

## Asia



## India-Pakistan

## On the brink

DELHI AND ISLAMABAD

## A military clash could be riskier than the last major crisis in 2019

**D**URING THE last big military stand-off between India and Pakistan, in 2019, Mike Pompeo was woken by an urgent call at his hotel in Hanoi. Mr Pompeo, who was then America's secretary of state, described in a memoir being connected to an Indian minister who said Pakistan was preparing a nuclear strike on India. Mr Pompeo quickly reached Pakistan's army chief, who denied it but accused India of readying its atomic weapons. It took several hours of intense diplomacy "to convince each side that the other was not preparing for nuclear war", wrote Mr Pompeo.

The fragile peace between South Asia's long-time rivals is unravelling again. India has alleged "cross-border" involvement from Pakistan in a terrorist attack that killed 26 men in the Indian-ruled part of Jammu & Kashmir on April 22nd. Pakistan denies any role and India has yet to present proof. But the two countries, which both claim the Muslim-majority region,

have downgraded diplomatic, trade and transport links. Their troops have exchanged small-arms fire for several days. India is weighing options for bigger military action; Pakistan is braced to hit back. And this time the confrontation could be even more perilous than previous ones.

One reason is political pressure on Narendra Modi, India's prime minister. In 2016 he sent troops to hit militant targets in the part of Kashmir ruled by Pakistan 11 days after an attack on an Indian military base. Then, in 2019, India conducted air strikes on alleged militant sites in Pakistan

12 days after a suicide-bombing that killed 40 Indian policemen. Many in India want a more muscular response this time, given that the latest attack was the bloodiest in Kashmir since the 2019 bombing and the deadliest on tourists since an insurgency against Indian rule started in 1989.

Mr Modi also has stronger incentives today to divert attention from his Kashmir policies. In 2019 he fulfilled a long-held ambition of his Hindu-nationalist movement by revoking the region's semi-autonomous status. He says that this brought peace and prosperity. But the attack has undermined that claim and added weight to accusations that systematic rights abuses fuel violence in the region. Some opposition leaders urged restraint in recent days after Indian police blew up the houses of suspected militants. Others question the security lapses that allowed the attackers (who police say include two Pakistanis and one Indian) to strike despite the half-million Indian security forces in the region.

Mr Modi's options for more robust military action include air, ground, missile and drone attacks. Indian forces could strike deeper inside Pakistan and hit military as well as militant targets. There is talk in Indian security circles of hitting the alleged headquarters of the militant group Lashkar-e-Taiba (LeT) near Muridke, a town 30km north of Lahore, Pakistan's sec-

## → ALSO IN THIS SECTION

28 Semiconductors in India

29 South Korea's nightmare

30 Australia goes to the polls

— Banyan is away

► ond-biggest city. Without providing public proof, Indian officials say The Resistance Front, which claimed the recent attack (only to deny responsibility later, saying it had been hacked) is an LeT proxy.

One challenge is that most options risk provoking a much bigger conflict. Even limited action is unpredictable. In 2019 Pakistan shot down an Indian jet and captured the pilot (under American pressure, it returned him after a few days). Nor will Pakistan be surprised as easily. Its armed forces have already shot down an Indian spy drone and scrambled jets in response to Indian aerial patrols. Pakistan's defence minister, Khawaja Asif, has warned of an "imminent" Indian attack. "We are prepared and we will respond," he says.

Deependra Singh Hooda, a retired general who led India's response in 2016, is among those counselling that any fresh Indian attack should target militant rather than military sites. He says that India could use its new French Rafale fighters which can conduct "stand-off" missile strikes from Indian airspace (unlike the Mirages used in 2019). But he warns that a strike on Muridke could backfire by killing many civilians. That could undermine international support for India, especially if it strikes before sharing evidence against Pakistan-based militants or the army.

Pakistan, meanwhile, is likely to respond proportionately in nature but hit more targets, in line with its "quid pro quo plus" strategy. Without Indian militants to strike, it will probably target military outposts, which could cause more Indian outrage. Pakistan may indicate that it wants to avoid escalation. But such signalling between nuclear powers can quickly unravel, says Moeed Yusuf, Pakistan's national security adviser from 2021 to 2022. "The only sane thing is not to test whether things will escalate," he warns, expressing concern about public calls from some Indian nationalists for a full-scale war.

Another potentially escalatory factor is Pakistan's army chief, General Asim Munir. The general, who has described Kashmir as Pakistan's "jugular vein", is more powerful and ideologically driven than his predecessor, General Qamar Javed Bajwa, who handled the 2019 stand-off. "He's going to hit back and not be as restrained," says Asfandyar Mir, a Washington-based security analyst. General Munir also faces unusual public criticism over the army's dominance of politics and failure to quell insurgencies in Pakistan's north and south-west (the latter of which he blames on India).

The international environment has changed since 2019, too. America has less interest and influence in Pakistan since the American withdrawal from Afghanistan in 2021. America and India are much closer. India can exploit that by lobbying President Donald Trump's administration to

penalise Pakistan, perhaps by sanctioning individual Pakistani officers, says Ajay Birsaria, a former Indian high commissioner to Pakistan. India could also try to disrupt a \$7bn IMF bail-out to Pakistan.

Still, Pakistan has already factored in America's shift and now looks more to China. The Chinese government has urged restraint from both sides. It may be wary of jeopardising a rapprochement with India following their recent resolution of a four-year stand-off over a disputed border. But that process is already complicated by Mr Trump's trade war. And China has had close defence and economic ties to Pakistan for decades. In a conflict, "which side would China take? That's one question our diplomats should be asking," says A.S. Dulat, a former Indian intelligence chief.

An additional risk today is that longstanding bilateral treaties are in jeopardy. India has suspended a 1960 river-sharing treaty. Pakistan has threatened to bin a 1972 agreement that freezes the disputed border. And Pakistani ministers say any attempt to divert waters flowing into Pakistan would be an "act of war". Some of that is posturing: India cannot greatly divert waters without new infrastructure, which would take years. Diplomatic back channels may ultimately calm the crisis, as in 2019. But probably not before it moves closer to the brink of war. ■

## Semiconductors

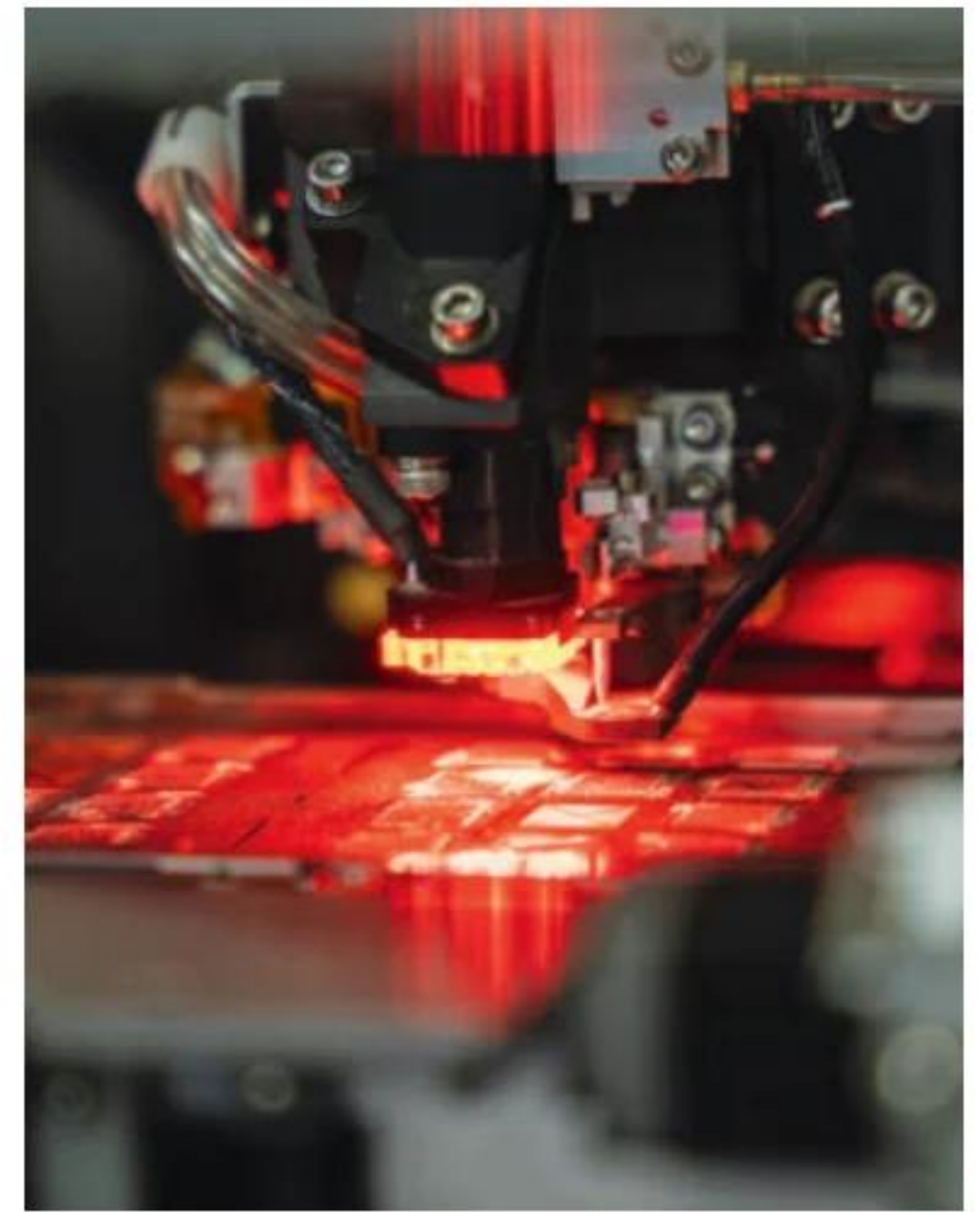
# Fab India

DHOLERA, GUJARAT

## Can India become a chipmaking superpower?

PART-HIDDEN by hoardings and overshadowed by cranes, the buildings that will host India's first commercial chip factory are slowly taking shape. The \$11bn project is a partnership between Tata Group, one of India's biggest conglomerates, and Powerchip, a Taiwanese manufacturer of semiconductors. The site they have chosen is in Gujarat, home state of Narendra Modi, the prime minister. Local politicians insist the factory—one of the first tenants of a mostly vacant industrial park two and a half hours south of the state capital—will eventually sit surrounded by suppliers and competitors; the plan, they promise, is to raise a "Semiconductor City" from the dirt. At a nearby visitor centre, an audio-visual show and a model town the size of a tennis court ram home that point.

Tata's chip factory (or "fab") is perhaps the most eye-catching result of an effort to promote Indian chipmaking that got under way in late 2021, when the central govern-



Light manufacturing

ment announced \$10bn of incentives for investors. Like many other countries, India was alarmed by chip shortages that came in the wake of covid-19, which it saw as a threat to its national and economic security. It is keen, in particular, to cut its reliance on cheap chips from China, with which relations are often fraught.

Yet politicians also want Indian firms to cash in on the semiconductor industry, the total global sales of which could almost double in value to about \$1trn by 2030. And they think locally made chips will help boost Indian manufacturing. Apple already makes about one-fifth of its iPhones in India; it is said to be hoping that all the phones it sells in America will come from Indian factories by the end of 2026.

So far five big projects have got the green light. Most of these are facilities for "assembly, testing and packaging" of semiconductors: an end-stage of the manufacturing process that involves separating chips that have been printed elsewhere and wrapping them in a protective shell. That is far from the most lucrative part of the industry, but it is less technical and more labour-intensive than other bits of chip production, which makes it a good place for India to start. Other countries seeking to grab a foothold in this market include Malaysia, the Philippines and Vietnam. India's first packaged chips could be ready by the end of this year.

Producing chips from scratch is a much sexier business, but also a far trickier one. For the moment Tata's factory (which sits in a "special investment region", called Dholera) is the only one of the new projects that will attempt to do that. It will not be minting cutting-edge semiconductors of the kind that stream from fabs in Taiwan. Yet the workhorse products it produces will nonetheless find plenty of uses, such as in vehicles, white goods and entry- ►►