

## **Weaponising Connectivity: Exploring Connections and Coercion in the Indo-Pacific**

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***Abstract:** If connectivity makes economic sense, creates absolute gains for all, engenders welfare benefits and reduces the likelihood of the use of force, why are we witnessing so much contestation over the nature of connectivity projects and the intent of connectivity entrepreneurs in the region? Why do we see the diversity and proliferation of connectivity projects, with both regional and extra-regional powers contesting over the same physical, financial, and digital space to connect? And finally, why is there so much concern over the upward and downward linkages of connectivity chains? In other words, who is getting connected to whom and why does it matter? If connectivity is such a globalising force, as its purveyors argue, then why, rather than creating new alliances and networks, the issue of connectivity is being pursued through old alliances and strategic partnership networks? I argue that connectivity is a contested space because it can be weaponised. States have and will use inter-connectedness as an instrument of influence and coercion to achieve their material and status goals. I explain how countries may use connectivity for coercive purposes and outline the implications for the Indo-Pacific.*

The world has, indeed, achieved tremendous economic integration in the last century. This process of economic integration or economic globalisation has, however, not reached its true potential. If Trade to GDP ratios are an indicator of economic integration, the world has only reached a high of 26.23 per cent in the last 200 years of globalisation. The record of the South Asian region is even worse: only Bangladesh has Trade to GDP ratio of 18 per cent. Though economists give many reasons for this gap between the promise and reality of global economic integration, home country bias remains a predominant explanation: on average, constituents consume more of the goods, information and finances produced within the state than from outside. However, even when governments have actively intervened to eliminate tariff barriers and therefore reduce the home country bias accruing out of price fluctuations and arbitrage, distances – physical, social, financial, and informational – continue to hinder the process of global economic integration.

As James Frankel has argued, “distance remains the most important barrier to trade.” Physical space matters: multiple econometric analysis have shown the inverse relationship between trade and geographical distances. Greater economic integration, therefore, requires better connectivity. Increased connectivity would not only shrink the physical space, but it will also facilitate a reduction in social, financial, and digital divide among regional and global geographies. Therefore, if free trade was the driving force behind economic globalisation in the 1990s and early 2000s, connectivity has now become the new swan song of global entrepreneurs. And if connectivity would expand the project of economic integration, it would by default also expand the political implications of greater economic integration. As liberal

economists and political scientists would claim, trade promotes peace and prosperity and so should connectivity.

### **Connecting States with Peace (or not)?**

We see similar arguments about connectivity today. The Americans claim that a free and open Indo-Pacific is central to the economic integration of the region. President Xi Jinping can only see the “road to peace” in Eurasia and the Indian Ocean through his Belt and Road Initiative (BRI). New Delhi’s connectivity initiative is also very adroitly titled Security and Prosperity for all (SAGAR). Implicit in these declarations are beliefs that connectivity and trade can promote amity between nations. First, insofar there exists a serious demand for infrastructure, financial and digital connectivity in the region, greater connectivity will support the economic rejuvenation of national and regional economies. In other words, there appears to be a perfect balance between demand and supply of connectivity in the Indo-Pacific, and states enter into these agreements wilfully.

Recipient countries should also not worry if some states monopolise the supply of connectivity in the region. Insofar monopolies provide for economies of scales, demands for connectivity will be met efficiently. Second, trading nations or in this case, highly connected states will not fight each other because they will lose the welfare gains accruing out of inter-connectedness. Connectivity promotes monetary and social welfare; as rational actors, countries value such improvements. Second, what is essential to observe is that it is not the existence of connectivity or trade that deters aggression or conflict but the threat of losing economic and social benefits accruing out of such inter-connectedness. In other words, states are locked in a state of connectivity interdependence. And since governments care more for absolute gains over relative gains, the size and the asymmetry of such interdependence will not hamper the prospects of peace. States in a relationship of connectivity interdependence will also be less prone to use of force in settling disputes. Better connectivity will foster greater diplomatic, commercial, and private linkages among states, thus providing multiple channels of communications for resolution and negotiation of conflict. Regional connectivity equals “shared prosperity”.<sup>1</sup>

However, if connectivity makes economic sense, creates absolute gains for all, engenders welfare benefits and reduces the likelihood of the use of force, why are we witnessing so much contestation over the nature of connectivity projects and the intent of connectivity entrepreneurs in the region? Why do we see the diversity and proliferation of connectivity projects across the region, with both regional and extra-regional powers contesting over the same physical, financial, and digital space to connect? And finally, why is there so much concern over the upward and downward links of these connectivity chains? In other words, who is getting connected to whom and why does it matter? If connectivity is such a globalising force, as its purveyors argue, then why, rather than creating new alliances and networks, the issue of connectivity is being pursued through old alliances and strategic partnership networks?

I argue that connectivity is a contested space because it can be weaponised. States have and will use inter-connectedness as an instrument of influence and coercion to achieve their

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<sup>1</sup>[https://www.unece.org/fileadmin/DAM/SPECA/documents/gc/session9/1ConnectivityESCAPThemeStudyExecSummary\\_eng.pdf](https://www.unece.org/fileadmin/DAM/SPECA/documents/gc/session9/1ConnectivityESCAPThemeStudyExecSummary_eng.pdf)

material and status goals. Following are the strategies which states use in weaponising connectivity.

### **Connectivity and Instruments of Coercion**

Connections – physical, social, digital, financial – are a source of power and influence. Our networked social space – Twitter, Facebook, LinkedIn - is perhaps the best example of the power of connections. Connectivity or the strength of one's connections vis-à-vis others is a resource providing both gains and influence. Connectivity engenders power for the following reasons.

First, connectivity entrepreneurs or the states who have the resources to connect others can regulate both demand and supply of physical, social, financial and information resources in other countries. Influence or coercion would engender out of the relationship of absolute dependence between the provider and the consumer, just as direct market sanctions work in the case of trade. Moreover, unlike trade dependence, connectivity dependence is more challenging to unshackle, especially if the critical infrastructure of a state is at stake. Such one-sided dependencies are rare and will mostly occur among countries which have robust security dependencies already in place. Pakistan, China, and the China-Pakistan Economic Corridor (CPEC) is an excellent example of such connectivity dependencies. Though China and Pakistan maintain alliance relationship, it is not as if Pakistani leaders have internalised all the costs associated with the Chinese monopoly of connectivity in the Pakistani state. The opportunity costs for Pakistan may not exist in foreign and security policy (though they do); but it indeed does in domestic politics. CPEC has only exacerbated the hold of the Pakistani army in its domestic politics. At the same time, it has also unleashed bitter divides between political parties. Another example of such control and coercion were the Chinese investments in the Maldives during President Abdullah Yameen. Domestic pluralism and accountability are the first and foremost victims of such one-sided dependencies. However, rampant use of such dependencies may also result in a blowback for the coercing state. The Maldives again is a good example though it took the threat of an India-China confrontation for the domestic politics to take its ordinary course of democratic transitions. Target states, having suffered such coercive tactics, would like to diversify their connectivity providers. Nepal's avid participation in the BRI is helped immensely by New Delhi's constant use of trade blockades as instruments of coercion.

Second, connectivity interdependence is hardly symmetric. Never are any two states connected to one another in equal measures; nor are the investments in connectivity networks. Asymmetry of connectivity interdependence, therefore, provides certain leverage. If one state in the dyad depends heavily on the other for connectivity projects – infrastructure (physical and digital), its finances and expertise – it remains susceptible to coercion and influence. Instruments and elements of connectivity – ports, data centres, supply chains, financial loans – may translate into points of liability. If the provider also controls and manages such critical infrastructure (or has access through backdoors, especially in case of cyber-infrastructure), connectivity may translate into vulnerability. We have seen this happening extensively in the region. Debt-loan traps are a function of the asymmetry of connectivity interdependence. Similarly, supply-chain disruptions, especially of strategically important goods, can be used to coerce the dependent states into submission (rare earths in 2012 against Japan; raw pharma products during recent pandemics). Often, connectivity projects have been ramrodded without extensive deliberation

on viability and usage. Hambantota port project is a good example of problems arising from excessive supply rather than demands for connectivity. However, the worst-case scenario of such supply-driven connectivity projects is their possible use for military purposes in peacetime (surveillance, reconnaissance and sustenance of military presence) and active military use during moments of crises.

The point here is not to claim that this is so in reality, but insofar it is plausible; it will affect the perceptions of threats and rivalries in the region. Therefore, we are witnessing a security dilemma over connectivity in the Indian Ocean. China's intentions may be entirely peaceful. However, the strings of pearls provide her with capabilities to influence the region during peacetime and impose military costs during periods of crises. Therefore, New Delhi will continue to feel alarmed. Interdependent relationships, howsoever asymmetric, do provide some leverage to both sides. Recipients of connectivity aid can also use market access to their advantage. Also, unlike trade, investments in connectivity projects involve a lot of sunk costs. Connectivity providers can leverage their advantages and force smaller states to follow their dictated diplomatic and security policies. However, this may engender domestic opposition, leading to complete dismantling of the relationship altogether. The transition in the Maldives between President Yameen and President Solih is a good example. The leverage of recipient states will also dramatically improve if there are multiple providers available and especially if they are competing with one another.

Lastly, beyond direct costs of connectivity and the asymmetry of connectivity interdependence, what matters is who holds the keys to such connectivity networks. As Farrell and Newman have argued, states who are at the hub of such network structures have unprecedented access to information and hence, the ability to monitor others. However, they also can choke the movement of goods, finances, and information as they so desire. This has been one of the significant reasons why Beijing has been so adamant in developing alternative financial and data networks which do not intersect with Western systems. However, the BRI will provide unprecedented network advantages to Beijing in the Indo-Pacific and the Indian Ocean. First, under BRI, Beijing will become the most critical hub of all connectivity networks – physical, financial, and digital – in the region.

Moreover, it would be able to create new observation posts and barriers for both partners and rivals. The string of pearls is not only a strategy to escape the Malacca dilemma but to develop new maritime chokepoints. China's massive capital investments would make Chinese financial institutions the preferred network for financial transaction, providing decision-makers in Beijing truckloads of financial information on allies and partners as well as rivals. The point here is not to single out China but to argue that if states do have such leverage, they will find their use highly appealing. US weaponised SWIFT against Iran because it could. The contestation over the 5-G network providers again relates to the network-effects of connectivity. The concern regarding data storage and backdoors to digital infrastructure becomes critical to national security only because the physical jurisdiction of such data centres and availability of backdoors can provide significant surveillance benefits to the adversaries. Simply put, states less connected to such networks are less vulnerable to reconnaissance and intervention and vice-versa.

## **Implications**

The paper does not make a case against connectivity; it only intends to highlight a side of the connectivity debate which is often either ignored for convenience or covered up for the sake of ideological commitments to the project. Connectivity, just like any strategic interaction, engenders both opportunities and vulnerabilities. This paper aims to focus on the latter. Exposing the dark underbelly of connectivity also has a normative agenda; it will allow states to make more informed decisions. Two implications are significant.

First, there is no direct correlation between connectivity and peace, nor does connectivity come without costs. Diplomatic niceties notwithstanding, the battle over connectivity is fundamentally a battle over influence not because of status concerns but because it provides states with instruments of coercion. For example, the principal aim of Quad countries in challenging the workings of the BRI is not out of benevolent concerns for the purported victims of its lack of transparency but because it allows Beijing an ability to coerce. The Quad states just cannot allow China to have a monopoly in such instruments of coercion.

Second, given that the regional balance of power will ultimately depend on how the states in the Indo-Pacific swing towards one or the other coalition, the battle over connectivity will only intensify. The smaller states will find it extremely difficult to navigate such highly polarised waters. The space for smaller states is inversely proportional to the intensity of the adversarial relationship between strategic rivals. Multiple factors – from Covid-19 to Sino-Indian military crisis to US domestic politics – have exacerbated these strategic rivalries. Connectivity networks will be split along the lines of strategic alliances in the Indo-Pacific.

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