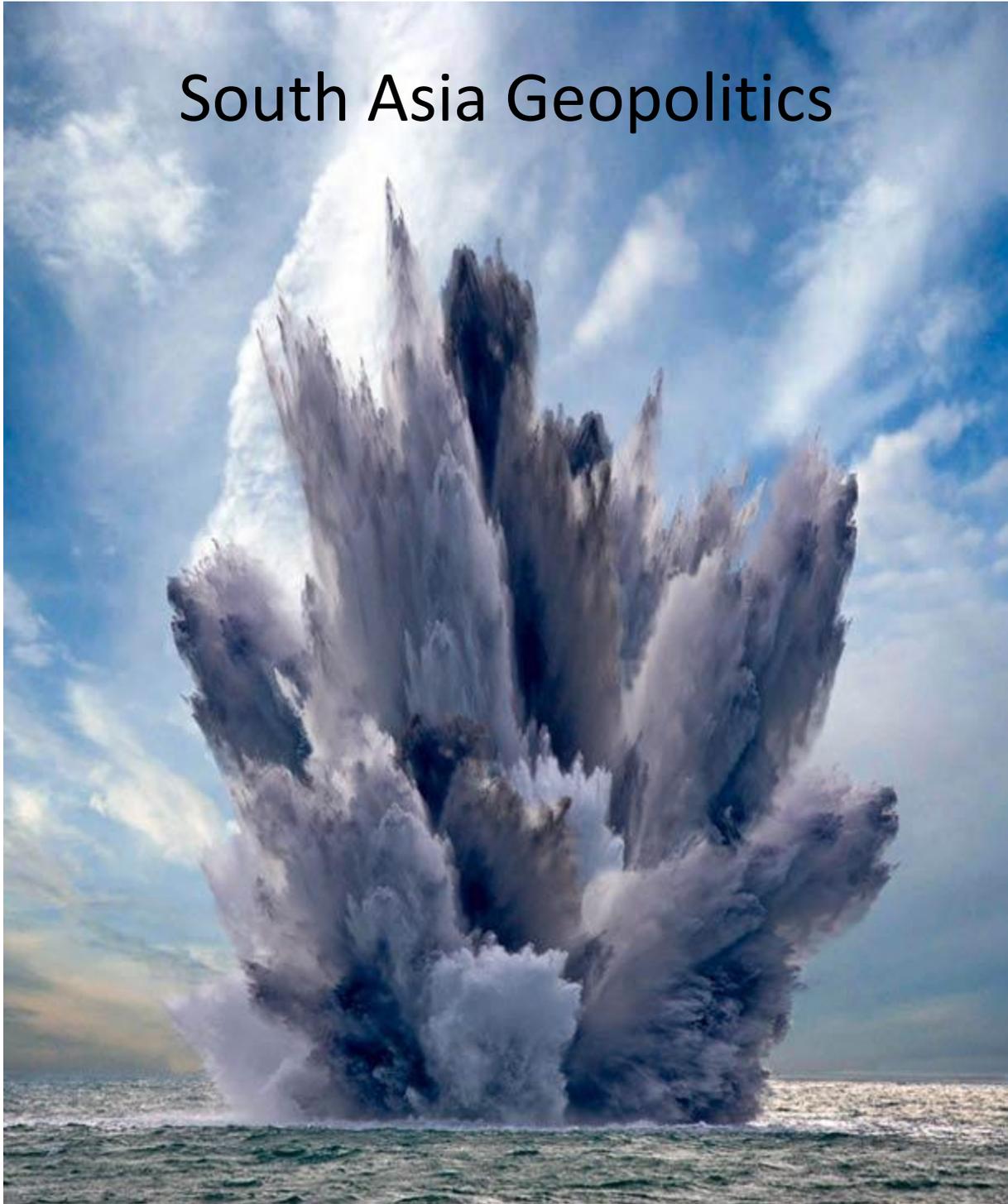


South Asia Geopolitics



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South Asia remains a volatile region with security problems scattered across the length and breadth of the sub continent. Rampant corruption, insurgencies and terrorism remain high on the list of security issues. The economy and development of countries in South Asia are not aligned to India. Instability in South Asia is affecting India's security and the economy with Pakistan and China as its strategic challenges. On a wider scale Asia includes seven out of the ten largest economies and 5 out of the 9 nuclear weapon states. A rising China in terms of military power remains a threat to the continent. With Europe stagnating and the US economy still not making any progress after the financial crisis the center of gravity is shifting to Asia in terms of security and business opportunities. India and US have strategic convergence in the region as the security challenges in Asia are common to both with the geopolitical climate remaining unstable.

Terrorism

Instability

Insurgency

Porous Borders

Infiltration

Corruption

Nuclear Security



India is called upon to play a global role and is poised to enter into a high growth trajectory and as such the new government must take into account the security issues in the neighborhood and at the same time increase security relations and trade and business opportunities with its neighbors and other key countries in Asia such as Afghanistan, Vietnam, Taiwan, Philippines and Thailand.

India

India is the World's largest democracy and the fastest growing economy amidst an unstable region surrounded by nations whose polity is inimical to India. With porous borders security is a cause for concern. Border Security Management remains a key issue as India shares 14,880 kilometers of boundary with five nations

Country	Kilometers
Pakistan	3323
China	3488
Nepal	1751
Bangladesh	4096.7
Myanmar	1643

A total 10907 Kms of its border with Pakistan, China and Bangladesh is vulnerable. Its border passes along the sea through deserts, mountains and jungles making it difficult to secure. Coastal Security is still a concern with a porous coastline of 7500 Kms. Maharashtra and Gujarat have a combined coastline of 2320 km (Maharashtra 720 km and Gujarat 1600 km) which even after 26/11 remains vulnerable to transnational threats. This coastline is characterized by numerous creeks, small bays and rivulets.

It is an emerging power in international relations and has a powerful military with power projection capabilities. But some of the factors which are affecting National Security and are causing a concern in the strategic and the business community are that there remains a lack of accountability of government officials, lack of governance, a majority of the laws are outdated, bureaucracy is an impediment to India's security. India is not taking the full geostrategic advantages of its neighbors. In terms of foreign policy there is an increased focus on Pakistan rather than any of its neighbors. It doesn't want to antagonize China and its foreign policy remains soft in relation to China. It is not aware of how to respond to the changing geopolitical, strategic and military challenges in the region and Asia. State response to Homeland Security remains abysmally inadequate. Despite frequent public statements about measures being taken to ensure coordinated security measures, the situation does not seem to have changed significantly on the ground. There is a lack of coordination between central and state law enforcement agencies. The State does not have a Counter Insurgency strategy to deal with Naxals. The present Security strategy is not backed by



development strategy. Naxals are operating due to lack of politics, governance and administration. A possible collaboration between Naxalites, ISI and China cannot be ruled out. Its not enough to have good systems when people operating them are not trained. Corruption remains an issue even in the procurement of security equipment such as coastal security boats. Terrorists continue to be innovative in their deadly tactics and expansive in their reach, while security forces are always preparing to rectify the shortfalls of the last “failure”. With its porous borders there are an estimated 15 to 18 million illegal Bangladeshi immigrants residing in various parts of India. Law enforcement agencies are working at cross purposes with insufficient manpower, lack of training, inadequate infrastructure and equipment and lack of coordination.

Its electoral politics is affecting National Security. Parties are largely interested in local issues affecting their constituencies and not very much in international and national security issues. Regional Parties are pushing their own agenda at the cost of national interest. Terrorism, insurgency, illegal immigration, corruption, maritime security and border management are the key challenges. State specific risks remain Naxals, Insurgents, Terrorism and Coastal Security. The new government must focus on increasing security, soft power projection and trade and investments in Nepal, Sri Lanka, Bhutan and Bangladesh

Pakistan

Insurgency

State Sponsorship

Economic Collapse

Terrorism

Nuclear Security

All footfalls of terrorist attacks in the world converge in Pakistan as it has become the center of gravity for terrorism. Non State actors are destabilizing the region with state sponsorship. It has the largest concentration of terrorists per sq ft of land. The key concern for India and the World remains terrorism, Pakistan’s support for Taliban and Nuclear Security and on a macro scale its missile proliferation to rogue states. The Pakistani Military is not in favor of cordial relations with India and is engaged in asymmetrical warfare through Insurgency and Terrorism. Its economy is on the verge

of collapse and is supported by US, Saudi Arabia and various international agencies. It has become a rentier State by seeking economic packages from US in return for sporadic cooperation on the war on terrorism.

Extensive power shortages even in Karachi and Islamabad are taking a toll on the economy. The society is marred by Feudalism and the polity by the Oligarchic rule by the military and social elites. A Coalition of military, some chosen members of the bureaucracy, judiciary, industrialists and the landed gentry have ruled Pakistan ever since independence. Sometimes the empowered judiciary is a check on political adventurism. Its state and national politics is fragmented. Party and military officers serving as managers, higher



management and sitting on the board of various corporations have made the public sector irrelevant by gross mismanagement. Political and economic regression has taken back Pakistan to the 19th Century as India has entered the 21st Century. Talks with Pakistan will be difficult unless and until it is supported by the military. Economic and Trade ties should be expanded between the two countries before any meaningful talks on Kashmir can take place.



China

Strategic Threat

Expansionist Policies

Border Disputes

Slowing Economy

Proxy Support to Terrorism

China remains a strategic threat to India and will continue to play a disruptive role in India's rise as a global power. China is resorting to a policy of containment through its military and political support to Pakistan and its opposition to India at various international organizations and forums. It opposed the Indo US civilian nuclear deal, tried to block Asian Development Bank financial aid to Arunachal Pradesh and tried to block UN sanctions against LeT after the 26/11 terrorist attacks. China is squatting over 18,000 sq km of Indian land in Aksai Chin in Ladakh and claims ownership of the entire state of Arunachal Pradesh an area of 84,000 sq kms. It remains a violator of Non Proliferation Treaty and various missile technology laws thus transferring weapons technology to rogue states. China has been flaring regional tensions in the South China Sea and Japan. India's foreign policy should focus on increasing security ties with US, Japan and Australia as a check on Chinas expansionist policies.

Bangladesh

Insurgency

Unstable Politics

Unstable Institutions

Terrorism

Porous Borders

Bangladesh is one of the transit countries for terrorists to enter India. Illegal immigration is rampant through the porous 4,200 km long border between India and Bangladesh. Indian insurgent groups have sought refuge in Bangladesh and it has become a sanctuary for insurgents groups like ULFA and NSCN. Several bilateral issues such as security, trade, transit, water and defense exchanges, land boundary demarcation, handing over of adverse possession and enclaves and fencing of border, water sharing need to be resolved. The present government of Sheikh Hasina is friendly

towards India and there is close counter terrorism cooperation between the two countries. During the previous government led by Sheikh Hasina the GDP growth grew to 6 %. Awami League led by the present PM advocates good relations with India. Political stability will bring about a favorable investment climate. The BNP which is in the opposition does not support good relations with India as it wants good relations with Pakistan and China. ISI is using Bangladesh and Nepal by taking advantage of the lax security and porous borders for promoting terrorism and pumping counterfeit currency into India. The new government should strengthen the democratic process in the country and resolve the various bilateral issues as there is a friendly government in Bangladesh. Both countries should take the relationship to the next level

Nepal

Insurgency

Porous Borders

Unstable Institutions

Unstable Government

Nepal has not yet stabilized since insurgents laid down arms and joined the government. The government remains unstable. The growth rate is merely 3.4 %. Nepal does not attract foreign investment as governance remains low, there is inadequate infrastructure, power shortage are rampant, Insurgency still remains a concern, labor militancy is high, the trade deficit is expanding and the tourism policy is poor. The country ranks in the bottom 10 % of the countries in the world although in its direct neighborhood both India and China have achieved remarkable rates of economic growth. In 2010, the per capita GDP in Nepal was \$557 against the per capita GDP of \$ 1,380 in India and the per capita GDP of \$ 4,382 in China. China has invested in various infrastructure projects. There is a threat to the Infrastructure projects as they are targeted by insurgents. On security issues there is close cooperation between India and Nepal but Nepal still remains a transit country for terrorists entering India. Indian companies should look for opportunities in the infrastructure, power, hydro electric projects and travel and tourism sectors.

Myanmar

Insurgency

Lack of Democracy

State Controlled Economy

Lack of Infrastructure

Myanmar is the only ASEAN country with which India shares a 1643 km long land border and a coastline of 1930 km on the Andaman Sea and the Bay of Bengal. As its economy opened up the South Korean President, Hillary Clinton (First US Secretary of State since the visit of Johan Foster Dulles in 1955) and others have visited Myanmar. In the previous elections the NLD led by Aung San Suu Kyi won 43 of the 44 seats. Myanmar has also secured the chairmanship of

ASEAN starting from 2014.

Indian has downplayed its support for Aung San Suu Kyi in favor of a pragmatic effort to cultivate a good working relationship with the Burmese military junta which remains powerful.

Indian officials argue that shunning the junta would simply push Burma into the arms of the Chinese. It would also mean that India would lose the cooperation of the Burmese military in the struggle against insurgents in north eastern India. India is looking for cooperation in the oil and gas sector, agriculture and infrastructure sectors.

Geopolitically Myanmar is important to EU, India and US considering Chinese interests. Myanmar is a strategic asset to China as it is providing access to the Indian Ocean and economically important for the development of its South Western states, particularly the Yunnan province. China has invested in Myanmar for its energy requirements and energy security. The Chinese have good relations with the government but not with the people of Burma. Myanmar is worried on the increasing influx of Chinese citizens. It is estimated that more than 2 million Chinese nationals (though only about 300,000 are legally registered) are in Myanmar. In Mandalay province alone there are over 400,000 ethnic Chinese with around 70,000 in the city, who have captured major businesses and the real estate. The Chinese are far better off than the Myanmar population. Chinese companies do not provide employment to Myanmar people as they bring labor from China.

Myanmar has had very close relations with China till date due to necessity and not out of choice. It is working on an oil pipeline from Kyapkyu in Rakine state, Myanmar to Kunming, China bypassing the long route through of Malacca strait. China was making inroads into the infrastructure sector when the Myanmar government expressed its displeasure with China and as a result opened its investment doors to US, Europe and India. Myanmar suspending work on U.S. \$3.6 billion Mystone dam after locals agitated. The electricity produced was transferred to China's province bordering Myanmar. Myanmar is reducing its total dependence on China, seek legitimacy beyond the neighborhood and encouraging the West (US) to ease the sanctions. As Myanmar opens up, China's advantages are likely to be constantly challenged in all aspects, including the strategic sphere, by other international players including the US and India.

Information Technology

Data Vulnerable

State Sponsored Attacks

Economic Collapse

Terrorism

Information Warfare leading to attacks against networks and sites as a way of asymmetric warfare will assume enormous proportions. Advanced militaries now have the capability to launch cyber attacks not only against data and networks but also against the critical infrastructure that depend on these networks. Attacks on Estonian and Georgian networks by Russia have taken place. This kind of warfare is easier than the conventional form as the violation of sovereignty does not exist. It is faster and cheaper and a threat to the

nation's prosperity and security. Even US Pentagon networks are not secure. Most of the attacks emanate from China and Russia. Chinese industrial espionage against India represents significant and growing threat. Attacks on Corporate and Defense networks in India may take place in the

future. In India there is no adequate policy framework to deal with attacks on the Public and Private networks.

Climate

Water Wars

Droughts

Global Warming

Urban Mismanagement

and economic factors as much as by the magnitude of the climatic shift itself. If water management is not done properly then power generation will be affected in India. Alongwith land and waterway use mismanagement Urbanization has also been mismanaged. Climate Change may lead to sea level rises in Bangladesh and may lead to a surge of displaced people from Bangladesh to India. Water is crucial for economic development and geopolitical stability in the region. In the future water issues will be far more political and strategic with Pakistan and China. Water related conflict is plausible.

Water management will be a key strategic issue as climate change will lead to water shortage leading to probable and likely Water Wars in South Asia. Water Shortages, poor water quality and floods may lead to instability and state failure to manage the water crisis will lead to increasing regional hostility. Water may be used as leverage by China in negotiations and as a weapon (terrorists). The geopolitical consequences of climate change are determined by local political, social,



Corporate Security

Vulnerable

State Sponsored Attacks

Economic Collapse

Terrorism

Increasing Risks

infrastructure, in particular, in light of the recognised interdependencies, continues to drive the call for greater private sector involvement and coordination of security investment priorities. Private sector expenditures on homeland security related measures in the US are costing \$10 billion per year.

As compared to India the Security industry in US is growing. Today private investors, money managers, stock analysts, financial advisors, government agency personnel and industry executives are investing in security stocks. The only industry making profits by increasing Market capitalization, Earnings per share (EPS), Earnings before interest, taxes, depreciation, and amortization (EBITDA), Price-earnings ratio (P/E) during the Financial Crisis is the security industry. The next Microsoft may come from the security sector. The growing consensus that current investment is insufficient to secure critical energy

As growth and business opportunities increase security threats and vulnerabilities remain an issue for corporates operating in India. Some of the threats facing foreign and Indian corporates are espionage, terrorist attacks, thefts, travel security, pilferage, fraud, Womens Security, sporadic University student protests/demonstrations, bombing, hijacking, kidnapping, sabotage, demonstrations, armed attack, weapons attack, explosives, VBIEDs and extortion by Naxalites.

Security has not only increased at US Corporations but also at their locations abroad. Indian companies like their US counter parts should establish a separate and an independent Security Department with a yearly budget. Companies in India should increase Security as it acts as a financial and planning deterrent to the terrorists increasing the cost of attack on the building (Terrorists target soft targets and not Government buildings). Corporates should take the relevant measures to mitigate the threats and increase security by conducting regular risk assessments.

South Asian Geopolitics is linked to Corporate Security as the transportation system, critical infrastructure and Areas of High density of people are vulnerable and credible targets. Terrorists have demonstrated their intent and capability to attack these targets. There are investment opportunities for Indian and foreign businesses in the region which is politically unstable with high security risks. Corporates should also assess the business implications of political, regulatory, financial and legal risks and the likely impacts of security risks in their markets. They should determine how security risks affect their operations in different regions and Countries. This will assist the firms in determining the various risks which can affect the feasibility of their investments and future business plans in South Asia.





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Cooperation will
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