



Policy Feeds
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Beyond China Pakistan Economic Corridor (CPEC)

By: Waqas Waheed Malik

China Pakistan Economic Corridor (CPEC) is a grand leap forward to build the economy of Pakistan, to convert it into an “Asian Tiger” in the present century. With a promising potential of transforming Pakistan’s economy and the social mindset towards industrialization, rural and urban mobilization, and modernization CPEC has opened up a new era of progress and prosperity across the country. Moreover, it offers Pakistan to build and maintain stronger regional connectivity when its arch rival India is trying to isolate Pakistan in international community.



This corridor is indeed a great success for Federal and Provincial governments of Pakistan as it happened to be the first drop of rain after a long and dark period of Pakistan’s fight against terrorism and internal instability. It must be lauded and celebrated but it’s not the end of the world or the final destiny. We must work hard to capitalize on the potential of CPEC but at the mean time we must continue to explore new and diversified avenues and opportunities for economic prosperity, international cooperation and regional connectivity in order to fully capitalize on

Pakistan's unique geostrategic location and natural resource potential.

With the rapid economic expansion of the People's Republic of China and Japan to the east, the Russian Federation to the north, and mighty Indian Ocean to the south, the mostly land locked, energy rich Central Asia and energy deprived, densely populated, littoral region called South Asia are the two regions with the highest need and potential for inter-regional as well as intra-regional Cooperation and integration.



In this regard, the Central Asia Regional Economic Cooperation (CAREC), Program offers a comprehensive integration and development framework to explore the cooperation potential of Central Asia and South Asia as well as linkages of these two regions with East Asia, Middle East, Europe, Russia and Africa. CAREC is a partnership of 11 countries namely Afghanistan, Azerbaijan, People's Republic of China, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan, supported by 6 multilateral institutions, working together to promote development through cooperation. With a long-term vision of “Good Neighbors, Good Partners, and Good Prospects” there is unprecedented opportunity for CAREC countries to emerge as a center of trade and commerce, achieve higher levels of economic growth, and reduce poverty.



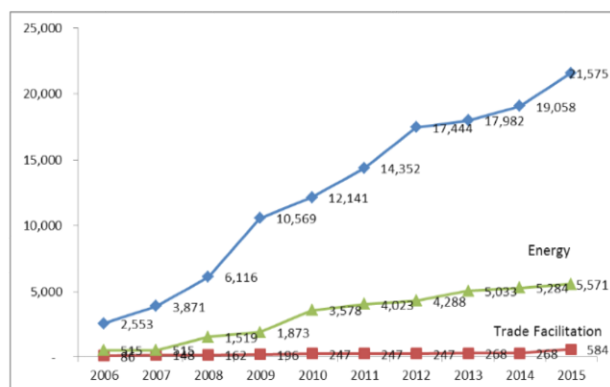
CAREC helps its member states to realize their significance and potential by promoting regional cooperation in four priority areas i.e. Trade Policy, Trade Facilitation, Transport and Energy. The Central Asia Regional Economic Cooperation (CAREC) with the help of Transport & Trade Facilitation Strategy (TTFS) provides the platform to ensure effective implementation of communications, transport and trade-related projects.

This enables an integrated, efficient and comprehensive approach towards establishment of competitive corridors, facilitation of movement of goods and people and construction of sustainable, safe, and user-friendly transport and trade networks. CAREC has identified six Corridors across land locked Central Asia to ultimately connect the region with major seaports in Arabian Sea and across the Caspian Sea. These corridors will ensure access to the global markets round the year and will deliver services important for national and regional competitiveness, productivity, employment, mobility, and environmental sustainability.

In the Energy sector East-Central-South Asia Regional Electricity Market (E-CASAREM) development program envisions the creation of a shared power market among the countries of East, Central and South Asia further connecting with EU and Russian

Federation. The CAREC Energy Strategy identified five potential energy corridors which include Central Asia – East Asia, Central Asia – South Asia, Intra-Central Asia, Central Asia – Russian Federation, and Central Asia – European Union.

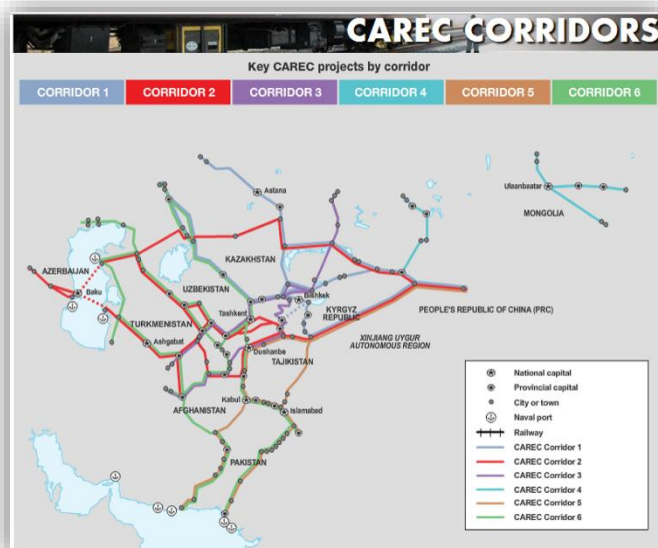
Volume of Approved CAREC-Related Projects, By Sector, Cumulative since 2001



Given the very large combined power infrastructure needed, each corridor has been evaluated across three key themes (outlined in the Energy Action Plan) of energy demand and supply balance and infrastructure constraints, regional dispatch and regulatory development; and energy-water linkage. Infrastructure development projects under implementation are the Turkmenistan-Afghanistan-Pakistan gas pipeline project (TAP), CASA-1000 power transmission project, and Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan power transmission project (TUTAP) which intends to use existing and planned energy assets in Afghanistan to connect Turkmenistan, Uzbekistan, Tajikistan and Pakistan to the Afghanistan power grid. In addition to this, the East Asian Super Grid Project is also under consideration. This envisions connecting the power systems of Mongolia, Russia, China, South Korea, Japan, and possibly North Korea.

With its huge potential and promising framework for regional integration and development CAREC Program offers a new era

of Prosperity and development in resource rich and relatively less developed regions of Central Asia and South Asia through mutual cooperation. It also connects the core land locked areas of mainland Asia to outside world and guarantees round the year access to warm waters and Global markets. Most importantly CAREC Program offers war torn Afghanistan much needed infrastructure, regional connectivity, global access and foreign investments which can induce stability in Afghanistan through development and enhanced economic activity.



For Pakistan, being an important sea route exit for a chunk of landlocked states CAREC offers investment and development opportunities in less developed and perhaps least connected areas of FATA, Baluchistan, and KPK. Linking it to the proposed routes of CPEC Pakistan can become transit hub for almost whole Asian continent home to almost 4.4 billion people. So far, 174 projects of worth over \$28.9 billion including transport and infrastructure have been executed through this forum. Future projects are being implemented in the four core areas of communications, trade facilitation, trade policy and energy coupled with the economic corridor development which

will facilitate increased trade, enhanced availability of energy and improvement in quality of lives for all people in the region.

Testing of Agni-V: A Strategic Assessment

By Sadaf Sultana

India has conducted a successful test of the nuclear capable long range surface to surface ballistic missile, Agni-V on 26th December, 2016. With the range of more than 5,000 km the Agni-V is specifically designed and developed by Defence Research and Development Organization (DRDO). It is a nuclear capable Inter-Continental Ballistic Missile (ICBM) under the Integrated Guided Missile Development Programme (IGMDP) and bolster India's nuclear arsenal, adding to Agni-IV and Agni-III, classified as Intermediate Range Ballistic Missiles (IRBMs). This development has changed the dynamics of the South Asian region and it will further fuel the race of vertical proliferation.



Although India has claimed that its strategic capabilities are not targeted towards any particular country but the testing of Agni-V is being speculated as a game-changer in strategic deterrence because it brings the whole of China and major Asian countries within its

range of Ballistic Missile capabilities. India's External Affairs Ministry claims that India's strategic autonomy and growing engagement contributes to strategic stability and abides by all the applicable international obligations and hopes that all other do the same. India deliberates that this test will place the country at parity with the China as well as other major missile powers such as the United States and Russia to some extent.

However, given the opposite argument by India, the testing of AGNI-V has actually magnified the threat spectrum owing to the fact that India is rapidly working on advancement of its nuclear arsenal. This development is being seen as a twofold threat for the region generating multidimensional repercussions for both Pakistan and China. Both regional players are now seeing India as a potential adversary and will stand eye to eye with respect to Indian developments. Instead of creating parity, the advancements in BMD program will generate a continuous spiral of arms race in the region.



India intentionally delayed the testing of Agni-V for over one year because it wants to ensure its entry in the Missile Technology Control Regime (MTCR). The launch comes at a time when global concerns about nuclear proliferation have been on rise, these advancements show the discriminatory policies of major world powers given the fact that India has already become a member of MTCR on 27th June, 2016. These state-centric policies of US

will only continue to add up to India's growing status as a regional competitor.

The testing of Agni-V is followed by Pakistan in form of test-fire of nuclear capable submarine-launched cruise missile Babur-III that has accorded Pakistan, the status of a functional nuclear triad with an effective second strike capability. This pattern clearly depicts that India is the sole instigator of arms race, which will more likely erode the strategic balance of South-Asian region in the coming decades.

Grossi's NSG Formula: An Overview

By: Saman Choudary

The India's bid for NSG membership has become highly politicized and India is enjoying a free ride due to United States' specified political and geo-strategic interests. In the similar fashion, NSG has adopted a country-specific approach while viewing bids of India and Pakistan. On 6th December 2016, Ambassador Rafael Mariano Grossi, the former chair of Nuclear Suppliers Group, presented a proposal that comprises of nine points for NSG membership. The Grossi's formula presents a low key criteria for entry into the NSG. A very clear influence of major powers especially United States can be seen in form of Grossi's submission. It has been observed by International community that these points present an advantage to India while leaving Pakistan in a disadvantaged position. The deeper interpretation of nine clauses suggest that Grossi's criteria is more suitable to India than Pakistan.



In the past, six nations, including China, Brazil, Austria, New Zealand, Ireland and Turkey have opposed India's bid to enter into NSG by citing the fact that India has not signed the Non-Proliferation Treaty (NPT). These six states have stressed that a non-discriminatory criteria should be adopted for the membership process. China has also made a case for Pakistan's inclusion in the group if the NSG decides to grant an exception to India for its non-NPT status. United States and other powerful western nations are desperately pushing for country-specific exemptions for India to get NSG membership.



The point to be considered seriously by NSG states is that the Grossi's draft proposal can pave the way for India's entry into the NSG and leaving Pakistan out. It should be noted that the relaxation of guidelines will greatly undermine non-proliferation regime. India's entry will not only fuel nuclear arms race in South Asia but will also make Pakistan more determined to further enhance its nuclear weapons program and safeguarding existing capabilities ever more jealously.



Not only will India's entry harden Pakistan's stance but it will also weaken global commitment against nuclear weapons and testing. International community should also focus on India's proliferation record before relaxing its guidelines and awarding exemption to India. Strong Indian footprints exist in form of Indian assistance to Iran and North Korea in providing technological assistance to their nuclear weapons program.

Notably, management of nuclear assists in India is not up to the mark and the safety of nuclear materials has been compromised on several occasions as India is not adequately following the IAEA safety and security standards. These points denote that NSG should set aside state-centric discriminatory policy and it should deal both applications with parity.

Pakistan is currently facing a discriminatory attitude by major western

powers but they should keep in view that the relaxations will irreparably damage the NPT. If NSG adopts the Grossi's formula and grants access to India, it will enable India to vertically proliferate that will disturb the balance of power and regional stability. After considering these arguments, International community should urge NSG to resolve this issue by following a fair and unbiased approach in considering Indian and Pakistani applications simultaneously.

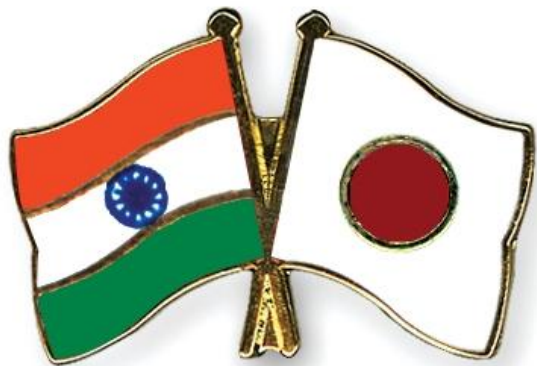
The Evolving Synergy in Indo-Japan Strategic Partnership

By Abdul Baqi

India and Japan signed a controversial civil-nuclear deal after six years of negotiations on 11 November, 2016. This deal will allow Japanese companies to supply nuclear reactors, fuel and technology to India as the two countries deepen economic and security ties. The agreement is strictly for peaceful purpose and Japan can withdraw it if India conducts nuclear weapon test. This is the first time Japan has signed a deal with a country that is not the member of Nuclear Non-proliferation Treaty (NPT). Both states are now ready to define their new roles as probable custodians to the Indo-Pacific by pursuing their interests through strategic cooperation.



India and Japan were at the crossroad of Asia and both states witnessed the power transition in the region. When Narendra Modi and Shinzo Abe met in September 2014, they issued the Tokyo Declaration that elevated Indo-Japanese relationship to a special strategic and global partnership. The three specific agendas of the bilateral partnership were towards ensuring domestic development (transportation, civil nuclear and defence sectors), improving regional integration and global stability. In this case, the significant progress towards Indo-Japanese relationship could mean that India could rely on strategic partner with Japan.



India and Japan in December 2015, gradually moved from being stakeholders to becoming stabilizing powers. In 2007, Japanese Prime Minister in his address to the Indian Parliament had proposed the “Confluence of Two seas” (Indian and Pacific Ocean). Consequently, in 2015 both nations identified the Indo-Pacific region as the theatre of their partnership, signed a Joint Vision Statement and sought to transform the security order.

In this regard, India and Japan aimed for military alliance between them and initiated security policies to improve regional connectivity. Also, both countries pursued to strengthen ASEAN-SAARC integration through the platform of BIMSTEC (Bay of

Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) and BBIN (Bangladesh, Bhutan, India, Nepal).

In the current strategic environment, Indo-Japanese relationship is on the brink of transformation, especially after the rift between India and China over NSG admission. Japan and India share deep concerns over China’s growing presence and its expanding influence in the East China, South China Sea, Indo-China Border and Indian Ocean. India is also worried about CPEC because of Gwadar, where China is building maritime presence, and Jammu and Kashmir, where Pakistani and Chinese territorial and military frontiers are merging.



Furthermore, India is also looking for viable alternative to OBOR initiative (One Belt, One Road). Therefore, through the civil-nuclear deal, Japan and India are striving to counterbalance the Chinese influence to maintain the Asian power balance and deter China’s assertiveness. India is violating LoC and human rights in Kashmir, and the increased hatred against Pakistan clearly depicts that India is becoming a source of destruction in the whole region. Hence, Pakistan is deeply concerned about this deal, as it allowed India to expand its nuclear power industry, which has negative impact on the strategic balance in the region.

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