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CHINA-PAKISTAN ALLIANCE: SECURITY AND ECONOMIC CHALLENGES

DINESH KUMAR PANDEY

The China-Pakistan relationship is considered a long-standing strategic partnership. China is playing a 'Great Game' in the Himalayas to achieve Superpower status, especially in view of the world being distracted by fighting the pandemic and the Ukraine and Russia war. All efforts have been made by China to strengthen the bonding with Pakistan through Military and Economic routes. Infrastructure development in any country is essential for its connectivity and economic development. 'China-Pakistan Economic Corridor' (CPEC) is one such effort to supercharge the China-Pak relationship. However, the projects have faced criticism by locals and various analysts for crippling Pakistan with loads of debt and allowing China to exploit "debt-trap diplomacy" to gain access to vital assets.

The CPEC project, worth \$62 billion (as of 2020) was considered a high-dividend geo-economic initiative.¹ It includes the construction

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1. Aamir Yasin, "Asim Bajwa made chairman of newly created CPEC Authority", *Dawn*, November 27, 2019, at <https://www.dawn.com/news/1519047/asim-bajwa-made-chairman-of-newly-created-cpec-authority>. Accessed on May 30, 2022.

of the Gwadar Port in Balochistan, modern transportation networks, numerous energy projects, and special economic zones. CPEC is supposedly to accelerate Pakistan and China's economic development. For better trade ties, China is interested in linking with Western Asia. However, CPEC is being eclipsed with increasing frustration in both countries due to various dynamics. The timelines of the CPEC projects are facing numerous hurdles.

Figure 1: CPEC: Connecting Gwadar to Kashgar



Source: "Pakistan signs new pact with China to kick off 2nd phase of CPEC during PM Khan's visit to Beijing", *tribuneindia.com*, February 4, 2022, at <https://www.tribuneindia.com/news/world/pakistan-signs-new-pact-with-china-to-kick-off-2nd-phase-of-cpec-during-pm-khans-visit-to-beijing-367044>. Accessed on July 22, 2022.

Numerous groups in Pakistan are targeting these Chinese projects with various conflicts of interest and hidden political agendas. Jihadi groups, such as Tehrik-i-Taliban Pakistan (TTP) and ethnic separatists, particularly from Balochistan, are among them. The Baloch Raaji Aajoi Sanger (BRAS), an umbrella group of Baloch insurgent groups are at the forefront for violently opposing the CPEC projects. These groups are alleged to have links with the Pakistani Army. The Pakistani Army is looking forward to dividends from the planned infrastructural as well as organisational developments.

All CPEC projects are dual (Civil-Military) use and of strategic importance.

The army is in charge of CPEC security, and it has assembled a large force of some 17,177 people from the army and other security forces to defend Chinese investments and citizens. Special Security Divisions (SSD) comprising nine composite infantry battalions (9,000 personnel) and six civilian armed forces (CAFs) wings (6,000 personnel) have been raised by the Army for security of CPEC projects.²

Print and electronic media have occasionally exposed corruption-links with the Pakistani Army. Lt. Gen. Asim Saleem Bajwa (Retd.) was tasked to head the China-Pakistan Economic Corridor Authority (CPECA), the nodal agency for handling CPEC projects, on November 27, 2017, amid the opposition's criticism of the formation of the authority. The basic aim of forming the authority was to ensure coordination among the various concerned departments and timely completion of the CPEC projects.³

Ahmad Noorani, an exploratory journalist, says, "The growth of the Bajwa family's business empire in the United States and later in Pakistan directly matches the rise in power of retired General Asim Saleem Bajwa, who is now chairman of the country's massive China-financed infrastructure project and a special assistant to the Prime Minister."⁴ Lt Gen Bajwa entitled it to be a "malicious propaganda story" through a tweet on August 27, 2020.⁵

DISGRUNTLEMENT IN LOCALS

Local populations from POK and Khyber Pakhtunkhwa in the North region have a feeling of being neglected and marginalised due to the

2. Mehtab Haider, "17,177 soldiers deployed for security of Chinese workers of CPEC", Geo.tv, December 15, 2015, at <https://www.geo.tv/latest/8680-17177-soldiers-deployed-for-security-of-chinese-workers-of-cpec>. Accessed on August 23, 2022.

3. Aamir Yasin, "Asim Bajwa made chairman of newly created CPEC Authority", *Dawn*, November 27, 2019, at <https://www.dawn.com/news/1519047/asim-bajwa-made-chairman-of-newly-created-cpec-authority>. Accessed on May 30, 2022.

4. Ahmad Noorani, "Bajwa family business empire grew in four countries in sync with Asim Bajwa's rise in military", *FactFocus.com*, August 27, 2020, at <https://factfocus.com/bajwa-family-business-empire-grew-in-four-countries-in-sync-with-asim-bajwas-rise-in-military/>. Accessed on May 30, 2022.

5. Asim Saleem Bajwa, Tweet @AsimSBajwa, August 27, 2020, at <https://twitter.com/AsimSBajwa/status/1299017002091151362?s=20>. Accessed on May 30, 2022.

alleged biased planning of CPEC projects. The notional inclusion of these provinces in these projects is considered a drop in the ocean.

In Balochistan, there is much anti-Chinese prejudice. According to a Baloch analyst, “70-80 per cent of the villagers there are dependent on fishing, and they are currently afraid of being crushed under the weight of the CPEC flagship. As reported by local fishermen and other stakeholders, the project is not allowing fishing to continue, and will be closing Gwadar’s jetty. The jetty is the heart of fish trading.”⁶

The Expressway, a road that will connect to the port, is being constructed on Gwadar’s east bank. Locals are expected to be displaced as a result of the work. Another road project sponsored by the Gwadar Development Authority on the west bank is not only killing the small-boat-making business, but it is also destroying the environment.⁷

The forceful seizure of land for the Gwadar port in Balochistan was not liked by the locals. In addition, the oversight of Baloch enterprises and the dominance of Chinese work force have amplified the disgruntlement and resulted in ferocious reactions against Chinese teams.

Baloch organisations consider Chinese investments unfair and unjust; Baloch insurgents believe that China is actively colonising Balochistan. They are exploiting the natural resources of the province in the name of the CPEC and providing only notional returns.

On April 26, 2022, three Chinese nationals were killed in a suicide bomb attack outside the University of Karachi’s Confucius Institute; the Baloch Liberation Army (BLA) has claimed responsibility for the attack.⁸ The BLA is a separatist group fighting for the independence of Pakistan’s south-western Balochistan province. This discontent among the population has led to numerous attacks on Chinese nationals and assets in Pakistan in recent years.

6. “The Plight of the Gwadar Fisherman”, *The Diplomat*, August 8, 2016, at <https://thediplomat.com/2016/08/the-plight-of-the-gwadar-fisherman/>. Accessed on August 23, 2022.

7. *Ibid.*

8. Akhtar Soomro and Asif Shahzad, “Female Suicide Bomber Kills Three Chinese Teachers and Pakistani at Karachi University”, *Reuters*, April 27, 2022, at <https://www.reuters.com/world/asia-pacific/van-blast-pakistans-karachi-kills-four-2022-04-26/>. Accessed on August 24, 2022.

According to Niloufer Siddiqui, a Pakistani Political Science professor at the State University of New York (SUNY), Albany, United States, "The use of a female suicide bomber in the attack does potentially indicate that the tactics and strategies of the BLA are evolving."⁹

It explicitly indicates that violent groups are firm in their approach, and they want to derail the CPEC project.

The year 2021 saw two powerful attacks. In April 2021, a suicide attack killed four people and injured dozens at a luxury hotel hosting the Chinese ambassador in Quetta.¹⁰

Nine Chinese nationals were killed in an attack in Khyber Pakhtunkhwa in July 2021; several of them have been working at the high-value Dasu hydropower project's under-construction tunnel site.¹¹

Nobody claimed responsibility for these attacks. The Pakistani foreign office initially called it an accident due to mechanical failure. Security teams could not trace the culprits behind the attacks. According to Pakistan's Foreign Minister, Shah Mahmood Qureshi, it was allegedly organised in Afghanistan, and TTP members may have been involved. However, nothing concrete was officially established in 'so-called' investigations. In May 2017, two Chinese nationals, a man and a woman, were abducted in Quetta, the capital of Pakistan's Balochistan province.¹² As the targeting of Chinese groups by locals has not stopped, Beijing has become more reluctant to hire local workers as potential security threats. China has expressed its

9. Haroon Janjua, "Pakistan: Are attacks on Chinese Workers Jeopardizing Beijing's CPEC Projects?", DW.com, April 28, 2022, at <https://www.dw.com/en/pakistan-are-attacks-on-chinese-workers-jeopardizing-beijings-cpec-projects/a-61618631>. Accessed on May 9, 2022.

10. "Kashghar-Gwadar Trade Route: KP Assembly Passes Unanimous Resolution against Proposed Changes", *Daily Times*, May 15, 2022. Accessed on May 15, 2022.

11. "Karachi Bombing Was Not First Attack on Chinese People in Pakistan", *Outlook India*, April 27, 2022, at <https://www.outlookindia.com/international/karachi-university-bombing-was-not-first-attack-against-chinese-in-pakistan-read-about-earlier-attacks-news-193523>. Accessed on May 11, 2022.

12. "Won't Forgive Those behind Attack on Chinese Teachers: Bilawal", *The News International*, May 15, 2022, vol. 32, no. 40, p. 1, at <https://www.thenews.com.pk/print/957947-won-t-forgive-those-behind-attack-on-chinese-teachers-bilawal>. Accessed on May 15, 2022.

displeasure with Islamabad for failing to provide adequate project protection.

Beijing is not hiding its unhappiness on security issues in Pakistan. "Whether Pakistani leadership likes to admit or not, there is a sublime anti-China sentiment in Pakistan. The provocation for China to propose its security arrangements in Pakistan was attacks on Chinese citizens", as per a think tank 'Policy Research Group (POREG)' report.

ISLAMABAD'S REACTION

The Pakistan government is trying to address the bottlenecks at various levels. Pakistan PM Shehbaz Sharif has initiated a few diplomatic measures after forming the new Government, showing concern about the well-being of Chinese workers. The PM Sharif has ordered tightening of security for Chinese citizens in Pakistan after receiving reports of the Chinese exodus from Pakistan.¹³ Mr. Bilawal Bhutto Zardari, Pakistan's Foreign Minister, has pledged during a condolence meeting to extend all possible support to the Chinese workers.

The Pakistan Muslim League-Nawaz and Pakistan Peoples' Party, the opposition political parties, rejected the CPECA when it was constituted, saying it would create bureaucratic hurdles and complications in collaboration between the ministries and departments.¹⁴

The functioning of the CPECA is also being reviewed by the Ministry of Planning and Development (MPD) to rejuvenate the CPEC projects. Mr. Ahsan Iqbal, the MPD minister, has directed, on April 23, 2022, a call for the dissolution of the CPECA, indicating that affairs are not steady. For the CPEC projects, conceived in 2013,

13. PTI, "PM Sharif Orders Tightening of Security for Chinese Citizens in Pakistan", *Business Standard*, May 17, 2022, at https://www.business-standard.com/article/international/pm-sharif-orders-tightening-of-security-for-chinese-citizens-in-pakistan-122051701600_1.html. Accessed on August 24, 2022.

14. Zia Ur Rahman, Tariq Aziz, Hongbo Cai, Liu Jianwe and Zhennai Yang, "The Implications and Geo-Strategic Dimension of China-Pakistan Economic Corridor and its Consequences and Benefits Overall", *European Academic Research*, vol. IV, issue 12, March 2017, at https://www.researchgate.net/publication/342330320_The_implications_and_Geo-Strategic_Dimension_of_China_Pakistan_Economic_Corridor_and_its_consequences_and_benefits_overall. Accessed on May 7, 2022.

several administrative issues still had to be resolved. Mr Iqbal's appeal was for the Chinese teams working on the CPEC to be free of obstacles.

DILEMMA FOR BEIJING

China is an emerging global power, and its economic influence is rapidly expanding. Its domestic natural resources are steadily drying up, which has increased Beijing's dependence on imported energy and gas resources for its eco-digital growth. Beijing is treating CPEC as one of the outreach springboards for energy resources.

The CPEC aims to connect China's Xinjiang region with Pakistan's Gwadar Port, which strategically connects three commercial areas: the Middle East, the West, and South Asia, through an exclusive network of highway roads, trains, and oil and gas pipelines.¹⁵ Through the Gwadar Port, China will be able to acquire energy supplies from the Middle East and Africa and trade with the rest of the world. Consequently, China's international trade and markets will be strengthened.

In view of repeated delays in project completion, building up arrears, and Pakistan's deteriorating economy, the progress of CPEC is a grave matter of concern for China. Nonetheless, Beijing is unlikely to back away from CPEC projects entirely due to heavy Chinese investment and high strategic stakes for China.

Showing concern for the security of their nationals in these projects, Beijing has overstretched Pakistan to focus on providing impregnable security to Chinese citizens. Although Islamabad has beefed up (notionally) the security of Chinese nationals, attacks on them have continued. It indicates the inefficiency of the deployed security personnel.

Pakistan has invested a large amount of money towards the security of the Chinese personnel since the commencement of the CPEC project. To safeguard Chinese employees and strengthen the security environment for CPEC, a variety of security personnel have been deployed. Mr. Abdul Rehman of the Corvinus University

15. Abdul Rehman, "CPEC: Security Burden on Pakistan's Weak Economy?", *GeoPolitics*, November 1, 2019, at <https://thegeopolitics.com/cpec-security-burden-on-pakistans-weak-economy/>. Accessed on May 24, 2022.

of Budapest states, “An estimated 32,000 security personnel force consisting of Frontier Corps, police and Levies would guard over 14,321 Chinese workers in Pakistan. The federal government allocated Rs 1.8 billion (\$17 million) for CPEC security in its budget for 2017-18. During the 2019-20 budget, the government proposed to allocate \$1.3 billion for CPEC related projects, especially for its security.”¹⁶

Pakistan is grossly stressed financially but appreciates and exploits the Chinese dilemma. All measures initiated to support the Chinese CPEC team could not show ‘the announced’ objectives. As reported by Pakistani media, various indicators like rising current account and trade deficits, greater external debt payments, drying dollar inflows, no positive signals from the IMF, listing in FATF grey list, heavy corruption, and an unstable political environment are key points of worry for Pakistan.

Pakistan’s economic crisis might not permit adequate spending on the security of the Chinese in the country.

Some of Pakistan’s economic troubles are self-inflicted, with subsidies given for political gains. Successive administrations have failed to promote exports that would have benefited the working class in order to balance high-end imports for the military and political elite.¹⁷ The Economic Affairs Division (EAD) has shown grave concern about the country’s financial health. EAD is responsible for the assessment of requirements, programming and negotiations of external economic assistance related to the government of Pakistan and its constituent units from foreign governments and multilateral agencies that have shown concern.

A Chinese firm, China Huaneng, in a letter dated July 15, 2022, has asked for immediate payment of dues amounting to Rs 86.3 billion from Pakistan. Amid political uncertainty in the country, the Fitch Ratings downgraded Pakistan’s economic outlook from stable to negative. Long-term Foreign Currency (LTFC) Issuer Default Rating (IDR) is at ‘B-.’ “Pakistan’s ‘B-’ rating reflects recurring external

16. “Pakistan: Over US\$ 13 billion Debt incurred in 10 Months”, ANI News, May 25, 2022, at <https://www.aninews.in/news/world/asia/pakistan-over-usd-13-billion-debt-incurred-in-10-months20220525103022/>. Accessed on May 25, 2022.

17. Lynne O’Donnell, “Pakistan Is Drowning in Debt”, *Foreign Policy*, August 5, 2022, at <https://foreignpolicy.com/2022/08/05/pakistan-sovereign-debt-imf-inflation/>. Accessed on August 24, 2022.

vulnerability, a narrow fiscal revenue base and low governance indicator scores compared with the 'B' median."¹⁸

Pakistan desperately needs financial aid to run its routine affairs. Pakistan makes delayed payments to Beijing on such pretexts. The IMF is against more Chinese loans to Pakistan. Concerns have been expressed by the IMF regarding Pakistan's Chinese loans and the arbitrary high payments given to Chinese independent power producers (IPP). It has been recommended that Islamabad negotiate new terms for its power deals with Beijing.¹⁹ The major CPEC projects are having trouble getting the necessary cash, and as a result, many of them are being put on hold or are being delayed by being placed in cold storage.

Amidst the upsetting economic misery and diplomatic international isolation, voices regarding scrapping of the CPEC have been heard in Pakistan. ANI has reported that "Pakistani authorities who remain predisposed to the West have even offered to scrap or side-line the CPEC if Washington could offer similar financial assistance, said *Asia Times* citing inside sources."²⁰

China has applied pressure to Islamabad in several ways over the years to protect its citizens' safety and security. Incidents of Dasu Bus attack and the recent attack on Confucius Institute in Karachi forced China to boldly take some remedial measures. In order to safeguard its citizens and assets, China's Ministry of State Security reportedly requested permission for a Private Security Company (PSC) to operate within Pakistan in June last. PSCs are efficiently operating in Africa and Central Asia. *Nikkei Asia* confirmed that the Pakistan government, as expected, did not allow China for the deployment of any PSC to operate on Pakistani soil.²¹ Chinese offer of PSC

18. ANI, "Chinese Firm Demands Immediate Payment of over Rs. 86 billion from Pakistan", *aninews.com*, June 20, 2022, at <https://www.aninews.in/news/world/asia/chinese-firm-demands-immediate-payment-of-over-rs-86-billion-from-pakistan20220720175226/>. Accessed on July 21, 2022.

19. ANI, *The Economic Times*, July 6, 2022, "IMF intends to Ban Pakistan from Seeking More Chinese Loans, say reports", *The Economic Times*, at <https://economictimes.indiatimes.com/news/international/world-news/imf-intends-to-ban-pakistan-from-seeking-more-chinese-loans-say-reports/articleshow/92697320.cms>. Accessed on July 20, 2022.

20. Ibid.

21. ANI, "Security Threats to China-Pakistan Economic Corridor worry Beijing", *aninews.com*, July 8, 2022, at <https://www.aninews.in/news/world/asia/security-threats-to>

activation in Pakistan establishes the fact that China has lost trust in Pakistani Security teams and arrangements. Obviously, China will again emphatically approach the Pakistani government for their PSC services if attacks on Chinese nationals as well as assets do not stop.

Although, Pakistan has claimed that Pakistani security teams have thwarted a suspected suicide attack against Chinese nationals on May 16, 2022. Pakistani police have arrested the woman suspect bomber in South-western Balochistan province bordering Afghanistan and Iran. She was a BLA separatist. "The woman wanted to target a convoy of Chinese nationals at a place along the route of CPEC", claimed the Pakistani police. Police investigated and uncovered explosives and detonators from the woman. She had planned to attack Chinese nationals. There was nothing else revealed to back up their claim.²²

AFGHANISTAN: A NEW PLAYER

Pakistan and China are contemplating the possibility of extending the CPEC projects in Afghanistan. This development may prove to be a security concern for India. The Taliban group poses a complex security threat due to their linkages with Al-Qaida, Lashkar-e-Taiba, and Jaish-e-Mohammed.²³ These groups are involved in disturbing peace in India by promoting terrorism for more than three decades. The Haqqanis, a Taliban group noted for its strong ties to Pakistan's ISI and staunch support for global jihad, may gain strength. Two suicide bombings at the Indian embassy in Kabul, one in 2008 and the other in 2009, were attributed to this outfit. Between 6,000 and 6,500 members of Lashkar-e-Taiba and Jaish-e-Mohammed have been active in the Afghan battlefield, according to a UN report.²⁴

china-pakistan-economic-corridor-worry-beijing20220708123011/. Accessed on July 21, 2022.

22. Reuters, "Pakistan says it Foiled Suspected Suicide Attack against Chinese Nationals", *Times of India*, May 17, 2022, at <https://timesofindia.indiatimes.com/world/pakistan/pakistan-says-it-foiled-suspected-suicide-attack-against-chinese-nationals/articleshow/91603949.cms>. Accessed on July 21, 2022.
23. ANI, "Taliban's Rise to Power Poses Complex Security Threat: India at UN", *aninews.com*, February 14, 2022, at <https://www.aninews.in/news/world/us/talibans-rise-to-power-poses-complex-security-threat-india-at-un20220214222919/>. Accessed on July 21, 2022.
24. Hannah Ellis-Petersen, "India Weighs up New Security Risks in Wake of Taliban Takeover", *The Guardian*, September 13, 2021, at <https://www.theguardian.com/>

Zabiullah Mujahid, an Afghan official Central Spokesman and Deputy Ministry of Information and Culture of Afghanistan, said “they ‘desire’ to join the CPEC.” This request comes even as dozens of terrorist groups operating from Afghanistan are targeting the multi-billion-dollar CPEC projects. It was confirmed by Javed Iqbal Wazir, Deputy Inspector General CTD, to Pakistani daily, *The News International* in December 2021. He said, “Over 90 per cent of the terrorist groups operating from across the border (Afghanistan), plan attacks and mainly target CPEC projects, key installations, polio teams and economic activity.”²⁵

India has invested more than \$3 billion in Afghanistan for the welfare of its people. It encompasses more than five hundred projects in the vital sectors of power, water supply, road connectivity, healthcare, education, agriculture, and capacity building, spanning across each of Afghanistan’s 34 provinces. Most of the projects that the Government of India has committed to in Afghanistan have been finished and handed over.²⁶

Updating Lok Sabha about the present status of all in-progress developmental projects financed by India in Afghanistan, Indian Minister of State of External Affairs V. Muraleedharan said that the vast majority of the projects committed to by the Government of India in Afghanistan have been completed and handed over. He said, “As a neighbour and long-standing partner of Afghanistan, India is concerned about recent developments in Afghanistan, and will continue to monitor the situation there.”²⁷

world/2021/sep/13/india-weighs-up-new-security-risks-in-wake-of-taliban-takeover. Accessed on July 21, 2022.

25. “Pakistan, China mull extending CPEC to Afghanistan”, *The Economic Times*, July 19, 2022, at <https://economictimes.indiatimes.com/news/international/world-news/pakistan-china-mull-extending-cpec-to-afghanistan/articleshow/92974237.cms>. Accessed on July 20, 2022.
26. ANI, “India Invested more than \$3 billion in Afghanistan: MoS Muraleedharan”, *Business Standard*, February 5, 2022, at https://www.business-standard.com/article/current-affairs/india-invested-more-than-3-billion-in-afghanistan-mo-muraleedharan-122020500307_1.html. Accessed on July 21, 2022.
27. ANI, n. 26.

CONCLUSION

Economic alliance through CPEC projects was envisaged to enhance better financial bonding between China and Pakistan, but it could not deliver the dividend-based objectives. The CPEC was started by Beijing over ten years ago. Since the project's inception in 2015, security issues have hampered it, and they still exist now. Due to the lucrative dividends from these projects, Beijing overlooks various impediments to the progress of the CPEC programme. To rule out any possibility of scrapping CPEC as well as the entry of the US, Beijing is diplomatically trying to increase the firmness of its grip on Pakistan. Nevertheless, at the same time, Pakistan must take a few unpopular decisions to untwist and straighten the economic progress on track to give impetus to CPEC. Pakistan seems to be heading towards a disturbing and unmanageable situation like Sri Lanka. External financial aid is crucially required to execute these harsh measures and support the Pakistani economy.

As far as India is concerned, New Delhi has voiced its objections to the CPEC on numerous occasions, asserting that it infringes on its sovereignty as it traverses through Pakistan-occupied Kashmir (POK), an area that Pakistan has illegally annexed. CPEC may further strengthen the region's status as internationally recognised Pakistani territory, challenging India's claim to the POK. China has been defending the CPEC project, claiming it is an economic endeavour not intended for any third country, disregarding India's criticisms and concerns over its sovereignty.

CPEC is an endeavour to strengthen the ties between China and Pakistan in order to put pressure on India, to maintain its position in the Arabian Sea and enable the Chinese PLA Navy to project influence throughout the Indian Ocean. Most of India's oil needs are imported from Middle Eastern OPEC nations via the Strait of Hormuz. India greatly benefits from this oil delivery route by sea from Middle Eastern nations to Indian ports. In the event of a confrontation, it is also predicted that China and Pakistan would obstruct the path taken by ships delivering oil to India.²⁸

28. Haider Talat, "5 Ways India's Going to Be Affected When CPEC Changes World Trade", *The Quint*, March 23, 2017, at <https://www.thequint.com/voices/blogs/>

China has been increasing its presence in the Indian Ocean Region (IOR). China has frequently indicated at deploying its marine corps to the strategically crucial port of Gwadar. The prospect of China stationing troops in the region to protect its investment in the event of a terror attack in militancy-infested Balochistan cannot be denied. This may strategically affect Indian interests in IOR.²⁹

CPEC will enhance the access for Pakistani exports to an international market by significant decrease in shipping costs and transit timings. This would pose serious competition to Indian manufacturers and handicraft producers that rely heavily on overseas clients. With ease of access to raw materials from China, Pakistan will be well-positioned to become a regional market leader in these areas, severely affecting the Indian export volumes. Pakistani exports, primarily in the textile and structural material industries, compete directly with those of India in the markets in the United States and the United Arab Emirates.³⁰

Keeping the dynamic variations in IOR and POK in view, India needs to exercise caution towards any developments adverse to Indian interests. Necessary diplomatic measures are to be initiated well in time to avoid any ill-effects.

[ways-india-going-to-be-affected-when-china-pakistan-cpec-changes-world-trade-gwadar#read-more](#). Accessed on August 23, 2022.

29. Ibid.

30. Ibid.