Chinese Subs in Djibouti to Fight 'Pirates' Worrying: Navy," *Times of India*, January 10, 2019.

<sup>6</sup> Erica Downs, Jeffrey Becker, and Patrick deGategno, "China's Military Support Facility in Djibouti: The Economic and Security Dimensions of China's First Overseas Base," CNA, July 15, 2017, 22.

<sup>7</sup> Kristen Gunness and Oriana Skylar Mastro, "A Global People's Liberation Army: Possibilities, Challenges, and Opportunities," *Asia Policy*, no. 22 (2016): 140.

Third, China established a military base in Djibouti in 2017. Although China had stated for decades that it had no intention of developing overseas bases, its counterpiracy operations as well as NEOs pointed to the potential benefits of having logistical support in place.<sup>8</sup> The base leverages Djibouti's location at the Bab el-Mandeb Strait chokepoint, where the Red Sea meets the Gulf of Aden. China's presence at this far corner of the Indian Ocean shows the expanse of its operational reach across the region.

### *Challenges to China Securing the MSR*

Through conducting counterpiracy operations and NEOs and establishing a base in Djibouti, China appears to be taking measures to protect its maritime interests in the Indian Ocean. Yet despite these activities, its current efforts to secure the MSR appear limited in scope, and challenges lie ahead for China to deepen its military presence in the region. As an extraregional power, it is at a disadvantage to resident powers such as India and even former colonial powers whose capitals are distant but that still have territories in the region (i.e., France and the United Kingdom). As mentioned above, China has only six to eight naval ships in the region at any given time, a number that is dwarfed by the number of Indian naval ships operating there. Another metric is port visits to Sri Lanka while transiting the Indian Ocean. Data from 2009 to 2017, for example, shows that China ranks only third in port visits (with 31), well behind India (82) and even Japan (67).<sup>9</sup>

More importantly, there are inherent limits to the expansion of China's military interests in South Asia. Consider military basing. It is notable that despite the emphasis of the dominant "string of pearls" narrative on this region since 2004, the first Chinese overseas base was not in South Asia but in Africa. Also worth noting is that China established this base after another Northeast Asian power—Japan—established its own base in Djibouti, where France and the United States also have long operated bases. Other countries have since pursued their own basing efforts in Djibouti. In 2011, before BRI was announced under the original name One Belt, One Road, officials from both Pakistan and Seychelles publicly offered basing to China, but Beijing did not pursue either opportunity. Meanwhile, leaders from the smaller South Asian countries actively reject the potential for China to establish

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<sup>8</sup> Downs, Becker, and deGategno, "China's Military Support Facility in Djibouti," 1, 22–23.

<sup>9</sup> Jayanath Colombage, "Strategic Environments of South Asia/Indian Ocean Region: Sri Lanka Perspective," Center for Global and Strategic Studies, November 15, 2017, 7.

bases in their territory, given the negative repercussions from India. These countries have experienced India's economic, military, and intelligence reach—sometimes unwelcome—so this possibility is never far from their leaders' minds.

Next, Pakistan—whose close relationship with China endures—is the only country in South Asia that conducts regular bilateral naval exercises with China. The smaller South Asian countries certainly pursue military education and are eager to purchase platforms from China due to their affordability. But in terms of developing military ties along the MSR, China is not attaining the same operational-level interactions that India and even the United States obtain through their exercises with these countries.<sup>10</sup> Instead, PLA Navy ships pay more limited goodwill visits to Indian Ocean countries, including as part of refueling stops. China's hospital ship *Peace Ark* also conducts humanitarian assistance missions to build goodwill among local countries, and Chinese ships already transiting the region have conducted disaster-relief operations—for example, during Maldives's water crisis in 2014 and the floods in Sri Lanka in 2017.

While China has not built bases in these countries, or even conducted regular exercises with their navies and coast guards, the reactions to the expansion of its commercial and military interests in the Indian Ocean region have been striking. China has (1) triggered India's pursuit of increased naval presence and capabilities, (2) heightened concern among the smaller states in the region about the effects of Chinese projects in their countries, and (3) focused unprecedented attention by major powers on their national interests in the Indian Ocean.

First, India is actively developing its naval capabilities and is even pursuing its first overseas basing effort—in Africa as well.<sup>11</sup> Following the Mumbai attacks in 2008, the Indian Navy was concerned about responding to threats of maritime terrorism and devoted considerable attention to improving its coastal security. By 2019, New Delhi had prioritized the development of more power-projection platforms (e.g., aircraft carriers) and antisubmarine warfare capabilities while considerably expanding its naval diplomacy to all corners of the Indian Ocean. These activities are driven by the long-term threat perceived from China.

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<sup>10</sup> For example, India conducts the SLINEX naval exercise with Sri Lanka and the Dosti coast guard exercise with Maldives and Sri Lanka, while the United States conducts the Cooperation Afloat Readiness and Training (CARAT) exercise with Bangladesh, Sri Lanka, and Southeast Asian countries.

<sup>11</sup> Nilanthy Samaranyake, "Asian Basing in Africa: India's Setback in Seychelles Could Be Worse," University of Pennsylvania, Center for the Advanced Study of India, September 18, 2018.



Second, concern has grown among the smaller countries in the region about the effects of Chinese projects.<sup>12</sup> For example, Bangladesh and Nepal have learned from the fallout over Sri Lanka's Hambantota 99-year port lease to China and are now seeking more favorable terms in their current project discussions with Beijing. Maldives's new president is trying to determine the precise amount of debt owed to China and to renegotiate the terms of payback. Moreover, public protests have taken place in Seychelles and Sri Lanka against Chinese projects, while Bangladesh blacklisted a Chinese company due to attempted bribery.

Third, other major powers are paying greater attention to the Indian Ocean with an eye to preventing the manifestation of tensions seen in the South and East China Seas. The Quadrilateral Security Dialogue (known as the Quad) has been resurrected from a decade ago, and officials from the United States, Japan, India, and Australia have held three meetings to discuss security and the "rules-based order" (albeit without mentioning China in statements). The negative discourse about China's lending terms and the potential for "Chinese debt traps" has driven India and Japan to join together to advance a transparent, sustainable alternative to BRI—the Asia-Africa Growth Corridor (AAGC). Finally, Washington has given unprecedented attention to the Indian Ocean region by prominently replacing the traditional "Asia-Pacific" focus with the new "Indo-Pacific" concept in the highest-level national strategy documents.<sup>13</sup> This shift was evident in the renaming of U.S. Pacific Command as U.S. Indo-Pacific Command. Moreover, the United States is following India and Japan's lead with the AAGC by adopting a more competitive approach through the passage in 2018 of the Better Utilization of Investments Leading to Development (BUILD) Act, which aims to reform U.S. development finance tools and create the U.S. International Development Finance Corporation to support overseas projects.

### *Implications for U.S. Policy*

To be clear, the future expansion of China's naval and maritime force presence in South Asia and the Indian Ocean more broadly cannot be

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<sup>12</sup> For further analysis of the smaller states of South Asia and their relations with China, see Nilanthi Samaranayake, "China's Engagement with Smaller South Asian Countries," U.S. Institute of Peace, Special Report, no. 446, April 2019.

<sup>13</sup> White House, *National Security Strategy of the United States of America* (Washington, D.C., December 2017); and U.S. Department of Defense, "Summary of the 2018 National Defense Strategy of the United States of America: Sharpening the American Military's Competitive Edge," January 2018.

ruled out. For example, at some point Beijing could increase the number of naval ships it deploys to the region by a significant factor. Another persistent concern is that China will convert one of its commercial port facilities in the region, such as in Colombo or Hambantota, for military use. This would, of course, require permission from the host country, as do port visits by PLA Navy ships at present. If China were to hold such discussions, conduct a regular bilateral naval exercise with a South Asian or other Indian Ocean country (not including Pakistan), or build a second overseas military base, then this would represent a fundamental shift from the status quo in the region.

U.S. policymakers should thus monitor the potential for China's aggressive behavior in East Asian waters to spread to South Asia and the wider Indian Ocean region. For example, in Djibouti, U.S. officials filed a diplomatic protest that China was responsible for directing lasers at U.S. Air Force aircraft, thereby threatening pilots. This kind of disruptive activity is exactly why the smaller South Asian and Indian Ocean countries are concerned about the potential for competition between major powers to destabilize their region.

Despite the limits of China's current presence and the challenges to its expansion, U.S. policymakers should not ignore the possibility that Chinese activities to secure the MSR could increase and destabilize the region. Instead, they should act to entrench U.S. interests in the Indian Ocean, such as by encouraging foreign direct investment by the private sector in maritime and road infrastructure. Such investment would be enthusiastically welcomed by the smaller regional countries seeking to diversify their sources of projects beyond China. ♦

## India as a Challenge to China's Belt and Road Initiative

Gurpreet S. Khurana

The Belt and Road Initiative (BRI) was announced by Xi Jinping in 2013 and comprises both the land-based Silk Road Economic Belt (launched in August 2013) and the 21st Century Maritime Silk Road (introduced in September 2013). The initiative was showcased in a manner that was too appealing to be ignored by the countries of the Indian Ocean region. Many Indians also viewed BRI as highly promising for their country.

As a virtual “island state” constrained by landward geophysical barriers in the north, India is in dire need of developing its economic corridors and maritime transportation infrastructure. Projections indicate that by 2050, India will be the second-largest economy (in purchasing power parity terms), premised *inter alia* on the growth trends of merchandise trade.<sup>1</sup> However, leading Indian economists point out that a large part of the country's export potential remains unrealized, mostly in its own neighborhood. The key reason for this loss of competitiveness is rising “trade costs,” mainly for maritime transportation, which are heightened by the lack of connectivity and port infrastructure.<sup>2</sup> Therefore, even though the Indian government never endorsed BRI, a few Indian analysts (including this author) were of the view that the Chinese initiative was pregnant with geoeconomic opportunities for India, and, premised on the ongoing India-China rivalry, it may not be prudent for New Delhi to throw the baby out with the bathwater.<sup>3</sup> Eventually, however, the official Indian position against BRI hardened to the extent that India was the one key country in

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<sup>1</sup> “The Long View: How Will the Global Economic Order Change by 2050?” PricewaterhouseCoopers, February 2017 ~ <https://www.pwc.com/gx/en/world-2050/assets/pwc-world-in-2050-summary-report-feb-2017.pdf>.

<sup>2</sup> This is based on analysis by Prabir De, a professor at the Research and Information System for Developing Countries in New Delhi, presented at the ASEAN-India Connectivity Summit, December 11–12, 2017, New Delhi. See Gurpreet S. Khurana, “Multilateral Structures in the Indian Ocean: Review and Way Ahead,” *Maritime Affairs* 14, no. 1 (2018): 1123.

<sup>3</sup> Gurpreet S. Khurana, “India's Approach to China's Maritime Silk Road: An Alternative View,” National Maritime Foundation, February 17, 2015 ~ <http://www.maritimeindia.org/CommentaryView.aspx?NMFCID=8390>.

the Indian Ocean region not represented at the major international Belt and Road Forum organized in Beijing in May 2017.<sup>4</sup>

This essay aims to examine some mainstream Indian perspectives on BRI and analyze its likely adverse ramifications for India. Based on these findings, the essay considers how India should (and is likely to) tailor its foreign policy and national security responses to this Chinese initiative.

### *Mainstream Indian Perspectives on BRI*

Owing largely to the country's geographic location and disposition, India's national interests are closely intertwined with developments in the Indian Ocean region. In this context, BRI is seen in New Delhi as China's endeavor to capitalize on the desires, vulnerabilities, and insecurities of regional countries.

Sri Lanka, for instance, sought BRI to bolster investment in its port-led economic development after the 2009 end to decades of internal conflict, but later became beset by debt. In December 2017, Sri Lanka was compelled to grant China a 99-year lease and 70% stake in the deepwater port at Hambantota.<sup>5</sup> In Maldives, China played on the political fissures and local fears of sea-level rise to involve Chinese companies in reclamation projects. Today, the country owes China \$1.5 billion—about 30% of its GDP—in construction costs.<sup>6</sup> In Malaysia, China's exorbitantly expensive Melaka Gateway port project was premised on Kuala Lumpur's geoeconomic rivalry with Singapore to host a major hub port in the Asia-Pacific.<sup>7</sup> Pakistan, for its part, was much too willing to cede to China the transit corridor from Kashi to Gwadar in order to reduce its own strategic vulnerability vis-à-vis

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<sup>4</sup> "It's Official Now, India to Stay Away from China's 'Belt and Road Forum,'" *Wire*, May 14, 2017, <https://thewire.in/diplomacy/india-china-obor-belt-summit>. See also "Official Spokesperson's Response to a Query on Participation of India in OBOR/BRI Forum," Ministry of External Affairs (India), Press Release, May 13, 2017.

<sup>5</sup> Kiran Stacey, "China Signs 99-Year Lease on Sri Lanka's Hambantota Port," *Financial Times*, December 11, 2017 ~ <https://www.ft.com/content/e150ef0c-de37-11e7-a8a4-0a1e63a52f9c>; and Dipanjan Roy Chaudhury, "New Chinese Loan May Further Plunge Sri Lanka into Debt Trap," *Times of India*, Economic Times web log, September 3, 2018 ~ <https://economictimes.indiatimes.com/news/international/world-news/new-chinese-loan-may-further-plunge-sri-lanka-into-debt-trap/articleshow/65659719.cms>.

<sup>6</sup> Sanjeev Miglani and Mohamed Junayd, "After Building Spree, Just How Much Does the Maldives Owe China?" *Reuters*, November 27, 2018 ~ <https://www.reuters.com/article/us-maldives-politics-china/after-building-spree-just-how-much-does-the-maldives-owe-china-idUSKCN1NS1J2>.


<sup>7</sup> Anjelina Patrick, "Melaka Gateway Port: An Analysis," National Maritime Foundation, October 11, 2017 ~ <http://www.maritimeindia.org/View%20Profile/636432951858173081.pdf>. See also "We Cannot Afford This': Malaysia Pushes Back on China's Big Projects," *Business Times*, August 21, 2018 ~ <https://www.businesstimes.com.sg/government-economy/%E2%80%98we-cannot-afford-this%E2%80%99-malaysia-pushes-back-on-china%E2%80%99s-big-projects>.


militarily superior India and develop the Baluchistan Province. Pakistan owes China at least \$10 billion in debt for the construction of Gwadar port and other projects.<sup>8</sup> Viewed in New Delhi, China's approach runs counter to India's vision for collective and inclusive economic development of the Indian Ocean region. India believes that it cannot attain prosperity for its citizens in isolation from the regional neighborhood.


BRI is also viewed in New Delhi as China's attempt to outsource its low-end "sunset" industries to initiative partners, letting them worry about the attendant issues of environmental pollution. To redress this issue, in June 2017, in the document "Vision for Maritime Cooperation under the Belt and Road Initiative," China attempted to link BRI with blue economy and sustainable development concepts.<sup>9</sup> However, repackaging does not change the product. Pakistan's coal-based power plant project in Rahim Yar Khan, proposed to be built by China as part of the China-Pakistan Economic Corridor (CPEC), is a noteworthy case in point. The project was eventually shelved in January 2019 at the insistence of the new Pakistani government.<sup>10</sup> This reinforces the Indian view that China looks at the Indian Ocean countries primarily as a source of natural resources, an ancillary for its expanding industrial complex, and an export destination for high-end manufactured goods. In the worst case, BRI represents a new avatar of economic colonization by China.

### *Rationale for India's Rejection of BRI*

The objections to BRI that India has formally articulated include the fact that the proposed CPEC involves joint projects in Pakistan-occupied Kashmir (which is claimed by India), the lack of details regarding BRI projects, and the initiative's unilateral character that is devoid of a consultative process. This lack of transparency carries the risk of smaller countries being sucked into a crushing debt cycle, in addition to the potential for ecological destruction and the disruption of local communities.<sup>11</sup>

<sup>8</sup> "Pakistan Owes USD 10 Billion Debt to China for Gwadar Port, Other Projects: Top U.S. General," *Times of India*, Economic Times web log, March 15, 2018  <https://economictimes.indiatimes.com/news/international/business/pakistan-owes-usd-10-billion-debt-to-china-for-gwadar-port-other-projects-top-us-general/articleshow/68432415.cms>.

<sup>9</sup> "Full Text: Vision for Maritime Cooperation under the Belt and Road Initiative," Xinhua, June 20, 2017  [http://www.xinhuanet.com/english/2017-06/20/c\\_136380414.htm](http://www.xinhuanet.com/english/2017-06/20/c_136380414.htm).

<sup>10</sup> "Pakistan Finally Shelves Coal-Power Project under CPEC," *Daily Pakistan*, January 14, 2019  <https://en.dailypakistan.com.pk/headline/pakistan-finally-shelves-coal-power-project-under-cpec>.

<sup>11</sup> Suhasini Haidar, "Why Did India Boycott China's Road Summit?" *Hindu*, May 20, 2017  <https://www.thehindu.com/news/national/why-did-india-boycott-chinas-road-summit/article18516163.ece>.

That BRI overlooks India's "core concerns on sovereignty and territorial integrity" is often stated as the key reason for the country's rejection of the initiative.<sup>12</sup> However, none of these articulations—individually or collectively—fully account for India's wariness.

The most critical factor is China's "Middle Kingdom" approach that is premised on an ancient notion of cultural superiority and seeks to subject the transactions among nation-states to a geopolitical hierarchy. Through such an approach, China aims to dominate its periphery through a tributary system, thereby potentially challenging India's traditional influence in the Indian Ocean region. Yin Gang has stated, "In China's view, India must be reminded that areas around Gwadar, Chittagong, Hambantota, and Sittwe are not within India's traditional sphere of influence."<sup>13</sup> India views the Chinese approach as undermining the regional balance of power and therefore challenging its geopolitical and national security interests. The country does not want to become marginalized by a rival power in its own neighborhood.

It is thus important to understand the adverse security implications of BRI for India. For instance, the China-Pakistan strategic partnership already limits New Delhi's strategic options to respond to Pakistan's prevailing strategy of supporting cross-border terrorism against India.<sup>14</sup> China's technological assistance to help Pakistan develop sea-based tactical nuclear weapons to offset India's conventional military superiority to Pakistan exemplifies this.<sup>15</sup>

The traditional Chinese military threat to India's national security is another important consideration. The disputed land border in the Himalayas has often led to military confrontations, with the most recent occurring in June 2017 on the Doklam Plateau and lasting for 73 days.<sup>16</sup> The People's Liberation Army (PLA) Navy's established presence in the Indian Ocean region could add a seaward dimension to the existential continental

<sup>12</sup> "Official Spokesperson's Response to a Query on Media Reports Regarding Possible Cooperation with China on OBOR/BRI," Ministry of External Affairs (India), Press Release, April 5, 2018.

<sup>13</sup> Yin Gang, televised interview, New Horizon, Yunnan TV, November 16, 2014, cited in You Ji, "China's Emerging Indo-Pacific Naval Strategy," *Asia Policy*, no. 22 (2016): 18.

<sup>14</sup> "Pakistan Wants to Bleed India with Thousand Cuts," Says Army Chief General Bipin Rawat," *Outlook*, September 24, 2018 ~ <https://www.outlookindia.com/website/story/pakistan-wants-to-bleed-india-with-thousand-cuts-says-army-chief-general-bipin-rawat/317041>.

<sup>15</sup> C. Uday Bhaskar, "The Indian Ocean Waters Will Get Roiled by Babur 3," *Times of India*, Economic Times web log, January 11, 2017 ~ <https://economictimes.indiatimes.com/blogs/et-commentary/the-indian-ocean-waters-will-get-roiled-by-babur-3>.

<sup>16</sup> Debanish Achom, "Doklam Belongs to China, India Should Have 'Learnt Lessons,' Says Beijing," NDTV, March 27, 2018 ~ <https://www.ndtv.com/india-news/doklam-belongs-to-china-india-should-have-learnt-lessons-says-beijing-1828803>.

threat posed by China. India's naval power might no longer enjoy a favorable asymmetry in the region, and therefore India's conventional military deterrence against China to respond to a conflict across the disputed land border would be eroded substantially. For instance, given the naval superiority that India enjoys in the Indian Ocean today and its ability to interdict Chinese strategic shipments, China may think twice before resorting to a military escalation across the land border. However, as the PLA Navy acquires the ability for sea control in the Indian Ocean against opposing naval forces to secure China's BRI investments, India could lose the military leverage provided by its current option for horizontal escalation of an armed conflict to the sea. Even worse, India might need to prepare for the possibility of a two-front war involving China-Pakistan strategic collusion.<sup>17</sup>

### *India's Response to BRI*

From the foregoing discussion, it is clear that India's response to BRI is likely to be premised on the assumption that the initiative's comprehensive success, in terms of China meeting its envisaged objectives, is not in India's interest. India's approach will be to seek the support of its strategic partners within and beyond the Indo-Pacific. However, even without any such support, New Delhi would likely need to do whatever may be required to prevent its influence in the Indian Ocean from being displaced by China and to prohibit China's increasing naval footprint from blunting India's prevailing maritime military edge in the region. New Delhi would likely adopt necessary geopolitical countermeasures across the entire spectrum ranging from geoeconomics to military strategy.

At the foreign-policy level, India may seek to ramp up its relevance and influence in the Indian Ocean region, and even beyond into the eastern parts of the Indo-Pacific, as enunciated in Prime Minister Narendra Modi's 2015 vision of Security and Growth for All in the Region (SAGAR) in 2015.<sup>18</sup> The vision stands for the dictum that "all boats rise with the rising tide" and, therefore, provides an optimized approach to encourage regional

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<sup>17</sup> Rajat Pandit, "Two-Front War Is a Real Scenario, Says General Bipin Rawat," *Times of India*, Economic Times web blog, July 13, 2018 ≈ <https://economictimes.indiatimes.com/news/defence/two-front-war-is-a-real-scenario-says-general-bipin-rawat/articleshow/56324336.cms?from=mdr>.

<sup>18</sup> *Sagar* means "ocean" in Hindi, and the acronym SAGAR thus signifies the emerging focus of the Indian political establishment on maritime matters and re-establishing their link with India's destiny. See "Mr. Modi's Ocean View," *Hindu*, March 17, 2015 ≈ <https://www.thehindu.com/opinion/editorial/mr-modis-ocean-view/article7000182.ece>.

solidarity that contrasts positively with the “extractive” model proposed by BRI. However, the dictum that holds for China also holds for India: the package is not the product. Policymakers in New Delhi will need to flesh out SAGAR in terms of its functional strategy, which has not yet been done, and pursue its implementation.

In particular, India and its partners will need to offer the regional countries alternative models for enhancing economic connectivity in the Indo-Pacific that are more attractive than BRI. The Asia-Africa Growth Corridor (AAGC) proposed by India and Japan was conceptualized with such an aim under the rubric of the contemporary Indo-Pacific concept, but it needs to be pursued more seriously by all potential partners.<sup>19</sup> The AAGC is still in a nascent phase, though with enormous potential to challenge BRI. This author’s discussion with officials—who prefer anonymity—indicates that the Japanese are disappointed with the slow pace of India’s implementation of the AAGC. This is leading Tokyo to reconsider India’s partnership in the corridor. While India itself lacks infrastructure and financial and technological capacities, and therefore looks to Japan for these to fructify the AAGC, the Indian government needs to do more to quell the perception that it is not serious about the initiative.

As an instrument of the nation’s foreign policy, the Indian Navy bears a major responsibility to shape a geopolitical environment in the Indian Ocean region that is favorable to India. The recent reorientation of its operational philosophy to mission-based (forward) deployments is meant, *inter alia*, to address the changing operational environment brought about by BRI. This includes the need to keep watch over the maritime chokepoints that all vessels—commercial ships, warships, and submarines—must traverse for entry into the Indian Ocean. The intelligence collected by the naval deployments is fed into the Indian Maritime Operations Centre and shared with friendly countries through the Information Management and Analysis Centre.<sup>20</sup>

While India has been making concerted efforts to enhance the sustained reach of its naval forces through basing arrangements with

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<sup>19</sup> Jagannath Panda, “The Asia-Africa Growth Corridor: An India-Japan Arch in the Making?” Institute for Security and Development Policy, Focus Asia, no. 21, August 2017; and Gurpreet S. Khurana, “What Is the Indo-Pacific: The New Geopolitics of the Asia-Centred Rim Land” in *Geopolitics by Other Means: The Indo-Pacific Reality*, ed. Axel Berkofsky and Sergio Miracola (Milan: Istituto per gli Studi di Politica Internazionale, 2019), 1332.

<sup>20</sup> Sujan Dutta, “Indian Navy Informs Government about the Fleet’s Reoriented Mission Pattern,” *New Indian Express*, April 1, 2018 ~ <http://www.newindianexpress.com/nation/2018/apr/01/indian-navy-informs-government-about-the-fleets-reoriented-mission-pattern-1795404.html>.



regional countries such as Mauritius and Seychelles, the prevailing geopolitical environment and local sensitivities will continue to be major impediments. The sustenance of forward-deployed naval units will need to be enhanced through alternative measures that combine sea-based logistics with the existing logistics exchange agreements with major resident powers, including the United States and France.

The Indian Navy will also need to be well-prepared to discharge its role as a mechanism for insurance in a possible conflict scenario involving China. The navy will need to be capable of fulfilling this function both independently and in conjunction with major partners, such as members of the Quadrilateral Security Dialogue and from Europe, but without according undue visibility to the process. Such plans already exist—for both the Indian Ocean and the western Pacific—and capacity accretions are adding more options to the latter operational area. The government’s approval in 2015 of plans to build six indigenous nuclear attack submarines capable of distant power projection is notable in this regard.<sup>21</sup> It is also high time for the Indian Navy to revisit its rules of engagement in India’s maritime zones.<sup>22</sup> The current rules, for instance, do not take into account contingencies involving intelligence gathering by Chinese warships—particularly submarines. Notwithstanding these new developments, the navy needs to work to shape the environment so as to avoid a conflict scenario.<sup>23</sup> ◆

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<sup>21</sup> “India to Build 6 Nuclear-Powered Submarines—Navy Chief,” Sputnik, December 4, 2015 ~ <https://sputniknews.com/military/201512041031242059-india-submarine-nuclear-fleet>; and “India Kickstarts Process to Build 6 Nuclear-Powered Attack Submarines,” *Times of India*, Economic Times web log, July 14, 2018 ~ <https://economictimes.indiatimes.com/news/defence/india-kickstarts-process-to-build-6-nuclear-powered-attack-submarines/articleshow/61880118.cms?from=mdr>.

<sup>22</sup> Rules of engagement are based on international law and political directives and are meant to authorize and guide operational commanders with regard to the freedom to initiate or continue combat and the extent of use of military force in a specified scenario. See Gurpreet S. Khurana, *Porthole: Geopolitical, Strategic and Maritime Terms and Concepts* (New Delhi: Pentagon Press, 2016), 169.

<sup>23</sup> In this direction, serious efforts are underway by the National Maritime Foundation in New Delhi to develop a mechanism of maritime confidence building, including proposals for a bilateral mechanism for deconflicting unintended naval encounters at sea and efforts to institute such a mechanism at a multilateral level under the aegis of the Indian Ocean Naval Symposium among regional states.

## The U.S. Response to the Belt and Road Initiative: Answering New Threats with New Partnerships

*Arzan Tarapore*

The United States has embraced a policy of “strategic competition” with China.<sup>1</sup> This competition is most acute in East Asia, where Chinese policies directly challenge the United States’ long-standing strategic primacy. China has primed its rapid military modernization to disrupt and deter U.S. forces and has used coercive force to assert territorial revisionism in the South China Sea. But the competition spans multiple regions and dimensions. China’s Belt and Road Initiative (BRI) seeks to build Chinese influence across the entire Eurasian landmass and adjacent waters, often at a cost to U.S. interests. Washington has denounced BRI as a “predatory” program that builds influence through corrupt and secretive “debt trap” deals.<sup>2</sup> But alongside its economic edifice, BRI is also freighted with strategic implications. The new trade and infrastructure deals will increase Chinese leverage to shape partner nations’ preferences, edge out U.S. influence, and expand Chinese military presence.<sup>3</sup>

South Asia illustrates these political-military dimensions of BRI. China is cultivating an increasingly dependent ally in Pakistan and building a sprawling military presence across the Indian Ocean region, while India and its partners scramble to mount a counterbalance. This essay outlines the implications of these dynamics for U.S. policy. It shows, first, how BRI in South Asia threatens U.S. strategic interests and how the United States is responding through new partnerships with India and other countries. The essay concludes by discussing some recommended principles for the future of U.S. policy in the Indo-Pacific.

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<sup>1</sup> White House, *National Security Strategy of the United States of America* (Washington, D.C., December 2017).

<sup>2</sup> Mike Pence, “Remarks Delivered by Vice President Mike Pence on the Administration’s Policy towards China” (speech at the Hudson Institute, Washington, D.C., October 4, 2018) ~ <https://www.hudson.org/events/1610-vice-president-mike-pence-s-remarks-on-the-administration-s-policy-towards-china102018>.

<sup>3</sup> Nadège Rolland, *China’s Eurasian Century? Political and Strategic Implications of the Belt and Road Initiative* (Seattle: National Bureau of Asian Research, 2017).

### *How BRI Threatens U.S. Strategic Interests*

On the surface, BRI offers tangible and immediate economic benefits for regions like South Asia. The region's developing states have a desperate demand for the speedily constructed transportation, energy, and telecommunications infrastructure that BRI promises. The terms and modalities of BRI projects have generated skepticism and opposition, which may prompt China to adjust its approach in its decades-long BRI campaign. More fundamentally, the concept of BRI—and its South Asian centerpiece, the China-Pakistan Economic Corridor (CPEC)—presents a broad threat to U.S. interests in at least three ways.

First and most directly, BRI shields governments that harbor anti-U.S. interests and entrenches their inimical policies. The clearest example of this is Pakistan. The United States and Pakistan have long endured a relationship that oscillates between amity and estrangement. After years of mounting frustration over Pakistan's support for terrorist networks, Washington ultimately cut most aid in 2018.<sup>4</sup> CPEC, however, was there to cushion the blow. With a source of lavish financial patronage, Pakistan is now free to persist with its strategy of using militant proxy groups for influence in Afghanistan and attacks against India. Not only is China more tolerant of Pakistan's destabilizing policies; it actively shields Pakistan from external pressure—most prominently, by repeatedly blocking UN action against terrorists such as Masood Azhar, the leader of Jaish-e-Muhammad, who claims sanctuary in Pakistan.<sup>5</sup>

China's patronage of Pakistan, with CPEC at its center, has also contributed to sharpening strategic alignments in the region. Pakistan is now financially beholden to China and firmly within its orbit. Even if the United States were to resume military aid to Pakistan, which is unlikely in the short term, the entrenched presence of CPEC means that Washington would struggle to recover even the minor influence it previously held. The United States, which has simultaneously made clear its support for India, can no longer serve as a credible intermediary in the perennial security crises between India and Pakistan. In February 2019, as India considered its response to the terrorist attack in Pulwama, U.S. national security adviser John Bolton deviated from decades of U.S. practice and encouraged

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<sup>4</sup> Phil Stewart and Idrees Ali, "Exclusive: Pentagon Cancels Aid to Pakistan over Record on Militants," Reuters, September 1, 2018.

<sup>5</sup> Sriram Lakshman, "Countering China, U.S. Draft Resolution at UNSC to Blacklist JeM Chief Masood Azhar," *Hindu*, March 29, 2019.

the Indian military's retaliation at Balakot.<sup>6</sup> With greatly diminished external brakes on escalation, India and Pakistan were able to introduce unprecedented levels of risk to the crisis.<sup>7</sup>

Through BRI, China has and will continue to also shape the political trajectories of other states in the region. The examples of Mahinda Rajapaksa in Sri Lanka and Abdulla Yameen in Maldives show that China often relies on striking opaque BRI deals directly with political leaders rather than through a transparent, institutionally vetted process.<sup>8</sup> In such cases, the local leaders use the promise of economic benefits from extravagant BRI projects to consolidate their domestic political power, sometimes through undemocratic means. The United States, for example, denounced President Yameen's crackdown against his political opposition in early 2018; nevertheless emboldened by Chinese political support and advice, he dutifully moved to end security cooperation with India.<sup>9</sup> While Yameen was later defeated in elections, China had shown how the economic leverage of BRI could translate into strategic influence.

Second, BRI threatens U.S. interests by tilting regional balances of military power in China's favor. The United States' post-World War II strategy rested on maintaining stable and favorable regional balances of power. China's efforts to secure BRI threaten those balances of power, not only in East Asia but across the entire Indo-Pacific. In the Indian Ocean region and South Asia, the People's Liberation Army (PLA) has expanded its presence. Since 2008, the PLA Navy has maintained a constant antipiracy naval task force in the Gulf of Aden and gradually expanded its operational activities, ostensibly to support that mission.<sup>10</sup> China built its first overseas military base in Djibouti in 2017 and has military access to ports in several other countries in the Indian Ocean region. The new commercial ports built as part of BRI—most prominently at Gwadar in Pakistan and Hambantota in Sri Lanka—come with either sovereign

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<sup>6</sup> Nayanima Basu, "Ajit Doval Had Discussed Balakot Airstrike with U.S. NSA John Bolton on 16 February," *Print*, February 26, 2019.

<sup>7</sup> Arzan Tarapore, "Balakot, Deterrence, and Risk: How This India-Pakistan Crisis Will Shape the Next," *War on the Rocks*, March 11, 2019.

<sup>8</sup> See, for example, Maria Abi-Habib, "How China Got Sri Lanka to Cough Up a Port," *New York Times*, June 25, 2018 ~ <https://www.nytimes.com/2018/06/25/world/asia/china-sri-lanka-port.html>; and "Maldives Election: Opposition Defeats China-Backed Abdulla Yameen," *BBC*, September 24, 2018 ~ <https://www.bbc.com/news/world-asia-45623126>.

<sup>9</sup> Sanjeev Miglani, "Maldives Seeks Scaling Back of Indian Presence as It Woos China," *Reuters*, August 10, 2018.

<sup>10</sup> David Shinn, "China's Power Projection in the Western Indian Ocean," *Jamestown Foundation, China Brief*, April 20, 2017.

control or a controlling influence over port operations.<sup>11</sup> Together, these ports represent a sturdy and burgeoning network of potential military access points for logistics, intelligence collection, and military diplomacy. These facilities are further buttressed by growing arms sales and security cooperation across the region. Pakistan's military depends on China for advanced aircraft and missile technology, Sri Lanka relied on Chinese assistance to crush the Tamil insurgency, and even Bangladesh has acquired Chinese submarines.

China cannot militarily dominate South Asia, but its expanding activities and relationships have reshaped the regional military balance. Its presence allows it to observe and deter potential rivals—especially India—and to hold at risk vital lines of communication across the Indian Ocean. Its facilities across the region allow China to sustain long-distance operations, and its base in Djibouti, potentially the first of several, includes unmanned aerial vehicles and marines that allow China to project military force.<sup>12</sup> Although this enlarged footprint creates vulnerabilities for China, it undeniably erodes the ability of the United States and its partners to guarantee a stable regional balance.

Third, BRI threatens U.S. interests by presenting an alternative vision of regional and global order. As Nadège Rolland argues, the trade and investment plans of BRI advance Xi Jinping's vision for a "community of common destiny"—an agglomeration of rules and values built on Chinese dominance.<sup>13</sup> Chinese policies have cumulatively eroded established conventions on the territorial status quo and freedom of navigation, which the United States proclaims to guarantee. And they have introduced new conceptions of statecraft—Beijing's "three warfares," for example, legitimizes the use of political, legal, and information warfare to coerce and influence other states.<sup>14</sup> Beijing works to elevate the salience of some political values, such as short-term economic gains, while deprioritizing others, such as human rights. With its overweening clout in Pakistan, China even compelled Prime Minister Imran Khan to implausibly plead ignorance about the mass incarceration of Chinese Uighurs.<sup>15</sup>

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<sup>11</sup> Abi-Habib, "How China Got Sri Lanka to Cough Up a Port."

<sup>12</sup> U.S. Department of Defense, *Assessment on U.S. Defense Implications of China's Expanding Global Access* (Washington, D.C., December 2018).

<sup>13</sup> Rolland, *China's Eurasian Century?* 179–82.

<sup>14</sup> Peter Mattis, "China's 'Three Warfares' in Perspective," *War on the Rocks*, January 30, 2018.

<sup>15</sup> Ben Westcott, "Pakistan's Khan Dodges Questions on Mass Chinese Detention of Muslims," CNN, March 28, 2019.

These challenges to regional order are not particular to South Asia or the Indian Ocean, but they certainly encompass and affect the region. China's success in realizing its vision and in discrediting elements of the traditional U.S.-sponsored order would undermine a foundational source of U.S. power and security.

### *Partnerships New and Old*

Answering the challenge of BRI will require the United States to reinforce another foundational source of its power and security: partnerships with regional states. As China mounts a bid for Eurasian hegemony through BRI, the United States will have to muster a network of partnerships that can match China's economic and military weight.

India is a critical part of that strategy—it has the demographic size, economic and military potential, and geographic position to dominate South Asia and the Indian Ocean region, and therein the ability to foil China's bid for Eurasian hegemony. Realizing its potential, however, will require economic reforms and military effectiveness that remain highly questionable.<sup>16</sup> India's military budget and acquisitions, for example, remain hopelessly dominated by rising personnel costs and a focus on ground-based threats on its northern periphery. This robs the Indian military of potential investments in technological modernization and power-projection capabilities.<sup>17</sup> India will not be able to match China's military effectiveness, especially given the PLA's recent organizational reforms and emphasis on “informatized” warfare enabled by C4ISR (command, control, communications, computers, intelligence, surveillance, and reconnaissance). However, even without being a peer competitor, India holds extant capabilities and geographic advantages to pose significant military dilemmas for China. This is especially true as it develops the capabilities and operational doctrine to build strategic leverage in the Indian Ocean, where the Chinese military is relatively vulnerable because it must operate at greater distances and lower force densities than India.<sup>18</sup>

The policy challenge for the United States lies in forging a new type of strategic partnership with India, while also recognizing India's material

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<sup>16</sup> Paul Staniland, “America Has High Expectations for India. Can New Delhi Deliver?” *War on the Rocks*, February 22, 2018.

<sup>17</sup> Abhijnan Rej, “Government Misspend on Defence Will Widen Gap between Intent and Capability,” *Firstpost*, March 25, 2019.

<sup>18</sup> Arzan Tarapore, “How India's Rise Can Complement U.S. Strategy,” *Lawfare Institute*, Lawfare web blog, October 7, 2018.

limitations and political sensitivities. The United States and India both have a distrust of China based on shared interests in the strategic status quo. Therefore, Washington does not need a formal alliance with India—its goals should be limited to ensuring that Beijing is not able to co-opt India with promises of friendship and riches. An increasingly powerful India pursuing its own interests will pose a formidable enough obstacle to China’s ambitions in South Asia.<sup>19</sup>

Alongside its new partnership with India, the United States has recognized that established allies such as Japan and Australia will also play a significant role in South Asia and the Indian Ocean region. These traditional allies are similarly motivated by an interest in both counterbalancing China’s growing power and ambitions and reinforcing the U.S.-led order from which they have profited. But rather than being tied to traditional alliance structures, these established partners also increasingly operate with new policies and in new configurations. The most common overarching policy rubric they seek to advance is that of a “free and open Indo-Pacific.” This vision of a liberal international order defined by the territorial status quo, freedom of navigation, and open markets is deliberately posed as a stark alternative to the China-centric and opaque order promised by BRI.<sup>20</sup>

The most high-profile example of these new configurations is the “Quad,” an informal grouping of the United States, Australia, Japan, and India. Re-established in 2017, it remains a strategic consultative mechanism with no secretariat, formal structures, or declared mission.<sup>21</sup> Officials from member countries have suggested that the Quad has no plans to undertake joint military activities, let alone to form a collective security alliance. Its chief value to date, aside from broad consultations, is the political signal it sends that like-minded states are unified against Chinese coercion and revisionism and that regional states have an alternative to succumbing to the allure of BRI.

Other informal bilateral and trilateral groupings—known as “minilaterals”—have proved to be more productive in yielding coordinated policy outcomes. Despite the lack of defense activities by the Quad, all of its members have vigorously built interoperability through bilateral exercises like AUSINDEX, trilateral exercises like Malabar, and an overlapping web of trilateral security dialogues and bilateral “2+2” dialogues bringing together

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<sup>19</sup> Ashley J. Tellis and C. Raja Mohan, *The Strategic Rationale for Deeper U.S.-Indian Economic Ties* (Washington, D.C.: Carnegie Endowment for International Peace, 2015).

<sup>20</sup> Jeff M. Smith, “Unpacking the Free and Open Indo-Pacific,” *War on the Rocks*, March 14, 2018.

<sup>21</sup> Tanvi Madan, “The Rise, Fall, and Rebirth of the ‘Quad,’” *War on the Rocks*, November 16, 2017.

foreign and defense policymakers.<sup>22</sup> Japan has been particularly active in partnering with India and other regional states to sponsor high-quality and transparent infrastructure construction throughout Africa and Asia.<sup>23</sup> None of these initiatives require formal standing organizations, and most do not need U.S. participation. But encouraging greater activity by like-minded partners, new and old, and convening new configurations when necessary should lie at the center of the United States' regional strategy.

### *Get Comfortable with Blurred Lines*

The challenge BRI poses to U.S. and partner interests is recent but may last decades. As the overarching organizing principle for China's engagement with the Indo-Pacific, BRI will require the United States to adjust its strategy in South Asia, the Indian Ocean region, and beyond. In particular, Washington will have to become comfortable with increasingly blurred distinctions in three dimensions.

First, as BRI itself demonstrates vividly, economics and security are inextricable and often involve the same issues. Economic activities and influence have security implications in ways they previously did not. China's state-owned behemoths, from China Harbor Engineering Company to Huawei, are economically enticing, but they are also extensions of the Chinese Communist Party and its strategic interests. Conversely, international financial pressure through institutions like the Financial Action Task Force is often the most potent form of leverage that the United States and its partners have over Pakistan's strategy of relying on terrorist networks. The instruments of national power and strategy are interdependent.

Second, as BRI has shown, previous regional boundaries are artificial and counterproductive constructs. China's vision is global, and its development projects and military presence span East, South, Southeast, Central, and Southwest Asia and extend to Africa and Europe. In that context, the United States' use of the broader Indo-Pacific concept is a necessary development. Its actions in a subregion like South Asia can create leverage and effects in another—for example, Southeast Asia. The Quad and

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<sup>22</sup> Dhruva Jaishankar, "The Real Significance of the Quad," Australian Strategic Policy Institute, Strategist, October 24, 2018.

<sup>23</sup> David Brewster, "Japan's Plans to Build a 'Free and Open' Indian Ocean," Lowy Institute, Interpreter, May 29, 2018.



other multilaterals have commanded Beijing's attention precisely because these partnerships can and must continue to straddle old geographic lines.

Third, regional states will not clearly and permanently choose to be U.S. or Chinese allies—many will maintain an ambiguous strategic identity. Aside from a few traditional allies such as Japan and Australia, which will remain firmly like-minded in their competition with China, many will resist outward displays of political alliance. India will continue to follow its deep-seated inclination toward “strategic autonomy” and will instrumentally use strategic uncertainty, forging a unique form of competition with China. Other countries, especially in Southeast Asia, will seek benefits from China's inescapable position—as will indeed the United States and its traditional allies—while maintaining their independence as much as possible. Washington will only forge new forms of partnership if it avoids litmus tests of loyalty and grows comfortable with this ambiguity.

BRI projects in South Asia and the Indian Ocean region encapsulate all these interdependencies and ambiguities. China has already demonstrated comfort with them. If the United States seeks to gain an advantage in its strategic competition, it must move beyond templates of reactive and direct confrontation and rethink its understanding of policy instruments, geography, and partnerships. 