

# ISAS Brief

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## Issues of South Asian Security, and the China Factor

*As the diverse countries of South Asia seek to manage changes at home, China, with its new links to the region, can play a significant role, as both sides are developing stakes in each other's aspirations.*

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### Introduction

South Asia is in the cusp of changes. This paper seeks to examine how a major Asian actor, China, is becoming increasingly and inextricably linked with this process as it unfolds.

In economic terms, the largest of the South Asian nations, India, has demonstrated good performance. It is just over a year since Prime Minister Narendra Modi has been in office, promising *achhe din ayenge* or 'better days will come'. The World Bank has predicted recently that India would be the fastest-growing major economy this year, expanding at a rate of 7.5%, up from the previous forecast of 6.4%. In Pakistan, while recovery is underway, the growth forecast in the Spring 2015 edition of the World Bank's South Asian Economic Focus, is much more modest, at 4.4%, against the Finance Ministry's forecast of 5.1%. Overall,

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Pakistan is being helped by cheap international oil prices and a steady implementation of reforms.

In Bangladesh, despite political instability, the economy is maintaining macro-economic stability and moving forward at the rate of about 6.1%. It has had an impressive and sustained track record of growth, buttressed by expanding remittances from workers abroad and garment exports, and the political turmoil appears to be subsiding. In Sri Lanka, which has experienced a peaceful transfer of power through the election of a new President, the World Bank predicted a growth of 6.9%, though the UN-ESCAP has now raised it to 7.5%. The end of the bloody civil war, assisted by greater remittances and tourism receipts, a strong investment drive by the government and the growth of exports to the US have combined to drive the process. In Nepal, the GDP growth rate has been forecast at 5.48%, and it has maintained a steady pace in its upward-moving curve, but the recent earthquake will have taken its toll on these numbers. The full impact is not yet known.

The most troubled point of the South Asian subcontinent, Afghanistan, has also witnessed a peaceful political transition to a new government whose head is in fact an ex-World Bank official. Afghanistan's GDP numbers have often seen huge turnabouts, dropping to 3.1% in 2014 from the previous year's 14%, only because it is extremely dependent on exogenous factors such as foreign aid. But the agricultural production is steady, and notwithstanding a low industry-level of efforts, a 5% growth rate would not be unrealistic.

So, on the economic front, the South Asian states may be said to be performing satisfactorily, even those which are listed as Least Developed Countries (Bangladesh, Afghanistan, Nepal and Bhutan: Maldives has recently graduated from this category). Remittances from overseas, increased agricultural production, significant manufacturing policy-boosts (such as 'Make in India'), support from neighbours, such as the China-Pakistan Economic Corridor, appear to be paying off in South Asia as a whole. Many of these countries enjoy a demographic dividend in terms of growing young populations, but unless they are appropriately utilised, there is also a lurking danger as we have seen in the Middle East. Also, this region is economically the least integrated in the world. It is thus depriving itself of the benefits of a huge common market and the advantage of a flying geese paradigm, or forward movement in a formation that is led by one or two birds in the flock. But despite these advances, there are security challenges these countries confront, and I would like to list some of them.

## Western South Asia

India and Pakistan: India and Pakistan have been traditional rivals since the British departed in 1947 largely because the British left behind major unresolved irredentist issues like Kashmir, which is still very much an apple of discord between the two. At least four major wars have been fought between the two nations, and the mutual membership of SAARC (South Asian Association for Regional Cooperation) has not been able to calm the situation. Both allege terrorist support accorded by each against the other. In May 2014, when Narendra Modi assumed Prime Ministerial office, he invited all South Asian peers to the ceremony. For a while, there was a sense of detente in the air, but the scheduled India-Pakistan Foreign Secretaries' talks were called off on the Kashmir issue. The back-channel negotiations introduced earlier also came to a halt. There is presently an eerie calm.

In terms of global firepower, India is said to rank number 4 out of 106, and Pakistan number 17. But the possession of nuclear weapons by both gives the protagonists a strategic equivalence. Pakistan's nuclear-weapon capability is expanding slightly more rapidly. It reportedly has 120 warheads which could grow to 200 by 2020. India's number, at around 100, is also growing. Some argue that this has brought about a situation of deterrence between the two, and cite it as a reason why war has been avoided. But there are dangers: the number of CBMs (confidence-building measures) is insufficient; there are possibilities of accidental discharge and retaliation; and there is the nightmare scenario of weapons falling into wrong hands, especially in Pakistan. A continuation of mutual distrust is therefore fraught with great risk.

Pakistan continues to face a domestic threat from global terrorism and the home-grown Taliban. Should Afghanistan pass into Taliban's control, it cannot be to Pakistan's advantage. Though it now seems that both the military and the political leadership are agreed on taking the Taliban on, as in North Waziristan for instance, they are far from a clear victory. The sectarian strife between Shiias and Sunnis is a cause for concern. Normally, Pakistanis, like Bangladeshis, follow a pluralistic, syncretic version of the Islamic faith. Now the increasing exposure to the Wahabi/Salafi versions of the Middle East is altering that. Add to it, the growing dangers from the Islamist self-proclaimed caliphate of the ISIS. They have already declared Pakistan, Afghanistan, and parts of Central Asia as a '*wilayat*' or as provinces of the Caliphate and names it Afghanistan. This is a common threat to both Pakistan and India.

There have to be common efforts directed at containing or redressing this threat. Otherwise, there will be two losers, India and Pakistan.

Sadly Afghanistan continues to remain a flashpoint, and the ability of the Afghan forces to stand up to the insurgents will be severely challenged in the coming months. Three of us who have followed Afghanistan very closely, Shahid Javed Burki, a former Pakistani Finance Minister, Riaz Hassan, an Australian sociologist of Pakistani origin, and I have just published a book entitled '*Afghanistan: The Next Phase*' (Melbourne University Press, 2014). We have suggested that Afghanistan can be chaperoned into the next phase, with the Kabul government supported by 10-12 Regional stakeholders. Otherwise, the great danger is that Afghanistan will irreversibly slide back into a state of anarchy.

## **Middle South Asia**

This is largely India, as we have noted, being stewarded by the Modi government bent on bringing 'better days' to India. But one element to keep an eye on is the communal harmony within India itself: mainly between the Hindus and Muslims. Extremism in all its manifestations must be eschewed.

## **Eastern South Asia**

Bangladesh lies to what would be India's near-east, and rose in the pecking order to India as Modi vowed not just to look East but to act East. The domestic political volatility seems vastly reduced, though the two opposing forces within the political system are yet to be reconciled. Prime Minister Sheikh Hasina is clearly in political control. In June, Modi made Dhaka his 19<sup>th</sup> foreign destination, and signed the Land Boundary Agreement which was originally mooted in 1974. It involved the returning of enclaves. But the visit was unfinished business. There was no agreement on the sharing of Teesta waters mainly because of the reservations of Mamata Banerjee, Chief Minister of the Indian state of West Bengal that borders Bangladesh. So, while both major political parties in Bangladesh gained proximity to Modi, the public, if media is to be believed, is less than persuaded that the leaders have done the best they can. Also, arguably this remains one of the world's bloodiest borders with shooting incidents of civilians allegedly crossing illegally.

But currently, the biggest security issue concerns the Rohingyas, the hundreds of thousands Muslim minority in Rakhine state of Myanmar. They allege severe persecution and are fleeing their country in rickety boats putting their lives in danger, seeking to first shelter in Bangladesh, Malaysia, Thailand, and Indonesia. While it is a massive humanitarian issue, it is a security issue as well, because the Rohingyas are susceptible to radicalisation which could constitute a severe problem to the region. Already an outfit calling itself Rohingya Solidarity Organisation (RSO) has raised its head, and its militants have displayed some activity along the Bangladesh-Myanmar border. This calls for the subject to be addressed seriously not just by ASEAN but other responsible stakeholders, China included.

## **Conclusion**

China has great stakes in South Asia. It is very much a component of *Chung Guo Meng* or China dream, which includes not just a new kind of big power relationship with the US but also the aim of a 'win-win' relationship with friends and partners. This 'win-win' relationship encompasses the 'One Road, One Belt' initiative, critical to South Asian stability. I am not just talking of the \$45b investments in the Pakistan-China Economic Corridor but also the possibility of linking up the initiative to other countries like Bangladesh. The Asian Infrastructure Investment Bank is another measure worthy of support, to help prepare the region for multifarious economic activities. According to estimates by the Asian Development Bank (ADB), Asia requires an investment of as much as US \$ 8 trillion to shore up that sector. These new institutions would not only assist the process of financial integration in the region and correct the requisite deficit, but also create new norms, standards, and systems for trade, investment, and development funding. It is significant that many western nations have also signed up, which testifies to a cross-regional endorsement of the new institution.

The new order in Asia would perhaps be as helpful to Asian reconstruction as the Bretton Woods institutions were to post-war Europe. The idea of a collaborative arrangement between Bangladesh, China India and Myanmar or BCIM in short merits serious consideration. At a recently held Greater Mekong Sub-region (GMS) meeting in Kunming, it was mooted whether the BCIM Multi-Modal Transport System could be boosted by a high-speed railway link between Kunming and Kolkata in India, through Dhaka and Chittagong in

Bangladesh. This would have a very favourable impact on all the regional economies. Friends of China have no doubt that the current Chinese leadership, through the four comprehensives, will gear China up to play that necessary stabilising role. Some see this as *Tianxia* or ‘All-under-heaven perspective’ by which China will seize for itself a predominant role, but we do live in a changing world, where there is indeed a harmonising role of nations like China, in this new matrix, which is not, and must not be, intellectually difficult to comprehend.

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