

GEO-ECONOMIC SIGNIFICANCE OF JAMMU & KASHMIR

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***Abstract:** The economic resources and strategic location shape the dynamics of a region. Jammu & Kashmir's natural location at the verge of China, South, and South Central Asia makes it an important terminal and transit route for future trade and economic activities in the region and beyond. China-Pakistan Economic Corridor (CPEC) passing through its northern part gives China; the shortest access to Arabian Sea which has enhances its geo-strategic importance manifold. Jammu & Kashmir is a land-locked region which reduces its prospects for international trade; however, it maintains a great potential for tourism and hydro-electric & solar energy generation. Unfortunately, this region has been a nucleus of India-Pakistan rivalry since 1947. The regional peace and stability, therefore, will largely depend on the peaceful resolution of the Kashmir Conflict. Given the resolution of Kashmir conflict and inclusion of India into the CPEC, the region will be transformed from Conflict Zone into a Trade Zone. This paper will focus on the geo-economic importance of Jammu & Kashmir, the role of geography in shaping the economic potential of the region and Jammu & Kashmir in contemporary regional and global settings.*

Keywords: Alpine region, Alps, Arab peninsula, Buffer zone, Bosporus strait, Great game, Maritime gateways, Nation-states, Plateau.

Introduction

Among the other geographical factors, borders have significant ramifications on state's economy, history and culture. The geographical location is the strategic factor that serves as an

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advantage. It is known for one of the best tourist sites in the world. Historically, Kashmir remained advantageously a pivotal state because it acted as a buffer zone between the British Empire and Czarist Russia and after the partition of British India in 1947; it was the epicenter of dispute between Pakistan, India and China which ultimately drew the conflicting neighbours into the loop of the greater war economy.

Adjoining China, India and Pakistan, Kashmir is imperative for regional peace and economic development. China's regional connectivity and access to the Arabian Sea passes through its land while it restricts direct Indian access to Central Asian hydrocarbon resources. Analysts believe that the regional peace and stability in Afghanistan is linked with the future status of Jammu & Kashmir while on the other hand, the Indian act of abrogating Article 370 on August 5, 2019, is considered to be a Paradigm shift in the region. Due to its natural location, Kashmir can be developed into a trade and transit hub for the regional states.

Geography of Kashmir

Jammu & Kashmir is located between three nuclear states of India, Pakistan and China. It shares common border with Chinese region of Xinjiang to the northeast and Tibet to the East. Towards the South and Southwest, it is bounded by the provinces of the Indian State of Himachal Pradesh and Pakistan's Punjab.¹ It is a landlocked region of 84,471 square km that lies between 32⁰.17 to 36⁰.58 North latitude, and 72.26⁰ to 80.30⁰ East longitudes.² The Ceasefire on January 1, 1949, has conditionally divided the erstwhile State of Kashmir between India and Pakistan while China captured Aksai Chin during the Sino-Indian War of 1962.³

Located in the western Himalayas, about 80% of its area is mountainous which displays the character of a terrace having three steps of rising elevation from South to North which differs in topography from one another with elevation ranging from 300 M to 8,611 M, while a considerable portion of land is under meadowlands and glaciers. The lower step referred to as the sub-Himalayan territory of the Jammu division, the Himalayan Kashmir Valley and trans-

¹T. H. Elkins, *Encyclopaedia Americana, Kashmir*, Vol. 16 (Grolier incorporated Danbury 1987), p. 329.

²S.Sinha, *Encyclopaedia of Kashmir, Some Geographical Data about Kashmir* Vol. 1, Edited by Sharma, S. K. & S. R. Bakshi, (New Delhi, 1995), pp. 1, 3.

³Alfred P. Rubin, "The Sino-Indian Border Disputes," *International & Comparative Law Quarterly* 9, no. 1 (1960): 96-125.

Himalayan Ladakh division. This diverse surface pattern makes these regions distinctive whereas Jammu is typically an alpine region; Kashmir Valley is plain while Ladakh is an area of highlands. Hence, the physiography of the Kashmir is largely a reason for the possession of divergent environmental effects.⁴ Mountain ranges are not only the natural borders between the states but also considered to be the fortress for states to resist foreign conquests as in the early 11th century, after two unsuccessful attempts, Mahmood Ghaznavi had abandoned the idea to invade Kashmir as he could not overrun the fortress of Loharkot.⁵

In the contemporary era, the relations between the nation-states are being determined on the combination of economic and political interests which is an important factor in the survival of the weaker states. For instance, Turkey owes its survival on the soil of Europe due to its position on the Bosphorus Strait, which is one of the world's busiest maritime gateways.⁶ "The same principle has guaranteed the neutrality of Switzerland whose position puts it in control of all the passes (many of them provided a base for road tunnels) of the Central Alps, which connect the regional European states."⁷ Situated far from the Arabian coastline, Kashmir is a non-coastal region which diminishes its potential for international trade.⁸ Currently, the shipping industry contributes a substantial role in the advancement of trade as approximately 80% of world trade is transported by ships.⁹

⁴Anand Koul, and P. N. K Bamzai, *Geography of Jammu & Kashmir State* (Light & Life Publishers New Delhi 1978), p. 20.

⁵M. D. Fouq, *Tarikh-I-Kashmir (History of Kashmir)* (Mirpur: Varinag Publishers, 1991), p. 286.

⁶The Bosphorus is one of the natural borders which separate the European and Asian continents. It is an extremely important and one of the world's busiest maritime gateways which connect the Black Sea with the Mediterranean Sea. Around 55 million tons of oil is shipped through the strait every year. Bosphorus is the only way for Russia to reach the Mediterranean Sea and beyond, particularly during the Cold War, it was vivacious channel for Soviet Navy.

⁷Ellen Churchill Semple, "Geographical Location as a Factor in History," *Bulletin of the American Geographical Society* 40, no. 2 (1908): p. 72, <https://www.jstor.org/stable/197511>

⁸Sea-side is the fastest way to transport a large amount of goods in a container-ship at low transportation costs which is essential to economic achievement.

⁹ Khalid Mehmood Alam, "Impact of Transport Cost and Travel Time on Trade under China-Pakistan Economic Corridor (CPEC)," <https://www.hindawi.com/journals/jat/2019/7178507/>

Virtually, all the landlocked countries in the world are deprived except those which fall in Western and Central Europe and are incorporated into the regional European market by low-cost trade. The average income of landlocked countries of Western and Central Europe is over 300% more than those of the non-coastal countries outside the European Economic Zone.¹⁰ Geography influences development as cross-country empirical research indicates that GDP per capita is positively connected with coastal proximity where 57% of income is generated in zones lying within 80 km of the coast.¹¹In general, the geography of a region determines the kind of economy that it will have. That is why Norway focuses on oil and not agriculture products.

Tourism

Tourism is a prodigious promoter to the economic development of a country.¹²The United Nations World Tourism Organization (UNWTO) estimated that “by 2020, the number of global tourists will reach 1.6 billion while global tourism earnings will reach as much as two trillion US dollars.”¹³ Kashmir is considered to be one of the best-recognized tourist places in the world where millions of people have been visiting to enjoy the striking beauty of its rich culture, freshwater lakes, exquisite forests, spectacular valleys, mighty peaks, holy sites, fabulous weather since centuries. The matchless beauty of Dal Lake creates a sense of ‘heaven on earth. During his first voyage to the Valley of Kashmir in the 17th century, the Mughal Emperor Jahangir had called it ‘heaven on earth.’ The history of visitors to Kashmir has been outstanding

¹⁰John Luke Gallup, Jeffrey D. Sachs, and Andrew D. Mellinger, "Geography and Economic Development," *International Regional Science Review* 22, no. 2 (1999): p.6.

¹¹Andrew D. Mellinger, Jeffrey D. Sachs, and John Luke Gallup, "Climate, coastal proximity, and development," *The Oxford handbook of economic geography* 169 (Oxford University Press, Oxford, 2000): 194.

¹²The World Travel & Tourism Council's (WTTC) research divulges that the share of travel and tourism industry in world GDP was 10.4% with 319 million jobs in 2018. The share of the tourist industry in US GDP is US\$488 billion (7.8% of GDP in 2018) followed by China US\$ 224 billion (11% of GDP in 2018) as compared to Indian US\$240 billion (9.2% of GDP in 2018) and Pakistan US\$22,286.3 million (5.9% of GDP in 2018) while Macau is leading with 72.2% of its GDP in 2018).

¹³Jieh-Ren Chang and Betty Chang, "The Development of a Tourism Attraction Model by Using Fuzzy Theory," ed. Jong-Hyuk Park, *Mathematical Problems in Engineering* 2015 (July 27, 2015): 643842, <https://doi.org/10.1155/2015/643842>.

for centuries. Prior to the partition of British India, those military officers and civil servants serving in British-India and could not go back to the United Kingdom (UK) during summer holidays, were regular visitors to Kashmir.¹⁴

In 1940, around 30,000 including 8,367 foreign visitors had travelled to Kashmir.¹⁵ After the partition, the tourism has witnessed greater growth as compared to the other industries in Jammu & Kashmir (Indian Held Kashmir), where the number of tourists multiplied manifold. Hundreds of thousands of visitors (both, domestic and foreigners) travel to Kashmir every year. Before the uprising in Kashmir in 1989, the highest number of tourists recorded during 1988 when 722.03 thousand sightseers visited the valley of Kashmir including 8% foreigners.¹⁶ In 2016, the number of tourists increased from 12,74,596 domestic and 24,516 foreign tourists as compared to 8,98,861 domestic visitors and 28,954 foreigners in 2015. On the Pakistan administered side of Kashmir, however, the tourism industry remained at its lowest ebb till the first decade of the 21st century when due to the trouble in the Swat region (Khyber Pakhtunkhwa), a large number of tourists were diverted to Azad Kashmir. In 2015, around half-a-million tourists travelled to Neelum Valley while over three hundred-thousand people visited Banjosa and Tolipir in the Poonch region.¹⁷ In the contemporary world, modern cities are associated with rivers that are being used as a mode of transportation, leisure, sport, and cultural activities and have become a significant tourism and fruitful source of revenue generation. Kashmir has a very long rivers-side with abundant tourism potential which needs to be developed.

Kashmir & the Great Game

It was the middle of the 19th century when the ‘Great Game’ was played on its northern frontiers. The key factor was the clash of interests between Czarist Russia and British Government to hold a dominant position in Central Asia as well as to keep each other at bay, resulting in the

¹⁴Michelle Maskiell, “Consuming Kashmir: Shawls and Empires, 1500-2000,” *Journal of World History* 13, no. 1 (2002): pp. 27-65.

¹⁵ C. Snedden, *The Untold Story of the People of Azad Kashmir* (Hurst & Company, London, 2012), p. 9.

¹⁶“Blood and Tourism in Kashmir | Dissent Magazine,” <https://www.dissentmagazine.org/article/blood-and-tourism-in-kashmir>.

¹⁷Tourists’ data 2015 available with Military Check Post at Noseri and Police Check Post Rawalakot respectively.

conflict called the 'Great Game.'¹⁸ With the Russian occupation of Central Asia in the Mid-19th century, the British Government became acute alert on its northern border as Kashmir had acquired a unique geopolitical position predominantly due to the threat of Russian expansion in Central Asia and then advance towards India through Pamir Mountain range.¹⁹ Therefore, to check the border developments in the contiguous areas with Russian Turkestan, the Gilgit Agency was established in 1877.²⁰ The British imperial regional interests were once again threatened by Russian ideological expansionist policy after the Bolshevik Revolution of 1917. British Government had directed the Kashmir Government in 1919 for maintaining the observation over the influx of socialist literature through Central Asian route.²¹ In this situation, the British Government took the charge of Gilgit Agency from the Maharaja Hari Singh on lease for 60 years in 1935 which ended up in 1947.²²

Trade and Transit Axis

For trade activities, Kashmir was reliant on its neighbouring states; however, its history as a trade and transit leverage is very old. It was the Caliph's era when Islam had crossed its political and economic confines beyond the Arab peninsula while the Arabs traders had developed their trade up to India, China and Central Asia. These areas were renowned for their specific agriculture and industrial merchandises.²³ The land routes of Kashmir had been recognized into vital trading centres in this East-West trade, which was carried through the famous Silk Route.²⁴

¹⁸Historians used this terminology to define a political hostility that existed in 19th century between Britain and Czarist Russia over Afghanistan and neighbouring territories in Central and Southern Asia.

¹⁹The Pamir Mountains are a series of mountains in Central Asian region at the intersection of the Great Himalayas with the Tian Shan, Karakoram, Kunlun, and Hindu Kush mountains ranges.

²⁰Victoria Schofield, *Kashmir in Conflict* (I.B. Tauris & Co Ltd, London, 2000), p. 11.

²¹D. N. Dhar, *Artisans of Paradise: A Study of Art & Artisans of Kashmir* (Deep & Deep Publications, New Delhi, 1999), p.108.

²²Schofield, *Kashmir in Conflict*, p.19.

²³K. Warikoo, *Central Asia and Kashmir* (Gyan Publishing House, New Delhi 1989), p. 56.

²⁴The Silk Road was a network of trade routes that connected China with India, Middle East and Europe. It was established during the Han Dynasty in in 130 B.C., and dubbed as the Silk Route because of the heavy silk trading that took place through those routes. Silk routes remained opened for trade until 1453 A.D., when the Ottoman Empire boycotted trade with China.

By virtue of its location and its access to the Silk Route, Kashmir had become a transit centre in the bilateral Indo-Central Asian trade.²⁵

During the ancient trade, Kashmir was well connected with South and Central Asian regions through the land routes. Most of these routes were discovered by the traders to access the trade-centres next to Kashmir. Numerous passes lead to Yarkand but the most important was between Leh and Yarkand through Karakoram Pass. These Kashmiri traders were used to travel from Srinagar-Leh-Yarkand-Kashghar-Kokand for their trade as it was a safer route from robbery and other political crises.²⁶ A sizeable trade was passing through the Karakoram Pass to western China and Central Asian cities.²⁷

During the 18th and 19th centuries, the trade activities of Kashmir grew promptly, particularly the demand of Kashmiri Shawls significantly increased in Europe; therefore, the count of shawl looms had touched 24,000 in 1813.²⁸ During that time Muzaffarabad city acted as a gateway to this transnational business where around 500 merchants were involved in ongoing commercial activities in the city.²⁹ The trade and travel from Kashmir have remained dynamic in diverse forms, however, the partition of British India followed by Indo-Pak war of 1948 resulted in the formation of the Ceasefire Line which ruined the Kashmir's trade activities through its key all-weather route from Srinagar-Muzaffarabad to Rawalpindi and then to the rest of world.

Kashmir and Pakistan

Towards South and southwest, Kashmir is allied with Pakistan through four mainland-routes. However, out of these four routes, only two (Chikothi-Muzaffarabad and Poonch-Hajira-Rawalpindi) are operational for travel and trade purposes. The distance of Srinagar to Rawalpindi is about 300 km as compared to 828.7 km with Delhi, therefore, Kashmir's trade and transit through Rawalpindi-Sialkot is cost-effective as compared to Srinagar-Delhi. Strategically

²⁵Warikoo, *Central Asia and Kashmir*.

²⁶Warikoo, *Central Asia and Kashmir*, p. 56.

²⁷Saraf, *Kashmiris Fight for Freedom*, p. 20

²⁸C. Zutshi, *Languages of belonging: Islam, regional identity and the making of Kashmir*(Hurst & Hurst, London, 2004).

²⁹C. E. Bates, *A Gazetteer of Kashmir and the adjacent districts of Kashtwar, Badrwa, Jammu, Naoshera, Punch and the valley of Kishan Ganga*(New York: Asia Publishing House, 1872).

Kashmir serves as dominant source of water and creates a zero sum game between both the conflicting neighbours. Pakistan's agricultural economy depends deeply on glacial waters flowing through Kashmir region. Therefore, Pakistan has developed the largest irrigation system of the world that irrigates over 16 million hectares of land.³⁰ Agriculture is the backbone of Pakistan's economy, which contributes around 22 % to the GDP and employs about 43% of the labour force.³¹

For generating electricity and water storage purposes, Pakistan built two key hydropower projects at Mangla and Tarbela on Jhelum and Sind rivers respectively while Neelum-Jhelum Hydro Power Project was completed in 2018. According to a feasibility report, the potential of hydropower only in Azad Kashmir is 8682.45 MW, excluding the Diamer-Basha Dam on the Indus River in Gilgit-Baltistan which has the installed capacity of around 4500 MW.³² In this regard, United Nations Food and Agriculture Organization (UNFAO) revealed that "39% of the mountain population in developing countries was considered vulnerable to food insecurity in 2012, which is an increase of 30% compared to the conditions of mountain peoples in the year 2000. The situation is even worse if we consider only rural mountain peoples."³³ That's why, despite the Indus Water Treaty, there has been a trust deficit between Indian and Pakistan. Particularly, Pakistan fears that India may avert water for its irrigation and could use water as a weapon against Pakistan. Therefore, Pakistan desires an uninterrupted flow of water through Kashmir.³⁴

Kashmir occupies a significant geo-strategic and geo-political position in the region as its uncertainty has lasting impact on regional peace and stability. Therefore, the situation in Kashmir and Afghanistan has been interlinked with each other where India and Pakistan are keen to advance their diverse strategic goals, resulted a parallel proxy war in Kashmir and

³⁰I. Ali., *Undeclared Water War on Pakistan*(Lahore: Allied Book Company, 2015, p. 7.

³¹*Ibid.*,p. 5.

³²"Azad Kashmir at A Glance," Azad Government of the State of Jammu & Kashmir, 2012, p. 62.

³³"Mapping the vulnerability of mountain peoples to food insecurity,"*Food And Agriculture Organization Of The United Nations*Rome, 2015,<http://www.fao.org/3/a-i5175e.pdf>)

³⁴Personal Interview with, Dr Pervaiz Iqbal Cheema, Dean, Faculty of Contemporary Studies (FCS), National Defence University, Islamabad.

Afghanistan.³⁵ This proxy war has transformed their conflicts into Afghan affairs which complicated the peacekeeping efforts in Afghanistan.³⁶ Analysts believe that “there will be no peace in Afghanistan until these two neighbours sit together and talk about a common approach to Kabul and Kashmir rather than resorting to a proxy war as the road to stability in Afghanistan, then, runs first through Kashmir.”³⁷

Kashmir and India

To the South, Kashmir is connected to India through the land-routes passing via Jammu Division; however, the traveling time between Srinagar to New Delhi is around 17 hours.³⁸ To connect Kashmir to the rest of India through the railway network, the Indian Government is further stretching it from Udhampur to Srinagar and from there it will dash to Baramulla which is scheduled to be completed by December 2021.³⁹ On the other hand, under the CPEC, another new link of Karakorum Highway and a railway line will be constructed to connect Abbottabad with Muzaffarabad and from there; it will run through Neelum valley-Shunter Pass tunnel-Astore and lastly will join the existing Karakoram Highway at Thalichi near Gilgit which will further shrink the physical distance of 200-km and travel time by nearly 8 hours than existing Abbottabad-Gilgit route.⁴⁰

This move is a vital because Indo-Pak railway networks can be connected through a tunnel at Sharda (Neelum Valley). The economic aspects of the relationship can have a political impact on both countries. “The Sino-Indian relations model can be taken as a case to argue for a similar approach to Indo-Pak relations where political differences did not shake the economic

³⁵Personal Interview with Dr. Yunas Samad, Professor of South Asia, School of Social & International Studies University of Bradford (UK), April 12, 2015.

³⁶Personal Interview with Dr Pervaiz Iqbal Cheema.

³⁷Ahmed Rashid, “The Road to Kabul Runs Through Kashmir,” *Foreign Policy* (blog), <https://foreignpolicy.com/2010/11/11/the-road-to-kabul-runs-through-kashmir/>.

³⁸https://www.google.com/search?rlz=1C1CHBF_enPK891PK891&sxsrf=ALeKk01esOzXr8ib

³⁹ http://www.academia.edu/3391335/jammu_udhampur_srinagar_baramulla_railway_link

⁴⁰Personal interview with Syed Tassadiq Hussain Gardezi, Chief Engineer Highways Azad Kashmir, Muzaffarabad, March 9, 2014.

investment and trade.”⁴¹This move will be an imperative breakthrough because it will convert the ‘Conflict Zone’ into a ‘Trade Zone’ which was the basic theme of the Intra Kashmir Trade initiative of 2008.⁴²

The water resources of Kashmir are very important for the Indian economy as India has constructed several dams for hydropower purposes including Salal Hydro Power Project, Baglihar, Kishanganga, Nimmo Bazgho, Mohra Hydro-Electric Power Stations, Sind Valley Hydro-Electric Project, Pahalgam Hydro-Electric Project and Lower Jhelum Hydel Project (Sheri) and Chuttak dams.⁴³ Pakistan’s Defence analysts claimed that India has set a futuristic target to complete around five hundred new dams by 2050.⁴⁴

Towards its North-East, Ladakh is the largest division of the Kashmir and maintains a specific geo-strategic importance since ancient times where Tsarist Russia, China and Indian Empires fought for many centuries to take control over the passes of this region to dominate each other economically and politically while in the contemporary era, the geostrategic significance of this region has been increased many times. The Indus River and its key tributaries such as Shyok, Nurba, Chang, Chenmo, Hanle, Zaskar, and Suru-dras rivers drain the region. To gain control over water reservoirs in this region India and Pakistan have been struggling over Ladakh since 1947.⁴⁵ Likewise, Ladakh provides the physical link to the Indian army on the Siachen Glacier where India had captured its important posts on 13th April 1984.

Maj. Gen. (R) Sheru Thapliyal claimed that “Pakistani switch in the Karakoram would be a potential threat to Indian location in Ladakh in addition to Chinese positions in Aksai Chin.”⁴⁶ However, General (R) Mohammad Aziz Khan believed that “control of Siachen has been a part of Indian policy in its direct access to the hydrocarbon sources in Central Asian via

⁴¹J. N. Dixit, *India-Pakistan in War and Peace*(New York: Routledge Publishers, 2002).

⁴²Personal interview with AkramSohail, Former Secretary to the Government of AJK, Muzaffarabad, June, 7, 2020.

⁴³Personal interview with General (R) Mohammad Aziz Khan, Rawalpindi, September 27, 2012.

⁴⁴Personal interview with General (R) Mohammad Aziz Khan.

⁴⁵Personal Interview with Dr.NasrullahMirza, Quaid-i-Azam University, Islamabad, March 20, 2020.

⁴⁶Maj Gen SheruThapliyal,“Strategic Importance of Siachen,” *Indian Defence Review* (blog), <http://www.indiandefencereview.com/spotlights/strategic-importance-of-siachen/>.

Wakhan Strip since 1947 and this might be one of the primary drives that India has always negotiated only on Jammu and Kashmir by excluding Ladakh.”⁴⁷ Meanwhile, Former head of India’s Research and Analysis Wing (RAW) Vikram Sood endorsed the Pakistani analyst’s arguments as “with a presence on the Siachen glacier, India has managed to prevent China and Pakistan from linking up and there is no doubt that the Kashmir valley is the most sensitive part of the State from the security point of view but Ladakh’s criticality can’t be ignored.”⁴⁸

China took control of Aksai Chin during the Sino-Indian war of 1962 and it became imperative for China to maintain effective control over that area because the Highway-219 connects Tibet and Xinjiang runs through Aksai Chin. This all-weather highway makes easier for China to move its army expeditiously for any operation along the border with India as both the countries share a 3800 km long disputed-border.⁴⁹ Secondly, due to its high altitude, Chinese satellite system keeps an eye over the Indian’s activities in the region as Tibet is strategically an imperious region for China because Tibet Plateau is the third-largest source of the freshwater in the world and headwaters for six largest rivers of Asia where China has decided to construct dams and river diversion projects.⁵⁰

On August 5, 2019, the Government of India unilaterally abrogated Article 370 of its Constitution.⁵¹ Hence, India has practically extended its border up to the existing Line of Control (LoC). Delhi wants to physically control its occupied areas because “If India loses Kashmir, the immediate consequences of which will be that India would no longer have the mountain ranges

⁴⁷General (R) Mohammad Aziz Khan, interview by the author, Rawalpindi, September 27, 2012.

⁴⁸Prakhar Gupta, “Why Ladakh Is Strategically Important For India,” <https://swarajyamag.com/defence/why-ladakh-is-strategically-important-for-india>.

⁴⁹Sander Ruben Aarten, “Sino-Indian Relations: The Geopolitics of Aksai Chin,” *Geopolitical Monitor*, June 10, 2013, <https://www.geopoliticalmonitor.com/sino-indian-relations-the-geopolitics-of-aksai-chin-4822/>.

⁵⁰HariBanshJha, “Tibetan Waters: A Source of Cooperation or Conflict? | Manohar Parrikar Institute for Defence Studies and Analyses,” https://idsa.in/idsacomments/TibetanWatersASourceofCooperationorConflict_hbjha_300911.

⁵¹Under Article 370, except for defence, foreign affairs, finance and communications, the people of Jammu & Kashmir were living under a separate set of laws.

along the Line of Control as its first line of defence against Pakistan.”⁵² However, Pakistan condemned the Indian act of abrogating the Article 370 as on 20th August 2019, talking to ARY News, Pakistan Foreign Minister Shah Mehmood Qureshi said that "We have decided to take Kashmir case to the International Court of Justice as the decision was taken after considering all legal aspects.”⁵³ The UN was the best forum to overturn the Indian action; however, no further step was taken in this direction which is being considered as Pakistan’s passive acceptance of new development in the region.

Kashmir & China

The India-China War of 1962, followed by the Pakistan-China Border Agreement of 1963, knotted Pakistan and China in bilateral coalition. With the construction of the Karakoram Highway through Khunjerab Pass, Pakistan & China entered into a strategic partnership which provided the reciprocal links to both nations.⁵⁴ In recent decades, China has emerged as a mighty soft power⁵⁵ and needs new markets and new sources of energy for its fast-growing economy, as its domestic resource requirements have climbed to an all-time high. In this context, China has its energy-driven and trade-based interests in the neighbouring states, Middle East and beyond. It has signed an agreement with Pakistan to connect Pakistan’s Sea Port of Gwadar and Chinese city of Kashgar under China-Pakistan Economic Corridor (CPEC) \$46 billion worth (could be rise to over \$60 billion) in May 2013.⁵⁶

⁵²Shawn Snow, “Why is Kashmir strategically important for India and Pakistan?,” Available at: (<https://thediplomat.com/2016/09/analysis-why-kashmir-matters/>)

⁵³“Pakistan to Take Kashmir Dispute with India to International Court of Justice,” DAWN, August 20, 2019, <https://www.dawn.com/news/1500629>.

⁵⁴The Karakoram Highway was started in 1959 and completed in 1979 under the joint of governments of Pakistan and China.

⁵⁵The ability to get what you want through persuasion or attraction (indirect and non-military influence) through culture, values and policies.

⁵⁶Christina Lin, *The new silk road: China's energy strategy in the greater Middle East* (Washington Institute for Near East Policy, 2011).

CPEC passes through the Gilgit-Baltistan (G-B), the northern portion of the erstwhile State of Kashmir, which is the only land link between the two countries.⁵⁷ China considers G-B as an essential factor in the success of CPEC, that's why the Chinese Government is integrating the people of G-B into trade and travel activities by waiving the visa restrictions up to Xinjiang province. Senator Mushahid Hussain expressed that "G-B is the gateway which provides access to China into Pakistan from its province of Xinjiang and connects Pakistan not only to China but it also provides connectivity to Central Asia through Tajikistan."⁵⁸

Earlier, the border trade between China and Pakistan was initiated in the 1990s, however, due to pathetic transportation infrastructure; its value has remained at lower ebb.⁵⁹ CPEC will contribute a better infrastructure to the country that has been retrograde in the past as it is a multi-dimensional set of development projects including the construction and improvements in railways, roads, energy production, fibre optics, and oil & gas pipelines which will give an implausible boost to Pakistan's trade with China and shortest access to Central Asian markets.⁶⁰

Analysts are of the opinion that China will be the main beneficiary in CPEC as compared to Pakistan because CPEC will cut its distance to the oil rich Persian Gulf from existing Sea-route of 5153 km from the dry port of Kashgar-Shanghai Seaport (129 hours or 5 days) to 2800 km from Kashgar-Gwadar Seaport (70 hours or 2.91 days).⁶¹

⁵⁷The CPEC covers almost 400 kilometres in Gilgit Baltistan.

⁵⁸"Gilgit-Baltistan Is Pivotal to CPEC", Says Mushahid | CPEC News," <http://cpecnews.com/gilgit-baltistan-is-pivotal-to-cpec-says-mushahid/>.

⁵⁹"China-Pakistan Relations," Council on Foreign Relations, <https://www.cfr.org/backgroundunder/china-pakistan-relations>.

⁶⁰Dr Shabir Ahmad Khan, "Geo-Economic Imperatives of Gwadar Sea Port and Kashgar Economic Zone for Pakistan and China," n.d., 14.

⁶¹Khalid Mehmood Alam, Xuemei Li, and Saranjam Baig, "Impact of Transport Cost and Travel Time on Trade under China-Pakistan Economic Corridor (CPEC)," ed. Yair Wiseman, *Journal of Advanced Transportation* 2019 (February 25, 2019): 7178507, <https://doi.org/10.1155/2019/7178507>.

Likewise, “China is importing about 83% of oil supplies by its southern Sea, out of which 77% are running through the Strait of Malacca.”⁶² To keep eye on pirate adventures, the presence of Indian and United States of America (USA) navies in the region construct staid security distress to China and in case of any incidence can affect its rising trade activities. Therefore, Gwadar port is a great alternative Sea-route for China to avoid its Sea-trade encounters and to link its western part to Arabian deep-sea.⁶³ Hence, CPEC is very cost-effective for the Chinese economy as Gwadar is locating at the gateway of the Persian Gulf and expected to save US\$ 02 billion annually on its oil supplies from the Gulf States.⁶⁴

US has serious concerns over the CPEC as US journalist Webster G. Tarpley expressed his views in a TV interview that Pakistan should be divided into three or four states. The key cause is that Pakistan is conventionally a strategic partner of China and could leverage as an energy corridor linking the oil fields of Iran, Iraq and other countries in the Middle East (those produce oil) with China through an oil pipeline that would go through Pakistan cross the Himalayas above Kashmir. This would bring the Chinese economic influence into the Middle East and essentially cutting the Anglo-American influence from that region.⁶⁵ The US warned Pakistan that it could end up with a higher debt burden; however, Pakistan categorically rejected Washington’s claims on CPEC as Foreign Minister Shah Mahmood Qureshi held that “CPEC is inevitable for the development of the country and it will be further expanded.”⁶⁶ Pakistan’s strategic analyst articulated that “basically, the US wants to contain China and it can use Ladakh

⁶²Alam, Li, and Baig, “Impact of Transport Cost and Travel Time on Trade under China-Pakistan Economic Corridor (CPEC).”

⁶³Faheemullah Shaikh, Qiang Ji, and Ying Fan, “Prospects of Pakistan–China Energy and Economic Corridor,” *Renewable and Sustainable Energy Reviews* 59 (June 1, 2016): 253–63, <https://doi.org/10.1016/j.rser.2015.12.361>.

⁶⁴Bilal Ameen and Asif Kamran, “CPEC: Impact of China-Pakistan Economic Corridor (CPEC) on China’s Import and Export in Terms Of Transit Time and Shipping Cost,” *Journal of Business Administration and Management Sciences (JOBAMS)* 1, no. 2 (July 1, 2017): 84–99.

⁶⁵Webster G. Tarpley, “Obama Declares War on Pakistan,” <https://www.voltairenet.org/article163281.html>.

⁶⁶“Pakistan Rejects US Concerns over CPEC: FM Qureshi,” *The Express Tribune*, November 24, 2019, <https://tribune.com.pk/story/2105729/1-pakistan-rejects-us-concerns-cpec-fm-qureshi/>.

area for that purpose and it can also look into Russia once it withdraws partially from Afghanistan.”⁶⁷

India has strongly opposed the CPEC project too. In a report submitted to Parliament, the Indian Defense Ministry states as “the CPEC passing through Pakistan-occupied-Kashmir challenges Indian sovereignty.”⁶⁸ During the G-20 Summit at Hangzhou (China) held in September 2016, “Indian Premier has voiced India’s anxieties over the CPEC with Chinese President Xi Jinping and conveyed to him that “New Delhi and Beijing will have to be sensitive to each other’s strategic interests.”⁶⁹ Approximately 400-km long of the CPEC passes through G-B, which is claimed by India. That’s why India Government declared it against the universally recognized international norms and asked China to stop such activities.⁷⁰

New Delhi’s protest is quite understandable as India is copiously cognizant of the Chinese capacity in protecting trade channels in the region, which would jeopardize the Indian intention to stretch up to Central Asian states by cutting the G-B’s edge.⁷¹ During the recent clashes between Indian and Chinese forces in the Galwan river valley (close to Aksai Chin in Ladakh), China has clearly passed a very strong message to India that it will protect its economic interests in the region and beyond. Stockholm International Peace Research has concluded that India’s opposition to CPEC reflects a concern over the internationalization of Kashmir Conflict

⁶⁷Prof. Dr. Nazir Hussain, Dean, Faculty of Social Sciences, Quaid-i-Azam University, Islamabad.

⁶⁸“China Pakistan Economic Corridor: India Expresses Strong Opposition to China Pakistan Economic Corridor, Says Challenges Indian Sovereignty - The Economic Times,”https://economictimes.indiatimes.com/news/defence/india-expresses-strong-opposition-to-china-pakistan-economic-corridor-says-challenges-indian-sovereignty/articleshow/57664537.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst.

⁶⁹ Ibid.

⁷⁰“China-Pakistan Economic Corridor and Security Threat to India,” *Indian Defence Review* (blog),<http://www.indiandefencereview.com/news/china-pakistan-economic-corridor-and-security-threat-to-india/>.

⁷¹Personal interview with General (R) Mohammad Aziz Khan, Rawalpindi, September 27, 2012.

and growing Chinese influence in the Indian Ocean.⁷² However, Andrew Small, the author of the book “The China-Pak Axis: Asia’s New Geopolitics” believes that “it will be neutrally disposed of seeing some potential security benefits if Pakistan’s economy is stabilized.”⁷³ China issued an official statement that “we want two of our close neighbours and friends to resolve their conflicts by dialogue.”⁷⁴ However, Chinese scholar Zhao Gancheng mentioned that “China cannot wait for Pakistan and India to resolve their territorial disputes to realize its economic development dream of One Belt One Road (OBOR).”⁷⁵

Despite New Delhi’s concerns, some voices are growing in India against its approach on CPEC as Sudheendra Kulkarni, a former Indian official has indicated that “India should join the CPEC. Despite being neighbours, India and Pakistan are among the least integrated nations in the world but unfortunately, Modi has allowed himself to be misled by his advisers on the Belt and Road Initiative (BRI).”⁷⁶ Similarly, Mehbooba Mufti, the head of Peoples Democratic Party (PDP) and the former Chief Minister of Kashmir believed that “Jammu and Kashmir could become a nucleus towards forging a new economic alliance in the region.”⁷⁷ The program of ‘Regional Free Trade Area and Common Economic Market’ was floated by PDP as party manifesto during the Jammu & Kashmir Legislative Assembly election in 2104.⁷⁸

⁷²“Does the China-Pakistan Economic Corridor Worry India? | India | Al Jazeera,”<https://www.aljazeera.com/indepth/features/2017/02/china-pakistan-economic-corridor-worry-india-170208063418124.html>.

⁷³Ibid.

⁷⁴“What Is China’s Stance on the Kashmir Conflict? - Quora,” <https://www.quora.com/What-is-Chinas-stance-on-the-Kashmir-conflict>.

⁷⁵“China-Pakistan Economic Corridor and Security Threat to India.”

⁷⁶“Modi Should Join CPEC, Stop Selling ‘pipe Dream’ of Quadrilateral Alternative, Says Former Official,” The Express Tribune, March 6, 2018, <https://tribune.com.pk/story/1652425/9-modi-join-cpec-stop-selling-pipe-dream-quadrilateral-alternative-says-former-official/>.

⁷⁷Fahad Shah, “CPEC and Kashmir Issue,” DAWN.COM, March 15, 2017, <https://www.dawn.com/news/1320621>.

⁷⁸“Jammu and Kashmir Polls: PDP Promises ‘Self Rule’ in Its Election Manifesto - The Economic Times,”<https://economictimes.indiatimes.com/news/politics-and-nation/jammu-and-kashmir-polls-pdp-promises-self-rule-in-its-election-manifesto/articleshow/45306019.cms?from=mdr>.

The prominent pro-freedom leader of Hurriyat Conference, Mirwaiz Umar Farooq pointed out that “Kashmir can become a gateway to Central Asia and in terms of larger economic activity everybody wanted to be part of the CPEC. If India decides to join the CPEC or even find a way to connect the occupied valley with the economic corridor, the politics of the region would take a new turn. This would lead to increasing engagement between the two sides and help connect people through economic interests.”⁷⁹ Muhammad Masood Khan, the President of AJ&K, is of the opinion that “Pakistan will be in a better position as compared to India in this region as after the completion of CPEC, the relations between the people of Kashmir and Pakistan will come closer as their economic interests will be interlinked because the highway running from Kashgar to Gwadar will link Kashmir to the nearest Sea ports in Pakistan.”⁸⁰

Kashmir & Super Powers

The status quo of Jammu & Kashmir favours US and its allies as Kashmir conflict has been the part of ‘Greater War-Economy’ since 1947, where the US and European powers including Russian (former USSR) war-industries have produced a huge amount of weapons, sold to both; India and Pakistan and earned billions of dollars. Particularly, in the modern era, the US War Industry has been developed manifold and needs new war fronts around the globe. In that context, Kashmir is one of those consumer-markets where both, India and Pakistan have been allocating a huge amount to their Defence Ministries.

A key component of the US policy towards South Asia has been to prevent outbreak of an armed conflict between India and Pakistan. This has led Washington to call for resolving Kashmir dispute through dialogue and peaceful means. And whenever, a crisis has emerged between India and Pakistan, it is the US that has played the role of crisis manager. The American interests have, thus, been pursuing crisis de-escalation and supporting dialogue between India and Pakistan. Over the long-term, Washington has pursued a posture where it doesn’t endorse one side or the other in long-standing bilateral disputes. The same is the case with Kashmir. Washington doesn’t endorse either Pakistan’s view or Indian position on Kashmir despite pursuing close relationship with India. President Trump has offered to mediate in Kashmir, provided India and

⁷⁹Ibid.

⁸⁰ Personal Interview with Muhammad Masood Khan, the former Pakistan’s Ambassador to UN, Islamabad, 5th May 2015.

Pakistan agree to it. “And this position of maintaining ‘peace and security’ while supporting ‘direct dialogue between India and Pakistan on Kashmir’ is likely to continue in future as well.”⁸¹

Conclusion

The mountainous region Jammu & Kashmir has a great geo-strategic importance as it serves as the main source of water and power generation for both Pakistan and India. Kashmir connects the economically significant countries of Central Asia, South Asia and China. With advent of CPEC, Kashmir acquired an enormous geographical significance in the new regional settings. CPEC is equally important for both China and Pakistan as it will reduce the Chinese access to Sea by 2353 km and expected to save US\$ 2 billion annually on its oil supplies while Pakistan will get a better infrastructure and shortest access to Central Asian markets. While US and India are opposing CPEC, it is expected to be a great undertaking for Pakistan’s economic uplift.

Located far from the coastline, Kashmir’s potential for international trade is insignificant. Yet, it has tremendous opportunity to trade with Pakistan, India, China and Central Asia through overland corridors. Moreover, breath-taking natural scenery of Kashmir invites tourists from all over the world. Regional countries can enter into an agreement to develop tourism sector in Kashmir on a priority basis. This will lead to far-reaching economic development in Kashmir and uplift people of the region. Through tourism, Kashmir can become a hub of regional transit and trade between China, Pakistan, India, and Central Asia. Due to its natural location, the situation in Jammu & Kashmir impacts the regional peace and prosperity. On the other hand, the Indian act of abrogating Article 370 will not affect the geo-economic significance of Jammu & Kashmir as India cannot stay out of CPEC for a long time and with its entrance into the CPEC, this region will be converted from ‘Conflict Zone’ into a ‘Trade Zone.’

⁸¹Department Press Briefing, U.S. *Department of State*, August 8, 2019, <https://www.state.gov/briefings/department-press-briefing-august-8-2019>