

The Strategic Definition of Pak-China Economic Corridor

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Abstract

The economic Corridor between Pakistan and China is a great idea for increasing the cooperation between two neighboring countries and beneficial to Pakistan, China, west central and South Asia. It seems like "win win" for both partner countries; china and Pakistan, Though CPEC is to be examined through different perspective for getting to know its strategic definition and meaning. History, culture, economic and geo-politics are those indicators for judging the implication and benefits of the CPEC. Indeed the idea of this project is going to be taking off from Pakistan and going further into the world but it's going to have quite big benefits for the region. Concept of China Pakistan economic corridor is quite pleasing. High ways from Kashgar to Gwadar will be on land along with it a railway track would be going. Deep sea port of world would be Gwadar where there would be most modern and updated airport. There will also be fiber optic line from Kashgar to Islamabad. For the purpose, Islamabad is working since 27 August 2013. Total expenditures of the project is 46 billion dollars. There is yet no dead line for the project completion but current government will try its level best to complete it in their tenure of government. \$46 billion is a quite a big amount but yet it is not clear that how much of the amount would be paid by China and what responsibilities would be bear by Pakistan. It is clarified that most expenditures like energy, infrastructure and interior highways' big chunk would be barred by Pakistan. If China supported then also it would be in shape of loan.

Introduction

An agreement developed between Sino-Pak on 2013 from construction of China Pakistan Economic corridor (CPEC), a corridor with the web of roads and railways. In April 2015, Chinese President "Xi Jinping's visit to Islamabad resulted in the formal launch of CPEC. It is stated that, during the

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recent visits of president of China to Pakistan and initiated the Economic Corridor between two countries, has undoubtedly generated the jubilation of development in Pakistan. In this connection the portfolio of project is \$ 46 billion, and its duration of completion is estimated to cover in next 15 years. These papers will examine the impacts of CPEC considering following questions

1. Why CPEC is important?
2. How CPEC is going to benefit both the countries?
3. What Challenges and hurdles may possibly occur in the completion of the project?
4. What solutions and strategies are planned in context of the hurdles and challenges?
5. What benefits and results are expected to be received through this project?

Moreover this paper will examine the CPEC importance for the region and extra-regional actors and how Pakistan and China are going to respond them?

Strategic Importance of CPEC

November 2014, Nawaz Sharif visited Beijing and presented the legal framework of the project CPEC. It is believed that following factors may be addressed by CPEC.

- CPEC is going to bring bulks of Dollars to Pakistan, particularly the under developed sides are going to be beneficiary. There would be many of employment opportunities from Xinxiang, China to Gwadar, Pakistan because of Construction of roads and railway lines. As it's always claimed that Pakistan China relationship are "Higher then mountains, Deeper then Ocean and time-tested". During the late 1990s to 1960s, Pakistan has continues Diplomatic relations with China, Even though Pakistan is member of "Central Treaty Organizations (CENTO) and "South East Asian Treaty Organization (SEATO)". Pakistan did not let China isolated and tried to build "link" between USA and China during 1969 and 1971.
- CPEC is going to connect two countries by shipping "millions of tons of goods" from China to Middle East, Africa and Europe through Gwadar port. China would also construct oil and gas pipeline along with roads and railways for full filling her energy needs. Distances would be reduced, time would be secured and goods to Middle east-Africa and Europe from China would be shipped in lesser time.

- This corridor is going to connect East Asia to South Asia and would connect Gulf to Middle East. 3000 kilometers network from Kashgar to Gwadar and millions of Dollars involved, by that under developed areas of Pakistan and China could be developed easily. Location of Pakistan at centre of Central and West Asia, Persian Gulf and Middle East, make it strategically very important. Furthermore CPEC is going to increase its importance.
- CPEC will enhance the friendship ties between both the countries. There have been many developments in the infrastructure of Pakistan by China; Karakorum is one of them. As China is growing economically, nevertheless to say that it will soon be “world’s first economic power” overtaking USA. China is quite serious regarding promotion of regional connectivity and is going to use Pakistan strategic position for the purpose.

On May 12, 2015, at National Defense University workshop on “*National Harmony and Cohesion*” Ahsan Iqbal Federal Minister for planning and development in Pakistan *addressed* the delegation and participants, while sharing four main components of CPEC;

1. Gwadar port.
2. Communication Infrastructure.
3. Energy Infrastructure.
4. Industrial Zone.

Moreover, He clearly said:

“CPEC would benefit all the provinces of Pakistan including Gilgit-Biltistan. That it is a life opportunity for development, progress and prosperity for Pakistan which should not be missed at any cost”. (**Ahsan: 2015:02**)

On April 20-21, 2015, in the visit of Chinese president Xi Jinping to Islamabad, An agreement signed worth of \$ 46 billion, this is further going to establish relationship between both the countries and the CPEC: that is going to take off from Pakistan to the world to going to open development doors from Khunjrab to Gwadar.

The very aim of the corridor is promotion of trade and increase commercial relations by connecting to each other.

Strategically following features could be related to;

1. Development of Cooperation by political will towards multi dimensional level.
2. Promotion of connectivity between different regions
3. Using economic stakes as tool to promote peace

4. Establishing the institutional sustainability through cooperation

This corridor is not a new idea; it was rooted long ago by Europe post 1945. Where “European Economic Community” was formed in 1957 which further transformed in to “European Union (EU) in November 1993. The purpose of EU was;

- To have free movement of people, services and good
- Establishing “Exclusive Economic Zone” (EEZ) with Laos, Cambodia, Vietnam and Myanmar under the sub region of greater Mekong.
- The Purpose of Economic Cooperation Program was to establish economic corridor for the promotion of trade and “people to people” contact.

Economic Research Institute for ASEAN and East Asia (ERIA) writes in the paper on “*Special Economic Zones and Economic Corridors*”;

“The economic corridor is a concept introduced at the GMS Eight Ministerial Meeting in 1998 at a time when the GMS-ECP implementation was stalled by the Asian Currency Crisis. Economic corridors were born to help the area to rise above the difficulties after the crisis. The basic idea is to enliven economic activities along the major roads or the transport corridors. Concrete examples include the establishments of industrial estates on the borders, and the construction of telecommunication and electricity transmission cables, natural gas pipelines and tourism activities along the corridors” (Masami:2015:03)

Any Economic corridor whether it’s internal, intra-regional and on sub-regional level, It has short and long term benefits in regards to investment, creating opportunities for employment and tourism.

Asian Development Bank (ADB) reports about economic corridor as:

“Economic corridors connect economic agents along a defined geography. They provide important connections between economic nodes or hubs that are usually centered in urban landscapes. They do not stand alone, as their role in regional economic development can be comprehended only in terms of the network effects that they induce. As the case studies in this paper show, there is no standard picture of what economic corridor development is and what it can achieve. What economic corridors can achieve for regional economic integration depends first on what characteristics the specific existing economic networks in which the economic corridors are embedded personify, and second on which characteristics corridor development are intended to introduce or strengthen. Corridor characteristics interact dynamically to create patterns of regional economic development. Models

that make this interaction explicit have combined elements of the New Economic Geography (non-linear and General Equilibrium elements)”.

(Moonis: 2013:12)

Economic corridor are developed, mostly for connection and particularly connected in seaports, No matters if the corridor is established for urbanization or industry development or technology enhancement, weather it is through roads or railways or sea port, one cannot deny the importance of economic corridor.

Aspects of CPEC

China is a growing economy and for the purpose China is expending in the world through different economic agreements. She is increasing her ties in economic way, commercially and trade relations in the world particularly in Asia, Africa and Latin America.

With Pakistan, China has deep rooted relationship. Both the countries been having many projects in their long lasted friendship and time tested relationship .Pakistan’s former Ambassador in Beijing said;

“The Pakistan-China treaty for friendship and cooperation and good neighborly relations is a key instrument which enables us to strengthen our strategic, economic and cultural relations. A Joint Economic Commission (JEC) helps us stimulate growth of our economic and trade ties”. **(Irfan A: 2015:04)**

In 1970s CPEC was already rooted by “Karakorum highway “which was base foundation for economic corridor .Kashgar well known in the annals of history as a silk route and a gateway between Pakistan and China, this is called as (Special Economic Zone). The idea behind this to make “Xinjiang” western province of China, as trading hub for economic and energy cooperation between South Asia and Central Asia. These are going to have political, economical and strategies development in the region. There would be strategic “Havalian –Khunjrab railway track” along with the Karakorum highway which would connect China with Pakistan through Gwadar.

For the purpose 19 agreements and one memorandum of understanding (MoU) is signed by both the countries for development of bilateral relations. Ahsan Iqbal Said;

“Pakistan-China Economic Corridor is not the name of a single route or alignment, it is a comprehensive package of cooperative initiatives and projects encompassing regional connectivity, information network infrastructure, energy cooperation, industry and industrial parks, agricultural development and poverty alleviation, financial cooperation as well as livelihood improvement including municipal infrastructure, education, public health and people-to-people communication which will

result in the thousands of new ventures and millions of jobs in every part of Pakistan.” (Ahsan: 2015: 04)

He further explained that Gwadar would be linked to Kashgar and there would be web of fiber optic cables, railways lines, airports, high way roads, commercial sea lanes, communications networks and world class sea ports, oil and gas pipelines.

He added that CPEC have multiple links and would have modern highways and railways transportation network. CPEC is going to connect in north Kashgar to Khunjrab to Karachi and Gwadar in South.

In start \$ 34 billion was set for energy sector. 10,400 megawatt of electricity finalized to be completed by 2017-18 through “Energy Generation Projects”. However, a major amount of \$46 billion is clearly and purely Chinese investment in this power project (IPP). Whereas Pakistan will get power projects (electricity) from these projects and the remaining amount of \$ 8-9 kept or invest for Chinese concessional railways in the region.

On April 17, 2015, in a seminar on “China Pakistan Economic Corridor” Ahsan Iqbal stated:

“Islamabad will have to move with Beijing’s pace on operationalising the China-Pak Economic Corridor; otherwise China could choose some other route and engage some other partner. It is Pakistan’s responsibility to complete Khunjrab-Gwadar route at a pace that can supplement China’s economic priorities attached to the China-Pakistan Economic Corridor”.

(Ahsan: 2015: 03)

Hurdles and Challenges:

CPEC is significant in terms of economy and connectivity between the countries but it has some attached challenges and impediments too.

First; Pakistan has to work on her law and enforcement sector to ensure peace and security, so that the Chinese workers and officials could have peace full and secure place for work environment.

Secondly; China is investing in Pakistan and for the purpose Pakistan have to show seriousness and responsibility to ensure the timely completion of construction to meet the deadlines. If Pakistan creates delays then China may seek other venues for the entry in Arabian Sea and could see Iran as option.

Thirdly; International forces who may not want to sabotage the plan by creating violence and terrorism acts

Fourthly; Corruption, misuse of resources and conflicts of interests are the factors which bring any project down towards failure. Pakistan would have to make sure that honest and professional bodies should be involved in the project planning, management and implementation.

There is lack of agreement and consensus on rout at both countries is also a challenge. Mostly government and opposition don’t stand on same page for

the plan on such mega projects and Pakistan can lose the life time opportunity.

There is great concern on the safety of workers and official of China, Director General “Inter- services public relations (ISPR) gave statement on April 22, 2015:

“A special force is being raised for Pakistan China Economic Project The new force named Special Security Division would be of the size of a division consisting of nine army battalions and six wings of Para-military forces in rangers and frontier corpse”. (Sakib: 2015:14)

Though, there is preparedness and plans for security concerns but yet there is security threat is present as the project starts,

There is another threat and Challenge except security as written by Pakistani Writer:

“Beyond governmental capacity, another daunting challenge projects under CPEC will face is availability of local financing. Even if external financing is fully arranged, the CPEC portfolio will have a substantial local financial component. With the government unable to credibly broaden the tax base, its ability to provide funds for development spending is seriously constrained. In addition, the failure to reform public finances also means that the government borrows most of the available credit from the banking system, leaving little or no room for financing of private infrastructure projects”.

Government is trying to convince people on CPEC by brain storming them but yet there is concern in many fields regarding the “Rout Change” but Ahsan Iqbal rejected blames and accused such concerns for trying to make project controversial.

Keeping in mind the CPEC challenge s and fault areas, it is argued that:

“There are crucial issues related to our economic capacity, and our ability to absorb the massive investment. In order to transfer any sort-term gains into long-term economic success, Pakistan needs to increase its absorption capacity by investing in both vocational training programs, and by revitalizing the education sector. This will assist Pakistan in generating semi-skilled labor in the short run to accommodate the Chinese investment, and skilled labor in the long run to generate persistent economic prosperity in future decades.”

In “all Parties Conference “(APC) held on May 28, 2015, In Islamabad where all ruling and opposition parties participated and presented their concern regarding the “Rout Change”. Their all concerns were taken seriously by government and with the mutual concern of all it was decided that “First the western rout, Gwadar to Kashgar passing through Baluchistan and KPK” would be build followed by other routes. All parties and

Government agreed on the decision, this ended the concerns. All parties and oppositions agreed to fully support the CPEC. **(Masami: 2015: 06)**

There are still two perceptions which are to be seriously taken.

1. The project shouldn't be made controversial because as suspicion comes over any mega project, it will ruin the project totally; there is such example already available of "kalabagh Dam" which was purposes to generate power and irrigation systems on Indus River. This project would have given very good benefits but common concern developed between masses that this project may not be in favor of their provinces, even provincial assemblies of Baluchistan, NWFP and Sindh had passed resolution against the project. In result the dam was not allowed to be constructed and project was closed, Same concerns are developed among masses about CPEC particularly Baluchistan and KPK concerned that the road lines and railways would not pass through their province which will not benefits their provinces but Ahsan Iqbal rejected such fear and said that CPEC would benefit not only all Pakistan but also Gilgit-Biltistan and Azad Jammu Kashmir too.

2. Second biggest concern is about security because no foreign investment could be utilized until there is secure and peace full environment available. There are many forces who do not want Pakistan to develop therefore they would try to sabotage the efforts of CPEC. For the purpose Pakistan already have a security plan.

The government at both countries have done a clear home work before the start of the CPEC project and tried to developed an agreed consensus among the masses for making project a "Success " and "Win-Win" case. **(Shabbir H: 2015)**

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