

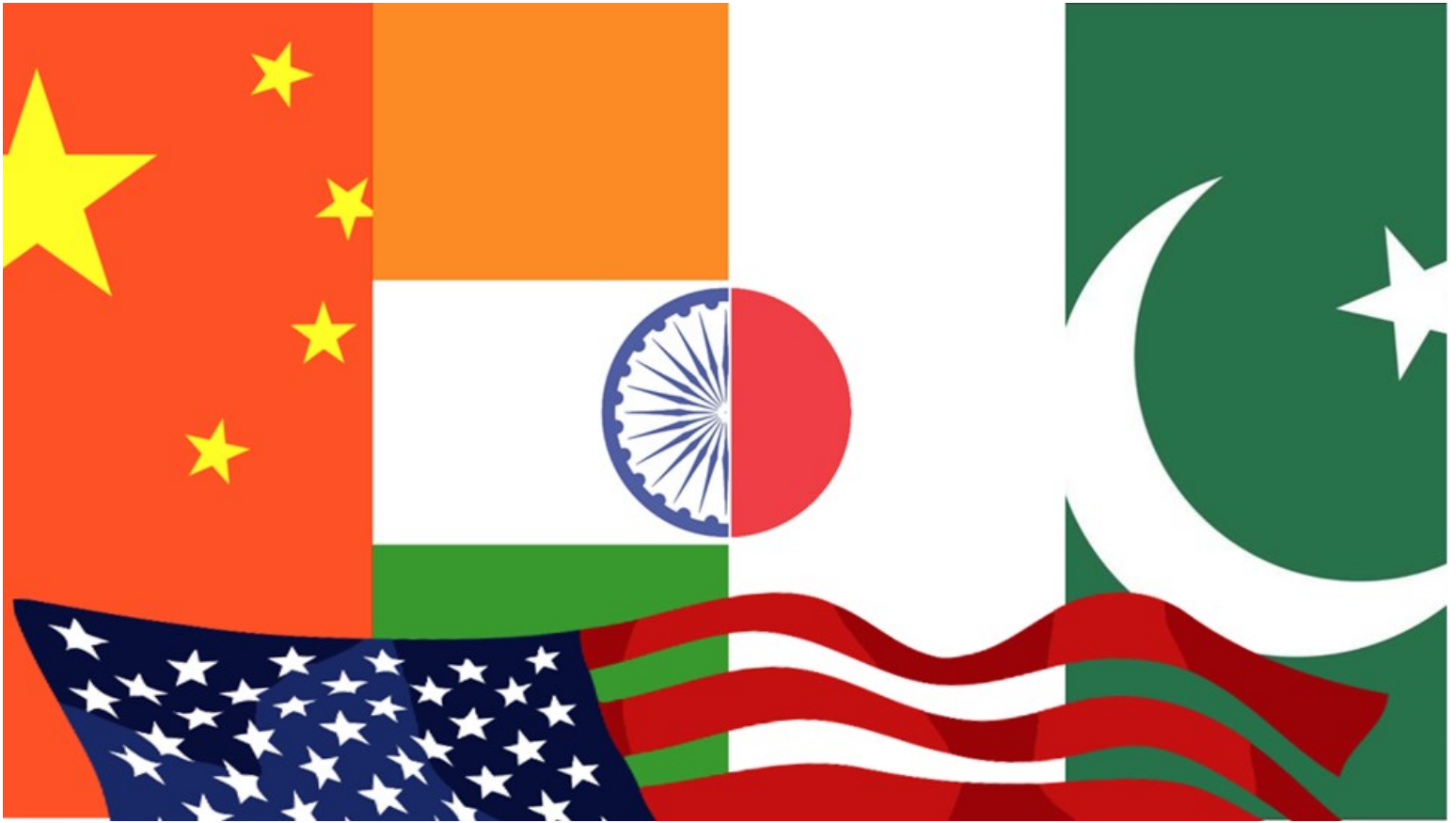
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TASK FORCE

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Opportunities and challenges in the Indo-Asia-Pacific

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Opportunities and Challenges in the Indo-Asia-Pacific Region

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Satellite map of the Indo-Asia Pacific Region

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Executive Summary

The foreign policy of the United States under the Obama administration sought a rebalance to Asia that shifted priorities away from the Middle East to the Indo-Asia Pacific region. While the Trump administration continues to prioritize Asia, it has adopted a more confrontational stance. The current administration views China as a strategic rival, as evidenced by a heated trade war. The advancement of U.S. interests in the region is further complicated by political, economic, and security conflicts, particularly in South, Southeast, and East Asia.

This Task Force focuses on three key areas that U.S. policies have to address in order to capitalize on opportunities and meet challenges in the Indo-Asia-Pacific region:

1. Political issues that require the U.S. to increase its presence in the region through deeper engagement with regional concerns;
2. Economic issues that call for the U.S. to expand its economic stakes and face the growing challenge posed by China's expanding investments and projects in the region; and
3. Security issues that require the U.S. to counter China's presence in the region and across the globe.

The Task Force proposes that the United States pursue the following strategies in the Indo-Asia-Pacific region:

1. Strengthen partnerships with countries that share its democratic values.
2. Continue to develop India as a strategic partner.
3. Employ "carrots over sticks" policies through diplomatic means to deepen and expand U.S. alliances and presence in the region.

Section I: Domestic Politics and Diplomacy in South Asia

In the early 1990s, India began its transition from a nation with a strict policy of nonalignment to one that was open and engaging with regional affairs. With the election of Prime Minister Narendra Modi in 2014, India accelerated its pursuit of becoming a global power. This presented an opportunity for the United States to pursue relations with the rapidly growing nation. This relationship evolves in light of strategic rival China increasing its sphere of influence and economic and military activities. The U.S. wants to maintain its position in the Indo-Asia-Pacific and India works to cement regional alliances and secure its place in multilateral organizations. India is an ideal partner in the region since it has a mutual vision for democracy and free and open trade. Modi and the Bharatiya Janata Party (BJP) have promoted a new wave of the Hindu Nationalist Movement, or Hindutva, backed by the vision of a modern India.

The state of politics in Pakistan presents a much different situation for U.S. relations. Pakistan's military is still entrenched in the decision-making process of its civilian government. The U.S. collaborates with Pakistan on various issues concerning security, but relations between the two countries have been decaying in the past two decades. Pakistan has begun developing deeper economic and military ties with China, which furthers the distance between the former and the U.S. Diplomatic efforts face additional challenges in Afghanistan and Pakistan. The provision of peaceful aid is complicated by ongoing conflicts in Afghanistan, as well as a widely held belief in the Pashtun heritage of repelling invading forces that is championed by groups such as the Taliban. Many in Pakistan hold belief in conspiracy theories that condemn the U.S. and its global efforts, discouraging the same type of extensive collaboration found in the development efforts of the U.S. in India. Both countries present difficulties for U.S. public diplomacy efforts in reaching the rural populations, which are vital for changing perceptions of U.S. presence in the region and building mutual trust for the achievement of a secure and stable region.

History and Current State of India's Alliances and Foreign Policy

Adrienne Stowe

Post-Independent India has exhibited a steadfast policy of nonalignment in order to avoid subordination by a stronger power and to practice independent policy and decision-making. During the Cold War, India sided with neither the United States nor the Soviet Union, but instead benefited from being a major recipient of U.S. economic aid from 1947-2012, while also receiving Soviet military and diplomatic support.¹ It employed this strategy in the hopes that foreign tensions would not carry over into Asia and to avoid entanglements in the Cold War. Its nonalignment policy, however, caused a fair amount of hostility with the United States. The U.S. expected India's support, as President Franklin D. Roosevelt had strongly endorsed Indian independence.²

This section will focus on current relations between the United States and India, as well as India's relations with China, Russia, and key South Asia nations, to analyze the opportunities that exist for the U.S. to develop stronger ties with India. In the last few decades, U.S.-India relations have notably improved. This is largely due to leadership changes in India as well as in U.S. foreign policy towards South Asia, which formerly tilted in favor of Pakistan. India and the U.S. are also faced with a rising China that makes it difficult for India to continue the nonalignment policy it maintained during the Cold War. China is a direct threat to India's economy and security and is already limiting India's rise as a regional and global power. In recent years, the United States has increasingly pursued policies aimed at challenging and countering the rising power and influence of China, strategies that have sought to recruit India as a partner. India has been reluctant to play that role, however, even as U.S.-India relations have improved considerably, and the two countries have held joint military exercises. The U.S. has to work with and understand India's desire to follow its own independent foreign policy and reluctance to create a formal alliance with the U.S.

India-China Relations

China's rise as a global power is an undeniable threat to India's aspirations. As India's strategic interests in the region have expanded, China's unparalleled economic growth, its Belt

and Road Initiative (BRI), its role in multilateral platforms, and its relations with Pakistan all represent challenges to India's future growth. However, the two nations can do much to circumvent further straining relations.

China's exponential economic growth rate is expected to lead to its economy to overtake that of the United States in the coming years. Its economic prowess, along with the Belt and Road Initiative, has enabled China to influence South and Southeast Asian countries through economic aid and funding, including for development projects that have the potential of making these countries indebted to China.¹ The Asian Development Bank estimates that Asia will require 22 trillion USD up to the year 2030 to support infrastructure projects; so far China has committed approximately 2 trillion USD through sources such as the Asian Infrastructure International Bank (AIIB) and China's state banks.³ It is in India's best interest to pursue stronger economic integration with its regional neighbors to prevent China from dominating South Asia's economic sphere.⁴

China is a direct security threat to India because of its much larger military budget and its close relations with India's neighbor and rival, Pakistan. China has been supplying Pakistan with nuclear arms and missile technology in addition to partaking in joint military exercises.¹ Through BRI, China will fund Pakistan with 46 billion USD of investments--the largest FDI Pakistan has received in the last 20 years. To the detriment of India, this funding is intended for the China-Pakistan Economic Corridor, a series of infrastructure projects that will pass through the disputed Kashmir territory.³

Further, China actively works to limit India's opportunities on multilateral platforms. China's creation of the AIIB as well as its opposition to India joining the Nuclear Suppliers Group (NSG) are direct threats to India's future as a rising power.¹ Moving forward, India needs an ally with international clout in order to achieve a major presence in multilateral organizations. A prominent goal of India's is to gain a permanent seat on the United Nations Security Council; an objective supported by the United States since it could weaken China's sway in the organization.⁵

India and China also have interests in common in developing a stable relationship. Both are BRICS (Brazil, Russia, India, China, South Africa) nations, and involved in the Shanghai

Cooperation Organization. Both also have concerns about the U.S., specifically regarding their trade relations with the latter. Following the territorial standoff over Doklam in 2017 and a low point in bilateral relations, the informal Wuhan Summit in 2018 showed India and China's interests in defusing hostilities and improving trade and cultural exchanges.

Shanghai Cooperation Organization

The Shanghai Cooperation Organization (SCO) is a multilateral platform with the potential to rival Western organizations. It was originally created in 1996 to mitigate U.S. attempts to influence Central Asia after the Cold War.⁶ Both India and Pakistan gained membership in 2017, joining Russia, China, and several central Asian nations. Given the sizable population of its member nations, the organization could be a driving force in international affairs if nations could put aside the bilateral issues that divide them.

However, the organization's success is jeopardized by disputes between members and their differing national interests. Russia, despite being cooperative with China, is circumspect about China's rise. China no longer needs SCO as a platform for relations with Central Asia--a region previously influenced by Russia--and now communicates bilaterally with these nations through AIIB and BRI.⁶ This is also indicative of China placing a lower value on the organization since it was willing to accept India as an SCO member. India has already used SCO as a platform to raise objections about BRI, and its tensions with Pakistan could also disturb relations within the group.⁷ India's involvement in the SCO is a step forward for its global ambitions, but the organization does not encompass the democratic ideals that Modi promotes and could challenge the U.S. and its allies. Prime Minister Modi has repeatedly advocated for solidarity amongst democracies as a pillar of India's new position on the world stage.⁸ The United States could benefit from India's membership to provide a democratic presence and balance anti-western sentiments in SCO.

India-Russia Relations

India and Russia have had amicable relations in the past, sharing strong economic, educational, and cultural ties. When the Soviet Union collapsed, it was India's closest trading

partner and supplier of military technology, and many young Indians were educated in Russia.⁹ Currently, the relationship appears strong, as Prime Minister Modi and Russian President Vladimir Putin have cordial relations and India is one of the few nations that defended the Russian invasion of Ukraine in 2014.¹ Russia supported India's membership in the Shanghai Cooperation Organization, anticipating that India would lessen China's dominance in the group.⁵ India has always appreciated the support of other countries in multilateral organizations and is all too aware that China has vetoed India's membership in international groups on multiple occasions.

The relationship between India and the Soviet Union was always of strategic convenience to India. In 1971 India signed the treaty of friendship and cooperation with the Soviet Union to balance Sino-American rapprochement.⁵ India was also willing to embrace the Soviet Union in order to make a stance against the U.S.' opposition to Indian nuclear exercises and possible interventions in territorial disputes with Pakistan--both of which created tensions in U.S.-India relations.

Today India's partnership with Russia is mainly based on Russian imports of military equipment into India, with Russia supplying approximately 60% of Indian military equipment by value.⁹ With Russia's stagnant economy and its ties to China, India is skeptical about future relations. India's cooperation with the "Quad" – Japan , The United States, Australia, and India-- suggests that it is willing to diminish but not forego its ties to Russia altogether.⁵ India's growing partnership with the U.S. undoubtedly concerns Russia while India worries about Russia's growing ties to China.

India's Regional Alliances

Following independence, in the late 1940s and 1950s, India's first Prime Minister Jawaharlal Nehru participated in several regional conferences. The new nation was hesitant to enter any regional cooperation formally because it did not want to jeopardize its autonomy and freedom in foreign affairs. Additionally, it was concerned that international organization would give smaller nations a platform to collectively turn on India.⁴ In the 1990s India's Look East Policy was a clear indicator of policy changes to come.

Today, Prime Minister Modi has made it clear that he is pursuing stronger regional ties to support India's aspirations to increase its international presence and to supplement the global shift from west to east. In 2014 Modi launched the "Neighborhood First" initiative and Act East Policy to seek a more integrated regional economy and security.⁴ This led to diversification in trade; due to increased regional trading as India's trade with North America and Europe dropped to 35 percent, whereas it previously accounted for 50% of India's exports.¹⁰ The South Asian Association for Regional Cooperation (SAARC) and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) are two examples of India's regional alliances. Security coordination in the Indian Ocean can be seen through Security and Growth for All in the Region (SAGAR), with the goal being transparency and accordance to maritime rules.¹ India's membership into the ASEAN-led East Asia Summit (EAS) is also a step forward for India's leadership role in the region.⁴

Despite the increase in India's regional participation and Act East policies, India is still trading less with ASEAN nations compared to Australia or Hong Kong.¹ Increased interests in infrastructure may be a leading factor in this. For many ASEAN nations interested in enhancing their economic growth, China offers more as a strong economic partner compared to India.³ India cannot compete with China's economy in the foreseeable future, thus it needs to support ASEAN's independence and centrality in the region and oppose China's attempts to interfere in ASEAN affairs. Already some countries such as Cambodia seek the guidance of China in negotiating ASEAN affairs.³ India's relations with ASEAN have strained over its nuclear capabilities, and India needs to reassure ASEAN that its nuclear program poses no threat to regional security. It also needs to emphasize to ASEAN nations that they have similar values regarding terrorism and energy.¹¹ In general, South Asia struggles with regional unity and lacks a true geographic vision, leading some to call South Asia a "formal" region rather than a "real" region.⁴

India-U.S. Relations

President Obama's Pivot to Asia Strategy and President Trump's Indo-Pacific Strategy both show strong interest in India as an ally. The most notable change in recent years is the U.S. interest in making India a focal point of its foreign policy in the region. Indeed, the notion of Indo-

Asia-Pacific acknowledges the importance of India's key role in Asia. For the U.S., India is an ideal ally due to its shared democratic values and commitment to a free and open world order.¹² Modi has expressed to partners that he sees democracy as a source of stability and has allied with democratic partners.⁸ This mirrors Japanese Prime Minister Abe's plan for a "Democratic Security Diamond" solidified by the Quad in the Indo-Pacific.³ All four nations are stakeholders in the Indo-Asia-Pacific and share a common interest in balancing China and BRI, but India is the only nation that shares a land border with China. For India to remain confident in the Quad, there needs to be commitment and reassurance from the United States, Japan, and Australia.

Prime Minister Modi and President Trump have similar hopes for their respective nations, with the slogans "America First" and "India First" guiding much of their policymaking. As the U.S. seeks to maintain its predominance in Asia and India aims to become an international power, they both have to face a fast-rising China. In addition, the two nations have defense and anti-terrorism interests in common. Their military relations are already growing; India has more exercises with the U.S. than it does with any other power, and the U.S. engages in military exercises more with India than any other non-NATO partner.² India needs the backing of the U.S. military to balance China's military might, it does not have the ability to do so on its own. The Make in India initiative provides opportunities for production outsourcing and increased trade that would benefit both parties economically.³ Moreover, the United States could back India's global ambitions, which no regional ally can provide.

Prime Minister Modi appears committed to strengthening his country's relations with the United States. Differences between the two nations seem to be in their past. The U.S. is interested as well in promoting better relations, as is evidenced by the remarks made by then-Secretary of State Tillerson during his 2017 visit to India.¹³ For India, which is about to have a national election within the coming months, much will depend on its leadership. However, as long as China is perceived as a threat to India, its foreign policy will have to consider its relationship with the United States as critical--even those who do not wish to see it foster close ties with the U.S.¹

To remain a significant presence in the Indo-Asia-Pacific, the U.S. has to adjust to the shifting power dynamics in the region.¹⁴ The U.S. has to forge alliances with countries in the

region that share its democratic ideals and its commitment to free and open trade. For the U.S. India promises to be a valuable partner because of its growing economy, sizable military, regional and global ambitions, and its commitment to regional stability. India can be a major defense partner of the U.S.,³ and also an excellent ally due to its geographic location and interest in campaigning against terrorism. Both nations stand to benefit from increasing ties with one another, particularly as it provides mutual assistance in balancing China's rising global salience.

The U.S. has several options it can pursue to enhance its relations with India:

- Develop a formal alliance with India that would enhance the U.S. position in Indo-Asia-Pacific region. Whether Prime Minister Modi or any other Indian leader would be willing to forge such an alliance remains to be seen.
- Pursue closer ties with India, short of an alliance, through the development of a variety of exchanges and partnerships. These can extend from joint military exercises to various political, economic, security, and cultural ties. Emphasize American resources in military capabilities and positions in multilateral institutions. Encourage India to increase its own military capacities and solidify regional alliances as supplementary actions.
- Monitor relations between India and other powers, specifically China and Russia. Discourage military ties between India and Russia through arms purchase, but do not demand that ties be severed completely.

This task force recommends that the United States pursue closer ties with India, by deepening U.S. ties to PM Modi but also with other Indian officials and the wider public who may be less keen about such a bilateral relationship. Talking points between the two countries include strong military relations between the U.S. and India and mutual ideals of defense and anti-terrorism. Promote India's membership in the United Nations Security Council and its growing role in international affairs. This will demonstrate the U.S. commitment to India and also provide it a valuable counterweight to China. Generalize from its support of India to show other South Asian and ASEAN nations the U.S. commitment to staying on as the major power in the Indo-Asia-Pacific region.

U.S. Public Diplomacy in South Asia

Gabriel Kornas

Public diplomacy presents a unique opportunity to increase cooperation between the U.S. and South Asia. Aimed at improving public perceptions through economic, cultural, and human rights cooperation, public diplomacy creates allies who understand the U.S. and are more likely to support American policies. Security, economic, and political cooperation requires a strong public diplomacy foundation to create strategic alliances across cultural and linguistic lines. The United States Government formally conducts public diplomacy through the U.S. State Department as well as USAID (United States Agency for International Development). Specifically, this report will discuss how the U.S. Government can make use of public diplomacy to bolster other diplomatic efforts in Afghanistan, India, and Pakistan.

In Afghanistan, public diplomacy is challenged by ongoing military conflicts. Much of U.S. spending in Afghanistan goes towards military expenditures rather than civilian diplomacy.¹ Additionally, public diplomacy programming from the Taliban presents a serious challenge to American efforts. Ashley Jackson, a researcher at Overseas Development Institute, shares "...the Taliban are seeking to present themselves as a legitimate political movement able to administer services and govern the country".² The Taliban is trying to reinvent itself as a legitimate, grassroots government for Afghanistan. The U.S. may be viewed by rural Afghans as a foreign power, whereas the Taliban has a home field advantage. Arturo Munoz, a former U.S. intelligence officer, writes, "...the Taliban seek to influence Pashtuns not only through threats but also by calling on Pashtuns' cultural and religious values and pride in their long history of resistance to foreign invasions".³ U.S. public diplomacy efforts face ongoing challenges, and it is unclear what repercussions will be from the impending U.S. withdrawal from Afghanistan.⁴ American military involvement, as well as security concerns, have dampened outreach efforts and effectively halted American involvement with civilian groups through education, tourism, and economic engagement.

The U.S. has advanced development programs aimed at promoting human rights in Afghanistan. These programs, executed through USAID, include promoting women's rights, infrastructure projects, a free-market economy, and a strong civil society.⁵ Direct aid is a primary

component of public diplomacy in Afghanistan. Additionally, the U.S. is active in conducting information programs aimed at spreading knowledge about the U.S. among the Afghan public, such as promoting “American Spaces.” These spaces, termed Lincoln Learning Centers, are located in schools and community centers and “make information about the United States available to foreign audiences.”⁶

Through these projects the U.S. endeavors to inform foreign audiences about its history, culture, and foreign policies. For example, training programs for Afghan youth demonstrate the American commitment to ensure future Afghan leaders have an appreciation for American-style liberal democracy. The United States Institute of Peace (USIP), a non-profit chartered by the United States Congress, provides many of these programs, including endowing “university campuses with resources to develop and teach peaceful conflict resolution tools and techniques” so that “students and faculty members . . . [speak up for] their rights and . . . oppose violent extremism through peaceful and non-violent means.”⁷ The U.S. is active in public diplomacy campaigns through non-profit and development agencies, as well as targeted programs through the U.S. Department of State. Most of these interactions involve providing resources as opposed to communicating with and personally engaging a wide swath of Afghan people.

Pakistan is a unique challenge for pushing soft power diplomacy. The Government of Pakistan collaborates with the U.S. on a variety of issues, yet there are numerous areas of contention. The U.S. Government has openly accused Pakistan of harboring and facilitating terrorist groups. In a 2017 publication on terrorism in South Asia the U.S. Department of State wrote, “The Pakistani government and military continued high-profile efforts to disrupt terrorist attacks and eliminate anti-state militants. Progress, however, remained slow on the government’s efforts to implement UN sanctions related to designated entities and enforce anti-money laundering/countering the financing of terrorism (AML/CFT) controls”.⁸ In January 2018, U.S. President Donald Trump vowed on Twitter to cut aid to Pakistan, stating, “They give safe haven to the terrorists we hunt in Afghanistan, with little help. No more!”⁹ Later in September 2018, the U.S. Government cut \$300 million in aid to Pakistan citing failure to divest from terrorist groups.¹⁰

Conspiracy theories, many of which are vehemently anti-American, pervade wide sections of the Pakistani public discourse. One academic, using interviews with Pakistani public figures and other primary text, concludes, “Pakistan’s belief in the world-wide conspiracy hatched against it has a long history and points at a dangerous mass paranoia based on intense fear and suspicion of others”.¹¹ Anti-American conspiracy theories make diplomacy uniquely challenging in Pakistan.¹² Even within the mainstream Pakistani media anti-American sentiment is prevalent. Pakistani media has a history of being extremely critical of the US.¹³ Pakistani journalists report leaning anti-U.S. because of a perceived lack of dialogue with American diplomats. One study found, “Taliban and/or religious extremist groups in Pakistan better understand Pakistani journalism practices, which helps them to get desired coverage in the media. On the contrary, U.S. sources have a limited outreach to Pakistani media practitioners”.¹⁴ A poor working relationship with media will only further damage Pakistani perceptions of the U.S.

Despite serious challenges, U.S. assistance to Pakistan is significant with the overall goal of developing a “stable, secure, and tolerant Pakistan”.¹⁵ Numerous projects have shown tenuous results in improving the image of the U.S. USAID is actively involved in programs to educate and empower women, improve infrastructure and promote renewable energy sources.¹⁵ The U.S. Government has gone so far as to ask aid distributors to label foreign assistance as coming from the U.S. in an attempt to boost public image.¹² U.S. Government-sponsored projects have likely improved the image of the U.S. at least among educated or urban Pakistanis. The Nation, a major English-language Pakistani newspaper, quoted Sindh Province Governor Imran Ismail, “The USAID-funded scholarships enabled many brilliant students to achieve their dream of higher studies...I see this as an excellent investment into the future of Pakistan for which we are all thankful to the USAID”.¹⁶ However, the U.S. Government seems to struggle to reach rural or non-English speaking Pakistanis. Over 60% of Pakistanis live in rural areas.¹⁷ Direct aid cannot overcome an absence of dialogue between Americans and Pakistanis.

Similarly to Afghanistan, the U.S. Government uses American Spaces in libraries and schools to provide the Pakistani public with American literature, cultural programs, and other educational tools.¹⁸ These spaces affirm the American commitment to a strong bilateral relationship, with one Pakistani university claiming, “The corners are a symbol of friendship and

cooperation between the people of Pakistan and the United States”.¹⁹ Despite this claim, bilateral educational exchanges are extremely limited. To highlight, there are no Fulbright programs for Americans to teach English in Pakistan.²⁰ As a result, non-English speaking Pakistanis may have limited opportunities to interact face-to-face with Americans. Ultimately, there is little evidence that public diplomacy programming is adequately reaching illiterate, non-English speaking, or rural Pakistanis.

Public diplomacy programming in India is robust. The U.S. has friendly relations with India and collaborates with it on a myriad of issues.²¹ India is in agreement with the U.S. about facing up to China’s growing global influence, as manifested by its public opposition to China’s One-Belt-One-Road Initiative.²² The two nations can also find common ground on a number of other political, security, and economic issues. However, as in the case of Pakistan, U.S. public diplomacy in India is not as effective in reaching the country’s rural areas whose population, according to Government of India data, has a literacy level of only 64.7 percent.²³

American public diplomacy accomplishments in India are underscored by strong humanitarian programs, economic cooperation, education and cultural exchanges, and tourism and immigration. From these connections, it is possible to see the numerous and frequent interactions between the U.S. and India. USAID’s relationship with the Government of India is transitioning to a “peer-to-peer” basis, meaning that rather than simply donating money, USAID is working to engage with and empower Indian innovators on issues including access to education, clean energy, and environmental preservation.²⁴ This shift improves the bilateral relationship by giving Indians more autonomy and decision-making power. Economic cooperation is strong between the U.S. and India, which is an integral part of public diplomacy. American companies and brands are active in India, however this mainly reaches urban and middle-class Indians.²⁵

Education connects over 185,000 Indian students with American colleges and universities.²⁶ The U.S. brings education to India through six dedicated American Spaces, hosting over 1,000 events per year.²⁷ Additionally, the Fulbright Program exchanges numerous American and Indian academics for research and language instruction.²⁸ Cultural exchanges include bringing Bollywood, Indian food, and other elements of India to the U.S. American television and movies now even include bilingual Hindi and English programming.²⁹ Thousands of American

tourists visit India each year, allowing Indians to see, meet, and hear American perspectives. The Indian Bureau of Immigration reports that over one million Americans visited India in 2017, which is the second largest source country for tourists in India.³⁰ People-to-people connections are strong between these two powers, however, more can be done to include rural Indians, who make up over 66% of the population.¹⁷

The broad aim of American public diplomacy is to, “support the achievement of U.S. foreign policy goals and objectives, advance national interests, and enhance national security by informing and influencing foreign publics and by expanding and strengthening the relationship between the people and Government of the United States and citizens of the rest of the world”.³¹ In Afghanistan, the U.S. has a clear need to promote democratic institutions and a strong civil society, as well as prevent the spread of extremism. A stable Afghanistan, free from Taliban influence, is in the U.S. national interests and will protect national security. In Pakistan, the U.S. needs to reach rural audiences in order to better influence the public opinion in Pakistan and strengthen its bilateral relationship. With regards to India, the U.S. needs to continue to enhance its presence in the country. The next section of the report will address how the U.S. can position itself to address the rise of populism and Hindu nationalism in India.

Public diplomacy programming is an integral part of diplomacy, especially critical in strengthening ties between the U.S. and other nations. By investing more in public diplomacy in South Asia, the U.S. stands to benefit enormously in strengthening its ties to key countries in the region. The U.S. has two main options:

1. Diversify public diplomacy programming to better serve rural populations.

The U.S. can do more to include rural populations in Afghanistan, Pakistan, and India in future public diplomacy efforts. For example, the U.S. Embassy Pakistan magazine, *Khabr-o-Nazar*, is only available online, although it is bilingual.¹⁸ These resources can be made available to rural citizens through printing the magazine and distributing to local areas. No such program exists in Afghanistan, where the Taliban strictly controls school curriculum and access to books and educational materials.³² Because Taliban control is scattered throughout Afghanistan, distributing printed materials in contested areas might allow ideas to diffuse into Taliban-controlled areas, where distributing materials could be dangerous. Similarly, in India, American

Spaces are well-established but limited to major metropolitan areas.³³ Opening American Spaces in rural areas, promoting face-to-face interaction in local languages, would position the U.S. more favorably among rural populations.

2. Continue to fund primarily public diplomacy programming in urban areas, targeted at educated and English-speaking populations.

Working in urban areas presents less security risks. In Afghanistan, the Afghan Government has security jurisdiction over Kabul.³⁴ In Pakistan, American Spaces enjoy the protection of major universities. Furthermore, targeting educated and English-speaking populations allows these groups to frame American policy within the geopolitical context and reduces language barriers to understand American literature, history, and popular culture.

Recommendation for the US

Overall, it is recommended to diversify public diplomacy programming to better serve rural populations in Afghanistan and Pakistan.

The U.S. can better serve rural areas, specifically by improving access to educational opportunities, literature, and cultural programming. Efforts in Afghanistan and Pakistan should be prioritized. The U.S. already enjoys a positive bilateral relationship with India, as evidenced by the myriad of cultural and economic exchanges. Although the U.S. could better serve rural Indians, additional public diplomacy efforts in India would be less likely to significantly change public opinion. Afghanistan and Pakistan could most benefit from strong public diplomacy efforts, specifically people-to-people interaction. One academic of public policy writes that diplomacy “...enables practitioners to exchange individual-level expressions of intentions — and, by extension, the intentions of the government they represent”.³⁵ The lack of opportunities for personal interaction between Afghans, Pakistanis, and Americans may contribute to misunderstandings and distrust. Improving this issue should be a critical American strategic objective.

Afghanistan

As the U.S. war in Afghanistan continues, Afghans are weary of conflict and in need of stability, even if it legitimizes the Taliban.³⁶ Public diplomacy in rural areas is absolutely critical to counter the encroaching influence of the Taliban. The U.S. can redesign programming to include sending local-language books, literature, and films to rural areas to explain American objectives, beliefs, and values. Working within a conflict zone has serious limitations as face-to-face interactions must be restricted. Nevertheless, the U.S. should consider ways to permeate areas not fully controlled by the Afghan Government. Engaging Afghans will ultimately yield better political and military cooperation and will empower Afghans to reject Taliban ideology.

Pakistan

In Pakistan, anti-American sentiment is high because Pakistanis believe the U.S. is hypocritical, anti-Muslim, and its interests do not align with those of Pakistan.³⁷ Therefore, any public diplomacy programming should have the end goal of reaching rural communities to share American values and shared strategic interests. To do that will require the U.S. to construct a narrative that respects Pakistan's sovereignty and the country's Islamic faith and values. American diplomats need to develop better ties to Pakistani media to counter the narrative established by the Taliban of the U.S. as an imperialist giant.³⁸ This effort can include informal meet-and-greet events, luncheons, etc. as opposed to formal press briefings. Additionally, where safe, American diplomats should bring cultural programs to rural communities to highlight positive aspects of the U.S. Bringing Pakistanis face-to-face with Americans can have tremendous value for curbing conspiracy theories and fostering goodwill.

Nationalism and Domestic Politics in South Asia

Sanjay Sampath

Nationalism in India-Hindutva

In South Asia popular nationalism is on the rise, as it is in many parts of the world. It is particularly noticeable in India where the ruling party, the Bharatiya Janata Party (BJP), embodies a century-old political legacy of Hindutva, or “Hindu-ness” in Hindi. The BJP and its followers wish to make Indian culture and history synonymous with Hinduism, a religion practiced by over 80 percent of the country’s population. The BJP holds a majority in the lower house of India’s Congress, as its possession of 282 of 543 seats in the Lok Sabha makes the BJP the first party to wield a majority on its own in three decades. The BJP has also increased its presence in the upper house, the Rajya Sabha, and in a number of member of the legislative assemblies (MLAs) at the local or state level that act as the key bodies in mediating relations between citizens and their local governments.¹ Perhaps the most significant indicator of the success of this Hindu Nationalist entity is Prime Minister Narendra Modi, the former chief minister of the state of Gujarat, who is wildly popular because of his charisma and vision for the modernization of India. Under Modi and the BJP, India has begun to move in a new direction in terms of foreign engagement and international affairs.

Nationalism in Pakistan-Military Hegemony

Nationalism appears less salient in Pakistan, India’s archrival and neighbor. Despite what the two countries shared in common when they were undivided and governed by the British, Pakistan has followed a different trajectory than India since independence and partition in 1947. For the last few decades Pakistan has been firmly under the control of its military, in part due to the constant and looming threat of conflict with India and the instability that has plagued neighboring Afghanistan since the Cold War.² On various occasions, the country’s armed forces have assumed political power through coups, and when not formally in control the military has made itself a key player in the political decision-making process. This hegemonic authority was challenged significantly with the abdication of General Pervez Musharraf, for instance, who was both the army chief and the president of the country until he was pushed out in 2008 because of

popular protests by civil society groups. Thereafter, Pakistan was under civilian rule. Furthermore, in 2010 the 18th Amendment was enacted, which made it more difficult for a military dictator to dissolve an elected government and granted more rights to the provinces. The 2013 elections resulted in a peaceful and democratic transition of power and has generally led to greater political control of the country by the civilian leadership. However, the military still maintains considerable influence over strategic affairs, often shaping policy decisions ostensibly made by civilian governments.³

The current Prime Minister of Pakistan, Imran Khan, is a former cricketer, with considerable popular domestic appeal. While some attribute his emergence to greater participation by women in the electoral process and see his election as a positive departure from two-party politics. Many believe that his victory, however, was influenced by the actions of the military. Pakistan's military supported Khan and his Tehreek-e-Insaf (PTI) party through a variety of different avenues, including coercing the press into lauding the PTI and condemning the rival Pakistan Muslim League-Nawaz (PML-N) party, arresting and impeding the efforts of PML-N workers, convincing rival politicians to join the PTI, and even supporting the rise of several coalition parties with direct ties to terrorist factions in order to support Khan's bid for Prime Minister, including the Lashkar-e-Taiba, responsible for the 2008 terrorist attack on Mumbai, and the Ahle Sunnat Wal Jamaat, a group linked to ISIS.⁴ The military and the Inter-state Intelligence Services (ISI) clearly still have a hand in shaping the political process in Pakistan. In addition, sectarian conflicts or disputes between different ethnic groups and schools of Islamic thought moderate the development of a cohesive nationalistic entity which extends beyond a common pride in the country's collective Indo-Iranian heritage.⁵ Pakistani nationalism has been a present and dynamic motivation for the people of Pakistan since independence, and while these ideals are expressed to some extent as a desire to enact change in the political system of the country, the military continues to be the dominant force in terms of international relations and security.

Relevance of Nationalism in India to U.S. Policy

India has expressed a clear desire to be an exporter of manufactured goods and to promote a market-oriented economy, while simultaneously demonstrating a willingness to

support security measures that ensure stability in the Indo-Asia-Pacific region. Its political shift is evident in its efforts to strengthen ties with the U.S., albeit tentatively, and to forge a much closer relationship. This new stance is partly born out of the economic success Modi enjoyed in the state of Gujarat when he was its chief minister and the interests of his Hindu middle-class political base. Thus, this is a good moment for India, as well as the U.S., to develop closer bilateral relations.

Modi's plans for India's economic development have implications for the nature of immigration to the U.S. as well. Since his appointment as Prime Minister in 2014, Modi has expressed a clear intention to move India in the direction of import substitution and industrialization, an effort which he has championed with the tagline "Make in India" and which is a profound break with the previous model of economic growth promoted by former Prime Minister Jawaharlal Nehru. Modi's model of development is more in line with the policies and strategies adopted by the countries of East Asia that led to rapid economic advancement in the later 20th century. As in East Asia, India, too seeks to encourage domestic manufacturing and the relocation of production for globally significant countries to the country as well.⁶ The industrial sector is likely to prove a much more effective source of job creation than the previously emphasized service sector and the historically dominant agricultural sector. However, the expansion of industrial capacities in India will require higher levels of technical knowledge in the workforce that can only be acquired through higher education.

Many Indians have attained higher education in the U.S., as that country's statistics reveal. A large percentage of Indian migrants to the U.S. are H-1B high-skilled temporary workers or international students. According to the Migration Policy Institute Indian migrants account for 74 percent of the individuals approved for an H-1B visa in 2016. This profile fits in well with the fact that 77 percent of Indian migrants have higher education degrees, and the high proportion of international students in higher education who are from India. In 2015-2016 Indians, who accounted for 16 percent of the international students in the U.S., were the second largest cohort after China. Of these students, 80 percent were pursuing degrees in core STEM subjects, in scientific and technological fields that can be beneficial in advancing India's effort to become a manufacturing power.⁷ Although many remain in the U.S. and acquire green card status, some do return home with the knowledge and skills to help grow India's economy. Many members of

this diaspora support the BJP and Modi, and also advocate closer economic and political ties between the U.S. and India.⁸ Closer relations may lead to many more people from India going to the U.S. to study, work, and develop their technical skills.

However, the U.S. has currently imposed harsh restrictions on India's ability to take advantage of open markets and the flow of capital. In August 2018, the U.S. enacted steel and aluminum tariffs on its former trade partners, a severe blow to India's attempt to industrialize and produce cheap commodities for global distribution under Modi's "Make in India" development plan. Modi has responded in kind with tariffs on U.S. exports, but it is evident that he has taken these actions reluctantly and only after being unsuccessful in securing an exemption from such measures.⁹ In addition, the U.S. has also restricted the amount of H-1B visas granted to workers, thus further hindering India's plan to become a modernized industrial power.¹⁰ These changes in U.S. policy could disrupt India's efforts to advance its economic agenda and become an influential power in the Indo-Asia-Pacific region, a development that would challenge a rising China and support U.S. efforts to extend its influence in the region. The U.S. stands to benefit from India's growth as a manufacturing and industrial power because a rising India will further promote trade and pro-business policies in the Indo-Asia-Pacific.

Implications of Pakistani Politics for U.S. Policy

The continued dominance of the military in Pakistan stands in the way of its developing closer ties with the U.S., for the military exerts considerable influence over the media and public discourse and in shaping a Pakistani identity that is at odds with the U.S. and its allies in the international community. Further, it has resulted in a deepening economic and military bond between Pakistan and China, with China stepping in to provide financial support for development and defense spending as the U.S. has increasingly withdrawn its funding. China and Pakistan have held numerous joint-defense and security councils in the last several years,¹¹ and China has become the biggest source of arms for Pakistan.¹² These ties are likely to deepen and widen because the new Prime Minister, Imran Khan, has ascended to office with the backing of the military. According to a Reuters report during the visit of senior Pakistani military official Qamar Javed Bajwa in September 2018, Chinese General Zhang Youxia described China and Pakistan as

having an “all-weather friendship,” and “military ties [that] are an important backbone of relations between the two countries.” General Zhang apparently also spoke about the two countries jointly addressing security risks and challenges they face in the region, statements indicative of their increasingly close ties and the implications that might have for U.S. policy.¹³

A large part of Pakistan’s focus on building up its military capabilities is the threat it feels from India, aggravated by the rise of the Hindu nationalist government of the BJP. That party’s hostility towards Muslims in India, as well as its firm stance on security that includes a greater assertiveness towards Pakistan, could escalate tensions between the two countries. The developments in Kashmir over the last few days demonstrate how deep and dangerous these tensions are, as they were triggered by a suicide attack on Indian soldiers followed by Indian air attacks on alleged terrorist camps across the Line of Control in Pakistan-controlled Kashmir. The strained relationship between India and Pakistan has wider implications for the region, particularly for the U.S. and China.

Options and Recommendations

The rise of popular or Hindu nationalism has had consequences far beyond the boundaries of India. To some extent, the U.S. has benefited from this development because Prime Minister Modi and his Hindutva-oriented BJP party have embraced the U.S. and been in favor of promoting trade partnerships, stability, and democracy in the Indo-Asia-Pacific. The BJP government has also objected to the growing influence of China in Pakistan and across the Indo-Asia-Pacific region, a stance that is in line with U.S. interests. Although the current Indian government is particularly favorably disposed towards the U.S., it does not welcome and appreciate the restrictive immigration and trade policies that the U.S. has enacted or proposes to enact against India. The government in Pakistan meanwhile continues to be influenced, if not controlled, by its military, a context that has not facilitated good relations with India and hinders the mending of U.S. ties to it as well. Thus, stronger ties with India are in the best interests of the U.S., particularly as it seeks to enhance its presence and influence across the Indo-Asia-Pacific region

Section II: Trade Relations and Infrastructure Development

“We promote a strong American economy by ensuring a level-playing field for American companies doing business around the world and attracting foreign investors to create jobs in America. Economics has become the indispensable foreign policy tool of our time... Everything we do is to ensure that the United States remains the world’s strongest and most dynamic economy.” ---State Department's Bureau of Economic and Business Affairs ¹

The Indo-Asia-Pacific is one of the most economically dynamic places in the world, the U.S. has important and complex economic relations with countries in this region. The first half of this section will focus on trade, a subject that has become one of the most prominent foreign policy fronts under the Trump administration. With his enthusiasm for “fair and reciprocal” trade, President Trump has taken bold actions, raising tensions with U.S.’ trade partners. The first chapter examines the now revived TPP agreement as well as the forming Regional Comprehensive Economic Partnership and considers how not participating in the two mega-regional trade agreements will affect U.S. economic and strategic interests. The second chapter discusses restrictions on foreign direct investments and other thorny issues such as intellectual property protection, forced technology transfer, and market entry which the U.S. is trying to resolve with its trade partners. The third chapter looks at the trilateral trade relationship between the U.S., China, and India and what this means for South Asia.

The second half of this section will focus on regional infrastructure development. The fourth and fifth chapters will examine the multi-billion-dollar infrastructure projects within China’s Belt and Road Initiative. Projects such as the China-Pakistan Economic Corridor seeks to connect all forms of trade throughout the Indo-Asia-Pacific by establishing a strategic economic foothold within Pakistan and the greater Indian Ocean Region. India is looking to counter China’s growing influence by choosing not to be a part of the initiative and leveraging their own power and partnerships throughout South and East Asia. The sixth chapter will focus on Japan’s Partnership for Quality Infrastructure Initiative, which seeks to provide an alternative to the Belt and Road by putting an emphasis on high-quality infrastructure. Cooperation with allies such as India and Japan can enhance the United States overall position in infrastructure development in the Indo-Asia-Pacific.

CPTPP and RCEP: Mega-Trade Agreements in the Region

Jiajin Zheng

The Trump administration has ushered in an era of more explicit “America First” foreign policy. Such a shift is very pronounced in the economic arena as the U.S. has rebranded its stance on free trade to supporting “free, fair, and reciprocal trade,” with a new emphasis on trade balances and protectionism about domestic jobs.¹ President Trump has fulfilled his campaign promise by pulling the U.S. out of the Trans-Pacific Partnership (TPP) with the stroke of a pen, citing concerns for U.S. workers. The remaining 11 members of the TPP have managed to revive the trade pact and rebrand it as the Comprehensive and Progressive Agreement on the Trans-Pacific Partnership (CPTPP) with much of the same elements as in the original TPP agreement. On the other side of the Pacific, ASEAN and its six Free Trade Agreement (FTA) partners are working to conclude the Regional Comprehensive Economic Partnership (RCEP) agreement that will cover half the world’s population, 32 percent of its GDP, and 28 percent of global trade.² This chapter will investigate the economic as well as geopolitical impacts of these two mega-trade deals on U.S. strategic interests in the region and propose ways to advance U.S. interests in the Indo-Asia-Pacific region.

In the early 2010s, governments in the Asia-Pacific region recognized the importance of reaching a regional trade agreement after a decade of bilateral FTA negotiations. This regional approach was to address the problems arising from the regional trade system. TPP and RCEP are similar in that their members push to regionalize their FTA pursuits but differ in their levels of ambitions and also in the roles played by different countries. These important differences have major economic and strategic implications for the U.S. and countries in the region.

TPP/ CPTPP

The U.S. originally led the TPP negotiations, and that trade pact essentially formed the economic wing of the Obama administration’s Pivot to Asia strategy. The intention of the U.S. was to form a high-standard free trade zone with key allies and partners and therefore to dominate economic rule-making in the region. The TPP has its origin in the “P4 agreement” signed by Brunei, Chile, New Zealand, and Singapore. The U.S., Australia, Peru, Vietnam, Canada,

Malaysia, Mexico, and Japan later joined the negotiations to expand the agreement. Other countries such as South Korea expressed interest in joining.³

The member countries touted the TPP as a 21st century trade agreement in that it aimed to lower both tariff and non-tariff barriers to trade beyond the current WTO requirements. The so-called “WTO-plus” model included rules in areas such as government procurement, financial services, intellectual property rights and investment protections, as well as environmental and labor standards.³ These high standards would benefit firms from the U.S. and other advanced economies that have comparative advantages in these areas.

One notable feature of TPP was its deliberate exclusion of China in order to make Chinese exports less competitive vis-à-vis goods from other Asian economies. In the thinking of the U.S. and its allies, this would build up enough pressure on China that it would eventually seek membership in the TPP, and because of TPP’s accession mechanism, this would entail China accepting the high standards set by the U.S.⁴ Besides, there were non-economic considerations as well. Countries in the region welcomed the U.S. playing a balancing role to China through its Pivot to Asia strategy. Japan, South Korea, and many countries in Southeast Asia have strong economic ties with China but are dependent on the U.S. for security. Under the TPP, they hoped to reduce their dependence on trade with China by diversifying their trade ties to countries across the Pacific. Some at the time pointed to the TPP (and the larger Pivot to Asia strategy) as a mean to contain China, but economic containment is unlikely given China’s important role in the regional production networks.

After President Trump withdrew the U.S. from the TPP, Japan has taken up the leadership role in the pact. Under Prime Minister Abe, Japan has been a big advocate pushing for the TPP. Japan’s Parliament had already passed the trade agreement before Trump announced the U.S. exit. The remaining countries in the trade pact, known as the TPP-11, have managed to revive the trade agreement. They renamed it as the CPTPP with much of the same provisions as in the original agreement but suspended 22 provisions that only the U.S. side had insisted on during the negotiations. These include rules that lengthen copyright periods, require internet service providers to be responsible for users’ infringing downloading activities, and benefit the

pharmaceutical industry. The suspended provisions were not removed from the text and can be reactivated should the U.S. decide to reenter the agreement.^{5 6}

RCEP

The negotiations for RCEP started in 2013, a few years after those for the TPP. ASEAN conceived of the idea to expand its free trade agreements with its six trading partners—namely, China, Japan, South Korea, India, Australia, and New Zealand—into a regional FTA. Compared to the TPP, RCEP negotiations are led by and mostly consists of developing countries. As a result, the goals of RCEP negotiations are more aligned to the interests of developing countries and are significantly less ambitious than TPP’s. It does not include any “WTO-plus” rules on areas such as intellectual property rights, government procurements, or environmental and labor standards. RCEP’s main goal is to solve the so-called “noodle bowl” problem of overlapping FTAs but inconsistent rules and to further the integration of production networks in the region. The trade pact will do so through the elimination of tariffs by its member countries.³

RCEP has always been the lower-standard alternative regional trade agreement to the TPP with a wider-ranging membership that includes countries in their different stages of development. After U.S. withdrawal from the TPP and intensifying trade tensions between the U.S. and its trading partners in the region, there is renewed urgency among members—particularly China—to push for an early conclusion of RCEP negotiations. However, members have not been able to reach substantial agreement by two earlier dates in 2017 and 2018, which testifies to the difficulties in the negotiating process. RCEP members have now delayed the conclusion date further to the aftermath of India’s upcoming parliamentary elections in May, given the political sensitivities of possible trade concessions.⁷ The following section looks at the perspectives from key RCEP member countries and some of the sticking points in the negotiations.

China

In the early days of the conception of an ASEAN-led regional free trade arrangement, there were two competing ideas—the 10+3 and the 10+6 models. China preferred the former which included only China, Japan, South Korea, and the 10 ASEAN member countries. Japan, on the other hand, proposed the 10+6 model that also included India, Australia, and New Zealand.

China was eager to reach an FTA with Japan but somewhat wary of India's and Australia's involvement in East and Southeast Asian affairs. Japan wanted to include these countries mainly to dilute China's outsized influence in the future trade bloc. Initially, China also sought to limit the scope of the agreement to trade in goods—an area that it has great advantages in.³⁴

As China was feeling the pressure from the progress of the TPP, its priority shifted to reaching a regional trade agreement that could serve as an alternative to the TPP. This is especially so after the official negotiations for TPP started in 2010. China and Japan made a joint proposal establishing working groups to discuss both the 10+3 and 10+6 models. In 2012, negotiations for RCEP were formally launched. Only countries with an FTA with ASEAN could partake in the RCEP negotiations; in other words, membership is restricted to the “plus six” countries, excluding the U.S. China also agreed to include investments and trade in services in the agenda.⁸

India

Under the “Look East” and the subsequent “Act East” policies, India has been seeking a greater role in Southeast and East Asia. As a result, India has greatly expanded its engagement with ASEAN. RCEP becomes a convenient avenue as it will enable India to integrate with these two regions (along with Australia and New Zealand) more deeply.⁸

India's economic considerations are a bit more complicated. It has a long history of protectionist policies and has been reluctant to open up to foreign firms. Farmers are an important force in Indian politics, which is why India has requested to delay finalizing RCEP — giving concessions in the agricultural sector right before an election would be political suicide for the incumbent party. India is also reluctant to enter into a trade deal with China as it already has a large trade deficit without any tariff reductions.⁸ India has also been insisting on other members to open their service sectors to India's large supply of professional workers; this issue has been one of the sticking points in RCEP negotiations.⁹ The U.S. also needs to reckon with this challenge if it wants to enter into a future trade agreement with India.

Countries participating in both agreements

For countries like Japan and Singapore who are in both trade agreements, the two pacts have become complementary after the U.S. withdrew from the TPP. Without U.S' participation, the CPTPP is a lot less attractive economically, but its symbolic value is perhaps more important. Being a part of it will showcase these countries' commitment to a high-standard international trade arrangement. On the other hand, being a part of RCEP will give them access to a wider Asian market, enabling them to reap more sizable economic benefits.²

U.S. Interests

“We have to make sure America writes the rules of the global economy. And we should do it today, while our economy is in the position of global strength. Because if we don't write the rules for trade around the world—guess what—China will. And they'll write those rules in a way that gives Chinese workers and Chinese businesses the upper hand and locks American-made goods out.” –President Obama on the TPP¹⁰

“The TPP was as important strategically as an aircraft carrier.”—former Defense Secretary Ash Carter¹¹

Not participating in the two mega-regional trade deals has major implications for U.S. interests. The simple economics of trade diversions will see U.S. exports face higher tariffs in the region as goods from other countries that are part of the trade pacts enjoy tariff reductions and eliminations. The diversion effects when RCEP is concluded will be significant as it covers all the major economies in the Asia-Pacific. RCEP will also reduce the dependence of Asian countries on the U.S. market because of greater intra-regional trade among themselves. This will weaken U.S. leverage in trade talks amid the current trade tensions between the U.S. and several Asian countries. Further, not being part of a major regional trade pact will also greatly affect the ability of the U.S. to shape trade arrangements. The Obama administration wanted to use the TPP to establish high-standard trade rules in the region, and the withdrawal from it will have the opposite effect.

More importantly are the strategic implications of the absence of the U.S. from these two agreements. When RCEP is reached, it is very likely that China will be the de facto leader of the trade pact because of the sheer size of its economy as well as its political weight. China will thus be leading a trade pact with major U.S. allies and partners in the region, including Japan, South Korea, Australia, New Zealand, India, and many countries in Southeast Asia in the absence of the U.S. For the U.S. seemingly to abdicate its leadership in trade is bound to have negative repercussions for its Indo-Asia-Pacific strategy.

Options

1. Continue President Trump's bilateral approach

Since taking office, President Trump has largely refrained from taking part in multilateral trade agreements, pulling the U.S. out of the TTP and the TTIP negotiations with Europe. The President has publicly voiced his preference for bilateral trade deals and touts the recent trade deal with South Korea as an example. In the President's view, engaging in bilateral trade talks gives the U.S. the maximum leverage over its trade partners due to the size of the U.S. economy and, in some cases, the security it can offer to its allies.

However, this approach is not without its challenges. The greater leverage that the U.S. enjoys in bilateral trade agreement means that its trade partners gain few economic benefits. Therefore, such bilateral agreements are harder to secure except in the case of countries such as South Korea that are heavily dependent on the U.S. for its security.

A bilateral approach is also not very compatible with the economic realities of the region. Asia has an integrated regional production network, which is the reason for reaching a trade pact like the RCEP. Transnational firms have assembly plants in one country which source inputs from across the region. A bilateral trade deal will not address the "noodle bowl" problem and only add to overlapping bilateral FTAs in the region. This will be less appealing for international corporations (including those from the U.S.) who have high stakes in a more deeply-integrated production network.

2. Return to multilateral mechanisms

The U.S. can choose to return to its long-time multilateral approach to regional economic arrangements. This includes exploring options to rejoin the CPTPP agreement and expanding such arrangements to include other key regional partners such as India. The TPP-11 countries intentionally left the possibility open for the U.S. to reenter at a future time, which was the reason why they had only suspended, not removed, the U.S.-favored provisions. Access to the large U.S. market is a great leverage that U.S. negotiators can use even in multilateral trade talks. This might provide enough economic incentives for trade partners to give concessions in important and sensitive areas. The 22 provisions in the original TPP agreement speak to this point. More importantly, this will be a much more convincing signal to allies and partners on U.S. leadership in economic matters in the region. Participation in a major regional trade deal and the economic and geopolitical clout of the U.S. will ensure that it can compete with China in setting trade rules in the Indo-Asia-Pacific region. This is important for the long-term economic interests of the U.S. such as in ensuring a level playing-field for American companies doing business around the world—a stated goal of U.S. foreign policy.

The main challenge of returning to a multilateral approach is the domestic politics and public opinions in the U.S. President Trump ran his campaign on a promise to protect American workers from foreign competition. This promise earned him important political support. It would be very hard for the current administration to return to the CPTPP after such a high-profile withdrawal.

Recommendation

This report recommends the U.S. engage with allies and partners in the Indo-Asia-Pacific region under a multilateral framework. This will be the most beneficial for the U.S. in establishing its leadership and competing with China for economic and strategic influence in the region. Since rejoining the CPTPP will be politically difficult for the current administration, the U.S. can explore ways to establish a new and similar regional framework. Ideally, this agreement will include more allies and partners in the region if the U.S. is to be successful in using its leverage to secure more concessions from its trade partners.

Foreign Direct Investments and Trade Barriers

Ava Trindeva

Globalization has shifted trade from being an exchange of goods between countries to several countries partaking in producing them. Globalization has resulted in the economic integration of economies that are significantly dependent on external trade. The production of commodities today entails crossing national boundaries, and domestic jobs are partly shaped by the economic actions of foreign powers that can also pose challenges. A striking feature of globalization in the last few decades is the rising importance of foreign investment. Foreign direct investments refer to investments made by firms and individuals located in one country in businesses located in another country. The 'control' these foreign businesses or individuals have in foreign countries can occur through mergers with or acquisition of foreign companies through what's known as a 'green field' investment; or by setting up the production process in these foreign countries. Although these investments may seem like a win-win situation, such business can create problems on both sides. Developing countries worry about multinational corporations having too much control over their economies and, at times, push back against them by instituting high tariffs. Developed countries worry about the effects of offshoring on their domestic economies as well as the possibility of infringement of their intellectual property rights.⁷ States worry about these problems as does the corporate sector.

Currently, the U.S. has a growing economic stake in Asia. Its exports and imports involve many of the countries in the Indo-Asia-Pacific countries region. More than half of the top-ten countries the U.S. exports goods to are in that region, as are five of the top ten spots in terms of countries from which the U.S. imports its goods .³ As much as 16% of the FDI in the U.S. is from that region, primarily Japan².

President Trump's administration has taken several aggressive actions to address what it sees as unfair trade laws and practices. The trade war with China is not the only issue that new trade deals are aimed at addressing. Despite its strong ties with Japan, the U.S. is also pushing for changes in its trade relationship with Japan, and also revising its trade practices with India even as it is attempting to develop a stronger relationship, possibly a strategic alliance, with the latter country.³

In no world region are economies growing faster than in Asia, and it is in the interests of the U.S. to increase its access to them. By 2030 Asia's share of the global GDP will grow to 40%, and over 50% by 2050.³ Thus, the importance of Asia to the economic and strategic interests of the U.S.

One way the U.S. can enhance its presence in the Indo-Asia-Pacific region is by deepening relationships with countries in the region through a flow of investments and trade. U.S. companies can find many opportunities in the region.⁷ South Asia especially offers advantages, particularly for offshoring production. Production costs are lower in the region because wages are lower, labor is abundant and effective, and environmental costs and laws are not as challenging.⁷ And with Asian markets exploding, offshore production can provide a means of 'tariff jumping,' a way to avoid export tariffs. However, this can also pose a threat to corporate interests and policy makers in the U.S. intent on keeping jobs in the country.

Trade in the Indo-Asia-Pacific region is dominated by three main players: China, India, and Japan. Since its 'pivot to Asia' the United States has been trying to reestablish itself as a leader in the region and combat the rise of China. Although China is the U.S.'s biggest trade partner, it is also its biggest competitor.⁶ Therefore, in shifting its focus to India, the U.S. is looking to develop a relationship with a country that is also in competition with China. In 2017 U.S. foreign direct investment in India was \$44.5 billion, a 15.1% increase from 2016.⁴ India's investment in U.S. stock went up 11.5% over that same period. Direct investment between both countries is led by professional, scientific, technical services, and manufacturing. Direct investment from the U.S. also aims at wholesale trade investment in India.⁴

Trade Agreements

To counter the rise of China globally, the U.S. has sought to form new trade partners and alliances. It has attempted to increase its foreign direct investments in India but runs up against barriers imposed by that country. India only allows single-brand retail foreign companies to do business in India, and such business no longer need government approval. However, companies that retail several types of goods, such as the American conglomerate Costco, are not allowed.⁵ Such barriers to entry exist in China as well, which protects many domestic industries through a

restrictive investment regime aimed at limiting foreign investors in numerous manufacturing sectors.

The current administration is addressing these 'unfair trade practices' with unilateral trade agreement adjustments. In 2018, tariffs were imposed under Section 232 of the 1962 Trade Expansion Act for purposes serving national security.³ China-targeted tariffs under Section 301 of the 1974 Trade Act are to enforce protection of intellectual property rights.²

The trade war with China is not President Trump's only focus in the region. During the recent Conservative Political Action Conference, the president once again called attention to India's high import duties and threatened reciprocal actions; "India is a very high tariff nation... I want a reciprocal tax, at least I want to charge a tax".² India used to enjoy tariff concessions under the Generalised System of Preferences (GSP), but the U.S. has pulled out of the agreement, in order to reduce its trade deficit with other global economies.² Despite their strong allied relationship, Japan will not be excluded from the changing trade environment and future negotiations are scheduled with it.

Trade Secrets Foreign Trade Barriers

In addition to the risks associated with exchange rate fluctuations, expropriation, and regulations, U.S. technological companies face one other danger in doing business overseas: trade secrets.⁶ In China one barrier to U.S. exports and investment is the lack of intellectual property rights (IPR) protection and enforcement. The Priority Watch List in the 2013 Special 301 report and USTR's 2013 Out-of-Cycle Review of Notorious Markets Report once again ranked China at the top of countries in which internet and physical markets face major challenges relating to piracy and counterfeiting.⁶ In fact, the virtual absence of any protection and enforcement of intellectual property rights is at an all-time high in China. The Chinese government seems to pay little attention to thefts occurring both within and outside of China. Offenders in many cases continue to operate with impunity as the Chinese government frequently does little "to recognize serious infringements."⁶ Some reports go so far as to affiliate the Chinese government and military with the infiltration of computer systems belonging to U.S. companies.⁶

China's new Anti-Unfair law Competition Law, instituted in 2018, is a revision of a 1993 law and is aimed at offering enforcement of trade secrets but also at prohibiting unfair competition in the market economy. Unfair competition is defined as any activities made by managers that "damage the others' legal rights and interests and disturb the order of social economy."⁶ President Trump, at about the same time, asked the U.S. Trade Representative (USTR) to initiate an investigation under Section 301 of the Trade Act of 1974 into China's actions and practices regarding technology transfer, intellectual property, and innovation. He also asked the USTR to take all appropriate action, including retaliation, to obtain the removal of any act, policy, or practice of a foreign government that violates international trade agreements or is discriminatory against restrictive towards U.S. commerce.⁶

The USTR *Investigation into China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation* came up with the following findings: ⁶

1. China uses foreign ownership restrictions, such as joint venture requirement and foreign equity limitations, and various administrative review and licensing processes, to require or pressure technology transfer from U.S. companies
2. China's regime of technology regulations forces U.S. companies seeking to license technologies to do so on non-market-based terms that favor Chinese recipients
3. China directs and unfairly facilitates the systematic investment in, and acquisition of, U.S. companies and assets by Chinese companies to obtain cutting-edge technologies and intellectual property and generate the transfer of technology to Chinese companies.
4. China conducts and supports unauthorized intrusions into, and theft from, the computer networks of U.S. companies to access their sensitive commercial information and trade secrets.

These findings determined that Chinese actions are discriminatory and restrictive to U.S. commerce. Most troubling are reports that the Chinese government and military are affiliated with the infiltration of U.S. company systems and the theft of intellectual property. After negotiations failed, the U.S. imposed tariffs in mid-2018 on approximately \$50 billion of Chinese imports and is pursuing dispute settlements in the WTO.⁶ China has denied there were problems that broke settlement agreements and said it would not change its policies in response to the

initial Section 301 action. China's government retaliated against U.S. claims calling the tariffs "trade bullyism". Falling short of dealing with China's unfair trade acts, policies, and practices, the initial tariff action was increased to \$200 billion of Chinese imports.⁶ Despite the drastic measures, China's technology policies persist, driven by its goals of dominating the market in a wide range of technologies. In late 2018, a USTR report noted that "China shows no sign of ceasing its policy and practice of conducting and supporting cyber-enabled theft and intrusion into the commercial networks of U.S. companies."⁶ The report concluded by saying that the theft against the U.S. has only increased since the 2018 published findings.

Chinese companies [state] continue to systematically invest and acquire U.S. companies and assets that are deemed important in their industries, while constraining inward investment. The Chinese government can readily impose more restrictions to market entry on an ad hoc basis. By limiting market access for imported goods and acting unfairly in agreements, the Chinese government can move their domestic companies up the economic value chain.

The United States has repeatedly raised concerns with China about its restrictive investment regime. President Trump has countered by implementing tariffs. Recently he declared that he would not further raise the tariffs because the U.S. had made progress in its negotiations with China. In his words: "the U.S. has made substantial progress in our trade talks with China on important structural issues including intellectual property protection, technology transfer, agriculture, services, currency, and many other issues. As a result of these very . . . productive talks, I will be delaying the U.S. increase in tariffs".¹ Despite the announcement, the continued bilateral engagement has not led to a significant relaxation of China's investment restrictions, nor has it appeared to curtail ad hoc actions by Chinese government officials.

Options

- The United State should continue engaging countries in the Indo-Asia-Pacific region and encourage them to participate in free trade. Although previous investigations of unfair trade acts, policies and practices have proven inadequate, the goal should be to resolve the impediments that the U.S. economy is experiencing because of heightened tariffs.

- Discuss bilateral economic issues and give countries such as China, India, and Japan, the opportunity to address U.S. concerns and move forward to increase the benefits that U.S. businesses and consumers derive from trade and economic ties.
 - Bilateral investment treaty (BIT) of openness, non-discrimination that would include all investments except for those explicitly excluded
- Continue trade wars and aggressive policies implemented by Trump toward countries in the region that resort in unfair trade practices and impede U.S. exports and investments.

Recommendations

The Indo-Asia-Pacific region offers an opportunity for the U.S. to increase its presence and grow its economy. It should seek multilateral reciprocated fair-trade agreements across the region. It stands to benefit from opening up India to wholesale/multi-product FDI, developing equal tariffs on exchanging goods, and expanding economic ties with a country with which it shares a strategic rival in common, China. The U.S. also has a lot of stake in Japan and should negotiate with it in accordance with their mutually dependent economic interests and the latter's role as a strategic ally. China's ongoing intellectual property infringements cannot be taken lightly and must be taken into serious consideration in any negotiations about lifting tariffs. Bilateral trade agreements with China, India, and Japan, based on mutually beneficial and fair terms, are in the interests of all parties in the Indo-Asia-Pacific region.

Trilateral Relationship and Trade Tension in South Asia

Seongshin Park

There are multiple stakeholders in the South Asian region, not only states that are centrally involved such as China, India, and the United States but also countries like Japan and South Korea. The latter two countries have growing economic interests in the region. For instance, Japan, has invested a significant amount in Bangladesh and Nepal, approximately \$1 billion in Nepal alone.¹ Japan is also building up its relations with Bhutan and Pakistan, including through making investments.¹ This chapter will examine the key roles of India, China, and the U.S. in the South Asian region, particularly as they relate to economic issues, and look at the options that the U.S. has.

Trilateral Relationship

Until recently, the U.S. focused primarily on the Middle East and East Asia. Increasingly, however, its priorities have shifted to the Indo-Asia-Pacific region, as Ash Carter, the former Secretary of Defense, has noted.² Consequently, South Asia, particularly India has emerged as a strategically important region for the United States.

The relationships between and among India, China, and the United States as they pertain to the Indo-Asia-Pacific region have a complicated history. Their interactions involve “elements of cooperation, competition, and, potentially, conflict”.³ Those elements are also present in their economic and trade relation with one another. The United States would like India to be a crucial partner to counter the growing influence of China, but simultaneously the Trump administration is considering withdrawing from the Generalized System of Preferences that allow Indian products to be exempt from tariffs.⁴

As its Belt and Road Initiative (BRI) shows, China is prepared to embark on massive projects to advance its global ambitions and presence. This initiative alone will involve spending “\$150 billion a year on building infrastructure in the sixty-eight countries that have signed up for the BRI.”⁵

To counter China’s growing international and regional influence, particularly in the Indo-Asia-Pacific region, the U.S. has sought closer ties to India, which it sees as a potential strategic

partner. Therefore, the United States would rather not have China and India develop a better political and economic relationship.

In recent decades China and India have had a difficult relationship, in part because of territorial disputes--and these have not been resolved as yet. Nevertheless, the two countries have increased their trade relationship considerably. In 2017 their bilateral trade reached an unprecedented high of approximately \$84 billion, a considerable hike from the \$3 billion it was in 2000 and the \$66.57 billion in 2012.⁶ As with other countries, China's trade with India, too, is balanced in its favor. ⁶ India primarily exports raw materials to China, whereas China exports more technological goods that are relatively more expensive. Whether the growth in their trading relationship means closer ties between the two countries remains to be seen.

While the U.S. would like India to be its strategic partner in the Indo-Asia-Pacific region, U.S. policymakers worry that it is not a reliable supporter.⁷ In the past, India followed a nonaligned path, and today it aspires to become a global power. As a result, U.S. government leaders worry whether its prior stance and current ambitions will "allow India to develop a truly strategic partnership with the United States".⁷

India is also concerned about the reliability of the U.S. as a strategic partner.⁸ A Center for Strategic and International Studies report notes the existence of "cynicism in India regarding partnership with the United States on security matters".⁹ Some in India believe that the United States might choose China as its main strategic partner because of their "economic relationship," a "too-cozy Sino-U.S. relationship" that Indian policymakers contend would be a exclude India. ⁷ A report from Brookings states that China takes India more seriously because of the presence of the United States.⁷

Although trade between the United States and India has fluctuated somewhat over time, it has been growing since 1985, with the United States experiencing a trade deficit with India. ¹⁰ In 2017 their bilateral trade amounted to \$126.2 billion, according to the office of the United States Trade Representative.¹¹

The Trump administration has expressed concern about this trade deficit, just as it has about the U.S. trade deficit with China. In fact, President Trump brought up the subject of trade deficits in his recent phone call with Prime Minister Narendra Modi.¹² In an effort to reduce this

trade imbalance, the Trump administration “slapped tariffs on imports of steel and aluminum from India.” So far Modi has not retaliated as yet.¹²

Whether the Trump administration will take further action on U.S. trade deficits with India or embark on a trade war with that country is not likely because the U.S. needs it to serve a strategic partner in the Indo-Asia-Pacific region. That may explain why the U.S. grants India privileges to India in its Generalized System of Preferences.⁴⁷ By contrast, the U.S. has attempted to address its trade deficits with China by engaging in a trade war. In 2017 the U.S. trade deficit with China was \$375 billion.¹³

Trade Tension in South Asia

The South Asian Association for Regional Cooperation or SAARC is an intergovernmental organization designed to promote economic cooperation among its members. Established in 1985, SAARC members include Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka.^{15 16} Its member nations have sought to reduce regulations within South Asia to promote intra-regional trade. Together SAARC countries account for “21 percent of the total world production, 3 percent of the world area, and 3.8 percent of the world GDP.”¹⁷ Since 1970s, the average GDP growth rate of SAARC region has been relatively high.¹⁷ Even during the financial crisis, the region maintained an average GDP growth of 5.4%. In 2015 the average GDP growth in the region was 7.5%.¹⁷ Additionally, the exports CAGR (compound annual growth of rate) of SAARC countries have been growing. Except for Nepal and Sri Lanka, the SAARC nations have experienced “double digit growth of exports.”¹⁷

As the following table shows, SAARC has facilitated regional trade and economic cooperation, and that trade openness has been steadily growing.¹⁷

Table 4: Trade Openness in SAARC Countries

Country	1970	1980	1990	2000	2010
Bangladesh	20.8	23.38	19.65	33.21	54.5
Bhutan	...	51.35	57.48	82.47	92.41
India	7.5	15.11	15.24	26.54	54.48
Maldives	...	358.66	168.08	161.09	223.99
Nepal	13.2	30.27	32.19	55.71	41.7
Pakistan	22.4	36.59	38.9	28.13	33.38
Sri Lanka	54.05	87.01	68.24	88.63	60.67

Source: World Development Indicators, World Bank Report, 2016

So has SAARC's share of world trade, from 0.72 in 1980 to 4.5% in 2015.¹⁷ Intra-regional group trade has also increased, from 5.1% in 1960 to 7.6% in 2015 as the table below shows.¹⁷

Table 6: Intra-regional Group Trade (per cent)

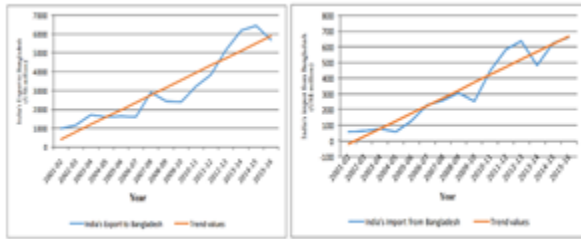
Region	1960	1970	1980	1990	2000	2010	2015
APEC	47.1	57.4	57.3	68.1	72.5	64.3	65.2
APTA	1.56	1.97	2.28	3.7	7.1	14.06	16.4
MERCOSUR	7.5	9.3	9.8	11.0	20.1	15.1	15.5
ASEAN	12.8	22.4	15.9	17.2	22.4	24.3	21.9
EU	51.8	61.8	61.9	67.4	68.2	65.3	67.4
NAFTA	30.42	36.1	33	37.2	46.8	39.2	46.4
SAARC	5.1	3.2	3.5	2.7	4.5	4.6	7.6

Source: United Nations Conference on Trade and Development Report, 2015

Although SAARC and the South Asian Free Trade Area have led to a reduction in regional trade regulation, economic growth, and a larger share of international trade, the region has also been impacted by the actions of the U.S. and China, as well as other major economic powers such as Japan.¹⁴ The economic growth of SAARC nations is also shaped by other stakeholders in the region such as Australia and the European Union.

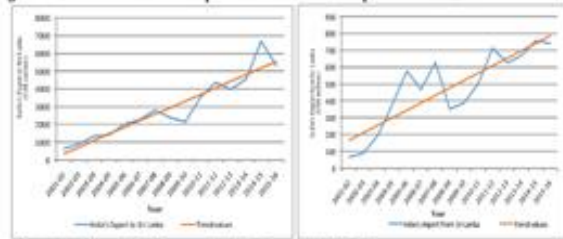
India, China, and the United States are especially critical in shaping the future of trade relations in the region. India has removed some barriers and reduced tariff rates for other SAARC nations and has also taken steps to "promote exports through the multilateral and bilateral initiatives".¹⁴ As the three figures below show, India's trade with neighboring Bangladesh, Sri Lanka, and Nepal have increased.¹⁴ However, there are different trade relations with India, and other membership countries.¹⁴ India's trade with Pakistan, on the other hand, has fluctuated because of changing diplomatic and political relations between the two nations.¹⁸

Figure- 1: Trend line of India's Export to Bangladesh and Import from Bangladesh



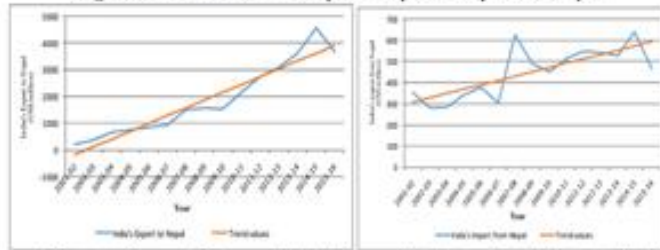
Source: Directorate General of Commercial Intelligence and Statistics

Figure-3: Trend line of India's Export to Sri Lanka and Import from Sri Lanka



Source: Directorate General of Commercial Intelligence and Statistics

Figure-2: Trend line of India's Export to Nepal and Import from Nepal



Source: Directorate General of Commercial Intelligence and Statistics Note: 1) Data for 2015-16 are provisional. 2) Fitted a Linear trend by using the Least square method.

China recently attempted to join SAARC in order to expand its regional influence and enhance its role in the region.¹⁹ Its membership was also aimed at promoting greater economic and regional cooperation and integration.¹⁶ And it would have led to an increase in multilateral trade between China and SAARC states.¹⁹ The tables below, produced by the SAARC Group on Statistics, indicate huge increases in Chinese imports into SAARC states, as well as in SAARC exports that rose from \$4473.82 billion in 2004 to \$13629.79 billion in 2012.^{20 21}

Inter SAARC Imports from Partner Countries

Search

USA 2004 2013 Search

Export to Excel

*All values are in million US dollars

Country	Partner	2004	2005	2006	2007	2008	2009	2010	2011
SAARC	USA	8,262,437	10,483,844	13,919,532	17,777,809	21,278,934	17,790,464	17,912,958	20,540,216
Alghanistan	USA						44,539	18,481	90,698
Bangladesh	USA	344,849	431,284	484,888	634,645				
Bhutan	USA	1,864	2,624	1,858	1,947	2,123	3,370	2,733	
India	USA	5,943,637	8,306,626	11,371,476	14,206,862	19,074,308	15,698,430	16,616,349	18,919,440
Maldives	USA	8,497	8,482	34,966	22,386	22,080	301,284	248,450	411,974
Nepal	USA						49,481	73,949	61,387
Pakistan	USA	1,752,602	1,939,928	1,852,895	2,607,843	3,061,849	1,184,974	1,449,583	1,172,844
Sri Lanka	USA	239,630	293,442	390,044	232,396	208,396	309,414	152,679	188,882

Note: The SAARC Trade data may be incomplete where Trade data are not available from all eight SAARC countries.

Inter SAARC Exports to Partner Countries

Search

USA 2004 2013 Search

Export to Excel

*All values are in million US dollars

Country	Partner	2004	2005	2006	2007	2008	2009	2010	2011
SAARC	USA	20,004,314	24,797,037	27,816,999	35,889,866	45,291,423	42,947,928	42,447,040	44,474,799
Alghanistan	USA					2,137	17,518	3,663	5,501
Bangladesh	USA	1,919,381	1,666,091	3,179,444	2,574,047				
Bhutan	USA	0,0867	0,0331	0,3772	0,3487	0,2067	0,1661	0,1077	
India	USA	13,919,380	16,617,749	18,311,938	19,274,204	20,966,246	18,903,320	20,446,950	19,912,346
Maldives	USA	23,293	4,3892	1,0863	1,2475	1,347	5,6033	5,4081	16,4712
Nepal	USA					53,9894	31,6310	70,2821	
Pakistan	USA	3,022,108	2,979,484	4,343,457	3,953,4074	3,653,9533	3,000,1323	2,438,5024	2,512,8929
Sri Lanka	USA	1,866,5903	1,685,2309	2,002,3703	1,077,6791	1,003,4912	1,015,9057	1,096,4988	1,799,6797

Note: The SAARC Trade data may be incomplete where Trade data are not available from all eight SAARC countries.

U.S. Interests

A quarter of the world's population resides in South Asia, and it is economically one of the fastest growing regions in the world. The U.S. has interests in South Asia but primarily in three

countries: India, Pakistan, and Afghanistan. It is especially focused on India which it would like to develop into a major partner in its Indo-Asia-Pacific strategy that is partly aimed at countering China's growing presence in the region and the wider world.

China's expanding prominence in South Asia is evidenced by the considerable trade it has developed with SAARC nations. Whereas SAARC exports to the United States increased from \$20,104.51 billion in 2004 to \$24,414.56 billion in 2011, its export to China grew from \$4,473.82 billion in 2004 to 4,7140.64 in 2011.²¹

Even as the Trump administration has sought to deepen and widen the U.S. relationship with India, it has pursued protectionist policies that may impede closer ties with that country. Those policies have also pushed China and India closer,⁸ as evidenced by events in 2018 when China sought the cooperation of India after the U.S. imposed tariffs on Chinese goods valued at \$200 billion. For both countries are hurt by protectionist trade policies, so would the European Union states.⁸

The current trade wars are contradictory and ironic. Although the U.S. is keen to have India become a strategic partner, its tariff policies have pushed India and China who are "old enemies together and create[d] a new geopolitical landscape."⁸ The U.S. would also benefit from increasing its trade with SAARC and having more of a presence across the entire South Asia region.

The U.S. has two major options in South Asia:

- Encourage India to expand its regional influence in the South Asia region, which is one of the fastest growing regions in the world. India's expanded presence will limit and counter China, which is increasingly seeking a more active role in the region, including by becoming a member of SAARC.¹⁹ India has not encouraged China's attempt to gain membership. U.S. policies during the Bush and Obama administrations recognized the centrality of India in the region.²² The Trump administration should also do that and resolve trade and tariff issues that have created differences with India and common cause between India and China.
- Develop trade policies to increase U.S. influence in South Asia. That means increasing the U.S. share of trade with SAARC states that currently rely heavily on China. ²³ SAARC

exports to China increased from \$4473.82 billion to 47140.64 billion between 2004 and 2011, and to the U.S. from \$20104.51 billion to \$24414.56 billion in that same time period.^{20 21}

A mixture of the two options is best. The United States cannot depend entirely on India to grow its influence in South Asia. It has to help itself as well by becoming more actively involved with SAARC states, particularly through developing trade relationships. An enhanced U.S. presence will counter the rising prominence of China in the region and worldwide.

Belt and Road Initiative Looking West

Dylan Curran

The Trump administration's approach to South-Asia has been defined by a free and open Indo-Asia-Pacific strategy, in which countries are free from coercion and open to participation on the international playing field. As stated, this approach places India as a counterweight to the growing regional influence of China within Asia and the broader global stage. The United States has been involved in investment, peacemaking and government formation efforts within South Asia, particularly Pakistan and Afghanistan, for nearly two decades. As the United States transitions into an Indo-centric strategy, these countries continue to play a major role, as powerful and impactful players in the South Asian region. Pakistan's geographic location in the region is pivotal as a connector to the Indian Ocean and as a staunch barrier to India's influence west of its border. Expansionist investments within countries like Pakistan, help China consolidate power further west into the Asian heartland at the strategic expense of India. These investments under China's Belt and Road Initiative (BRI) are in direct opposition to the free and open ideals of the United States within the Indo-Asia-Pacific, as China looks to out-manuever India through projects that would expand both its maritime and geopolitical influence. The China-Pakistan Economic Corridor (CPEC) allows China to build its foothold in the Indian Ocean via the Gwadar Port on the southern coast of Pakistan. The corridor provides China with land route access to the port, which in turn allows China access to Middle Eastern energy supplies, all the while ending its reliance on shipping through the Malacca Strait in the Eastern Indian Ocean. China is effectively strangling India's influence as a regional player through the so-called 'string of pearls' projects which includes CPEC as a way to isolate India and resultantly, the United States aspirations for a free and open Indo-Asia-Pacific.

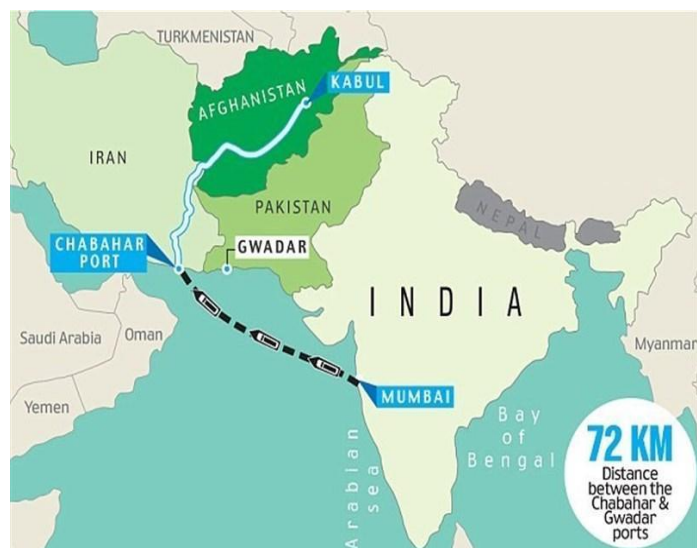
China and Pakistan have fostered a deep economic relationship for over sixty years, signified by weapons deals and infrastructure projects; the China-Pakistan Economic Corridor is a continuation of this relationship and the flagship of China's Belt and Road Initiative. The \$62-billion collection of projects was established in 2013 between the two nations as an effort by China to further the two's partnership while gaining a strategic foothold in South Asia. The corridor has served the purpose of modernizing Pakistan's economic infrastructure while

establishing a land-to-sea route from Kashgar on China's far western border, to Pakistan's southern coast ¹. The recently completed Karakoram highway spans this distance, and it, along with the pipelines and power plants that dot the route, make up \$60 billion of the CPEC investment. The Gwadar Port, at the end of the route capping off the corridor, functions as a strategically located port of access to the western Indian ocean.

On the surface, CPEC appears to be a well-intentioned deal between two neighboring states vying for bilateral economic growth and cooperation. To a degree, this is a fair evaluation as Pakistan stands to modernize its energy and transport sectors through the corridor, along with the promise of employment by said projects. However, the nature of the deal may prove to benefit Chinese regional aspirations within South Asia at the expense of Pakistani self-determination and overall regional security. The state-owned China Overseas Port Holding Company (COPH) is the primary developer at Gwadar and has locked into a 40-year lease of the port with Pakistan. COPH will receive 91% of revenue from port operations, along with similar figures from the free economic zone that has been created ¹. Of the 2 million jobs promised by 2030 under CPEC, only 70,000 have come, primarily filled by Chinese workers. China states that these will be filled by Pakistanis in the long term as worker education improves, but domestic labor shortages which have driven projects like CPEC by China may make this transition impassable ². Expectedly, critics have cited the potential debt trap Pakistan may be entering into. With billions in debt accruing, Pakistan hopes to respond with repayments via increased tolling and economic output as a result of the economic corridor ³. Such large-scale investments signal that economic growth in Pakistan is likely to come with Gwadar as the driver and entry point of the country's new infrastructure projects. However, within the larger scale of Chinese strategic ambitions, Gwadar represents an important foothold in what some refer to euphemistically as the "string of pearls." The geopolitical necklace described, seeks to isolate India through a surrounding of Chinese controlled port operations such as Kyaukpyu in Myanmar and Hambantota in Sri Lanka. The bilateral partnerships in South Asia stand in opposition to the United States' Indo-Asia-Pacific strategy as well as growing Indian influence. India has recognized the implications that CPEC has on furthering China's consolidation of power in South Asia, resultantly, as the next largest regional power, India is taking steps to curve this consolidation.

72 kilometers from Gwadar, Iran's Chabahar port sits at the epicenter of a new game of influence being waged in South Asia by India and China ⁴. Modern expansions to Iran's port are being developed by an Indian state-run firm, Indian Ports Global Private Limited, as part of a string of investments between the two since the nineties at this location. Unlike China's full control over Gwadar, India's commitment is linked to two berths at the site under an 18-month lease ⁴. While India's involvement in Chabahar by no means matches the scale of investment by China in Pakistan, the outcome could be a move to reduce the influence that China may wield via the BRI within neighboring states of India.

Chabahar has been a stepping stone for India in creating trilateral cooperation between itself, Iran, and Afghanistan in addition to averting the geographical bottleneck that Pakistan presents to Indian-Afghan relations (graphic to the right ⁵). The trilateral transit agreement signed by the three cooperating countries in 2016 allows Indian projection to penetrate into the



Asian heartland. This agreement has been bolstered by the \$1.6 billion railway line to Iran's border city Zahedan from the port, built by the same state-run Indian firm ⁴. This recent move is without a doubt India's answer to China's action within Pakistan. India and China did propose a joint economic project in Afghanistan during last year's Wuhan Summit between Xi Jinping and Modi, but little has been made of it so far ⁶. The potential developing power vacuum within Afghanistan has allowed India to up its role as a regional partner in the face of expanding Chinese influence and control. Outside of Pakistan, China is working to consolidate its power further. Due to sanctions by Western nations, China has recently stepped in as Iran's largest investor, perhaps limiting Indian influence ⁷. However, India's involvement at Chabahar is indeed a valuable foothold and step towards inclusive involvement when it comes to matching China's expanding aspirations for regional supremacy.

The United States' main interest is to prevent one hegemon from arising within Asia in order to hold onto economic, and political access and influence which it has enjoyed via the invitation of countries to engage in the principles reflected by the Indo-Asia-Pacific strategy ⁸. India's push for a trilateral partnership vis-à-vis Afghanistan and Iran, signals a greater commitment to the free and inclusive principles the United States envisions for South Asia. China's consistent pattern of expansionist bilateral agreements are against the Indo-Asia-Pacific strategy, counter to the free and open ideals found with multilateral cooperation. The United States' history of involvement within Afghanistan and Pakistan places even more importance on pushing these principles, as India and China vie for influence through investment projects like CPEC and Chabahar. If the United States is to pull out of Afghanistan as signaled by recent developments, leveraging India to step in as a partner would be in the United States best interest.

Both India and the United States still maintain vastly important and close bilateral ties to China, therefore direct provocation would be detrimental to all parties involved. India is by no means the United States closest ally and is in no way bound to U.S. strategic interests, but it suffices to say both countries would like to limit China's ascension to a regional superpower. By providing more non-reciprocal advantages in trade and investment to smaller countries, India can not only gain the favor of these nations, but advance the pursuit of free and inclusive partnerships in South Asia ⁹. It is in India's interest to continue working with the United States as viewed through the lens of Chabahar. In this example, the State Department provided sanction waivers for New Dehli to build the Railway to Zahedan in November 2018 ¹⁰.

Xi Jinping stated in 2017 that China "lacks the gene" that traditional great powers have wielded in their own quests for hegemony. When examining examples such as Pakistan, it is clear that China hopes to wield influence over other states in order to set Chinese-designed rules and scaffolding within these countries. China views CPEC as the flagship project under the BRI along with being a vessel for mutual benefit and security assurance. China's interests seem to lie exclusively in furthering the bilateral partnerships created under the BRI. Projections of power and influence of this scale should not go unanswered by the U.S., as more nations begin to experience the effects of expanding Chinese presence that may threaten or compromise the recipient nation's security or interests. Much like India and the United States, China enjoys the

fruits of its relationships with these two as its largest export partners. Unapologetically, the BRI looks to increase the number of countries reliant on Chinese investment and import, spelling trouble for those who look to limit Chinese projection.

The United States has several options to consider when approaching Chinese actions under the Belt and Road Initiative.

- Encourage India to continue expanding its influence through multilateral relationships within South Asia as a counter to Chinese growth, such as the bilateral and double-edged relationships viewed akin to CPEC in Pakistan.
- Take a more proactive role in limiting China's ability to expand its influence within South Asian countries which may tip the balance of power steeply within in its favor in the South Asian region. Engaging in multilateral talks, naval presence, or continued reduced sanctions in areas where India looks to expand its influence are effective strategies.
 - The United States and India both recognize that no actions should be taken to provoke China. Rather, they should prioritize small-nation relationships that align with the free and open principles of the Indo-Asia-Pacific Strategy.
 - Pressing India too hard to take this course may be interpreted negatively by South Asian countries, including India, as it becomes more self-sufficient as a regional power.
- Continue a small involvement of U.S. troops in Afghanistan as India builds its reputation as a partner to Afghanistan and mediator of the Chinese expansion into this region.
 - This option is very unlikely due to the ramping up of U.S. intentions to remove military presence from this region. Continued Military presence may exacerbate existing issues within Afghanistan as it transitions between its own leadership and outside relations.

Belt and Road Initiative Looking East

Kyle Van Vleet

China's One Belt One Road Initiative (BRI) is an ambitious, trillion-dollar economic infrastructure investment strategy that aims at connecting and directing all forms of trade throughout the Middle East, Africa, Europe, and Asia together, with Beijing at the center. China has already invested billions of dollars into Indo-Asian countries to build ports, pipelines, roads, and railroads. These projects aim to integrate countries through China's trade networks, all the while gaining more via the projects of the initiative. Many of these countries over-reach their financial limitations while incurring substantial amounts of debt to China in order to finance these infrastructure projects. Controlling these countries debts further broadens China's sphere of influence, opposing the United State's ideals of free governance¹.

India is one of the few countries in the region that has not participated in China's One Belt One Road Initiative. This is due in part to what political and economic theorists call China's "String of Pearls", meant to cut India out of the global trade network. This is China's collection of military and economic ports, bases, and stations that surround India. These points of operation are located in Africa, Pakistan, the Maldives, Sri Lanka, Bangladesh, Myanmar, Indonesia, Malaysia as well as many of the most heavily trafficked maritime straits in the world. If the United States is to continue its goals of ensuring political and economic freedom in the region it needs to increase its relationship with India and develop strong, strategic ties with the nation.

Malaysia

China's One Belt One Road Initiative has invested billions of dollars into Malaysian infrastructure projects in recent years. This is due to Malaysia's strategic geographical positioning along the Strait of Malacca. The Strait of Malacca is the busiest shipping lane in world, connecting Asia with India, Africa, and Europe. As the fastest shipping route to and from the East, nearly $\frac{1}{3}$ of all global trade, 60% of all Chinese exports, and 80% of all Chinese imports pass through the waterway². Within Malaysia, China planned on building two deep water ports, the Port of Klang, and the Port of Malacca. The Port Klang project was a deep-water port project meant to be coupled with a 688-kilometer, \$20 billion railway that would connect the Strait of Malacca with

the South China Sea. This project was ultimately canceled in mid-2018 due to costs increasing by more than 50%.³ While the Port of Klang project was cancelled in mid-2018, China overcame its final major obstacle for the Port of Malacca in September of 2018. At this time, China was given approval from the Malaysian Government to complete the \$10 billion project estimated to be completed in 2025.⁴

Myanmar

In Myanmar, China has invested billions of dollars into three main projects: the Kyaukpyu Port Project, Shwe Gas Project, and the Coco Islands. The seven-billion-dollar Kyaukpyu Port Project was originally meant to turn Kyaukpyu Port into a deep-water port with supporting infrastructure. The project was then cut significantly to just over one-billion-dollars in August of 2018. Once completed, this port will be capable of docking the largest tankers in the world and quickly transferring its contents to and from the Shwe Pipeline⁵. Finished in April of 2017, the Shwe Gas Project was a two-billion-dollar, 2400 km pipeline that connects the Port of Kyaukpyu in Myanmar with China. Along with the pipeline, this project also created twelve wells, each producing 70 million cubic feet of natural gas a day. The final point of interest in Myanmar is the Coco Islands⁶. These islands play a key role for global sea trade between the Bay of Bengal and Strait of Malacca. In addition to lying right on a major trade route, the Coco Islands offer strategic military value. Since 1992, China has used the islands as an electronic military installation. The geographic positioning of the islands gives China the ability to monitor India. More recently, China has erected larger military bases on the islands to increase the strength of the “String of Pearls” around India.⁷

Bangladesh

China has lobbied for multiple BRI infrastructure projects within Bangladesh without much success. The first major project it pushed for was the Sonadia Port Project in Chittagong. The Port of Chittagong was already one of the busiest ports on the Bay of Bengal, and with a large amount of Chinese goods already flowing through it, China planned on building a new, eight-billion dollar port in Sondai. However, this fell through in early 2016 due to the Port of Matarbari Project⁸. The Port of Matarbari Project is a port and power plant project sponsored by Japan.

Infrastructure wise, this project is very similar to many of the other Chinese backed projects; build deep-sea ports with surrounding infrastructure to accommodate the scale of global trade. What made the Japanese project more attractive was its financial structure. The Japanese offered more lenient terms on their four-billion-dollar investment loan: a ten-year grace period and 0.1% interest over 30 years.

The final major project China pushed for in Bangladesh was the Payra Port Project. Originally awarded to China, this project aimed at expanding the Port of Payra. However, after multiple countries voiced interest in the project, the entire project was reconstructed. The new project now included investments from ten different countries including the United States, China, India, and the United Kingdom. This new structure allows for these ten countries to split the \$15.5 billion project cost as well as mutually oversee the construction, completion, and operation of the port.

Sri Lanka

When the One Belt One Road Initiative was first announced, the Sri Lankan government, led by President Rajapaksa, fully supported the infrastructure projects the Chinese were pushing for. With Rajapaksa as President of Sri Lanka, China secured a port development project in the City of Hambantota in South-East Sri Lanka. However, when Rajapaksa was unable to win another term in 2015, Maithripala Sirisena became president. Under Sirisena's leadership, Sri Lanka distanced itself from China and began to cultivate a stronger relationship with India. During this time, it also became evident that Sri Lanka would be unable to pay back its loan to China for the Port of Hambantota. To pay back its debt's Sri Lanka negotiated a 99-year lease for the Port of Hambantota as well as an additional 15-thousand acres of land. Moving forward Sri Lanka seems apprehensive to facilitate similar economic activities with China.¹⁰ In 2018, Foreign Minister Sarath Amunugama stated that, "No Chinese submarines can dock here. Sri Lanka will protect its sovereignty. Just because we take loans from China does not mean we will subscribe to their strategic interest"¹¹. This quote seems to emulate the rest of the Sri Lankan governments feelings on China and any future investment or military projects within the country.

The United States has two main interests within the Indo-Asia-Pacific Region: trade and sovereignty. Trade is the backbone to the global economy, without the ability for countries to

freely trade their goods the global economy would crumble. As stated in President Trump's Indo-Asia-Pacific Strategy, one of the main goals is to ensure free trade. As the manufacturing center for the world as well containing many of the most heavily trafficked trade routes in the world within the region, ensuring these countries are able to freely move their goods and resources is vital to maintaining efficiency in the global markets. In respect to the United States individual interests, the United States engages in over \$275 billion worth of trade with ASEAN countries each year.¹² Being so strongly linked economically to the region, it is imperative to maintain free trade. Additionally, as many of the countries in the region are still developing, being free from foreign influence over its trade will allow them to create sustainable growth. China's BRI is set to limit trade by redirecting trade routes through its own economic zones. These massive infrastructure projects continue China's influence over foreign trade and its ability to control the flow of global trade. China's One Belt One Road policy will continue to undermine free trade in the region while limiting US involvement, if nothing is done to counteract it.

The second major interest in the Indo-Asia-Pacific Region is maintaining free governance for all. China's One Belt One Road Initiative seems opposite to the United States stance. The massive infrastructure projects being built are partially funded by the Chinese, allowing them to expand their sphere of influence through financial control. When these projects are negotiated most of the time China or Chinese businesses are given a substantial, if not a majority, ownership stake in the project upon its completion. This has allowed the Chinese to build quasi "Chinese ports" throughout the region. This furthers the relationship countries must have with China, giving China more of an opportunity to expand its influence.

Additionally, the structuring of these projects can create a situation where China has financial leverage over these countries. Many of the BRI infrastructure projects would be unattainable for the countries without foreign investment. China takes advantage of this by offering loans that overextend these countries financially, causing them to incur billions of dollars in debt. Owning another countries debt gives China considerable undue influence over the respective nation. An example of this can be seen in Sri Lanka. When the country was unable to pay back billions in dollars of debt to China it was forced to give up one of its ports and a substantial amount of land. This situation exemplifies how China is able to forcefully expand its

sphere of influence in the Indo-Asia-Pacific Region through its One Belt One Road Initiative. If the United States goal is to promote free governance and for countries to be free from outside influences, then the BRI undermines this by expanding China's aggressive sphere of influence.

The United States has a variety of options when considering its involvement within the Indo-Asian-Pacific Region:

- Continue to support India and the continued development of bi-/multilateral alliances with nations in the region. Support India as it economically stands up to China and the "String of Pearls" it has created. Additionally, forging strong political and economic relationships with neighboring countries reduces China's Sphere of Influence. Creating economic and political ties, as well as investing in developing countries infrastructure will lessen the reliance on Chinese developmental aid.
- The US takes an aggressive, formal stance, on China's expansionary policy. This would include directly investing and confronting Chinese companies, projects, agencies, and bases in the region. The goal in this option would be to reduce Chinese influence by strengthening the United States' presence in the region
 - Part of this option would include implementing economic sanctions against China and Chinese companies as well as a possible trade war

After addressing the United States' options in the Indo-Asia Pacific region we recommend that the United States continue its role as a staunch advisor and guaranteeing force of the free and open policies they hope to see in the Indo-Pacific. The United States can leverage India to continue expanding its influence through cooperation on projects such as the Gwadar Port in accordance with Iran and Afghanistan or in eastern South Asia where China's power is projected further. This will require the United States to compromise on some stances such as sanctions or government alignments in order to allow India to continue these pursuits. A free and open Indo-Asian-Pacific is impossible in the presence of a hegemonic influencer, which is the path China may be headed down. India has proved it is willing to press for the shared aspirations of the United States in its Indo-Pacific approach. Following in accordance to this cooperation is in the United States best interest.

Additionally, the United States should work to strengthen its relationship with India and work to create multilateral agreements between countries in the region. Instead of being the main “mover” the US should work alongside India to reach these goals. In addition to India, the US should also involve QUAD countries like Japan and Australia into the negotiations. These are two strong (developed countries) US allies in the region that will be important to ensuring support in the region. Similar to the Payra Port Project and Matarbari Port Project, the United States should encourage other developed nations to invest in infrastructure projects around the region. This will give the developing countries in the region more options than just China when looking for investments to build these projects.

U.S. – Japan Partnership in Infrastructure Development in the Indo-Asia-Pacific

Megumi Quick

The tremendous infrastructure deficit in the Indo-Asia-Pacific region provides an immense opportunity for foreign businesses to create local and foreign employment opportunities. China's Belt and Road Initiative is said to have invested \$340 billion during 2014-2017 according to the American Enterprise Institute and Heritage Chinese Global Investment Tracker.¹ The U.S., Australia, and Japan have recently joined forces to enhance foreign investment in the private infrastructure sector to finance various infrastructure projects that are underway as well as improving the quality of infrastructure development. As a long-established developer of regional infrastructure in Asia, Japan is especially critical of the Belt and Road Initiative as insufficient in meeting high standards of long-term economic benefits, transparency, and mutual benefits.

The Belt and Road Initiative is widely promoted around the globe and often overshadows the recent initiatives taken by Japan. However, Japan's "Partnership for Quality Infrastructure Initiative" oversees \$200 billion focused closely in the South Pacific which cannot be overlooked.² This initiative seeks to provide a competitive alternative to the Belt and Road by putting an emphasis on "high-quality infrastructure" that contributes to the local society and economy. Current infrastructure projects under Japan shows an emphasis on soft infrastructure, human resource development, and cooperation with local governments and corporations which is key to sustainable long-term development. The U.S. should further develop local workforce through cooperation with long-term allies such as Japan to provide a strong alternative to China's Belt and Road.

The BUILD Act and MOU

In November 2018, Vice President Pence announced a renewed investment of \$60 billion in the Indo-Asia-Pacific as a means to finance private development projects.³ While this act represents the U.S.' commitment to being a trustworthy member of the QUAD as well as a partner to the Indo-Asia-Pacific countries, the amount of investment seems small compared to China's tremendous initiative that spent \$60 billion on projects in Pakistan alone.¹ Furthermore,

most of the U.S. government's foreign development financing comes from the private sector. Looking solely at the total investment, the sheer magnitudes of the two initiatives are unmatched. It is clear that collaboration with other like-minded states is necessary to truly compete with the Belt and Road.

Consecutively in November 2018, the U.S. Overseas Private Investment Corporation, Japan Bank for International Cooperation, the Government of Australia, and the Japan Bank signed a trilateral partnership (MOU) to collaborate on financing the most urgent development objectives such as the enhancement of connectivity, promotion of women's economic empowerment, and infrastructure development.⁴ The joint statement makes clear the intention to work with the governments of the Indo-Asia-Pacific to identify infrastructure projects for potential development and financing while adhering to international standards and principles for development.⁵ Japan has played a leading role in promoting sustainable infrastructure development in the last five decades, and the U.S. is strengthening its partnership with the Quad to join Japan in the leadership role of infrastructure development in the Indo-Asia-Pacific.

Japan's Role in Infrastructure Development

Japan has played a significant role in directing and financing development projects in the Indo-Asia-Pacific tracing back to the 1960s. Japan provides significant government-supported infrastructure assistance through yen loans and corporate collaborations. Japan's investments in the Indo-Asia-Pacific region in the past five decades include a bilateral gross Official Development Assistance of \$320 billion, \$200 billion in FDI stock in ASEAN countries, 168,000 experts and 51,000 volunteers dispatched, and 610,000 trainees studying in Japan.⁶

Japan's Ministry of Foreign Affairs states the pursuit of economic prosperity as one of the three pillars of Japan's efforts to "realize a free and open Indo-Pacific" which includes physical connectivity through quality infrastructure and people-to-people connectivity through education and training.⁷

Japan's intention to compete with China's Belt and Road Initiative is clear. Japan's economic assistance in the Indo-Asia-Pacific became a full-fledged endeavor with the announcement of the "Partnership for Quality Infrastructure Initiative". This was a strategic

response to 57 countries participating in the establishment of the Asian Infrastructure Investment Bank led by Beijing in the previous month.⁸

Japan argues that its investment activities in the name of “Partnership for Quality Infrastructure Initiative” is qualitatively different than that of the Belt and Road by focusing on sustainability and transparency. Cooperation with local companies, human resource development, and technology transfer that meets the needs of the local community are what characterize these projects as effectively sustainable. Japan has many projects in progress to promote “high-quality infrastructure”. These include the Mumbai-Ahmedabad High-Speed Railway Project, Development of the Mekong Region, and Port and power stations in Matarbari, Bangladesh.⁶

Indeed, Japan has a competitive advantage for financing infrastructure building. The Japanese government has commenced joint activities with multilateral development banks such as the Asian Development Bank, the World Bank, and the Inter-American Development Bank.⁹ Collaboration with various development banks enables Japan to use Official Development Assistance as a way to facilitate public-private partnerships to provide quality infrastructure projects.

The next sections will introduce the most notable Japanese-led projects that are in progress.



Mumbai-Ahmedabad High-Speed Railway Project

This high-speed railway project has been underway through yen loans and direct investment from Japan. It will connect India's largest city Mumbai with Ahmedabad, a prospering commercial and financial center. 80% of the total construction cost will be financed by development assistance in the form of yen loans, and it is predicted that the travel time from Mumbai to Ahmedabad will be reduced from 7 hours to 2 hours by incorporating Japanese bullet train technology.⁶ Initial procedures such as land acquisition notices as well as identifying the route are done, and the completion is planned to be in 2023.¹⁰

Technology transfer is taking place through human resource development. The human resource development aspect of this project includes the construction of a training institute in India as well as providing training for personnel in Japan's Ministry of Railways and the High-Speed Railway Project.⁶ The "Make in India" initiative launched by the Indian Government in 2014 encourages manufacturing in India. As a response, Japanese companies in this project are acting as the main contractors of the Indian companies to execute a technology transfer necessary for the construction and operation of the High-Speed Railway.

Development of the Mekong Region

Japan is developing new roads, bridges, and ports at a rapid pace along the Mekong Region to work as a bridge between the Indian and Pacific Oceans. Within the Southern Economic Corridor, the improvement of National Road No.5 crossing Cambodia and the construction of a highway crossing Southern Vietnam will double traffic volume and reduce travel time by half in both areas. In the East-West Economic Corridor, the construction of roads and bridges will reduce travel time from 4.5 hours to 2 hours between 2 cities located in Southeast Myanmar, and improvements to bridges located in the Central Lao PDR will double traffic volume.⁶

Soft infrastructure is under development as well. The introduction of electronic customs clearance system in Vietnam and Myanmar has reduced processing time from 15 minutes to 1-3 seconds. Additionally, Japan Centers for Human Resource Development have trained 17,150 people since 2015 to promote universalization of business practice.⁶ The Japan-Mekong Connectivity Forum with approximately 130 participants from both the public and private sectors

was launched to facilitate discussions on prospects and challenges in the development of the two corridors.

Japan's Shift Toward Cooperation with Belt and Road

While Japan initially expressed reluctance to the concept of the One Belt One Road, it is important to note that there is significant potential for Japan-China cooperation for development in the Indo-Asia-Pacific as interests overlap in certain conditions.

In June 2017, Prime Minister Abe remarked in his speech in Tokyo that Japan will extend cooperation with One Belt One Road under the condition that the infrastructure is publicly accessible and, “economically viable and to be financed by debt that can be repaid, and not to harm the soundness of the debtor nation’s finances”.¹¹

Thailand’s railway project is one of the first projects the two countries are collaborating on. A high-speed railway will connect three of Thailand’s most prominent airports: Don Muang, Suvarnabhumi, and U-Tapao.¹² Through collaboration with China, Japan is able to diversify their approach to infrastructure, further strengthen their presence, and also share the tremendous costs of development projects. The Collaboration is also seen as a way to improve their bilateral relationship, “Including a resumption of high-level visits and a winding down of existing tensions in the East and South China Seas”.¹³

U.S. Interests

Senior Vice President for Asia and Japan Chair at the Center for Strategic and International Studies Michael Green argues that states that have greater transparency, freedom of the press, legislative accountability, and rule-of-law will be more resistant to bribery, coercion, and subjugation and will insist on higher quality infrastructure.¹⁴ Our goal is not to stop China’s infrastructure investment, but instead to keep healthy pressure on Beijing to conform with established international norms.

As mentioned in the last chapter, the Belt and Road is based on vague future promises that do not always serve the local community well. Providing an alternative that compensates for those shortcomings will allow for the U.S. to be competitive in development assistance.

Therefore, the interest is not to compete directly with China's Belt and Road Initiative, but rather to offer a more sustainable alternative by encouraging private-sector investment. The human resources and technology trade aspect of Japan's strategy provides the region with a stronger workforce with long term economic growth.

Partnering with Japan in infrastructure will allow the U.S. to join forces with a long-term ally that is also in a strategic competition with China. Japan has a long history in promoting development in the Indo-Asia-Pacific and has ongoing development projects that encourage sustainable growth. Competing against China's large-scale investment is difficult on our own, but possible with the assistance of partner democracies with a common agenda for the region. Thus, U.S. cooperation with Japan and other allies and partners is crucial in creating a Free and Open Indo-Asia-Pacific.

This Task Force recommends the U.S. to:

- Continue to encourage private-sector investment while cooperating with long-term allies such as Japan to achieve sustainable infrastructure development in the Indo-Asia-Pacific by encouraging a multidimensional regional connectivity framework such as human resource development and local partnerships with local governments.
- Establish a joint regional infrastructure project with the Quad countries to facilitate the need to further support the Asian Development Bank and the World Bank
- Create detailed standards for high-quality infrastructure investment and maintain its leadership in the current multinational development agencies to promote sustainable growth by ensuring security, respecting the sovereignty of each country, and providing technology transfer.

The goal is to provide an alternative to the countries drawn to China's economic outreach. Reinforcing the sense of unity with Japan and the remaining QUAD countries is essential to the actualization of the Free and Open Indo-Asia-Pacific.

Section III: Security Challenges and Notable Disputes

This section addresses security-related issues and challenges in South Asia in four chapters. The first chapter addresses the U.S. concerns of military threats and potential violence in South China Sea. As the legitimacy of China's Nine Dashed Line claims called into question, this chapter recommends the U.S. to facilitate multilateral negotiations with China on this regard through establishing a block of nations of interested parties, with possibly making India a key member for its economic and military influence. The second chapter analyzes the Indo-Pakistan relations amid ongoing territorial disputes and recent escalation in confrontation in Kashmir. Considering the complexities surrounding the Kashmir dispute, it is in the interest of the U.S. to follow a low-profile diplomacy on this issue, and to continue working on facilitating bilateral talks, engagement of civil groups, as well as stake-building.

The ongoing tension between India, Pakistan, and China that creates a complex trifecta of nuclear-capable countries requires U.S. security concerns. The third chapter argues that it is in the interest of the U.S. to consider current nuclear policies within the region and to focus on the multifaceted relationships between Pakistan, India, and China to ensure beneficial strategic advancements through the resumption of nuclear confidence building measures. As security and territorial tensions persist between China and its neighbors, China's concentration on enhancing its cyber defense capability has become a concerning issue for the U.S. and its security partners in the Indo-Asia-Pacific, and this will be the focus of the final chapter. India, envisioned as a key player in the region, is particularly worried by China's growing defense capability. India is also particularly vulnerable to targeted cyber-attacks. It is in the interest of the U.S. to strengthen India's defense capability in cyberspace.

South China Sea

Connor Stofa

When China started building islands in the South China Sea the world looked on in a mix of shock, fear, and confusion. It was a brazen attempt to circumvent international law and control the entirety of the South China Sea, one of the world's busiest and most important waterways. China is a rapidly rising global power, seeking regional hegemony in Asia. China has claimed nearly all of the South China Sea. On maps, this claim is depicted as nine dashes, hence the name the Nine-Dash Line. The Nine-Dash Line reaches far past any claim China could make under international law, intersecting with the territorial claims of four other nations in the region, Vietnam, Brunei, Malaysia, and the Philippines. The United States has found China's actions unacceptable¹. China seemingly crossed an additional line when it began militarizing its artificial islands, which it had promised not to do. These islands feature radar installations, reinforced hangers, and airstrips long enough to service China's largest bombers. The military capabilities of these islands could pose a threat to anyone operating in the South China Sea, in a civilian or military capacity. So far, American action has been focused on denying the legitimacy of Chinese claims. The U.S. Navy sails vessels within 12 nautical miles of China's artificial islands. China has threatened these vessels and any aircraft that fly within the airspace that's claimed over the sea. These threats have not escalated into actual violence. Despite these actions, a coherent strategy for permanently countering China's actions in the South China Sea has yet to materialize².

China's claim to the entirety of the South China Sea is based on the claim that it was once a great power and should again be treated as one. Some historical documents have shown China controlling the whole sea, however these mostly come from long past Chinese Dynasties. It sees claiming the sea as a way of asserting its new power. Since the United States' presence in the region has been thinned since losing naval bases in the Philippines³, the Chinese have seen a chance to fill a slight power vacuum. China's growing military capacity has given it the tools needed to assert this influence. Furthermore, its position in the global economic system has made it is nearly impossible to challenge without inflicting collateral damage.

Understanding the dispute and the reasons as to why it is so fraught requires an understanding of international maritime law. The United Nations Convention on the Law of the

Sea dictates maritime boundaries for country. Most nations are party to it, however the US and China are not, though the US generally abides by its principles. The convention highlights the most basic maritime territory limits in part 2 articles 3 and 5. Articles 3 and 5 state that a nation controls the waters 12 nautical miles off its shores from its low water mark. This 12 nautical mile zone is treated as an extension of a nation's territory. It has exclusive rights to the resources in this region and can typically defend it as if it were an extension of its own land, though it isn't quite that simple. Part 5 article 56 and 57 of the convention also are pertinent. They establish exclusive economic zones (EEZs). These are 200 nautical mile zones that a nation can exclusively reap the economic resources of but cannot police as its own territory. If territorial waters or EEZs intersect they are typically split down the middle.

Placing the dispute in the South China Sea in the context of the United Nations Convention on the Law of the Sea reveals the importance of the dispute and the reason for Chinese actions. Should China successfully complete their claims of each disputed island, then the entirety of the sea, including international waters, would fall under control of China via both territorial waters and exclusive economic zones. The fact that the United States isn't party to the Convention on the Law of the Sea only hurts America's standing.

When assessing options in the South China Sea, the idea and risk of war has been floated. While all efforts should be made to resolve matters peacefully, it would be a disservice to the complexity of the dispute to not consider the military capabilities of the United States and China should worst come to worst. The United States has the ability to project military power around the globe. This is in no small part thanks to its "blue water" navy. This means US Navy has the ability to operate offensively all over the world, not just near its shores which wouldn't be possible without its fleet of aircraft carriers. The US maintains 11 active carriers to China's one. These carriers are more advanced than China's. Despite this seemingly decisive advantage, the Chinese have undertaken a series of military improvements that blunt America's abilities in the region. Chinese long-range missiles have grown increasingly accurate and their anti-ship capabilities pose a threat to the US navy in the region. US anti-missile defenses may not be able to keep up with the growing threat. Destroying Chinese missile systems would likely involve striking the Chinese mainland, escalating the conflict. Chinese cyber capabilities are also troubling

since the U.S. Military relies heavily on its ability to gather timely information on the battlefield. Fighting in cyberspace could prove more dangerous than a direct confrontation. In the air, U.S. 4++ generation fighters are considered slightly more capable than their counterparts in China and no country has fielded 5th generation fighters besides the US⁵. Given all of these factors, it can be determined that a conflict over the South China Sea would not be a guaranteed success for the United States. The loss of life and the risks of escalation would be immense. While military options will remain on the table, it is imperative that any action that mitigates the risk of war should be taken.

War is not a desirable option. This still leaves several actions on the table however, it is worth looking at the potential consequences of taking no action beyond what we have thus far. This would involve maintaining freedom of navigation operations and rhetoric against Chinese actions, as well as assuring allies that the United States believes the Chinese claims in the region are illegitimate. It would also mean standing by the opinion given by the Hague. In 2013, the Philippines challenged China in international court, asking for a ruling on the legitimacy of Chinese claims. The court at the Hague sided with the Philippines, declaring Chinese claims and actions illegitimate, specifically citing the Nine Dash Line as illegitimate. Unfortunately, the ruling was largely symbolic. The Hague's decision lacks teeth since China isn't party to the court's decisions. Officials in Beijing immediately called the decision illegitimate and swore to continue actions in the Sea as if the court's ruling had never been made. Regardless, all claimants now have legal ground on which to stand when challenging China⁶.

Maintaining the status quo may still be the easiest solution, relatively speaking. However, it also assumes the situation is stable. The United States and China would likely remain in the standoff. While freedom of navigation operations is effective from a symbolic standpoint, they are risky. China is more apt to challenge these operations by confronting American naval vessels⁷. Obviously one side could choose to open fire on the other, possible leading to war, but more importantly the risk of accident is massively elevated in a close quarters confrontation. Should vessels collide, both China and the United States could react militarily out of sheer panic. This is also true if aircraft were to collide. Our Task Force believes it is vital to consider that the result could be all out war. Minimally, should the United States simply stay the course the dispute will

fester and could begin to affect international affairs between the U.S. and China even further. Taking no further action would likely be seen as a victory by China since the U.S. has “basically ceded the area to China” already. Sea lanes would eventually be subject to Chinese whims, the vast fisheries of the South China Sea would be claimed, and the potential oil and natural gas deposits in the area would almost certainly be exploited by China⁸.

The natural step between war and simply maintaining the status quo is negotiation. Diplomacy is complicated, naturally, and the United States would need a clear strategy going into any sort of negotiation with the Chinese over the South China Sea. This would involve outlining clear and effective policy goals. It also means recognizing the realities around the dispute. One of the most basic truths is that someone will have to claim the disputed islands. Even the artificial islands will require some sort of recognition in any formal negotiation. It is not advisable for the United States to engage in negotiations with unilaterally. The United States is the only country with the political, economic, and military might to stand up to China in unilateral negotiations but doing so would be seen as deciding the territories of countries that are denied a seat at the table⁹. This is unacceptable. If the countries with competing claims tried to negotiate with China unilaterally it is unlikely that they would fare well. Vietnam, the Philippines, Brunei, and Malaysia don't have the military or economic might to challenge China. Each country is intimately tied to China economically. It would be better for these countries to negotiate as a block¹⁰. It is, frankly, the best chance they have of standing up for their own interests. There is a clear opportunity for the United States to for a broad negotiating block. Should these countries band together with the U.S. to defend their interests, China would be in a much weaker position. Furthermore, the United States has the option of expanding this block. It is nearly impossible to find a country without some interest in the outcome of the South China Sea dispute, however some have elevated stake. Indonesia's imports and exports are heavily reliant on access to the South China Sea as are Singapore's. We recommend that the United States should involve India as an equal in this block. Both the Obama and Trump administrations have placed India at the center of their Indo-Asia-Pacific strategies for good reason. Its military is large and capable. Economically it is the only South Asian country remotely comparable to China in Terms of GDP¹¹. Its population is projected to eclipse China's soon, and it is becoming involved in more and more foreign

partnerships, as it is now a major player on the world stage. It's growing middle class is also expanding its consumption, which will likely mean that the country imports more goods. Much of this increase will flow through the South China Sea. A total of 31% of India's trade flows through the sea¹². If the country buys goods from China or the US, they will almost certainly come through the sea. India's stake in the dispute is clear. Involving it in a larger negotiating block would link it more tightly to the US. Furthermore, the inclusion of India in a negotiating block would be overwhelming for the Chinese. Negotiations as a whole would, ideally, (1) decide ownership of all islands, both real and manmade, (2) establish mechanisms to ensure that they are peacefully handed over to their owners, (3) provide a method of policing sovereignty of territory for a certain amount of time, (4) ensure the uninterrupted flow of commerce through the South China Sea, and (5) create oceanic boundaries in accordance with the United Nations Convention on the Law of the Sea.

We strongly recommend that the United States create a block of nations to engage in multilateral negotiations with the Chinese over the South China Sea. This block should include all interested parties. These include the nations with competing claims in the sea, those with large commercial reliance on the sea, and India. India is already at the center of the new Indo-Asia-Pacific strategy. Making it a key member of the negotiating block would only reinforce this status. Its military and economic might is something the Chinese would have to consider in any negotiation. This block would likely have the influence needed to resolve the dispute over the South China Sea peacefully and in a way that leaves all parties better off than before. With that said, the United States must stand ready to step in militarily should China feel that its desire to control the entirety of the South China Sea justifies going to war. In this case the U.S. will be the primary actor. The United States should never shoot first, but if war comes to pass, it will have to rely on allies in the region to help fight off the Chinese and secure open access to the South China Sea for everyone.

The Kashmir Dispute

Sihan Gao

This chapter addresses U.S. foreign policy options regarding Kashmir that is aimed at securing U.S. interests and enhancing its Indo-Asia-Pacific strategy. The long-standing Kashmir conflict between India and Pakistan, in which China has become a minor stakeholder, is professedly a territorial conflict. At its core, however, are additional layers of problems, relating to demographics, religious diversity, history, terrorism, and institutional differences. Both India and Pakistan claim sovereignty over the region, with India's claims based upon the Kashmiri ruler's accession decision in 1947, and Pakistan's claims based upon religious identity and the right of self-determination for Kashmiris that was in accord with the 1948 UN Resolution. Such complexities explain why a definitive resolution of the conflict in Kashmir is difficult although facilitating peace between the two countries over Kashmir may be possible in the short run.



Officially referred to as Jammu and Kashmir, the disputed region covers around 86,000 square-mile territory¹. The history of this ongoing conflict can be traced back to the 1947 Partition between India and Pakistan when the two states gained independence and both claimed the Kashmir region. The then-ruler of the princely state of Jammu and Kashmir, Maharaja Hari Singh, was initially holding out for independence. However, in October 1947 he executed an Instrument of Accession when Pakistani raiders invaded the area and riots broke out in several villages, agreeing to accede to the dominion of India under the condition that the state would retain autonomy in all matters except for defense, currency, and foreign affairs². War then broke out between India and Pakistan and ended with a ceasefire brokered by the United Nation and its 1948 resolution³. That resolution rejected India's claim, and endorsed the right of self-determination for Kashmiris, a plebiscite, in other words, as the governing principle for a final

settlement⁴. While Pakistan supported the idea of a plebiscite, India, the party that had initially brought the case to the United Nation, never implemented the resolution, and has rejected international intervention on the issue of Kashmir.

Two more major armed clashes ensued, the first in 1965 and another in 1971, with the former ending in a ceasefire and a return to previous positions for both parties and the latter with the 1972 Simla Accord marking off a cease-fire line (Line of Control, or LoC)⁵. That LoC remains the basis of Indo-Pak relations regarding Kashmir and serves as a touchstone for all bilateral discussions without resolving the issue itself. In 1999 India and Pakistan signed the Lahore Agreement, after a series of exchanges on nuclear devices and missiles tests, reaffirming each country's commitment to a peaceful resolution to the Kashmir issue, as well as alerting each other of further arms tests and risks of potential nuclear conflicts⁶. In 1999 hostilities between the two countries escalated, as India contended that Pakistan was training and arming infiltrators who occupied key posts in the Kargil area, with the Pakistani government denying the accusation, and describing the groups as freedom fighters that it merely provided moral support to⁷. The Kargil conflict resulted in hundreds of casualties on each side, ending with Pakistan's withdrawal of troops and the advances of Indian army leading to the capture of vital outposts from Pakistani forces and terrorist groups infiltrating the LoC.

A number of non-Kashmiri militant organizations, including jihadi fighters and other extremist groups that either support accession to Pakistan or call for an independent Kashmir, have been actively fighting in the disputed regions. These groups have reportedly received arms and training assistance from Pakistan, despite the Pakistani government's denial of any involvement. Indian security forces have also armed and trained local auxiliary forces for counterinsurgency operations in the Kargil region. Such state-sponsored armed groups from both sides engaging in conflicts have brought about constant proxy wars, combined with cases of human rights abuses, rigged local elections, and secessionist armed insurgencies, further deteriorating the situation in Kashmir.

In 2008 an attack in Mumbai once again pushed Indo-Pak relation into high tensions. The attacks stirred widespread anger in India, and New Delhi refused to engage in bilateral dialogue until Pakistan took satisfactory actions against the Mumbai perpetrators. The Bush

administration was more preoccupied with counterterrorism goals and generally adopted the usual American approach to Kashmir by urging bilateral negotiations for peaceful resolutions. The Obama administration, following its Pivot to Asia policy, placed more emphasis on improving Indo-Pak relations and tackling militant groups, with such actions being recognized as prerequisites for dealing with al-Qaeda and Afghanistan⁸. While Pakistan and the U.S. partnered and cooperated in combating terrorism during the Bush administration and thereafter, President Trump recently cut military aid to Pakistan by \$255 million in early 2018, in an effort to urge Pakistan to take decisive action against terrorist groups⁹. Under its Indo-Pacific framework, the U.S. is reconsidering its policies towards India and Pakistan, and its position on the Kashmir issue.

Indo-Pak tensions have escalated in the last few days because of a suicide bombing on February 14 that resulted in the deaths of over forty Indian soldiers of a paramilitary force. India accused Pakistan of providing moral and material support for Jaish-e-Muhammad, the militant group that claimed responsibility for the attack. On February 27, India launched a series of “preemptive” airstrikes against the training camps of the militant organization, the first time India crossed the LoC since 1971. Pakistan retaliated the next day by shooting down Indian jets--Pakistan claimed it shot down two, but India sources said only one was downed--and capturing one pilot, who was later released on March 1 as a peace gesture¹⁰. Since then tensions have cooled down but how long that will last remain to be seen.

Resolving the Kashmir dispute is crucial to U.S. national security interests for several reasons. First and foremost is the importance of India for President Trump’s proposed Free and Open Indo-Pacific Strategy, which envisions that country as a regional ally. Regardless of doubts about how reliable and effective such alliance might be, the U.S. considers India as a leader of regional order and a counterweight to a rising China that has increasingly become involved in the issue, more active in addressing Indo-Pakistani relations and a stakeholder in the Aksai Chin (Ladakh) region, a part of Kashmir. Although an internal and regional dispute, the Kashmir conflict is an issue of larger importance because it creates regional instability and threatens to undermine U.S. values about democracy, human rights, and freedom of trade¹¹. In addition, the Kashmir conflict poses a major threat to U.S. counterterrorism efforts in the region, with the territory being one of the most dangerous flashpoints in the world, and South Asia the epicenter of

terrorism and religious extremism. A number of terrorist groups are based in Pakistan and are shielded by Pakistan that uses them in ongoing proxy wars in the Kashmir region. The U.S. recognizes that its counterterrorism goals can never be fully achieved without the support of the Pakistani government. But such commitment will not come easily without a satisfactory resolution of the Kashmir question or without U.S. support of Pakistan's position on Kashmir. For the U.S. the Kashmir conflict is a major issue because it involves two countries with nuclear capabilities whose armed confrontation could have disastrous consequences. Thus, the U.S. has to consider itself a key stakeholder in the Kashmir conflict whose escalation has the potential to subvert its commitment to nuclear non-proliferation, regional stability, counterterrorism, and democratic values.

The U.S. needs to consider the divisive forces and pluralist elements that constitute the internal dynamics of the region as well as the national interests of the different stakeholders, particularly India and Pakistan, and also of the people of Kashmir who are caught in the middle of its conflict. The diversion of jihadi fighters and other proxy groups rooted in Afghanistan to Kashmir has further aggravated violence in the region, leading to a tremendous loss of lives, human rights abuses, population displacements, economic and environmental disruptions, along with serious psychological trauma and a vast military build-up.

Kashmir remains a high-level problem with the two contending parties, India and Pakistan, viewing the issue as a zero-sum game, and having firm and uncompromising positions on its territorial claims. Both countries consider the region essential to its notion of national identity. Pakistan deems itself a homeland for Muslims in the area, while India advocates its position by promoting its ideals of secularism and pluralism¹².

Pluralism exists in the disputed region that has a highly diverse population of Gujjars, Bakkarwals, Kashmiri Pandits, Dogras, Ladakhi Buddhists, Shi'a Muslims, to name a few. Muslims form the majority in the Kashmir area, whereas Hindus and Buddhists make up the major groups in Jammu. The Kashmiri secessionist movement failed to win widespread support between 1950s and 1990s because it only represented the interests of the Kashmiri Muslims, even though they constitute the majority community. Kashmir has also remained a difficult problem because of

the active presence of militant groups that capitalize on Indo-Pak tension to mobilize popular support.

Pakistan's Perspectives and Strategies Post-9/11

Pakistan has long relied on militant organizations to advance its claims to Kashmir. During Musharraf's presidency Pakistan used jihadi groups against India, a strategy it employed because it had lost support among Jammu Valley Kashmiris after the Kargil crisis and was not successful in mobilizing the Taliban to take up its fight against India. Although Pakistan does not fully trust the Kashmiri militants as a reliable partner, it benefits from these proxy wars and considers these militant groups as politically and economically cost-efficient.

The events of 9/11 changed the rules of game in South Asia in that led the U.S. to remap its strategic calculus in the region. The U.S. shifted its focus to terrorism and called for global assistance in its counterterrorism efforts. As a result, Pakistan was not allowed to stay neutral in this regard, and al-Qaeda and the Taliban were the main U.S. targets. Thereafter Pakistan had become closely allied with the U.S., in providing counterterrorism assistance, including joint military operations, sharing intelligence, and permitting the U.S. to use its military bases.

But 9/11 was also a dilemma for President Musharraf. While Pakistan expected the U.S. to protect its stakes in Kashmir in exchange for its military and intelligence cooperation, it was not prepared to alienate jihadi groups by taking decisive actions against Arab jihadis or helping demolish Taliban bases in Afghanistan. Pakistan was concerned about backlash from jihadi groups that had functioned effectively on its behalf in Kashmir. Therefore, it was reluctant to dismantle jihadi networks even though not doing so jeopardized U.S.-Pakistani relations and enabled India to play its "terrorism card" against Pakistan. Choosing either path, Pakistan could no longer distinguish jihadi from terrorism or utilize it as a legitimate instrument in Kashmir.

In recent years Pakistan has worried about U.S. efforts to undermine its involvement in the China-Pakistan Economic Corridor (CPEC), a part of Beijing's Belt and Road Initiative, and a corridor that passes through the disputed Kashmir region. India therefore has strongly opposed the CPEC because it is perceived as challenging its sovereignty. Indo-Pak tensions could further worsen were Pakistan to pursue closer ties to China and Russia, and reduce its long-standing

connections to the U.S., and especially were India to become an U.S. ally and a counterweight to China.

Pakistan has elected not to act against militant groups because that serves India's interests. It believes that a resolution of the Kashmir issue in its favor and better Indo-Pak relations would make the militant groups irrelevant. More so than India, Pakistan has been willing to allow the U.S. to play a mediator role in the Kashmir conflict.

India's Perspectives and Strategies

Pakistani support for armed insurgents in Kashmir makes New Delhi suspicious of Islamabad, and India would rather not have any U.S. role in its conflict with Pakistan. For India, distrust of the U.S. dates back to the Cold War era and also to the longstanding U.S. support of Pakistan.

India has more or less adopted a time-tested technique on Kashmir, delaying resolution by not agreeing to hold a plebiscite and buying time from the militant groups before making any political compromises. India is a robust democracy, but its ruling elites have been reluctant to permit democratic practices to prevail in its area of Kashmir.

U.S. Circumstances

The U.S. has consistently sought to resolve the Kashmir issue through negotiation and bilateral talks. The U.S. acknowledges that the Kashmir issue can only be decided by the two principal parties, India and Pakistan. It does not support Pakistan's continuing patronage of militant groups and recognizes that their activities in Kashmir add to tensions and the growth of terrorism in the region. However, the U.S. is not well-positioned to push either side into effecting a compromise, and neither India nor Pakistan is willing to accept U.S. pressure on Kashmir, which is a highly political issue for both states¹³. Given U.S. stakes in the region, it is in its interests to reduce tensions over Kashmir and prevent the fighting between the two sides that has once again erupted in the past few days.

Recommendations

The U.S. needs to engage both India and Pakistan on the Kashmir issue through high-level diplomacy aimed at promoting their dialogue and negotiation on Kashmir and minimizing the possibility of armed confrontation between the two parties. Some of the measures that the U.S. can pursue include:

India

1) continue to work with India under a humanitarian framework and guidelines of the Free and Open Indo-Pacific Strategy, but not provide military assistance.

Pakistan

1) press for greater vigilance of and campaigns against terrorist and extremist groups; 2) acknowledge and value the rights of Kashmiris and a commitment to democracy in the area¹⁴

Other Possibilities

1) work on stake-building, for example, promoting people-to-people exchange between India and Pakistan as confidence building measure to move the region towards a settlement¹⁵; 2) not take a lead in seeking or encouraging third-party intervention in the Kashmir conflict; 3) enlist U.N. support and expertise to seek a diplomatic solution; 4) tackle the less complicated problems first, such as the Siachen Glacier, Sir Creek Boundary, and regional water issues; 5) encourage engagements between the two countries through unofficial channels such as NGOs and civil society groups; 6) de-link Kashmir from carrying the burden of Indian and Pakistani national identities, but stress more the political interests of the people of Kashmir and provide them greater autonomy; 7) work on eliminating disinformation and misinformation between India and Pakistan; 8) encourage both parties to bring up related issues, such as human rights abuse and population dislocation, on the table for negotiation.

For the U.S., the best approach to the Kashmir conflict and to negotiating the historic divide between India and Pakistan, is to pursue a low profile and careful diplomacy. The U.S. can play an active role in encouraging the two nations to negotiate and engage but it also has to keep in mind that the Kashmir conflict and disputes between India and Pakistan can only be resolved by them and not any outside party.

Nuclear Weapons

Clay Davison

In order to obtain a functioning and effective Indo-Asia-Pacific strategy, a sense of security and stability must be restored for the region. To achieve this goal, the threat of nuclear weapons, within the South Asian nuclear weapon states (NWS), must be alleviated. Currently, the Indo-Asia-Pacific region contains a complex trifecta of nuclear capable countries: India, Pakistan, and China. Their involvement in ongoing regional, political, and multilateral disputes creates a unique set of challenges and obstacles for the U.S., which has contributed significant resources towards nuclear non-proliferation, containment, and ultimate disarmament. In addition to these stated disputes, failure to address gaps in international nuclear weapon policy further provides a theater for continued nuclear unrest. This incongruity in policy allows for a gray area that the NWS could conceivably take advantage of in the future. Due to these volatile conditions, we strongly urge the U.S. to act in the region in a way that enhances nuclear security and overall regional stability.

The U.S. should first consider current nuclear policies in the region, as well as focus on the multifaceted relationships between Pakistan, India, and China to ensure beneficial strategic advancements within the region.

Indo-Asia-Pacific NWS Nuclear Policy

The nuclear-capable states within the Indo-Pacific maintain different stances on nuclear weapons. This is reflected in the inclusion or absence of key wording in the nuclear policies of the regional countries. An overview of India, China, and Pakistan's nuclear postures are as follows:

India

India's position on disarmament and nuclear issues, according to the annual report of its Ministry of Defense, is summed up in the following principles:¹

- a. India remains a consistent proponent of general and complete disarmament and attaches highest priority to global nuclear disarmament.
- b. India's nuclear weapons capability is meant only for self-defense and seeks only to ensure that India's security, independence and integrity are not threatened in the future. India is not

interested in a nuclear arms race. This is the rationale behind the two pillars of India's policy of minimum deterrence and no-first-use.

c. India continues to maintain its opposition to the Non-Proliferation treaty (NPT) as a discriminatory and flawed treaty. The indefinite extension of the NPT has sought to legitimize the possession of nuclear weapons by the five nuclear weapon states. India has maintained that lasting non-proliferation can only be achieved through disarmament. India supports efforts for negotiations on a universal, non-discriminatory and verifiable fissile material cut off treaty.

Pakistan

Since testing its nuclear devices in 1998, Pakistan has not formally declared an official nuclear use doctrine, thus it remains unclear under what specific conditions they are willing to use nuclear weapons. That ambiguity, paired with the prominence of terrorist networks such as the Taliban and Jaish-e-Mohammed operating in the region, means that Pakistan remains widely regarded as a prominent nuclear threat in the region. However, as it pertains to current disarmament and nuclear posture, major considerations in Pakistani Policy are as follows:

- a. Pakistan is not a signatory to the Treaty on the Non-Proliferation of Nuclear Weapons and never will be as long as India has nuclear weapons²
- b. Pakistan retains first-use policy against nuclear armed states, but has declared a no-first-use policy against non-nuclear weapon states³
- c. Pakistan continues to adhere to the policy of Credible Minimum deterrence
- d. Nuclear Posture seeks to counter all military threats, including Indian non-nuclear attacks on Pakistani territory.⁴

China

China continues to improve nuclear security among the NWS, as well as reduce the overall proliferation of nuclear weapons in an effort towards total disarmament. Notable nuclear policy and commitments to consider:

- a. China has a legal obligation to pursue disarmament with other nuclear weapon states under Article VI of the NPT⁵
- b. China has adopted a no-first-use policy⁶

c. China has signaled its readiness to sign the protocol on a Southeast Asian Nuclear Weapon Free-Zone with ASEAN countries, as well as supports the formation of a Middle East Nuclear Weapon-Free Zone⁷

Regional Conflict and National Interests

Nuclear stability is of the utmost importance for the U.S. in the Indo-Asia-Pacific region. It is essential that each NWS in the region agree to, and take, significant measures towards disarmament and non-proliferation. A key consideration in the formulation of a successful strategy is the continued hostility between Pakistan and India, their tense relations being one of the largest factors prohibiting regional security. It is generally accepted that Pakistani and Indian nuclear policy is mutually based on the other's posture. Pakistan has publicly stated that its maintenance of a nuclear arsenal is primarily to counter India's nuclear and conventional missiles.⁸ In turn these threats continue to encourage India to modernize its nuclear arsenal in order to ensure its nuclear credibility in the international scope. In addition to Pakistani-Indian disputes, the all-weather friendship between China and Pakistan, as well as Sino-Indian disputes, has also assisted in formulating India's nuclear posture. In considering how to approach the situation in the midst of such volatility, the U.S. should seek regional stability while ensuring its own interests remain the primary focus for policy implementation in the Indo-Asia-Pacific.

The U.S. has worked to place India at the heart of its Indo-Pacific Policy, largely due to its interest in combating Chinese economic, social, and military hegemony in the region. However, the U.S. should also consider their actions as having repercussions as well as potentially nuclear consequences that could arise if regional interests, policy concerns, and prior alliances are not properly respected.

Should the U.S. continue to emphasize its relationship with India and use that as a vehicle for beneficial change throughout the Indo-Pacific, it should avoid the suggestion or implementation of unilateral policies reminiscent of the India-U.S. nuclear deal, which was seen by China and Pakistan as a policy reversing non-proliferation efforts. Policies such as this may work against U.S. interest in the broader scope of the region. Rather, the U.S. should prioritize nuclear cooperation globally, by focusing on strategic competition with China, and neutrally encouraging detente between Pakistan and India. The alternative would incite a strengthened

alliance between Pakistan and China, which goes against U.S. interest and reverses efforts towards regional stability.

As stated, Pakistan is still widely regarded as one of the most likely sources of nuclear risk globally--through theft or unauthorized use of weapons.⁹ The recent unauthorized Pakistani terrorist bombing, which killed 40 Indian Paramilitary soldiers, serves to strongly reiterate this issue. Thus, it is imperative for the U.S. and the global community, that Pakistan's nuclear arsenal remain out of the hands of any of the variety of terrorist networks that currently operate within the country. To ensure stability in the area, the U.S. will have to make a significant effort to advance and remedy this issue.

Recommendations

To increase nuclear security within the Indo-Pacific, our Task Force proposes the following policy recommendations:¹⁰

Utilize Chinese influence as a NWS, a leading regional military power, and a large global player to convince Pakistan and other NWS that the sole legitimate function of nuclear weapons is to deter the use of nuclear weapons. That understanding could possibly stabilize nuclear forces among China, India, and Pakistan and lead those countries towards developing a non-proliferation regime.

Continue to place to India at the heart of the U.S. Indo-Pacific strategy in order to combat China's increasing economic and military power. However, the U.S. should also emphasize publicly, especially to inform Pakistan and China, that it has no intention of backing India in taking any military actions against those or any other countries. That assurance may help negate Pakistan's increasing reliance on China, while reducing the risk of another arms race.

U.S. should continue to ensure nuclear weapons remain out of the hands of any government or non-government group that wishes to use nuclear weapons in any capacity, especially in Pakistan. This will not only reduce Indian fears of Pakistani terrorist networks, but the added nuclear security measures will benefit China, the US, and other NWS as well. In order to do this, we propose the Indo-Pacific NWS resume trilateral confidence building measures regarding nuclear weapons. More specifically confidence building measures that will ensure the

security of each country's nuclear weapons and by initiating a trilateral declaratory CBM's which includes nuclear statements such as: no-first-use, nuclear detargeting, and nuclear free zones.

With increasing bilateral relations between the U.S. and India, the U.S. should strongly encourage India to reassess its nuclear doctrine to include new nuclear and conventional security challenges posed by China and Pakistan, as it has not done this since 2003. India should publicly discuss role of conventional and nuclear weapons and various nuclear thresholds, while strongly emphasizing the concept of nuclear weapons existing as solely a "last-resort tool." An effective next step for India would then be to open discussions with the rest of South Asia to encourage a similar process of shifting the current paradigm on nuclear weaponry by all NWS, especially Pakistan.

- The Logistics Exchange Memorandum of Agreement (LEMOA), signed in 2016 that “gives access, to both countries, to designated military facilities on either side for the purpose of refueling and replenishment.”⁴
- The Communications Compatibility and Security Agreement (COMCASA), signed in 2018, that “allows the U.S. to transfer secure communications and data equipment to India. It also allows the U.S. to offer real-time data-sharing with the Indian military over secure channels.”⁵

Additionally, the U.S. and India have signed agreements pertaining specifically to cybersecurity. In 2011, the U.S. Department of Homeland Security signed a Memorandum of Understanding (MOU) with India’s Department of Information Technology that “establishes best practices for the exchange of critical cybersecurity information and expertise between the two governments through the Indian Computer Emergency Response Team (CERT-In), Department of Information Technology, Ministry of Communications and Information Technology, and DHS’ United States Computer Emergency Readiness Team (US-CERT). Through this arrangement, the respective governments and broader cybersecurity communities in both the United States and India will have the ability to coordinate with its counterparts on a broad range of technical and operational cyber issues.”⁶

A security partnership between the U.S. and India is mutually beneficial because it will enable both nations to enhance their counter-terrorism efforts on a global scale. For India the partnership is important because terrorism continues to be one of its top security concerns. Therefore, it stands to gain from anti-terror cooperation on intelligence sharing, terror financing, and cybersecurity. The U.S. will also benefit from having more access to regional intelligence, especially from the neighboring countries of Pakistan and Afghanistan. Moreover, increasing security cooperation with India is timely because the U.S. is seeking to strengthen its security relationship with India at a time of China’s growing global security dominance.

Although India seems willing to pursue deeper security partnership with the U.S. on counter-terrorism, it is unlikely that India will publicly support U.S. security policies in Asia. In building a security relationship with the U.S. Indian Prime Minister Narendra Modi has been careful about not heightening military and economic tension with China by publicly siding with

the U.S.⁷ China, for its part, dislikes efforts by neighboring countries to counter its growing power. If India rushes into a closer partnership with the U.S., China will likely be provoked and consider its regional and global interests under threat. It is not to India's advantage to add security tensions to its border disputes with China at a time when it has a positive economic relationship with China.

Furthermore, India is not likely to follow the U.S. lead on building a global security network because it has long had an autonomous foreign policy, during the Cold War a non-aligned one.⁸ India has its own strategic goals and interests in partnering with nations.⁹

Cybersecurity relation between China and the U.S.:

“Security challenges in Asia come not only from nuclear threats or geopolitical conflicts but also increasingly from the cyberspace.”¹⁰ That is the conclusion of Paul Park of the Brookings Institute.

The recent arrest of Chinese telecoms giant Huawei's CFO for “violations of sanctions on Iran”¹¹ has escalated tensions between the U.S. and China. U.S. officials are concerned about the security threat posed by Huawei, the biggest telecoms equipment supplier in the world, and therefore have attempted to restrict its expansion in the U.S. for security reasons. In 2018, the directors of several U.S. intelligence agencies, including the CIA, FBI, and NSA, expressed distrust of Huawei and the Chinese telecom company ZTE.¹² During the Senate Intelligence Committee hearing on February 13, 2018, the U.S. intelligence chiefs also stated that they “would not advise Americans to use products or services from Chinese smartphone maker Huawei.”¹³

The U.S. and China are currently two of the most important nations for defining cybersecurity norms. While there are currently no universal cyber norms for countries to comply with, the U.S. and China have tremendous influence over the international norms that regulate the cyberspace.¹⁴ However, with their growing cybersecurity rivalry and trade tensions, it is unlikely that the two countries will collaborate and agree on establishing international norms.¹⁵

Nevertheless, the U.S. and China have interests in common regarding cyberspace. As Adam Segal of the Council on Foreign Relation states “both the U.S. and China share interests in

preventing cyber-attacks from escalating to actual military conflict and in preventing the proliferation of cyber capabilities to terrorists.”¹⁶

By exploring a closer cybersecurity partnership with India, the U.S. would gain more of a security leverages over China. That cooperation will also strengthen U.S. attempts to take the lead in establishing international cyber norms and in securing wider international support for its interests.

U.S. Priorities

A stable security relationship with India is important for the U.S. and its objectives in the Indo-Asia-Pacific region. Whether it is successful in securing India’s cooperation however is open to question.¹⁷ India has been cautious in strengthening its relationship with the U.S. although the two countries already collaborate on counter-terrorism. This collaboration cannot be perceived by China as threatening, as an attempt at the “containment” of its peaceful rise, as China is wont to do at times.¹⁸

The U.S. also has the option to create a multilateral partnership involving India as well as Japan, Australia, and South Korea, with whom India already has cybersecurity agreements but on a bilateral basis. The U.S., together with these four countries, could cooperate to develop norms for cyber activities that could serve as the basis for international norms. From the Chinese perspective, any security partnership involving the U.S. is perceived as a threat to China’s growth as a global power.¹⁹ It is important for the U.S. to propose policies and initiatives aimed at creating a partnership with India.

Policy Recommendations: Short-term

Continue focusing on collaborating with India on counterterrorism as a way to strengthen U.S.-India security partnerships without threatening China. With India and the U.S. having already established basic frameworks for future joint operations in cyberspace, the U.S. has the opportunity to pursue closer security relation with India and enhance practical interoperability between the two countries. The focus on counter-terrorism is likely to make India more likely to cooperate with the U.S. and less concerned with jeopardizing its ties to China.

Express concerns to India leadership about the risk of allowing Chinese telecom companies to build 5G network infrastructure in India. Chinese telecom companies such as Huawei have been at the forefront of expanding into lucrative foreign markets.²⁰ India is likely to be concerned, as the U.S. is, by the possible connections between Chinese corporations and the Chinese government and the security dangers resulting from such a relationship. India, as one of the biggest markets for 5G internet service, is currently considering allowing Huawei to enter the India market and fulfill the Indian government's goal of "rolling out 5G services across the country by 2020".²¹ If Huawei is successful, India will make itself vulnerable to cybersecurity threats from China and give Beijing more leverage in security and economic matters. Thus, the U.S. should dissuade India from allowing Chinese telecom companies to provide 5G internet services across the country.

Policy Recommendations: Long-term

Set international standards and regulations in cyberspace in conjunction with U.S. partners. The U.S. is currently "ceding ground to China" in the race to "shape global standards and laws around cybersecurity."²² China has not taken the lead in establishing international standards and regulations on global cybersecurity because it has "engaged in cyber-enabled economic espionage and intellectual property theft."²³ Unless the U.S. and its partners take the initiative to shape a global legal structure for cybersecurity and develop multilateral agreements, they will not have the legal leverage and instruments to hold states and non-states actors responsible for malicious cyber activities. The U.S. can do that with its security partners in the Indo-Asia-Pacific region.

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