

“Afghanistan and Pakistan Stability Prospects in the Medium- and Long-Term”

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I. Summary

The prospects for stability in Pakistan and Afghanistan are likely to remain bleak over the five- and 20-year timeframes. In both countries, there is a high likelihood of economic stagnation or deterioration, mass movements and displacement of populations, demographic youth bulge “bombs,” food and climate insecurity, violent socio-political instability, and regional strategic risks stoked by great power competition. These challenges will prove especially difficult to overcome given the extent to which they are mutually reinforcing, which renders any potential progress in one area constrained by interconnected obstacles. While both countries face related impediments to stability and growth, these challenges will be most severe in Afghanistan, where a return to all-out civil war is a distinct possibility following some form of U.S. withdrawal. In Pakistan, the probable failure to escape the development trap without a foreign-investment-fueled economic surge could create separate incentives for both a gradual, soft military coup as well as an effort to tamp down an expensive, unsustainable rivalry with India. In both countries, we assess that instability is more likely over the 20-year timeframe than in the short-term given the cumulative effect of future financial shortfalls, demographic pressures, and climate-related risks.

We also expect that overt great power competition in southern Asia will likely intensify regional rivalries over the five- and 20-year time horizons. Intense competition typically augments existing security dilemmas and commitment problems,¹ especially in environments with perceived offensive/first-mover advantages, shorter shadows of the future, and multiple players.² Competitive and even conflictual state interactions then reinforce fluid rather than stable socio-political dynamics. This, in turn, incentivizes short-term, zero-sum interactions rather than long-term, mutually beneficial ones as well as state-led destabilization through disinformation, electronic and cyber warfare, and outright kinetic destruction. Such a tense backdrop may preclude the types of cooperative economic engagement necessary to overcome the region’s development, political mobilization, demographic, and climate change challenges. Today’s regional dynamics—including Hindu nationalist belligerence, aggressive Chinese neo-colonialism, Gulf state entrapment efforts, and a collapsing Afghan compact devolving into ungoverned vacuums as well as proxy wars and multi-party civil wars—will likely push Pakistan, as well as much of South Asia, into a competitive spiral.

Despite these sobering predictions, should the unlikely event of India and Pakistan committing to a serious dialogue and rapprochement come to pass, these regional risks could be

¹ James Fearon, “Rationalist Explanations for War,” *International Organization*, Summer 1995; Robert Jervis, “Cooperation Under the Security Dilemma,” *World Politics*, Vol. 30, No. 2, 1978.

² Kenneth A. Oye, “Explaining Cooperation under Anarchy: Hypotheses and Strategies” *World Politics* Vol 38, No. 1 (Oct., 1985) pp 1-24,

mitigated by some positive outcomes. These may include increased trade and economic opportunities, the potential for cooperation in Afghanistan, mutual climate risk mitigation efforts, and coordinated efforts to counter violent extremist groups. In this case, the structure of interactions would be reshaped by mutually advantageous payoffs between the two key actors and a longer shadow of the future, all of which could reduce credible commitment and security dilemma challenges.

II. Key Trends, Uncertainties, Bellwethers

A. Key Trends

We identify four trends—economic underperformance, intensified political mobilization, demographic booms, and climate change shocks—that will stress Pakistan’s economic management and growth, its ability to govern and distribute resources to its people, and its centrifugal forces (between its periphery and center) and internal stability over both the short and long terms. The same trends will prove even more disruptive for Afghanistan, ensuring a high likelihood of civil conflict recurrence and stable but violent political orders.

Economic pressures are likely to dominate the policy agenda and constrain political options in both Pakistan and Afghanistan over the short- and long-terms, although we expect each to follow a distinct trajectory. In Pakistan, the finalization of a new IMF program and influx of additional foreign economic support³ will resolve the immediate balance of payments crisis but will not compel action to address structural issues—energy and power sector mismanagement, currency intervention, taxation base expansion, civil service reform, remittance formalization, and privatization of state-owned enterprises (SOEs)—in the five-year window. Despite economic forecasts and reform plans premised on action by strong, nationally-minded leadership, and despite the formation of a new National Development Council (NDC) steered by the Pakistan Army,⁴ we assess that Pakistan’s civilian leadership and military establishment lack both the capacity and will to push through the necessary adjustments.⁵ Instead, resistance to reform will prove too strong from elites seeking to preserve lucrative financial loopholes,⁶ employees and unions of SOEs,⁷ subsidy-dependent middle and working classes,⁸ political

³ Pakistan has received or is scheduled to receive \$15.8 billion in cash deposits, loans, and deferred payments from Saudi Arabia, UAE, Qatar, and China along with a \$6 billion, 3-year IMF loan. See “Ailing Pakistan Gets \$3bn from Qatar” *LiveMint*, June 24, 2019, <https://www.livemint.com/news/world/ailing-pakistan-gets-3-billion-bailout-from-qatar-1561377164159.html>

⁴ Mehreen Zahra-Malik, “New Council Puts Pakistan Army Chief in Economic Driving Seat,” *Arab News*, June 20, 2019, <http://www.arabnews.pk/node/1513691/pakistan>

⁵ “Pakistan at 100: Shaping the Future” (Washington, DC: The World Bank, 2019), <https://openknowledge.worldbank.org/handle/10986/31335>.

⁶ Mushtaq Khan, “How the Government Should Go About Fixing the Economy,” *The Herald*, October 15, 2018, <https://herald.dawn.com/news/1398697>.

⁷ “Workers protest against possible privatisation of Pakistan Steel Mills,” *Pakistan Today*, May 6, 2019, <https://www.pakistantoday.com.pk/2019/05/06/workers-protest-against-possible-privatization-of-pakistan-steel-mills/>.

⁸ Saad Sayeed and Syed Raza Hassan, “Erasing the poor’: Pakistanis feel crunch of rising prices,” *Reuters*, April 4, 2019, <https://www.reuters.com/article/us-pakistan-economy/erasing-the-poor-pakistanis-feel-crunch-of-rising-prices-idUSKCN1RG0GS>.

leaders unable to win votes amidst austerity,⁹ and the military with its significant defense budget and business holdings.¹⁰ This dynamic is likely to continue over the 20-year time horizon, during which time Pakistan will increasingly seek economic support and debt forgiveness from China, its largest creditor through the China-Pakistan Economic Corridor (CPEC) initiative, versus the United States and other Western lenders that insist on reform and counter-terrorism financing provisions.

Economic pressures will likewise prove significant in Afghanistan, although continuing foreign aid from the United States and other international partners is likely to lessen budgetary pressures over the five-year time horizon. A negotiated settlement mandating U.S. withdrawal, if reached and successfully implemented, will likely provide a continuation of U.S. and partner economic support in order to avoid the collapse of the Afghan government, which depends on donor assistance for 66 percent of total expenditures as of March 2018.¹¹ As donor attention shifts and assistance declines over the 20-year time horizon, Afghanistan will struggle to overcome aid rentierism¹² and manage elite and broader constituencies accustomed to flush patronage networks.¹³ The illicit economy, and particularly the narcotics industry, will become increasingly influential as it comes to represent a greater percentage of overall economic activity given decreasing levels of external funding. Levels of poppy cultivation increased during peacetime in the 1990s, suggesting that, should conflict levels diminish, opium cultivation and trade will likely increase both year-on-year and as a percentage of both licit and illicit economic activity.¹⁴ Likewise challenging will be right-sizing Afghanistan's economic outlays, especially in the security sector,¹⁵ and overcoming elite capture of influential and lucrative key state institutions.¹⁶ This recurring "conflict trap" seems inevitable in Afghanistan over the long-term, in which declining external assistance will limit state capacity for governance and security provision, driving greater insecurity and conflict. This will lead, in turn, to further brain drain and reductions in productive investment and economic exchange.¹⁷

⁹ Haroon Janjua, "Fresh IMF deal a 'political blow' to Pakistan PM Imran Khan," *DW*, <https://www.dw.com/en/fresh-imf-deal-a-political-blow-to-pakistan-pm-imran-khan/a-48719858>.

¹⁰ Snehes Alex Philip and Nayanima Basu, "Pakistan military plans budget cuts, but India thinks they'll just juggle numbers," *The Print*, June 5, 2019, <https://theprint.in/defence/pakistan-military-plans-budget-cuts-but-india-thinks-theyll-just-juggle-numbers/245963/>

¹¹ "Aid Effectiveness in Afghanistan" (ATR Consulting, March 2018), https://reliefweb.int/sites/reliefweb.int/files/resources/aid_effectiveness_in_afghanistan_march_2018_0.pdf.

¹² Nematullah Bizhan, *Aid Paradoxes in Afghanistan: Building and Undermining the State* (Routledge, 2017).

¹³ Jelena Bjelica and Thomas Ruttig, "The State of Aid and Poverty in 2018: A new look at aid effectiveness in Afghanistan," *Afghan Analysts Network*, May 17, 2018, <https://www.afghanistan-analysts.org/the-state-of-aid-and-poverty-in-2018-a-new-look-at-aid-effectiveness-in-afghanistan/>.

¹⁴ Antonio Giustozzi, "Cycles of War and Peace in Afghanistan: Understanding the Political Economy of Conflict," (London: CSRC Policy Directions, May 2010), <http://www.lse.ac.uk/international-development/Assets/Documents/PDFs/csdc-policy-briefs/Cycles-of-War-and-Peace-in-Afghanistan.pdf>.

¹⁵ Tamim Asey, "The Fiscally Unsustainable Path of the Afghan Military and Security Services," *Global Security Review*, December 17, 2018, <https://globalsecurityreview.com/fiscally-unsustainable-afghanistan-military-security-services/>.

¹⁶ Vanda Felbab-Brown, "Afghanistan Affections: How to Break Political-Criminal Alliances in Contexts of Transition," (London: United Nations University Centre for Policy Research Crime-Conflict Nexus Series: No 8, April 2017), <https://www.brookings.edu/wp-content/uploads/2017/05/afghanistan-affectations-how-to-break-political-criminal-alliances-in-contexts-of-transition.pdf>.

¹⁷ Paul Collier, et al, *Breaking the conflict trap: civil war and development policy*, (Washington, DC: The World Bank, May 31, 2003), <http://documents.worldbank.org/curated/en/908361468779415791/Breaking-the-conflict-trap-civil-war-and-development-policy>.

In Pakistan, political elites will struggle to respond to real and perceived security challenges from non-state groups and ethnonationalist factions, who will increase claims on the state due to tensions over distribution between the center and periphery: widening expectation gaps;¹⁸ cross-border support and Pashtun nationalist contagion in FATA;¹⁹ sustained exclusion exacerbated by CPEC investment in Balochistan;²⁰ ethnic group status reversal in Sindh²¹; deepening economic grievances and poor governance in the South Punjab/Seraiki belt;²² and the democratization of information throughout.²³ The military establishment is likely to dominate an increasing scope of state functions while maintaining nominal civilian government control over the five-year term—a “ruling but not governing” model.²⁴ This structure shields the military not only from criticism over unsuccessful and unpopular policies, but also from the international sanction that would greet an overt military coup. Leaders of national civilian governments are unlikely to display either the willingness or capacity to upset this military-dominated structure over the short-term. Instead, it will most likely be challenged by provincial political leaders, mass protest movements, and non-state factions. These will include groups ranging from the Pashtun and Baloch minorities, likely with limited external support from India and Afghanistan, to extremist religious factions, to non-state groups active in Afghanistan and Kashmir. These trends will continue and intensify over the 20-year timeframe, as greater access to technology and connectivity in peripheral regions will increasingly challenge the military’s control of a single, state-sanctioned narrative.²⁵ Pakistan’s history suggests the security establishment will successfully manage these threats, but, as the post-9/11 external assistance largesse dries up, the possibility of reignited rural insurgencies and Arab Spring-style revolutionary protests should not be ruled out.

In Afghanistan, a number of possible political eventualities exist: the current government could remain in power, the Taliban could take over the government, or both entities could govern together under a negotiated power-sharing arrangement. However, any political formation over the next five years will face the emergence of factions driven by personal vendettas, ethnicity, armed political parties, defecting alliances, and competing external regional backers.²⁶ Internal security threats could stem from armed contingents led by influential elites divided along

¹⁸ Daud Khattak, “Imran Khan: High Hopes, Greater Expectations,” *The Diplomat*, September 5, 2018, <https://thediplomat.com/2018/09/imran-khan-high-hopes-greater-expectations/>.

¹⁹ Daud Khattak, “The Pakistani Military’s Worst Nightmare Is Coming True,” *Foreign Policy*, April 30, 2019, <https://foreignpolicy.com/2019/04/30/the-pakistani-militarys-worst-nightmare-is-coming-true/>.

²⁰ Adnan Aamir, “The Balochistan Insurgency and the Threat to Chinese Interests in Pakistan,” (Washington, DC: *China Brief*, 19 (4), February 15, 2019), <https://jamestown.org/program/the-balochistan-insurgency-and-the-threat-to-chinese-interests-in-pakistan/>.

²¹ Theodore P. Wright, Jr., “Center-Periphery Relations and Ethnic Conflict in Pakistan: Sindhis, Mohajirs, and Punjabis,” *Comparative Politics*, 23 (3), April 1991, pp. 299-312.

²² Asma Faiz, “What lies behind demands for a separate province in south Punjab,” *The Herald*, November 6, 2018, <https://herald.dawn.com/news/1398695>.

²³ Frud Bezhan and Daud Khattak, “‘Tightening the Noose’: Pakistani Journalists Turn to Social Networks as Mainstream Media Gagged,” *Radio Free Europe/Radio Liberty*, May 11, 2019, <https://www.rferl.org/a/tightening-the-noose-pakistani-journalists-turn-to-social-networks-as-mainstream-media-gagged/29934638.html>.

²⁴ Steven Cook, *Ruling but Not Governing: The Military and Political Development in Egypt, Algeria, and Turkey* (JHU Press, 2007).

²⁵ Ramsha Jahangir, “How social media has become a war zone for competing narratives,” *The Herald*, January 2, 2019, <https://herald.dawn.com/news/1398759>.

²⁶ James Dobbins, et al, *Consequences of a Precipitous U.S. Withdrawal from Afghanistan*, (Washington, DC: RAND Corporation, January 2019), https://www.rand.org/content/dam/rand/pubs/perspectives/PE300/PE326/RAND_PE326.pdf.

parochial lines competing for their share of illicit trade networks, territory, and state resources.²⁷ This fractionalization will likely disrupt any post-settlement political order supported by Western powers. Newer violent groups like Islamic State-Khorasan Province (IS-K) and the Liwa Fatemiyoun (Hazara foreign fighters trained by Iran in Syria)²⁸ will continue to disrupt both national and local political orders. Over the 20-year time horizon, a largely decentralized system of governance is likely to crystalize in which local elites' control over individual villages, subdivisions, and districts largely outweighs the influence of the central government in Kabul.²⁹ Continued Af-Pak cross-border suspicions and tensions can reinforce mutual political instability through support for opposition and insurgent movements. Such dynamics are especially fraught in the context of the continuing Durand Line border dispute, Pakistan's ongoing fencing campaign and opposition from cross-border Pashtun communities, and tensions over the treatment and repatriation of current and potential future Afghan refugees in Pakistan.

Both Pakistan and Afghanistan will face intensifying demographic and human development challenges, especially over the 20-year time horizon,³⁰ with unevenly distributed population growth further straining their already-stretched government and labor market capacity. These dynamics will further stress Pakistan's potable water systems, food security, sanitation, and health services. In the near-term, we expect Pakistan's fertility rate to continue declining in urban areas while holding steady or declining much less precipitously in rural and underserved regions where family planning services are unavailable or unpopular with the local population.³¹ This dynamic will exacerbate domestic inequality and lead to an increasing and potentially destabilizing influx of predominantly male, working-aged individuals to urban centers in search of employment. Especially should Gulf countries that currently absorb hundreds of thousands of Pakistani laborers per year further limit opportunities for foreign workers,³² Pakistan will struggle to employ and support such large numbers of low-skill workers without the benefit of external outlets and income from remittances. In the long-term, Pakistan's lag in human development and human capital will continue to grow.³³ It will likely fail to reap the dividends of its demographic trend lines given its poor quality of education, ill-prepared labor force, and limited employment opportunities.³⁴ The relative absence of women from higher

²⁷ Jonathan Goodhand, "Corrupting or consolidating the peace? The drugs economy and post-conflict peacebuilding in Afghanistan," *International Peacekeeping*, June 2008, 15(3): 405-423.
https://www.researchgate.net/profile/Jonathan_Goodhand/publication/248954233_Corrupting_or_Consolidating_the_Peace_The_Drugs_Eco-nomy_and_Post-Conflict_Peacebuilding_in_Afghanistan/links/0f31753c3bd4c7da3b000000.pdf

²⁸ "Afghans worry about the return of Shia fighters from Syria's civil war," *The Economist*, March 14, 2019,
<https://www.economist.com/asia/2019/03/14/afghans-worry-about-the-return-of-shia-fighters-from-syrias-civil-war>

²⁹ Yash Ghai, "Unitary or Federal: A False Choice? Decentralisation of state powers in Afghanistan,"
<https://cic.nyu.edu/sites/default/files/e5dcentralizationofpowerghai.pdf>.

³⁰ Pakistan's population will increase by 50% or 100 million over the next 30 years. See Daniel F. Runde and Richard Olson, "An Economic Crisis in Pakistan Again: What's Different This Time?," October 31, 2018,
<https://www.csis.org/analysis/economic-crisis-pakistan-again-whats-different-time>.

³¹ Syud Amer Ahmed, Yoonyoung Cho, and Tazeen Fasih, "Pakistan @ 100: Human Capital," World Bank Group, March 2019, <http://documents.worldbank.org/curated/en/181471552638661744/pdf/135324-14-3-2019-20-35-15-PakPNHumanCapitalLaunchFinal.pdf>.

³² Haniya Javed, "How the Saudi recession is hurting Pakistani labour," *The Herald*, March 12, 2019,
<https://www.dawn.com/news/1457157>.

³³ "Human Development in Pakistan," United Nations Development Program, September 19, 2018,
<http://www.pk.undp.org/content/pakistan/en/home/blog/2018/human-development-in-pakistan.html>.

³⁴ "When employment sustains growth," *Dawn*, September 27, 2016, <https://www.dawn.com/news/1286219/when-employment-sustains-growth?preview>.

education and the workforce, in particular, will limit improvements in incomes and development outcomes in future generations.³⁵

In Afghanistan, a similar dynamic is likely to unfold over both the five- and 20-year timeframes, although the country's baseline demographic challenges are more severe. While fertility rates and child mortality have declined significantly over the past two decades, continued progress is likely to be concentrated in urban centers and other areas accessible to government and NGO-sponsored service delivery.³⁶ The most conflict-affected regions, meanwhile, will fail to benefit proportionately and will instead become greater sources of both internal and external out-migration, particularly if a reduction in conflict begins to constrain the local war economy.³⁷ Given the likelihood of gradual reductions in funding from external sources following a negotiated settlement and partial or full withdrawal of foreign forces, the overall pool of funds available for redirection into local war economies in the form of protection payments, salaries, and other rents³⁸ is also likely to decrease. While an upsurge in opium production will likely blunt the impact of this reduction in external funding, significant out-migration to urban areas can be expected nonetheless.³⁹ Over the 20-year time horizon, overall demographic trend lines and development indicators will improve, but the advances will not be rapid enough for Afghanistan to capitalize on the prime working years of its young population.

One final trend in both Pakistan and Afghanistan over the five and 20-year terms will be the disruptive, deleterious effects of climate change. Especially over the long-term, rising temperatures, extreme weather, water scarcity, and sea-level rise will likely contribute to insecurity and instability. In Pakistan, these challenges will become increasingly pressing over the next five years and will rise higher on both the domestic political agenda as well as figure into international conflicts.⁴⁰ Lack of sufficient fresh water, in particular, will likely prove a significant issue in the near term as Pakistan has been projected to reach absolute water scarcity by 2025 due to its falling water table, rising evaporation rates, poor water management practices, and changing rainfall patterns.⁴¹ This, in turn, will affect crop production and harvest levels. Water will increasingly become a point of tension internationally as both India⁴² and Afghanistan⁴³ undertake dam and hydropower projects that could reduce downstream flowrates

³⁵ "Female Labor Force Participation in Pakistan: What Do We Know?," World Bank Group, February 2018, <http://documents.worldbank.org/curated/en/444061529681884900/pdf/127518-WP-PUBLIC-FLPPakistan.pdf>.

³⁶ Claudia Nassif, et al, "Afghanistan to 2030: Priorities for Economic Development Under Fragility," World Bank Group, <http://documents.worldbank.org/curated/en/156881533220723730/pdf/129161-WP-P157288-Afghanistan-to-2030-PUBLIC.pdf>.

³⁷ "Afghanistan's Urban Future," UN Habitat, 2014, <https://unhabitat.org/afghanistans-urban-future/>.

³⁸ "Warlord, Inc. Extortion and Corruption Along the U.S. Supply Chain in Afghanistan," (United States: House Committee on Oversight and Government Reform, June 2010), <https://www.hsdl.org/?abstract&did=23047>.

³⁹ M. Sayed Madadi, "Talking to the Taliban with the Wrong Assumptions," *War on the Rocks*, June 5, 2019, <https://warontherocks.com/2019/06/talking-to-the-taliban-with-the-wrong-assumptions-the-conundrum-of-afghan-peace/>.

⁴⁰ Jeffrey Gettleman, "India Threatens a New Weapon Against Pakistan: Water," *The New York Times*, February 21, 2019, <https://www.nytimes.com/2019/02/21/world/asia/india-pakistan-water-kashmir.html>.

⁴¹ Ali Hasnain Sayed, Chelsea Spangler, and Muhammad Faizan Usman, "The Perils of Denial: Challenges for a Water-Secure Pakistan," *New Security Beat*, August 15, 2017, <https://www.newsecuritybeat.org/2017/08/perils-denial-challenges-water-secure-pakistan/>.

⁴² "India to expedite 3 projects to stop its share of Indus waters from flowing into Pakistan," *The Economic Times*, November 25, 2018, <https://economictimes.indiatimes.com/news/politics-and-nation/india-to-expedite-3-projects-to-stop-its-share-of-indus-waters-from-flowing-into-pakistan/articleshow/66793674.cms?from=mdr>.

⁴³ Sudha Ramachandran, "India's Controversial Afghanistan Dams," *The Diplomat*, August 20, 2018, <https://thediplomat.com/2018/08/indias-controversial-afghanistan-dams/>.

into Pakistan. These challenges will only increase over the 20-year term, with the effects of a range of climate change-related effects disrupting the country's vital agricultural industry and threatening urban centers.⁴⁴ Most critical is the coastal megacity of Karachi, which is especially vulnerable to sea-level rise, water scarcity, salination, localized temperature increases, and severe weather events,⁴⁵ not to mention hosting multiple sea-adjacent nuclear power facilities.⁴⁶ Over time, these effects will likely spur and increase in climate-related internal displacement within Pakistan and raise the risk of potentially catastrophic crises, straining the government's already limited disaster response and governance capacity.

In Afghanistan over the five-year term, climate change related-risk will likely bring a continuation of drought and water scarcity in a country where traditional irrigation and water management systems have been severely disrupted by conflict.⁴⁷ Given Afghanistan's dependence on agriculture and subsistence farming, additional droughts could lead to further food insecurity, internal displacement, and urbanization, adding pressure to already strained urban centers. Over the 20-year time horizon, temperature increases and changes in rainfall patterns will likely lead to significant disruptions in annual glacial melt cycle, raising the risk of both significant flooding and further water scarcity.⁴⁸

B. Key Uncertainties

The economic, political mobilization, demographic, and environmental pressure trends described above give rise to several uncertainties for the Pakistan-Afghanistan region, four of which we consider here: India-Pakistan rivalry intensity, deepening and formalized Pakistan military rule, Afghan civil war recurrence, and the failure of foreign-investment-fueled economic development in Pakistan.

Uncertainty 1: Will the Pakistan-India rivalry continue, and in what form?

The first major uncertainty is whether Pakistan can sustain its current level of militarized hostility and rivalry versus India. It is a near certainty in the next five to twenty years that Pakistan will continue to see India as a rival and its rise as a potential hegemonic threat on the subcontinent. However, two uncertainties could shape Pakistan's security behavior and contribute to a relative cooling of this rivalry: a transformative shock from a crisis episode and the long-term pressures of economic underperformance.

⁴⁴ William J. Young, et al, "Pakistan Getting More from Water," (Washington, DC: World Bank Group, 2019), <http://documents.worldbank.org/curated/en/251191548275645649/pdf/133964-WP-PUBLIC-ADD-SERIES-22-1-2019-18-56-25-W.pdf>

⁴⁵ Rabiya Jaffery, "Impact of Climate Change on Karachi May be One of Pakistan's Biggest Threats," *Inter Press Service*, February 2, 2018, <http://www.ipsnews.net/2018/02/impact-climate-change-karachi-may-one-pakistans-biggest-threats/>.

⁴⁶ Michael Kugelman, "Pakistan's climate change challenge," *Foreign Policy*, May 9, 2012, <https://foreignpolicy.com/2012/05/09/pakistans-climate-change-challenge/>.

⁴⁷ Elizabeth B. Hessami, "As Afghanistan's Water Crisis Escalates, More Effective Water Governance Could Bolster Regional Stability," *New Security Beat*, July 11, 2018, <https://www.newsecuritybeat.org/2018/07/afghanistans-water-crisis-escalates-effective-water-governance-bolster-regional-stability/>.

⁴⁸ "Climate Change in Afghanistan: What Does It Mean for Rural Livelihoods and Food Security?" World Food Programme, United Nations Environment Programme, and The Afghan National Environmental Protection Agency, November 2016, https://postconflict.unep.ch/publications/Afghanistan/Afg_CC_RuralLivelihoodsFoodSecurity_Nov2016.pdf.

Over the medium-term, an acute, shocking crisis episode might precipitate a shift in rivalry dynamics. The region has once again become increasingly crisis-prone due to increasing Indo-Pakistani military competition, instability in Afghanistan and Indian-administered Kashmir, India's declining tolerance for activities carried out by state-backed violent non-state actors on its soil, nationalist belligerence and national security populism, and the influence of global geopolitical competition on regional stability. If, in the next five years, another South Asian crisis exposes a significant instability, triggers high levels of nuclear alert, escalates past the point of Pakistani leaders' expectations and control, and draws Chinese fear and ire, this combination of factors could present serious costs to Pakistan and motivate it to adjust its nuclear posture, cap its support for terrorism, and seek a more stable deterrence dynamic without giving up the rivalry. In other words, if India and Pakistan experience another Cuban missile crisis moment, it could, counterintuitively, have a salutary effect—assuming uncontrolled escalation is successfully prevented.

In the long-term, economic underperformance will also pressure the state to make hard choices between the military's dominance over a dwindling national budget relative to governance and welfare demands. It remains uncertain whether Pakistan's level of hostility and rivalry with an adversary five times its size and growing remains sustainable. The military will also start to face stark choices not simply between guns and butter, but between military pensions and modernization. Underwhelming economic growth will also constrain the Pakistan military's ability to pursue both a revisionist ideological project⁴⁹ and sustain its organizational privileges and prerogatives.⁵⁰ An exogenous shock on the order of the 2005 earthquake or the 2010 floods, worsened by Pakistan's international isolation due to sustained U.S. coercion, may intensify these pressures and expedite a shift toward a new "not war, not peace" equilibrium with India. Economic stagnation, internal political stress, and the diversion of substantial Chinese and Gulf financial and economic flows to an Indian rival may all propel Pakistan to seek a *modus vivendi* – or at least detente – with a rising India to reduce its insecurity burden. If Chinese investments in Pakistan stagnate, China might also pressure Pakistan into greater economic integration with India to envelope it in its Belt and Road Initiative (BRI) and make CPEC profitable and fiscally sustainable.

Uncertainty 2: A Pakistan military soft coup?

We anticipate that Pakistan's security establishment will seek to maintain its current "ruling but not governing" model in which it controls key levers of power under nominal civilian authority (like the new NDC⁵¹) over both the near and longer terms. Steps to further consolidate the military establishment's control over both policy and resources are already being taken, and rumors of a potential repeal of the 18th Constitutional Amendment⁵² and return to a presidential system⁵³, while unlikely, should be read in this light. What is less certain is the extent to which the military will tolerate perceived challenges to this *de facto* rule, potentially in the form of mass protests, refugee or displaced person flows, or even terrorist violence. Should the Army determine that domestic stability was at stake, we assess that a return to overt military rule

⁴⁹ Christine Fair, *Fighting to the End: The Pakistan Army's Way of War*, (New York, Oxford University Press, 2014).

⁵⁰ Paul Staniland, et al., "Pakistan's military elite." *Journal of Strategic Studies*, 2018: 1-30.

⁵¹ Malik, "New Council Puts Pakistan Army Chief in Economic Driving Seat," 2019

⁵² Zahid Hussain, "Debating 18th Amendment," *Dawn*, February 6, 2019, <https://www.dawn.com/news/1462145>.

⁵³ Fakhar Durrani, "'Presidential system suitable for Pakistan'," *The News*, May 19, 2019, <https://www.thenews.com.pk/print/469610-presidential-system-suitable-for-pakistan>

through a declaration of martial law would likely follow. A similar dynamic could unfold were the Army to believe its core organizational prerogatives were under threat, for example its budget allocation, pensions system, or associated commercial interests.⁵⁴ Pakistan's 1969 coup is instructive as an example of the type of transition that could unfold. As mass protests and strikes broke out across the country in early 1969, the Chief of Army Staff General Yahya Khan effectively sidelined President Ayub Khan over fears of "contamination of the armed forces by the issues being raised in the streets."⁵⁵ While the current model is advantageous for the military to the extent that it allows a civilian government to stand as a buffer for public criticism, we expect the military would act decisively to take back control should a threat emerge of sufficient perceived significance. Such a crisis moment remains a low-probability event in both the five- and twenty-year timeframes, but it is nonetheless a possibility worth considering. This is especially so as it is less the reality of a potentially threatening situation than the military's perception of the threat that matters most. Should that perception exaggerate a possible threat to the state or the military's prerogatives, that could be sufficient to spur overt military intervention.

Uncertainty 3: Will Afghanistan return to civil war?

It is likely that the political balance of power in Afghanistan will unravel over the five- and twenty-year timeframes, resulting in the further atrophy of centralized authority. The uncertainty lies in how much and how quickly. If a power-sharing agreement backed by political support and continuous injections of economic assistance is successfully negotiated and sustained, Afghanistan might be able to achieve a stable state of equilibrium over the next two decades. For economic and political reasons, the size and reach of the Afghan National Defense and Security Forces (ANDSF) would invariably shrink, allowing for substantial un-policed and ungoverned spaces where violent non-state actors could take refuge.⁵⁶ Afghanistan could then transition over two decades from a perpetually failing, conflict-ridden state to something of a stable equilibrium--a weakly governed country with the central government in Kabul relying on informal "live and let live" deals with a patchwork of local violent political orders run by governors-cum-powerbrokers or criminal syndicates.⁵⁷ If, however, a negotiated settlement fails to hold because of precipitous U.S. withdrawal, failure to fulfill power-sharing commitments (e.g. deficient armed forces integration, such as Iraq's failure to incorporate the Sons of Iraq), Taliban emboldenment, or other power-broker defections, this could usher a rapid descent into a 1990s-style multi-party civil war (as Pakistan seems to expect)⁵⁸ in which actors are bound to indefinitely defect and balance to maximize their political-economic spoils.⁵⁹

Neither scenario is ideal for Pakistan, but the first scenario could prove slightly less disastrous. In both cases, Pakistan would employ old proxies (Haqqani Network) and newer ones (Lashkar-e-Taiba) guided by intelligence operators to project influence and manage equities against a hostile set of actors including Indian intelligence, Kabul political and security elites,

⁵⁴ Ayesha Siddiq, *Military Inc.: Inside Pakistan's Military Economy*. Penguin Random House India, 2017.

⁵⁵ Shuja Nawaz, *Crossed Swords: Pakistan, its Army and the Wars Within* (Karachi: Oxford University Press, 2008), p. 243.

⁵⁶ Asey, "The Fiscally Unsustainable Path of the Afghan Military and Security Services."

⁵⁷ Paul Staniland, "States, Insurgents, and Wartime Political Orders." *Perspectives on Politics*, Vol. 10, No. 2 (June 2012), pp. 243-264, https://www.jstor.org/stable/41479550?seq=1#page_scan_tab_contents

⁵⁸ "Pakistan sees Afghanistan engulfed in a 'civil war' again in future: Report," *Business Standard*, May 6, 2019, https://www.business-standard.com/article/pti-stories/pak-s-assessment-says-afghanistan-could-descend-into-new-civil-war-report-119050600416_1.html.

⁵⁹ Fotini Christia, *Alliance Formation in Civil Wars*, (New York: Cambridge University Press, 2012).

and the newly-incorporated Taliban. The latter has been long simmering with resentment of its manipulation and exploitation by Pakistan's Inter-Services Intelligence (ISI).⁶⁰

With a stable—if muddling through—power-sharing government in Kabul, Pakistan may be able to negotiate tensions and calibrate cross-border violence. It would have meaningful access to Taliban leadership, even if the relationship were fraught, and the potential to engage in dynamic joint border management to curtail the negative externalities of population flows and illicit networks. A constructive if contentious relationship between Islamabad and Kabul might allow for greater economic trade and energy corridors linked to the development of CPEC and BRI that could enhance interdependence, dampen hostilities, and also offer non-kinetic forms of coercive signaling. This cold, tenuous peace scenario would be far more advantageous for Pakistan than the alternative.

The consequences of the second scenario of a rapid collapse will be enormous for Pakistan. Mass movements of refugees on the scale of the millions displaced following the Soviet invasion could again flood into an already unstable Pakistan.⁶¹ Even if border security systems are built and fortified, border management will likely consume large resources, increase illicit criminal networks and Pashtun alienation, and only be modestly successful without locally-negotiated cross-border cooperation.⁶²

Tehreek-e-Taliban Pakistan (TTP) and IS-K—backed by a whole range of hostile actors looking to hedge against Pakistani meddling and impose costs on Pakistan for its sub-conventional interventions over the past thirty years—may again develop safe havens and stronger support networks from which to conduct cross-border attacks. Pakistan will lack the ability to bargain with a non-functioning Afghan central government to stop the flow of support for Pashtun nationalist political movements like the Pashtun Tahafuz Movement (PTM) (as well as its potential militarization). Deepening insecurity on its Western border will likely continue to tie down roughly one-third of Pakistan's security forces and intelligence assets, rendering the country's Indian and Iranian borders vulnerable. Under this scenario, Pakistan may feel compelled to intervene across the border into parts of Afghanistan to stabilize the country, which would expose it to blowback from state- and non-state actors alike. Research suggests this is often the case in civil war contagion.⁶³

Uncertainty 4: Will investment enable Pakistan to escape its economic development trap?

Is it likely that Chinese and Gulf country investments will help Pakistan defray the costs of economic pressures, rising demand for energy, and environmental degradation? China, the Gulf Arab states (principally Saudi Arabia and United Arab Emirates), and the United States have long served as key sources of fiscal stability for Pakistan through aid, investment, remittances, and soft loans, though this has failed to generate meaningful economic development or sustainable growth. While the United States has scaled down its involvement, China and the Gulf states appear poised to maintain their support into the future. The question remains whether

⁶⁰ Vanda Felbab Brown "They are riding a tiger that they cannot control": Pakistan and the future of Afghanistan," Brookings, January 27, 2016; <https://www.brookings.edu/on-the-record/they-are-riding-a-tiger-that-they-cannot-control-pakistan-and-the-future-of-afghanistan/>

⁶¹ Khalid Khan, "Victims Of Soviet-Afghan War Live Forgotten In Pakistan Refugee Camp," *Radio Free Europe*, February 14, 2014, <https://www.rferl.org/a/pakistan-soviet-afghan-refugees/25264055.html>.

⁶² Peter Andreas, "The Dynamics of Interstate Boundaries," *Political Science Quarterly*, 124 (2), 2009, pp. 384-386.

⁶³ Nathan Black "The Spread of Violent Civil Conflict: Rare, State-Driven, and Preventable," PhD Dissertation, Department of Political Science, Massachusetts Institute of Technology, 2012 (<https://dspace.mit.edu/handle/1721.1/74274>).

these inputs or their dynamic returns will be enough to keep Pakistan fiscally stable or even on a path to growth, or whether they will be drowned by economic and demographic trends. There are two sets of uncertainties—first, whether Chinese and Gulf economic assistance will follow through on commitments and continue or scale up in the future to compensate for increasing Pakistani needs, and second, whether this assistance will generate dynamic returns for Pakistan in the future.

On the first, evidence suggests this will likely slow down. China is already exhibiting some caution and scaling back its BRI plans,⁶⁴ having only invested in a portion of what it planned into CPEC (about \$19-26.5 billion of \$50-62 billion).⁶⁵ The Gulf states have promised as much as \$30 billion in loans and investments, but they have been reticent to grant outright gifts as they had in previous years. Instead, they have offered assistance via deferred oil payments, deposits for foreign currency reserves, and energy investments in fraught regions like Balochistan.⁶⁶ At the same time, remittance flows from Gulf states are slated to trend downward over the coming decades even if oil prices rise as Gulf states engage in structural changes to substitute domestic for foreign labor.⁶⁷ Similarly, China seems poised to invest just enough in particular sectors to extract what strategic and military benefits it seeks but is unlikely to engage in massive socio-economic transformation and nation building projects.⁶⁸ Finally, because much of this support takes the form of loans or foreign direct investment versus the hard foreign exchange inflows that had been provided by the U.S. through Coalition Support Funds or that the IMF provides,⁶⁹ Pakistan will likely continue to struggle with balance of payments crises due to the economic pressures of the political, environmental, and demographic trends outlined earlier.

Even if Chinese and Gulf investments were continued over the next two decades in order to stave off macroeconomic instability in too-big and too-nuclear-to-fail Pakistan, these investments would be unlikely to overcome the growing obstacles and stresses to development—political intransigence at the center and increasing demands on the periphery along with demographic and environmental challenges—described in the trends section. That is, they will be unable to satisfy the skills and employment needs of a rapidly growing youth population, address the increased demands on state institutions from a more informed and politically mobilized citizenry, or shore up socio-economic resilience to weather the stress of more frequent and punishing natural disasters.

⁶⁴ Jane Perlez, “China Retools Vast Global Building Push Criticized as Bloated and Predatory,” *New York Times*, April 25, 2019, <https://www.nytimes.com/2019/04/25/business/china-belt-and-road-infrastructure.html>.

⁶⁵ What is the future of the CPEC?,” *Economist Intelligence Unit*, March 28, 2019, <http://country.eiu.com/article.aspx?articleid=1137844497&Country=Pakistan&topic=Economy>; Shahbaz Rana, “Pakistan to pay China \$40b on \$26.5b CPEC investments in 20 years,” *Pakistan Tribune*, December 26, 2018, <https://tribune.com.pk/story/1874661/2-pakistan-pay-china-40-billion-20-years/>.

⁶⁶ “Pakistan to get \$3 bln loan from UAE, eyes deferred oil payments,” *Reuters*, December 21, 2018, <https://www.reuters.com/article/emirates-pakistan-economy-cenbank/update-1-pakistan-to-get-3-bln-loan-from-uae-eyes-deferred-oil-payments-idUSL8N1YQ299>.

⁶⁷ Khurshid Ahmed, “Saudi Arabia remains largest source of remittances to Pakistan,” *Arab News*, April 11, 2019, <http://www.arabnews.com/node/1480941/business-economy>; https://www.washingtonpost.com/world/saudi-arabia-encouraged-foreign-workers-to-leave---and-is-struggling-after-so-many-did/2019/02/01/07e34e12-a548-11e8-ad6f-080770dcd2_story.html?utm_term=.4f7d63a88e57; Glen Carey, “Expatriate Workers Are Leaving Saudi Arabia in Droves,” *Bloomberg*, July 9, 2018, <https://www.bloomberg.com/news/articles/2018-07-09/expatriate-workers-are-leaving-saudi-arabia-in-droves>.

⁶⁸ Khurram Husain, “Exclusive: CPEC master plan revealed,” *Dawn*, June 21, 2017, <https://www.dawn.com/news/1333101>.

⁶⁹ The \$6 billion IMF loan is still dwarfed by the nearly \$16 billion in cash deposits, payment deferments, and soft loans from UAE, Qatar, Saudi Arabia, and China. See “Ailing Pakistan Gets \$3bn from Qatar,” 2019.

The second uncertainty is whether this economic assistance will help Pakistan overcome and outpace its economic development and growth woes. On this count, success seems unlikely. First, it is likely that the first objective of generating cheaper energy to solve Pakistan's energy shortages and establish firm ground for industrial growth will be undermined by the high tariffs charged by Chinese SOEs.⁷⁰ While Pakistan has hoped that CPEC will lead to Chinese investment in industrial cooperation and socio-economic development, this outcome depends on Chinese firms transferring technology and relocating production to industrial parks and special economic zones in Pakistan, the plans for which remain vague.⁷¹ It also depends on the degree of investment in local human capital, which seems unlikely to substantially increase over the next two decades. Finally, whether foreign investment will resolve Pakistan's economic woes depends on whether Pakistan is linked to China's value chain and exports to China via Xinjiang.⁷² Rendering this linkage less likely are China's intense levels of border security and internal controls within the western Xinjiang region, which impose high barriers to commercial activity and exports to China.⁷³

The strategy of CPEC from Pakistan's perspective is to leverage reduced costs of energy production and transport/logistics to ramp up industrial production and productivity, generating greater jobs, exports, and growth.⁷⁴ Successfully accomplishing this requires higher levels of skilled labor, which will remain in short supply in Pakistan for the foreseeable future. China will likely stick to its formula of investing in physical and energy infrastructure only where it can reap the easiest returns and provide a domestic economic stimulus for Chinese state-owned engineering and construction firms and material producers seeking to remedy domestic saturation and industrial overcapacity problems.⁷⁵

Meanwhile, so long as Gulf states are either only putting money into energy production or depositing into banks, they, too, are likely to help stabilize Pakistan's macroeconomic position, but to do little to generate dynamic returns for long term growth or correct some of the Pakistan's structural economic challenges.

C. Key Bellwethers, Regional Developments, Tail Risks

We consider three "tail risk" or regional developments derived from certain bellwethers that might significantly impact or alter the trajectory of Pakistan and South Asian competition. These include the Hindu nationalist capture of the Indian state, an anti-colonial backlash against

⁷⁰ Jacob Mardell and Thomas S. Eder, "The BRI in Pakistan: Too big to fail," Mercator Institute for China Studies, September 20, 2018, <https://www.merics.org/en/blog/bri-pakistan-too-big-fail>.

⁷¹ Ayaz Gul, "China: BRI Investments Boost Pakistan Economic Structure," *Voice of America*, April 8, 2019, <https://www.voanews.com/south-central-asia/china-bri-investments-boost-pakistan-economic-structure>.

⁷² Mardell and Eder, "The BRI in Pakistan: Too big to fail."

⁷³ Jonathan E. Hillman, "China's Belt and Road Initiative: Five Years Later," U.S.-China Economic and Security Review Commission, January 25, 2018, <https://www.csis.org/analysis/chinas-belt-and-road-initiative-five-years-later-0>.

⁷⁴ Arif Rafiq, *The China-Pakistan Economic Corridor: Barriers and Impact*, Washington, DC: USIP, 2017 (<https://www.usip.org/publications/2017/10/china-pakistan-economic-corridor>); Andrew Small, "Buyer's Remorse: Pakistan's Elections and the Precarious Future of the China-Pakistan Economic Corridor," *War on the Rocks*, July 27, 2018. (<https://warontherocks.com/2018/07/buyers-remorse-pakistan-elections-and-the-precious-future-of-the-china-pakistan-economic-corridor/>)

⁷⁵ He Yafei, "China's Overcapacity Crisis Can Spur Growth Through Overseas Expansion," *South China Morning Post*, January 7, 2014, <https://www.scmp.com/comment/insight-opinion/article/1399681/chinas-overcapacity-crisis-can-spur-growth-through-overseas>

China, and sectarian convulsions from Pakistan's entrapment within a long-term competition and hot war between the Arab Gulf states and Iran.

Regional Bellwether 1: Hardening Hindu majoritarianism.

On the rise in India for three decades, Hindu nationalism may metastasize and harden into majoritarianism as it continues to acquire additional adherents, greater structural influence, and a more muscular and aggressive approach to policy and the state. Hindu nationalism in India might not only reach a stage in which Hindus are treated as “first among equals” and accorded *de facto* cultural superiority, it has the potential to further evolve into official state policy with the public administration according Hindus preferential treatment and even engaging in assimilationist policies that treat citizenship and Hinduism as coterminous.⁷⁶

If the ruling Bharatiya Janata Party (BJP) achieves an even larger electoral victory and mandate for Modi in 2024, this would open up greater space for the Rashtriya Swayamsevak Sangh (RSS) to continue its disarming openness and outreach⁷⁷ and for “banal Hindutva” to expand without contestation,⁷⁸ consummated by state-led celebrations of the 100-year anniversary of the RSS' founding in 2025. A number of assimilationist practices may then intensify, including forced conversions (*ghar whapsi*), moral policing (anti-Romeo squads), the rewriting or “saffronization” of history books to exclude India's Mughal history, the spread and increased enforcement of beef bans, the lack of punishment for extrajudicial cow protection, the loss of licenses for civil society organizations deemed “disloyal” by the state, the curtailment of freedom of expression, and increased momentum for a uniform civil code.⁷⁹

A more virulent and emboldened Hindu nationalism will likely lead to: 1) greater structural suspicion and marginalization of the 175 million-strong Indian Muslim community; 2) more frequent and intense outbreaks of communal vigilantism and mob violence; 3) curtailment of Jammu and Kashmir's political autonomy through “delimitation” of assembly constituencies that dilute the Kashmir Valley's political influence; 4) the abrogation of Article 370 and annulment of Article 35A of the Indian constitution;⁸⁰ and 5) a less restrained and more aggressive foreign policy towards the civilizational threat of Pakistan, including territorial annexation.⁸¹

⁷⁶ Milan Vaishnav, “Religious Nationalism and India's Future,” *The BJP in Power: Indian Democracy and Religious Nationalism*, Ed. Milan Vaishnav, Washington, DC: Carnegie Endowment for International Peace, 2019, pp. 8-9. (<https://carnegieendowment.org/2019/04/04/bjp-in-power-indian-democracy-and-religious-nationalism-pub-78677>); Kanchan Chandra, “The Triumph of Hindu Majoritarianism: A Requiem for an Old Idea of India,” *Foreign Affairs*, November 23, 2018, <https://www.foreignaffairs.com/articles/india/2018-11-23/triumph-hindu-majoritarianism>.

⁷⁷ Ram Madhav, “Glasnost in RSS,” *India Express*, September 25, 2018, <https://indianexpress.com/article/opinion/columns/mohan-bhagwat-rss-event-glasnost-in-rss-hindu-rashtra-muslims-5372558/>.

⁷⁸ Vaishnav, “Religious Nationalism and India's Future,” p. 18; John Harriss, Craig Jeffrey, and Stuart Corbridge, “Is India Becoming the ‘Hindu Rashtra’ Sought by Hindu Nationalists?” *Simons Papers in Security and Development* no. 60, School for International Studies, Simon Fraser University (December 2017), pp. 28.

⁷⁹ Sten Widman, “Behind BJP's Pursuit of a Uniform Civil Code Is a Deep-Rooted Resentment of Minorities,” *The Wire*, September 6, 2016, <https://thewire.in/politics/behind-bjps-pursuit-uniform-civil-code-deep-rooted-resentment-minorities>.

⁸⁰ “Amit Shah given detailed presentation on J&K situation,” *Times of India*, June 4, 2019, <https://timesofindia.indiatimes.com/india/amit-shah-given-detailed-presentation-on-jk-situation/articleshow/69653379.cms>.

⁸¹ K.R. Rajeev, “Time for Strategic Restraint Over, Says Ram Madhav,” *Times of India*, September 18, 2016, <https://timesofindia.indiatimes.com/india/Time-for-strategic-restraint-over-says-Ram->

These all pose consequences for South Asian stability. Pakistan—motivated by coethnic sympathy, opportunism, domestic political pressures,⁸² and enhanced threat perceptions⁸³—will feel compelled to respond to and counter a more assertive Hindu nationalism. Pakistan's response could include intensification of the following: aggressive, strident diplomatic condemnation in public fora like the UN General Assembly; confrontational approaches to the periphery including in Afghanistan, the North Arabian Sea, and the Line of Control; rhetorical, cyber, and material support for the Kashmiri insurgency and cross-border terrorism; peacetime arms competition that diverts scarce budgetary resources; and a greater appetite for risk and escalation in crises with India.

Regional Bellwether 2: Anti-colonial backlash towards China.

As Pakistan becomes more intertwined with Chinese economic leverage, political influence, and foreign national and military presence, new frictions are likely to emerge that might escalate to a backlash to perceived 21st century neocolonialism. As with the past five years, over the five- and twenty-year timeframes, China will become increasingly important to and comingled with Pakistan through its sizeable investments and debt holdings, its nationals working and living in Pakistan, and its relationships and influence with key institutions including major political parties, research institutions, the media, and the military. In twenty years, China could own the largest share of Pakistani debt, supply the vast majority of its arms,⁸⁴ host hundreds of thousands of Pakistan students,⁸⁵ send hundreds of thousands of Chinese temporary and permanent workers to reside in Pakistan,⁸⁶ and deploy naval task forces including attack submarines at the forward operating base of Gwadar.⁸⁷

With this unprecedented level of China-Pakistan interaction and interdependence, frictions have started to emerge from mismatched expectations and are likely to build. On the economic front, China has grown frustrated by several unproductive investments in Pakistan that

Madhav/articleshow/54393643.cms.; <https://www.economist.com/briefing/2019/03/02/narendra-modi-and-the-struggle-for-indias-soul>; Chris Ogden, *Hindu Nationalism and the Evolution of Contemporary Indian Security*, (New York: Oxford University Press, 2014), pp. 196; "Pakistan to be merged with India after 2025: RSS leader Indresh Kumar," *India Today*, March 17, 2019, <https://www.indiatoday.in/india/story/pakistan-to-be-merged-with-india-after-2025-rss-leader-indresh-kumar-1479998-2019-03-17>.

⁸² Christopher Clary, Sameer Lalwani, and Nilofer Siddiqui, "Public Opinion and Crisis Behavior in a Nuclearized South Asia," Paper presented at the American Political Science Association Annual Conference, Boston, MA, 2018. (www.niloufersiddiqui.com/uploads/6/6/2/1/66215631/clary_lalwani_siddiqui.docx)

⁸³ Fahd Humayun, "Pakistan Doesn't Want Modi to Win," *Foreign Policy*, March 27, 2019, <https://foreignpolicy.com/2019/03/27/pakistan-doesnt-want-modi-to-win/>; Amir Zia, "Divisive Rhetoric and Politics of Marginalization," *Hilal*, May 15, 2019, <https://www.hilal.gov.pk/eng-article/divisive-rhetoric-and-politics-of-marginalization/MzI5Nw==.html>.

⁸⁴ Bilal Khan, "China is Pakistan's Key Qualitative Driver," *Quwa*, June 11, 2018. , <https://quwa.org/2018/06/11/china-is-pakistans-key-qualitative-driver-2/>; Bilal Khan, "China Takes Center Stage in Pakistan's Modernization Plans," *Quwa*, January 12, 2016, <https://quwa.org/2016/01/13/china-takes-center-stage-in-pakistans-modernization-plans/>.

⁸⁵ 22,000 Pakistani students are in China today. See Misbah Salma Malik, "Spotlight: Thousands of Pakistani students see their dreams coming true in China," *Xinhua*, April 15, 2018, http://www.xinhuanet.com/english/2018-04/15/c_137112844.

⁸⁶ Long-term and short-term Chinese nationals in Pakistan number around 100,000. See Abdul Basit, "Attacks on Chinese nationals and interests in Pakistan are likely to continue. Here's why," *South China Morning Post*, November 27, 2018, <https://www.scmp.com/week-asia/opinion/article/2175238/attacks-chinese-nationals-and-interests-pakistan-are-likely>.

⁸⁷ Maria Abi-Habib, "China's 'Belt and Road' Plan in Pakistan Takes a Military Turn," *New York Times*, December 19, 2018, <https://www.nytimes.com/2018/12/19/world/asia/pakistan-china-belt-road-military.html>.

have produced continuous defaults and debt restructuring. Similarly, Pakistan has become irritated by high interest rates on CPEC loans that have not delivered the dynamic economic benefits promised and continue to burden its national budgets and economic growth.⁸⁸ In two decades, this may result in serious Pakistani threats to nationalize certain Chinese-owned and operated energy assets before repayment has been completed, even while Chinese lenders threaten to deny Pakistan a financial lifeline that causes a collapse of the banking system.

There are also nascent signs of fissures within the social dynamics of the China-Pakistan economic relationship that could mature into serious resentment and violent blowback. For instance, in the future one could imagine Pakistan growing upset with the mistreatment of its China-based low-wage workers, students, and brides, who face exploitation, public suspicion, and routine police harassment, and with the cavalier behavior of Chinese nationals living in Pakistan who regularly commit crimes and act above the law.⁸⁹ Anger at the Chinese oppression of Uyghurs⁹⁰ may lead some terrorist proxies previously aligned with the Pakistani state to join the growing Uyghur insurgency launched out of ungoverned spaces in Afghanistan and covertly backed by Turkmenistan, Turkey, and others to conduct attacks on Chinese nationals in Pakistan.⁹¹ Separatist and Islamist terrorist attacks targeting Chinese workers have grown deadlier in recent years, causing Chinese workers to retreat to heavily fortified, isolated luxury compounds that fuel deeper Pakistani resentment of Chinese colonists.⁹² Thousands of Pakistani service workers in China remit valuable foreign exchange back to Pakistan but are regarded with disdain and suspicion by Chinese nationals and are forced to live in separate foreign workers colonies.

In sum, as China wades deeper into the socio-political sinews of Pakistan, it may grow less indulgent and acutely sensitive to risky Pakistani state's behavior. China may start to incur reputational costs of backing an increasingly dysfunctional and predatory praetorian state along with mounting opportunity costs from lost Sino-Indian trade and investment and face direct costs from a slew of violent non-state actors operating in Pakistan that threaten Xinjiang as well as Chinese forward basing in Afghanistan.

Regional Bellwether 3: Entanglement in Arab Gulf-Iran competition.

Another regional dimension to consider is the role of Saudi Arabia and the Arab Gulf states in amplifying Pakistan's belligerent tendencies. Saudi Arabia's transition under the influence of Crown Prince Mohammed Bin Salman from a traditionally conservative foreign policy to one grounded in more risk-tolerant gambles has many implications for Pakistan. As

⁸⁸ Jeremy Page and Saeed Shah, "China's Global Building Spree Runs Into Trouble in Pakistan," *The Wall Street Journal*, July 22, 2018, <https://www.wsj.com/articles/chinas-global-building-spree-runs-into-trouble-in-pakistan-1532280460>.

⁸⁹ This is a hypothetical future derived from recent news of exploitation of Pakistani brides. See Kaswar Klasra, "Abroad, alone, and abused: how young Pakistani brides lured to China face life of sexual slavery," *South China Morning Post*, May 10, 2019, <https://www.scmp.com/news/asia/east-asia/article/3009555/abroad-alone-and-abused-how-young-pakistani-brides-lured-china>

⁹⁰ Christian Shepherd and Philip Wen, "'China's big mistake': Pakistanis lobby to free wives trapped in Xinjiang," *Reuters*, September 25, 2018 (<https://www.reuters.com/article/us-china-xinjiang-pakistan/chinas-big-mistake-pakistanis-lobby-to-free-wives-trapped-in-xinjiang-idUSKCN1M51R7>).

⁹¹ China will become an increasing target of international terrorism. See Ely Ratner, "The Emergent Security Threats Reshaping China's Rise," *The Washington Quarterly* 34 (1), 2011, pp. 29-44

⁹² "Chinese-only colony' in Pakistan to house 5 lakh workers," *Business Today*, August 21, 2018, <https://www.businesstoday.in/current/world/chinese-colony-in-pakistan-international-port-city-cpec-gwadar/story/281497.html>.

Pakistan's economy spirals under the weight of international isolation, banking crises, energy price spikes, and gradual developmental and demographic pressures, Sunni Gulf monarchies like Saudi Arabia and the UAE could seize the opportunity to exploit economic dependence for mutual defense, entrapment, and potentially extended deterrence, all of which might inject new sectarian tensions into Pakistan. Though perhaps a low probability event given Pakistan's careful maneuvering for decades,⁹³ given the trajectory of Gulf state tensions with Iran and Pakistani dependence on Gulf economic support, one must consider the possibility of an entrapment scenario.

A long-term competitive Gulf strategy would be designed to force the alignment of Pakistan, simultaneously adding one of the largest, battle-hardened militaries to the Sunni Gulf coalition, conferring on it a nuclear advantage, and radically exposing Iran's eastern flank. Entrapment would involve a camel's nose strategy that gradually entangles Pakistani forces deep within Gulf rivalries and into the crosshairs of Iran. Pakistan would be primed for such fears due to increasing concern for Iranian support of cross-border terrorism, competition for influence in Afghanistan, and Indian intelligence and encirclement efforts based out of Chahbahar. As Pakistan is led down a conflict spiral with Iran, the Gulf states could make Pakistan an economic offer it couldn't refuse: a sustained economic lifeline in exchange for more robust support to counter and confront Iran.

This could begin first with calls for expanded commitments for training and advisory troops to the Islamic Military Counter Terrorism Coalition (IMCTC), prompted by exaggerated intelligence regarding Houthi missile attacks, and even a terror attack in Riyadh on some of the 1.5 million Pakistani expatriates living in Saudi Arabia. New troops would be dispatched to join the IMCTC led by former COAS Raheel Sharif and based out of Riyadh, which would eventually be tasked for operational planning, exercises, and limited counterterrorism missions.⁹⁴ Provocative counterterrorism training and mission activities close to the Iranian border and in the Persian Gulf would be purposefully designed to elicit an Iranian response. Following engagements with Iranian military and Quds force, Pakistan could be compelled to revise restrictions of its forces deployed only for defense purposes to allow for more "active" and "collective" defense. As Pakistan gained increasing skin in the confrontation, it could be motivated to directly confront Iran, potentially in conjunction with incentives offered by Israel and the United States.

Iran, in turn, could begin to discretely retaliate against Pakistan to push it out of the fight, which might in fact backfire and spiral upwards. Amplifying Iranian support and Quds force training for Baloch nationalists, Afghan-based terrorist groups like TTP, Al Qaeda, and IS-K, as well as long-dormant Shia militias in Karachi and other urban parts of Sindh and Punjab, could potentially solidify Pakistan's alignment with the Saudi coalition. This, however, would induce other destabilizing pressures within Pakistan, where an estimated one-fifth of the population is Shia, including prominent leadership within politics, the civil service, and the military, all of whom would come under suspicion and be forced to affirm their national allegiance.⁹⁵

Pakistan being drawn into a long-term Gulf conflict or competition could introduce a nuclear dimension into the Middle East, though through a less scrutinized route. Instead of

⁹³ Sameer Lalwani, "Will Pakistan Draw Closer to Saudi Arabia to Balance Iran?" *War on the Rocks*, February 24, 2016, <https://warontherocks.com/2016/02/will-pakistan-draw-closer-to-saudi-arabia-to-balance-iran/>.

⁹⁴ "Pakistan to play a 'greater role' in Saudi-led Islamic anti-terrorism coalition," *The Arab Weekly*, February 13, 2019, <https://theArabweekly.com/pakistan-play-greater-role-saudi-led-islamic-anti-terrorism-coalition>.

⁹⁵ Lalwani, "Will Pakistan Draw Closer to Saudi Arabia to Balance Iran?" 2016.

outright transfers of nuclear weapons or technologies from Pakistan to Saudi Arabia as some have speculated,⁹⁶ Pakistani could engage in quasi-extended deterrence rendered credible by substantial “tripwire” ground forces, and eventually some forward deployed nuclear-armed fighter planes and pilots stationed at Saudi airfields.⁹⁷

III: Geopolitical Relevance

The developments in Afghanistan and Pakistan described above impact U.S. national security interests as they have the potential to stoke further strategic instability on the subcontinent between two nuclear powers, preserve safe havens for international terrorism, strengthen China’s political-military footprint and leverage over Pakistan, and exacerbate insecurity through great power competition.

A. Indo-Pakistan Crisis Instability

Combined with rising nationalism, deteriorating border security and proxy fights, and diversionary incentives due to economic underperformance, intensified strategic competition between Pakistan and India will likely enhance deterrence instability, arms racing, and crisis instability. Catastrophic miscalculation over both the near and longer terms represents a key challenge for U.S. security interests. Over the next five years, we anticipate that crises between nuclear-armed Pakistan and India will pose a growing threat to regional strategic stability as both sides expand and enhance their strategic forces (nuclear warheads, strategic delivery systems, air and missile defenses, and command and control systems),⁹⁸ send nuclear weapons out to sea, and engage in conventional clashes beyond the Line of Control, as was demonstrated in the recent Balakot strikes and the Pakistani response.⁹⁹ Given the degree to which each continues to misestimate the other’s resolve, capabilities, and red lines, these conventional activities significantly raise the risk of inadvertent, uncontrolled escalation on the subcontinent.¹⁰⁰ Over the 20-year term, these dynamics are likely to persist and to feature a greater focus on cyber capabilities, robotics, artificial intelligence, and autonomous weapons. Particularly destabilizing will be the cascade effect from China’s continued rise and its increased activity in the Indian Ocean Region, leading India and, in turn, Pakistan, to pursue further modernization of their

⁹⁶ Mark Urban, “Saudi nuclear weapons 'on order' from Pakistan,” *BBC*, November 6, 2013, <https://www.bbc.com/news/world-middle-east-24823846>.

⁹⁷ Thomas Lynch, “Confronting Reality: The Saudi-Pakistan Nuclear Nexus,” *War on the Rocks*, December 30, 2013, <https://warontherocks.com/2013/12/confronting-reality-the-saudi-pakistani-nuclear-nexus/>.

⁹⁸ Michael Krepon, et al., eds., *Deterrence Instability & Nuclear Weapons in South Asia*, (Washington, DC: Stimson Center, 2015), <https://www.stimson.org/content/deterrence-instability-nuclear-weapons-south-asia>; Michael Krepon, Shane Mason, and Travis Wheeler, eds., *The Lure and Pitfalls of MIRVs: From the First to the Second Nuclear Age*, (Washington, DC: Stimson Center, 2016), <https://www.stimson.org/content/lure-and-pitfalls-mirvs-first-second-nuclear-age>.

⁹⁹ Arzan Tarapore, “Balakot, Deterrence, and Risk: How this India-Pakistan Crisis Will Shape the Next,” *War on the Rocks*, March 11, 2019, <https://warontherocks.com/2019/03/balakot-deterrence-and-risk/>.

¹⁰⁰ Sameer Lalwani and Emily Tallo, “Drivers, Decisions, Dilemmas: Understanding the Kashmir Crisis and its Implications,” *War on the Rocks*, February 20, 2019, <https://warontherocks.com/2019/02/drivers-decisions-dilemmas-understanding-the-kashmir-crisis-and-its-implications/>.

strategic arsenals.¹⁰¹ Finally, we anticipate that closer U.S.-Indian security ties will reduce the ability of the United States to manage crises in South Asia given the extent to which it will cease to be viewed as a neutral arbiter.

B. Af-Pak Safe Havens for Terrorist Organizations

Likewise of significant concern to U.S. national security interests is the risk that both Pakistan and Afghanistan will continue to provide safe haven to international terrorist groups intent on carrying out attacks on U.S. interests in the region and beyond, including the U.S. homeland. Despite growing friction between and within various militant groups and earnest efforts by some parts of the Pakistani state to reduce the operational freedom of militant groups such as Jaish-e-Mohammad and Lashkar-e-Taiba (LeT), it is doubtful that such militant groups will dissolve. Bearing in mind their continued strategic utility and the steep costs of attacks against Pakistani targets if a genuine crackdown were to take place, Pakistani's security establishment is likely to again loosen its grip on the activities of militant groups as international attention wanes from the issue of state-sponsored terrorism.¹⁰²

Particularly as the conventional military imbalance with India continues to grow, parts of the security establishment will seek to maintain their most loyal proxy assets in order to preserve the ability to carry out sub-conventional operations in Indian-controlled Kashmir.¹⁰³ Similarly, with the future stability of Afghanistan uncertain, Pakistan's military leaders are likely to hedge against a loss of influence and the threat of Indian encirclement by preserving connections to groups including the Taliban and its influential Haqqani Network and making greater use of LeT in this theater. These groups, some rooted in Pakistan's social fabric, could thrive upon economic stagnation and a mobilized but un/underemployed and politically disenfranchised youth bulge.¹⁰⁴ Similar state support for militant groups is likely to continue over the 20-year timeframe in Pakistan, with the additional threat that groups currently focused on operations in South Asia could widen their target set to include the U.S. and its allies, particularly should international jihadi groups, including the Islamic State, continue to gain traction.¹⁰⁵ This development could likewise foment instability within Pakistan should the state compromise its ability to direct attacks externally.

In Afghanistan, increased conflict will follow a withdrawal of U.S. forces, including the fragmentation of Taliban forces along tribal and ideological lines, reopening a vacuum in which the further proliferation of terrorist groups is likely.¹⁰⁶ Particularly with the reduction in Islamic State territory in Iraq and Syria, the group is likely to attempt to expand its area of activity in

¹⁰¹ Robert Einhorn and Waheguru Pal Singh Sidhu, *The Strategic Chain: Linking Pakistan, India, China, and the United States*, (Washington, DC: The Brookings Institution, March 2, 2017), <https://www.brookings.edu/research/the-strategic-chain-linking-pakistan-india-china-and-the-united-states/>.

¹⁰² Maria Abi-Habib, "Terrorism Watchdog Castigates Pakistan Over Aid to Militants," *New York Times*, February 22, 2019, <https://www.nytimes.com/2019/02/22/world/asia/pakistan-terrorism-funding.html>.

¹⁰³ Ashley Tellis, "A Smoldering Volcano: Pakistan and Terrorism after Balakot," Carnegie Endowment for International Peace, March 14, 2019, <https://carnegieendowment.org/2019/03/14/smoldering-volcano-pakistan-and-terrorism-after-balakot-pub-78593>; S. Paul Kapur, *Jihad as Grand Strategy: Islamist Militancy, National Security, and the Pakistani State*, (New York: Oxford University Press, 2016)..

¹⁰⁴ C. Christine Fair, *In Their Own Words: Understanding Lashkar-e-Tayyaba*, New Delhi, Oxford University Press, 2019.

¹⁰⁵ Vanda Felbab-Brown, "Why Pakistan supports terrorist groups, and why the US finds it so hard to induce change," The Brookings Institution, January 5, 2018, <https://www.brookings.edu/blog/order-from-chaos/2018/01/05/why-pakistan-supports-terrorist-groups-and-why-the-us-finds-it-so-hard-to-induce-change/>.
Ibid.

eastern Afghanistan, a difficult region to control with state or international forces,¹⁰⁷ which will serve as an operating base for fighters returning from the Middle East. Likewise, the return of Shi'a factions that had fought on the side of the Syrian regime increases the likelihood of instability and sectarian violence.¹⁰⁸ Over the 20-year time horizon, we anticipate Afghanistan's central government will continue to struggle to control its territory, with militant groups maintaining hold of and providing limited governance in some regions.

C. Growing Chinese Footprint in Pakistan and the Indian Ocean.

A further development from the perspective of U.S. national security interests will be the advancement of the Pakistan-China relationship and China's growing ability to successfully leverage its expanded role in Pakistan to counterbalance India's position as a net security provider in the Indo-Pacific. Over the five-year term, we anticipate that Pakistan will continue to welcome Chinese involvement in the form of CPEC investments along with the potential for expanded military cooperation to include basing and personnel.¹⁰⁹ Particularly should CPEC projects and Chinese nationals face significant threats from Baloch ethnonationalist militant groups, among others, Pakistan is likely to bow to pressure from Beijing to allow an expanded role for Chinese military personnel within its borders.¹¹⁰ Pakistan's growing dependence on Chinese military technology,¹¹¹ its debt obligations to China, and its continuing economic challenges, combined with the ability of Chinese political and business leaders to curry favor with Pakistani leadership through lucrative investments, will likely reduce Pakistan's ability and desire to resist such an expansion of China's footprint. Over the 20-year timeframe, China's influence in Pakistan is likely to expand further with Pakistan serving as a key arena from which China can protect its sea lines of communication, project power in the Indian Ocean and the Persian Gulf,¹¹² and "control portions of maritime transport networks as 'insurance' against disruptions in critical commodity flows" (e.g. energy).¹¹³ In addition, China's military presence in Pakistan and Pakistan's enhanced military capabilities (especially Chinese-procured attack submarines) are both likely to consume a large portion of India's strategic attention¹¹⁴ and tie down portions of the Indian Navy, curtailing its resources for presence operations and constraining its "net security provider" role.

¹⁰⁷ Thomas Gibbons-Neff, "U.S. Special Forces Battle Against ISIS Turns to Containment, and Concern," *New York Times*, June 14, 2019, <https://www.nytimes.com/2019/06/14/world/asia/afghanistan-islamic-state.html>.

¹⁰⁸ Candace Rondeaux, "How the Return of Iranian-Backed Militias From Syria Complicates U.S. Strategy," *World Politics Review*, May 24, 2019, <https://www.worldpoliticsreview.com/articles/27883/how-the-return-of-iranian-backed-militias-from-syria-complicates-u-s-strategy>.

¹⁰⁹ Abi-Habib, "China's 'Belt and Road' Plan in Pakistan Takes a Military Turn."

¹¹⁰ "Pakistan army plans new unit to protect CPEC projects," *Gulf News*, May 19, 2019, <https://gulfnews.com/world/asia/pakistan/pakistan-army-plans-new-unit-to-protect-cpec-projects-1.64050168>.

¹¹¹ Abi-Habib, "China's 'Belt and Road' Plan in Pakistan Takes a Military Turn."; Bilal Khan, "China is Pakistan's Key Qualitative Driver."

¹¹² Harry I. Hannah, "The Great Game Moves to Sea: Tripolar Competition in the Indian Ocean Region," *War on the Rocks*, April 1, 2019, <https://warontherocks.com/2019/04/the-great-game-moves-to-sea-tripolar-competition-in-the-indian-ocean-region/>.

¹¹³ Aaron L. Friedberg, "Globalisation and Chinese Grand Strategy," *Survival*, 60:1, January 29, 2018, pp. 7-40, <https://www.tandfonline.com/doi/full/10.1080/00396338.2018.1427362>.

¹¹⁴ Dhruva Jaishankar, "Survey of India's Strategic Community," (Washington, DC: The Brookings Institution, March 1, 2019), <https://www.brookings.edu/research/introduction-survey-of-indias-strategic-community/>.

While there is a chance that such increased Chinese encroachment into Pakistan's political economy and sovereign affairs could spark a backlash,¹¹⁵ such tensions are likely to be largely contained. Pakistan has historically resisted efforts by outside powers to exercise undue influence over its policies or challenge its sovereignty, but China does not carry the same colonial baggage that Western states have struggled to overcome. The domestic narrative that frames China as Pakistan's all-weather friend has become ingrained in Pakistani society. As such, and absent any great power alternatives, isolated incidents of tensions between Chinese and Pakistanis are likely to be overcome by this broader narrative.¹¹⁶ At most, we anticipate that Pakistani perceptions of Chinese nationals could suffer with increased contact between both sides,¹¹⁷ but broader approval of China's role as Pakistan's protector will endure and strengthen.

D. Insecurity Exacerbated by Great Power Competition.

South Asia's nuclear, violent non-state actor, and economic dependence dynamics will unfold within the backdrop of great power competition between the United States, China, Russia, and India. Having grown frustrated after two decades of Afghan dysfunction, Pakistani duplicity, and regional free-riding by Russia, China, India, and Iran, the United States and other Western powers are likely to disengage from Pakistan and Afghanistan over the five-year timeframe, especially if and when a negotiated settlement is reached with the Taliban. We anticipate that this dynamic will continue over the 20-year timeframe as well, as the United States becomes increasingly focused on the Indo-Pacific region, from which it explicitly excludes Afghanistan and Pakistan.¹¹⁸

China

This strategic retrenchment by Washington will create further space for China to draw Pakistan into its economic, political, and security orbit going forward. In the next five years, China is likely to use Pakistan for a variety of purposes: as a buffer to shield it from instability in Afghanistan;¹¹⁹ as an outlet through CPEC projects for domestic overcapacity in infrastructure;¹²⁰ as a staging ground from which to grow its influence in the Indian Ocean Region;¹²¹ and as a key defender and advocate among the ranks of Muslim-majority states concerned at China's harsh treatment of its Uyghur minority.¹²² While Pakistan will likely

¹¹⁵ Husain, "Exclusive: CPEC master plan revealed"; Hannah Haegeland and Sameer Lalwani, "Don't Fear Pakistan's Participation in China's 'New Silk Road,'" *Defense One*, May 12, 2017, <https://www.defenseone.com/ideas/2017/05/dont-fear-pakistans-participation-chinas-new-silk-road/137820/>.

¹¹⁶ Nasir Jamal, "Mother China: A 'Chinese revolution' sweeps across Pakistan," *The Herald*, July 15, 2018, <https://herald.dawn.com/news/1153413>.

¹¹⁷ Sajjad Akbar Shah, "Chinese workers thrash policemen in Khanewal," *Dawn*, April 4, 2018, <https://www.dawn.com/news/1399531>.

¹¹⁸ Riaz Khokar, "Slim Prospects for US-Pakistan Relations to Pivot from AfPak to Indi-Pacific," *East West Center, Asia Pacific Bulletin*, No. 481, June 19, 2019, <https://www.eastwestcenter.org/publications/slim-prospects-us-pakistan-relations-pivot-afpak-indo-pacific>.

¹¹⁹ Shubhangi Pandey, "China's Surreptitious Advance in Afghanistan," *The Diplomat*, September 22, 2018, <https://thediplomat.com/2018/09/chinas-surreptitious-advance-in-afghanistan/>.

¹²⁰ Arif Rafiq, "China's \$62 Billion Bet on Pakistan," *Foreign Affairs*, October 24, 2017, <https://www.foreignaffairs.com/articles/china/2017-10-24/chinas-62-billion-bet-pakistan>.

¹²¹ Claude Rakisits, "A path to the sea: China's Pakistan plan," *World Affairs* (2015), pp. 67-74, https://www.jstor.org/stable/24888117?seq=1#page_scan_tab_contents.

¹²² Adnan Aamir, "Pakistan's silence on fasting ban for China Uighurs riles activists," *Nikkei Asian Review*, May 20, 2019, <https://asia.nikkei.com/Politics/International-relations/Pakistan-s-silence-on-fasting-ban-for-China-Uighurs-riles-activists>.

welcome some of these roles more than others, the country's growing debt obligations to China and lack of more appealing alternatives will constrain its capacity to resist them. Though China may support some modest coercive pressures applied to Pakistan—such as the 2018 Financial Action Task Force gray listing or the 2019 listing of JeM leader Masood Azhar under UN 1267 sanctions (acceded to in order to safeguard China from international embarrassment)¹²³—such limited concessions will continue to be exceptions rather than the rule.

Ultimately, however, China may also be forced to contend with the burdens of a security dependencies, having to manage Pakistan's corrupt and predatory state, its regional belligerence backed by a robust nuclear arsenal, and its inability to control non-state proxies. Likewise, mission creep from its light footprint in the Wakhan Corridor of Afghanistan may snowball and force Beijing to assume a greater direct responsibility for coordinating Kabul's fratricidal politics lest instability begin to spillover into Xinjiang.¹²⁴ What appears like a win for China displacing the United States from parts of South and Central Asia over the next five years may begin to look more like a set of liabilities and new threats within two decades.¹²⁵

United States

The United States, in contrast, will likely continue to lean toward India over both the short- and long-terms in order to balance China and support the rise of a responsible democratic power and security partner in the Indo-Pacific. While India has historically, and to a lesser extent recently, resisted close alignments with external powers, the U.S.-India partnership has generated sufficient momentum since the signing of the civilian nuclear deal in 2005 to overcome these sensitivities. Over the next five years, we anticipate that the U.S.-India relationship will continue to deepen because of a burgeoning defense relationship and the threat of China's growing influence in the Indian Ocean Region.¹²⁶ A key test for the relationship will be the extent to which the two sides are able and willing to broaden their relationship beyond the defense arena to find common ground on more divisive issues including trade and market access,¹²⁷ immigration policies,¹²⁸ intellectual property protections,¹²⁹ and data localization demands,¹³⁰ some of which contributed to the recent failure to reach a free trade agreement. We anticipate

¹²³ Abhijnan Rej, "Why Did China Change Its Position Now on Listing JeM Chief Masood Azhar at the Security Council?," *The Diplomat*, May 2, 2019, <https://thediplomat.com/2019/05/why-did-china-change-its-position-now-on-listing-jem-chief-masood-azhar-at-the-security-council/>.

¹²⁴ Gerry Shih, "In Central Asia's forbidding highlands, a quiet newcomer: Chinese troops," *The Washington Post*, February 18, 2019, https://www.washingtonpost.com/world/asia_pacific/in-central-asias-forbidding-highlands-a-quiet-newcomer-chinese-troops/2019/02/18/78d4a8d0-1e62-11e9-a759-2b8541bbbe20_story.html?utm_term=.0d4a895f1687.

¹²⁵ Ely Ratner, "The emergent security threats reshaping China's rise," *The Washington Quarterly* 34 (1), 2011, pp. 29-44.; Michael Beckley, "The Power of Nations: Measuring What Matters," *International Security* 43 (2), 2018, pp. 7-44

¹²⁶ Cara Abercrombie, "Realizing the Potential: Mature Defense Cooperation and the U.S.-India Strategic Partnership," *Asia Policy*, Vol. 14, No. 1, January 2019, pp. 119-144..

¹²⁷ Stephanie Findlay, "India laments loss of preferential access to US market," *Financial Times*, June 2, 2019, <https://www.ft.com/content/7f7bf9f8-8524-11e9-97ea-05ac2431f453>.

¹²⁸ David Meyer, "Indian Workers on H-1B Visas Could Be Casualties of a U.S. Trade Spat," *Fortune*, June 21, 2019, <http://fortune.com/2019/06/20/h1b-visa-india-cap/>.

¹²⁹ "2019 Special 301 Report," (Washington, DC: Office of the United States Trade Representative, April 2019), https://ustr.gov/sites/default/files/2019_Special_301_Report.pdf.

¹³⁰ Ronak Desai, "India's Data Localization Remains A Key Challenge For Foreign Companies," *Forbes*, April 30, 2019, <https://www.forbes.com/sites/ronakdesai/2019/04/30/indias-data-localization-remains-a-key-challenge-for-foreign-companies/#4c0ec171e0a3>.

that, while negotiations will be difficult, the two sides will likely reach workable compromises on these issues given the significance of their shared values and interests.

Over the 20-year time horizon, the U.S.-India partnership will continue to mature, propelled by both sides' common interest in balancing China's rise. While we anticipate that certain issues, including India's harsh treatment of its Kashmiri population and concerns over divisive Hindu nationalist rhetoric, will become points of tension in the relationship over the longer term,¹³¹ the broader geostrategic imperatives guiding the U.S.-India partnership will be sufficient to supersede such human rights concerns from the perspective of U.S. policymakers. However, this growing alignment will alter geopolitical dynamics within South Asia. We expect that Pakistan will be thrust deeper into the arms of China and the United States will have a reduced ability to serve as a neutral arbiter in managing crises, in which China will likely play an increasingly active role.

Russia

As a third great power node, Russia could introduce elements of competition that reshape South Asia, either in congruence with China or potentially in conflict with it.¹³² In Afghanistan, Russia will leverage arms and money to influence proxies that impose significant costs to any continued U.S. force presence and help redirect terrorism from spilling over into Russian territory. Yet Russia, having learned the lessons of overextension in the Middle East in the 1980s, will probably hesitate to deploy forces within the Af-Pak theater. Pakistan will continue to flirt with a new defense relationship with Russia over the next five years—through minor arms purchases, exercises, and high-level engagements—to entice a softer U.S. approach to Pakistan and generate a modicum of maneuvering space with China. While Russia may play along to draw India's attention back to the Russia-India defense relationship, serious defense relations will be circumscribed by Pakistan's limited commercial potential and its dependence on Chinese hardware.

Russia will continue to engage India through a partnership based on strategic systems including the S-400, Brahmos and other advanced cruise missiles, nuclear submarines, and potentially a revitalized fifth generation fighter aircraft program. India has incentives to continue engaging Russia to acquire strategic technologies: hedging against U.S. capriciousness; accessing spare parts, servicing, and upgrades for India's vast stock of Russian military equipment; and preventing a tight Sino-Russian axis.¹³³ A deepening Russia-India defense relationship could potentially generate friction with Beijing if India begins to enjoy significant economic growth, overcome the constraints of its immediate neighborhood and Pakistani security challenges,¹³⁴ and successfully leverage Russian strategic systems to balance China.

India may hesitate to fully embrace the American Indo-Pacific strategy, fearing that a complete turn away from Russia could invite Moscow further into Beijing's orbit and strengthen

¹³¹ "2018 Country Reports on Human Rights Practices: India" (Washington, DC: U.S. Department of State, March 13, 2019), <https://www.state.gov/reports/2018-country-reports-on-human-rights-practices/india/>.

¹³² Olga Oliker, "Be Careful What You Wish For: Legacies, Realignments, and Russia's Evolving Role in South Asia," *War on the Rocks*, December 27, 2017, <https://warontherocks.com/2017/12/careful-wish-legacies-realignments-russias-evolving-role-south-asia/>.

¹³³ Tanvi Madan, "Between a Cold War Ally and an Indo-Pacific Partner: India's U.S.-Russia Balancing Act," *War on the Rocks*, October 16, 2018, <https://warontherocks.com/2018/10/between-a-cold-war-ally-and-an-indo-pacific-partner-indias-u-s-russia-balancing-act/>.

¹³⁴ Ashley Tellis, "Troubles Aplenty: Foreign Policy Challenges for the Next Indian Government."

Russia-Pakistan defense relations.¹³⁵ Russia has good reason to manage these tensions through diplomatic institutional mechanisms like the BRICs or the Russia-India-China trilateral, both of which could evolve into robust security dialogues. In the next 20 years, Russia is likely to continue to attempt to maintain ties with both India and China, although more adversarial India-China relations could force Moscow to pick sides. While Russia is likely to strengthen its relations with China in such a scenario,¹³⁶ Russia may join the United States and India in balancing China (contingent on a major breakthrough in U.S.-Russian relations) should Moscow come to feel overly threatened by Beijing's regional assertiveness and influence.

IV: Other Considerations

Three uncertainties should be considered in estimating the geopolitical trajectories of Pakistan and Afghanistan: natural resource/mineral wealth discoveries, the reconstitution of ISIS in Central Asia, and a sustained downturn in the U.S.-India relationship.

Given the extent to which we expect economic and budgetary constraints to limit policy options in both countries, the potential for extractive industries to yield an unexpected source of revenue, especially in Afghanistan, bears consideration. At the outset, we acknowledge that previous claims of the potential for Afghanistan's vast mineral wealth¹³⁷ to change the country's trajectory failed to factor in the difficulty of mining and exporting the minerals for processing given security concerns, corruption, and lack of energy and transportation infrastructure, among other challenges.¹³⁸ The widely cited valuation of \$1 trillion in mineral wealth accounts for neither these significant costs nor the falling prices of commodities since it was first announced by the Pentagon in 2010.¹³⁹ As of 2016, mining revenues represented just 0.3% of Afghanistan's \$6.5 billion budget.¹⁴⁰ These caveats aside, should security stabilize sufficiently in Afghanistan, particularly over the 20-year term, the country's mineral deposits could prove sufficient to entice external investment and generate employment and income. With this potential, though, comes the related risk of conflict-inducing "lootable resources"¹⁴¹ and further opportunities for corruption and terrorist financing, problems that are reportedly already widespread in the context

¹³⁵ Krzysztof Iwanek, "Russia's Looming Arms Sale to Pakistan Sets Up a Dangerous Game," *The Diplomat*, May 16, 2019, <https://thediplomat.com/2019/05/russias-looming-arms-sale-to-pakistan-sets-up-a-dangerous-game/>.

¹³⁶ Daniel R. Coats, "Worldwide Threat Assessment of the US Intelligence Community." (Washington, DC: Senate Select Committee on Intelligence, January 29, 2019), <https://www.intelligence.senate.gov/sites/default/files/documents/os-dcoats-012919.pdf/>.

¹³⁷ U.S. Geological Survey, 2006, https://pubs.usgs.gov/of/2006/1038/Afghan_Mingeoil_plotV2.pdf.

¹³⁸ Mark Lander and James Risen, "Trump Finds Reason for the U.S. to Remain in Afghanistan: Minerals," *New York Times*, July 25, 2017, <https://www.nytimes.com/2017/07/25/world/asia/afghanistan-trump-mineral-deposits.html>.

¹³⁹ James Risen, "U.S. Identifies Vast Mineral Riches in Afghanistan," *New York Times*, June 13, 2010, <https://www.nytimes.com/2010/06/14/world/asia/14minerals.html>.

¹⁴⁰ "Quarterly Report to the United States Congress," Special Inspector General for Afghanistan Reconstruction, January 30, 2018, <https://www.sigar.mil/pdf/quarterlyreports/2018-01-30qr-intro-section1.pdf>.

¹⁴¹ Päivi Lujala, Nils Petter Gleditsch, and Elisabeth Gilmore, "A diamond curse? Civil war and a lootable resource," *Journal of Conflict Resolution* 49 (4), 2005, pp.538-562; David Sobek and Cameron G. Thies, "Civil wars and contemporary state building: Rebellion, conflict duration, and lootable resources," *Civil Wars* 17 (1), 2015, pp. 51-69; Richard Snyder, "Does lootable wealth breed disorder? A political economy of extraction framework," *Comparative Political Studies* 39 (8), 2006, pp. 943-968.

of existing mining operations.¹⁴² Similarly, in Pakistan's tribal areas and Balochistan province, investment in mineral extraction is likely to increase over the 20-year timeframe, as both the military¹⁴³ and Chinese¹⁴⁴ firms pursue mining contracts. While such projects could provide much-needed economic stimulus, the likelihood that proceeds would be transferred elsewhere could provoke destabilizing local resentment.¹⁴⁵

A second consideration with regional implications over both the five- and 20-year timeframes is the risk that returning Islamic State and other extremist group fighters from Iraq and Syria will spread terrorist violence throughout Central Asia and into western China. Estimates vary, but 2,000-4,000 Central Asian recruits are said to have traveled to Syria to take part in the civil war.¹⁴⁶ The return of surviving fighters to the region, including to a potential expanded base of operations in Afghanistan, is likely to foment instability in the short-term. Especially concerning is the potential for these groups to pursue an agenda of political violence within China in response to the Beijing government's harsh treatment of its Uyghur minority in Xinjiang.¹⁴⁷ Such a development could prove seriously destabilizing in both Afghanistan and Pakistan, where, to date, reactions to the plight of co-religionist Uyghurs have been muted.¹⁴⁸ The Pakistani government has largely succeeded in limiting public awareness of China's policies towards Uyghurs, describing reported arrests of Uyghur spouses of Pakistani citizens as attempts by "some section of foreign media" to "sensationalise the matter by spreading false information."¹⁴⁹ Instability and extremist violence in Central Asia and Western China, while certainly a remote possibility, should not be discounted given the disruptive impact it could have on broader South Asia.

A third uncertainty over the next five years is whether the direction of the U.S.-India relationship takes a sharp turn from unstable progress to a discordant, conflictual relationship. This may incentivize the United States to adjust its coercive strategy and tilt back towards Pakistan to manage new contingencies. Several trends suggest a slowdown in U.S.-India relations and even a period of friction might be approaching.¹⁵⁰ These include: intensifying trade

¹⁴² Sadaf Lakhani and Julienne Corboz; "Illegal Extraction of Minerals as a Driver of Conflict in Afghanistan," United States Institute of Peace, July 24, 2017, <https://www.usip.org/publications/2017/07/illegal-extraction-minerals-driver-conflict-afghanistan>.

¹⁴³ Drazen Jordic, "Pakistan military eyes key role developing giant copper and gold mine," *Reuters*, March 11, 2019, <https://www.reuters.com/article/uk-pakistan-mine-military-insight/pakistan-military-eyes-key-role-developing-giant-copper-and-gold-mine-idUSKBN1QT03K>.

¹⁴⁴ "Chinese firm to expand metal mining projects," *Dawn*, March 20, 2019, <https://www.dawn.com/news/1470708/>

¹⁴⁵ Rabia Aslam, "Greed, creed, and governance in civil conflicts: a case study of Balochistan," *Contemporary South Asia* 19 (2), 2011, pp. 189-203.

¹⁴⁶ "Syria Calling: Radicalisation in Central Asia," International Crisis Group Briefing 72, January 20, 2015, <https://www.crisisgroup.org/europe-central-asia/central-asia/syria-calling-radicalisation-central-asia>.

¹⁴⁷ Mathieu Duchatel, "China's Foreign Fighters Problem," *War on the Rocks*, January 15, 2019, <https://warontherocks.com/2019/01/chinas-foreign-fighters-problem/>.

¹⁴⁸ Maija Liuho, "China is after us': Uighurs in Pakistan report intimidation," *Al Jazeera*, January 14, 2019, <https://www.aljazeera.com/indepth/features/pakistan-uighurs-report-intimidation-lament-china-ties-190113223009841.html>.

¹⁴⁹ "Muslim Pakistan says outcry over China's Xinjiang detention camps has been 'sensationalised'," *South China Morning Post*, December 20, 2018, <https://www.scmp.com/news/asia/south-asia/article/2178987/muslim-pakistan-says-outcry-over-chinas-xinjiang-detention>.

¹⁵⁰ For an account of the shortfalls in mutual expectations of the relationship, see Sameer Lalwani and Heather Byrne, "The Elephant in the Room: Auditing the Past and Future of the U.S.-India Partnership," *War on the Rocks*, June 26, 2019, <https://warontherocks.com/2019/06/the-elephant-in-the-room-auditing-the-past-and-future-of-the-u-s-india-partnership/>

disputes over market access; a loss of the Indian market's commercial appeal (for arms sales and investment) due to a slowdown in Indian economic growth forecasts and rising unemployment; concern for growing illiberalism with India's Hindu nationalist wave; divergences over the security vulnerabilities of Chinese 5G networks and Russian arms platforms; disagreements over norms of cyber governance including data localization; and Indian hedging on intensifying, militarized confrontations between the U.S. and Iran, Russia, and China. If India deepens its embrace of Iran and Russia and the United States sees Wuhan summit equivocations toward China as a 21st century Molotov-Ribbentrop Pact, Washington may intensify its doubts over India as an Indo-Pacific anchor. Meanwhile, should Pakistan grow wary of Chinese leverage, debt holdings, and encroachments on its sovereignty, it may cast desperate entreaties to Washington. In this case, the United States may consider revitalizing its relationship with Islamabad. Facing conflicts with a resurgent Iran, managing the tenuous stability of Afghanistan's power-sharing government, and observing fissures in the China-Pakistan friendship, the United States might rediscover the appeal of Pakistan as a geopolitical partner. Even absent both New Delhi and Washington overcoming their differences within the next five years and serious U.S. outreach to Pakistan, India is unlikely to emerge as the America's stalwart ally and guardian of the Indo-Pacific in twenty years. Instead, it will more likely remain a swing state between the United States and China.