

## THE NEW SILK ROUTE – OPPORTUNITIES FOR PAKISTAN

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### ABSTRACT

*After the disintegration of the Soviet Union, the Central Asian and Caucasian countries tried, for the first time in modern history, to establish themselves formally as independent nation states. Countries like Azerbaijan, Kazakhstan and Turkmenistan see the foundations of their economies in their abundant energy resources<sup>2</sup>. The effort to gain access to some of the most precious global resources could cause a complex series of confrontations and conflicts at regional and international levels. Since the collapse of the bipolar world system discussions on the new world order and problems of regional instability have not been ceased yet. They have recently achieved, perhaps, their apogee, judging on the fierce disputes ongoing in the mass media around the Russian-proposed Eurasian way of development, from the one side, and the US “New Silk Road Strategy”, from the other side. Each suggested model of development has its own advantages and vulnerable places. It is quite obvious after all that their success is closely linked with the settlement of the Afghan issue in one or another format. And that is natural in*

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<sup>2</sup> Anonymous, -Energy Industry to Transform in Next Decade, || Oil and Gas Journal 97 (25 January 1999): 85.

*conditions of globalization, integrity and indivisibility of the international security.*

*Through this research article, by looking through Liberalism paradigm where enhanced integration and economic interdependence is the order of the day, an attempt will be made to carryout in-depth analysis as to why the development of new silk route is required for the Central Asian States and as to how each player in the international and trans-national arena might try for primacy in its influence and control of the region's oil and gas resources.*

*This is an academic discourse and therefore, the views expressed are author's own views and do not represent and government or department's view.*

**Key Words;** Globalization, Economic Integrations, Interdependence, Great Opportunities for Pakistan.

## Introduction

The center of gravity of world economy is tilting towards Asia and the Middle East. There is paradigm shift in the aftermath of 9/11, whereby eastern entrepreneurs are more attracted towards Asia than the West. The phenomenon is further fueled due to rise of the Rest, potential of Central Asian economies and rise of BRICS countries. Gulf and China trade is increasing every day. In 2003, it was only \$ 100 Mn which rose to \$ 240 Bn recently and is expected to rise seven times more by 2015<sup>3</sup>. On the other hand a 3<sup>rd</sup> bridge is being made over the Bosphorus to connect Europe with the Asia Minor. Exports to Europe from China and the CARs has increased to 58000 trucks load lately, while the sea route of the Mediterranean from the port of Tekirdag in Turkey to Toulon in France will move 55000 containers per year<sup>4</sup>.

In the South East Asian region an upgraded highway has been constructed with transit agreement running from Danang, Vietnam through Savannakhet, Laos to Thailand. An important bridge connecting Laos with Vietnam has been made and ultimately this road will go to Burma. The greater Mekong System (GMS) includes Vietnam, Laos, Thailand, Cambodia, Burma and the Southern Province of China (Yunnan). Planners envisage huge network of roads and trans-Asia railway link not only to Indo – China but to provide overland travel from Singapore North to Malaysia, Thailand, Cambodia, Laos into China, and possibly, one day to Europe. The UN backed Trans-Asian railway now has 74,700 Kms of working track serving 29 countries and is expected to be completed in 10- 15 years<sup>5</sup>. The vision entails connecting Hamburg to Hanoi, Mumbai to Morocco and why should not Gwader to Greece and beyond? Afghanistan remains the –Cork in the Bottle in realizing this dream.

The Central Asian Republics (CARs) under their current leaders are looking outwards to find routes for importing their natural resources importers in order to improve the living conditions of their people. However, so far their efforts have made little progress. The revival of old silk route will not only benefit the economies of the Central Asian States but the region in particular. Recent studies also indicate that the Afghanistan and Pakistan will play a significant role in the future development of this route. There is need to analyse those impediments that impinge on the desired development of Silk Route, while appraising the historical and current geo-strategic factors.

<sup>4</sup> [http://www.todayszaman.com/columnistDetail\\_getNewsById.action?newsId=233142](http://www.todayszaman.com/columnistDetail_getNewsById.action?newsId=233142)

<sup>5</sup> <http://news.bbc.co.uk/2/hi/asia-pacific/8102422.stm>

## **HISTORICAL SIGNIFICANCE OF SILK ROUTE**

The Silk Road (or Silk Routes) is an extensive interconnected network of [trade routes](#) across the Asian continent connecting [East](#), [South](#), and [Western Asia](#) with the [Mediterranean](#) world, as well as [North](#) and [Northeast Africa](#) and [Europe](#). The Silk Road gets its name from the lucrative [Chinese silk](#) trade, a major reason for the connection of trade routes into an extensive trans-continental network.

Silk Route existed much earlier than the trade in silk. The earliest commerce on the route concentrated on rock salt, used mainly to preserve meat, which was mined in Afghanistan 5,500 years ago. The earliest example of silk-making (sericulture) dates from 2750 BC, well before any established trade in this commodity. Silk did become important very early on: some remnants of Chinese silk made as early as 1000 BC have been found in Egypt.

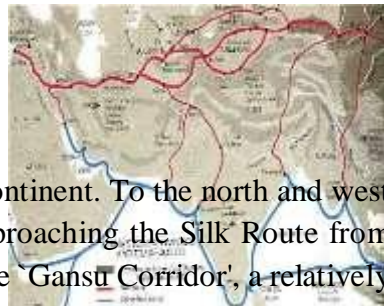
The western end of the Silk Route appears to have developed earlier than the eastern end. The Persian Empire controlled a large swathe of the Middle East, extending as far as the Indian kingdoms to the east. Trade between the different parts of the empire was already starting to influence the cultures of these regions when Alexander the Great conquered this area as far as Ferghana the border of the modern-day Xinjiang region of China. Even at this stage, small quantities of Chinese goods, including silk, were reaching the West. These are likely to have arrived with individual traders, who may have started to make the journey in search of new markets despite the danger and precarious political situation at the time.

[Han and Romans](#). The next major step towards a defined route came in about 130 BC, with the missions sent by the Han dynasty to central Asia and beyond. Through the reports of his emissary Prince Zhang Qian, the

emperor Wudi became interested in hitherto unknown states to the west. He decided that China should develop commercial relationships with the sophisticated urban civilisations of Ferghana (now part of Uzbekistan), Bactria (now part of Afghanistan) and the Parthians who from 247 BC to AD 228 occupied a huge part of the Middle East. The emperor was also greatly intrigued by intelligence reports about the large, powerful steeds – called ‘heavenly horses’ – in the possession of the people of Ferghana, which could be used to equip the Han cavalry. The Chinese subsequently sent numerous embassies to these countries and as far a field as Syria. As well as the horses, they brought back many objects – in particular, religious artwork from what is now north-west Pakistan – for the emperor in his capital at [Changan](#) (now Xian).

### **THE ANCIENT SILK ROUTE**

During the height of the Silk Route, great caravans, formed of up to 1,000 double-humped Bactrian camels, travelled at a snail's pace over the vast Taklamakan desert, some of the least hospitable territory on the face of the earth. The land surrounding the Taklamakan was equally hostile. To the north-east lay the Gobi desert, almost as harsh as the Taklamakan. On the remaining three sides were some of the highest mountains in the world. To the south were the Himalaya, Karakorum and Kunlun ranges, which effectively separated central Asia from the Indian subcontinent. To the north and west lay the Tianshan and Pamir mountains. Approaching the Silk Route from the east, the least difficult entry was along the ‘Gansu Corridor’, a relatively fertile strip running along the base of the Qilian mountains, separating the great Mongolian plateau and the Gobi from the Tibetan



high plateau. As it left the commercial centres of northern China, the Silk Route diverged into north and south branches.

### **North Route**

The north route passed through the Bulgar-Kypchak zone to eastern Europe and the Crimea, and from there across the Black Sea, Marmara Sea and Balkans to Venice.

### **South Route**

The south route passed through Turkestan and Iran into Mesopotamia and Anatolia, and then through Antioch in southern Anatolia to the Mediterranean or through the Levant into Egypt and north Africa.

### **Significance**

The Silk Route was an early example of political and cultural integration due to inter-regional trade. In its heyday, it sustained an international culture that brought together groups as diverse as the Magyars, Armenians and Chinese and encouraged them to integrate, and helped spread new products and, even more importantly, new ideas. It reached its greatest importance during the Tang dynasty (AD 618-907), with relative internal stability in China after a period of division following the Han. Changan, the starting point of the route as well as the capital of the dynasty, developed into one of the largest and most multicultural cities of the time. After the Tang, traffic along the trade route declined. Internal stability was not maintained during the Five Dynasties and Ten Kingdoms period, and neighbouring states began to plunder the caravans. China was partially unified again in the Song dynasty (960-1279), but the Silk Route did not have the same significance that it once had.

## **THE NEW SILK ROUTE**

### **Vision of New Silk Road**

In fact any strategy on the Eurasian area should have to deal with the Afghan dilemma, directly or indirectly affecting the speed and the level of its realization. Besides the facts of illicit traffic in drugs, illegal migration and criminality from the territory of Afghanistan the following external tendencies should be kept in mind that also have can negatively influence the processes ongoing on the Eurasian continent: In this connection the concept of –New Silk Road‖ is of special interest. It was suggested by Prof. Frederick Starr, Chairman of the Institute of Central Asia and Caucasus at the J.Hopkins University and later formulated as a new US strategy jointly with the Washington Center for Strategic and International Studies. At present the Obama administration seems to have actively started implementing its provisions into life, which is certified by the last visits‘ agenda of the US State Secretary Hillary Clinton to the republics of Central Asia and Pakistan, immediately bordering Afghanistan.

### **Origination and History**

The ideas, set forth in the concept, are not cardinally new. The similar ideas have been already voiced in October 1997 by Senator Brownback, who closely cooperated with Prof. Starr, in his legislative initiative –Silk Road Act‖ and later were extensively developed by Prof. F. Starr in his –Big Central Asia‖ concept. Today he suggests the renewed version of the concept named –New Silk Road‖ in his latest book titled –*Afghanistan Beyond the Fog of the Nation Building - Giving Economic Strategy a Chance*”. It is worth to note that the regional dimension of the US Central Asian strategy was analyzed by Prof. Starr in such his earlier works as –A Strategic Assessment of Central Asia and the Caucasus, 1999-2000‖ and –The New Silk Roads‖ (2008). In this book Prof. F. Starr continues to

focus on the regional dimension of the new US strategy, by taking into account opinions of his opponents and present-day realities. It does not only exclude but rests upon the support in the process of realizing transport-trade operations in Afghanistan of such states, for instance, as Russia, China and Iran, the role of which he analyzed in detail as early as in 2008.

Indirect cooperation with Iran is in fact already in process, though at a certain distance. The book justifies in the interests of the geopolitical and economic stability the leadership and broker's role of the US in this project, which is de-facto the biggest investor into the region of Central Asia and whose interests therefore cannot be ignored in any analytical layout. At the same time long-term economic and political goals, set forth in the new Afghan strategy, logically exclude the US global leadership to avoid the clash of the numerous involved resources and interests, without which the project itself will not be practically fulfilled.

Due to the same logic Afghanistan in this strategy plays the role of an important hub and a crossroad for the trade-transport ways under construction. As a state unstable in any respect it is only a center for concentrating efforts on social-economic stabilization of Central Asia, but not by all means as a geopolitical center or a model of development for the neighboring states.

#### Strategic Outlook

Central Asia today represents one of the world's last great frontiers for geological survey and analysis. It offers opportunities for investment in the discovery, production, transportation, and refining of enormous quantities of oil and gas. Potential energy reserves are concentrated in Azerbaijan, Kazakhstan, Uzbekistan, and Turkmenistan. Potential pipelines routes include lines through Russia, Georgia, Afghanistan, Iran



and Turkey<sup>6</sup>. Turkmenistan and Uzbekistan are rich in gas resources, while Kazakhstan is the primary oil producer. Home to more than 70 million people, the area is 45 percent of the size of the US. Central Asian resources, approximately 28 billion barrels (bbl) of undeveloped oil reserves and 6.6 trillion cubic meters (cum) of natural gas, are ready for investment and development<sup>7</sup>.

In today's geo-economic environment where the economies of developed and developing states are driven by the consumption of enormous amounts of finite energy, this unexploited abundance of energy cannot remain untapped. The Central Asian Republics (CARs) under their current leaders are looking outwards to find importers for their energy resource in order to improve the living conditions of their people. However, so far their efforts have made little progress. This new great game is one of the driving forces behind the new concept of MSR and its quick realization will be possible because of vested interests of both CARs and the world at large. The MSR will now flow towards lines of least resistance. Who will seize this opportunity is the big question.

Another overwhelming content of this strategic intent is stability in Afghanistan whose major stake holder is none other than the US itself. A new economic strategy acknowledges the reality that the Afghan struggle is regional in scope, affecting the rest of Central Asia, Pakistan, India, China, Iran, etc., and must be resolved on a regional basis. Such a strategy benefits all and is directed against no one. Priority projects include the completion of the Afghan Ring Road and Kabul-Herat highway and

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<sup>6</sup> Vadim Rubin, ed., *The Geopolitics of Energy Development in the Caspian Region: Regional Cooperation or Conflict* (Stanford, CA: Stanford University, Center for International Security and Cooperation, December 1999), 8.

<sup>7</sup> James P. Dorian, "Oil, Gas in FSU Central Asia, Northwestern China Await Development," *Oil and Gas Journal* 99 (10 September 2001): 1 [database on-line]; available from ProQuest; accessed 12 September 2002.

linking them to continental trunk routes, especially to the Pakistani port at Gwadar; completing trans-Afghan rail lines linking Europe and Asia; constructing the TAPI pipeline; and completing electrical transmission lines linking Central Asia, Afghanistan, northern Pakistan, and India.

To implement a -New Silk Road strategy the U.S. treats it nowadays as a matter of the highest priority. In keeping with this, the Obama administration has already appointed a special President appointed Envoy to lead a major inter-agency task force that will work closely with military and civilian leaders in the U.S., Afghanistan, among coalition partners, and in regional states. At the same time it is planned to use all tools at the disposal of the U.S. government to engage the private sector.

### **ACADEMIC DEBATE ON NEW SILK ROUTE OPTIONS**

Central Asian Regional Economic Cooperation (CAREC), which was formulated about a decade ago, of whose Pakistan is also a member, identified 6 Economic Corridors. There are a multitude of routes under consideration at the moment by various Nations depending upon their vested interests. The panel would like to stick to CAREC Corridors since these are the most realistic interpretation of future outlook of the regional economic integration. CAREC 5 and 6 are of special interest as they involve Pakistan and Afghanistan. The alignment of various corridors identified in order of priority as follows:-

#### **CAREC 1**

Originates from China and passes through the old silk route cities of Turpan and Urumqi and then bifurcates into three branches towards Mongolia, Kazakhstan and Afghanistan. Its central prong leads to Europe bypassing Aral Sea and the Caspian using Russian Main Land.

**CAREC 2**

Originates from China and comes down to Dushanbe in Tajikistan. It then bifurcates into two routes as follows:

- North Western prong going to Tashkent / Samarkand in Uzbekistan from where it leads to Ashgabat / Turkmenbashi in Turkmenistan and goes across Caspian Sea to Baku in Azerbaijan onwards to Istanbul / Europe.
- Alternatively the route goes from Bukhara to Aktau in Kazakhstan and onwards to Baku and Main Land Europe through the same route.

**CAREC 3**

This corridor is connecting the CARs of Kazakhstan, Kyrgyz Republic, Tajikistan Uzbekistan to Iran through Turkmenistan and Afghanistan so as to terminate on Bander Abbas and the Chabahar ports of Iran to feed the South Asian and South East Asian regions.

**CAREC 4**

Originates from the Xinjiang Uygur Region of China and connects Mongolia with the Russian Federation.

**CAREC 5**

It is again Pakistan specific corridor starting from China and passes through Tajikistan to Kabul and onto Karachi/Gwader.

**CAREC 6**

CAREC 6a goes to Europe through Kazakhstan by passing Caspian Sea from the North while 6a,b lead to Iranian ports through Mazar-e-Sharif and 6c is purely Pakistan bound through Kabul to Landi Kotal and onto the Pakistani port of Gwader/Karachi. CAREC 5 and 6c can also link New Delhi with the CARs.

## **PERCEIVED INTERESTS OF MAJOR STAKE HOLDERS**

### **RUSSIA**

Moscow pursues a policy that on the one hand, views the region in terms of geopolitical struggles and opposing U.S. and Western influence. On the other hand, through the Commonwealth of Independent States (CIS), it seeks emerging business and financial relations with the Caspian Basin, stressing potential economic gains from cooperative strategies and access to the World markets<sup>8</sup>. Russia also has a desire to cooperate with Iran in the transportation of energy resources. Despite the impression that relations with Turkey are strained, there is a great deal of trade, investment, and economic cooperation between Russia and Turkey, and the two have developed a good understanding on a host of political issues<sup>9</sup>.

### **United States of America**

The U.S. government began formulating a policy toward the Caspian region in 1991, immediately after the dissolution of the Soviet Union. However, it was only after 1994 that the Caspian region began to receive much more serious attention in both policy and business circles. The U.S. is considered to be the most influential post-Soviet era Western power in Central Asia and the Caucasus. The U.S. companies involved in the region: Chevron, Exxon, and Mobil, among others<sup>10</sup> are important US interests in the region. In addition to promoting commercial opportunities, another important aspect of the policy in the region is to attempt to increase energy security. The United States support trans-national corporations as well as United States based economic involvement in the

<sup>8</sup> Vadim Rubin, ed., The Geopolitics of Energy Development in the Caspian Region: Regional Cooperation or Conflict (Stanford, CA: Stanford University, Center for International Security and Cooperation, December 1999), 10.

<sup>9</sup> Ibid 11.

<sup>10</sup> Ibid 9.

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region's oil production and export, on the basis that its domestic companies' involvement can help to further economic liberalization and to facilitate the region's entry into the world economic market.

### **Turkey**

One of the most important goals of Turkey is to gain access to Caspian oil and gas in order to develop its own economy. Thus, policy makers in Turkey attempted to create good relations with their closest neighbors, mainly Azerbaijan. Turkey is particularly interested in building a pipeline to carry Caspian oil through Turkey, as it would benefit from the royalty and transportation fees that such a pipeline would bring. The Baku-Tblisi-Ceyhan (BTC) pipeline project that will bring crude oil from Azerbaijan, in the Caspian zone, to Ceyhan, on the Turkish Mediterranean coast. The BTC pipeline, which was on the drawing board since 1997, is being built under considerable U.S. pressure. It is, in part, a product of geopolitical rivalry between Washington and Tehran. The 1750 kilometers pipeline project, which is under the management of an international consortium led by BP Oil and the State Oil Company of the Azerbaijani Republic (SOCAR), is expected to transport 800,000 to one million barrels a day at its peak.

### **Iran**

Iran remains one of the world's largest oil producers. Iran has already laid the railway line along its western border to ease energy imports given the dire straits of the economies in the former Soviet republics, any short-term additional revenue will be extremely important, which makes the Iran option advantageous. It will take years to complete the trans-Caspian pipeline, the north western route from Tengiz to Novorossiisk, or the eastern route to Asia. If, in the meantime, the Iranians can begin to swap oil with their neighbours, it could promote investment in Iran's oil-

transportation infrastructure that would eventually raise the number of barrels swapped to between 400 -500 thousand per day. This is a large amount of oil and could compete with oil that would otherwise traverse different routes, including the trans-Caspian, Russian, or Chinese routes. Furthermore, the Iranians argue, the costs of this proposal are lower than the costs of the proposed east-west pipeline. However, it would add to the traffic flowing through the already crowded Persian Gulf and Strait of Hormuz, raising for some shippers the strategic dangers of dependency on this egress route. Moreover, until the investment climate has been tested and foreign companies are assured that they will be treated fairly, the likelihood of massive investment seems slim, despite increasingly friendly overtures from the Iranian government<sup>11</sup>.

### **Afghanistan**

The proximity of Afghanistan to the largest hydrocarbon reserves in the Caspian Region outside the Persian Gulf would ensure its continued relevance in the international system in the 21<sup>st</sup> Century. The ongoing war on terrorism would keep the major players like USA, Russia, India, NATO, EU and the Islamic World involved in Afghanistan for the foreseeable future. The US war in Afghanistan is a prelude to the domination of future energy resources. The politics of the Caspian Region would continue to dominate the course of events in all regional countries like Pakistan, Iran, India, China, Russia and other interested stake holders like the US, Saudi Arabia and the UAE.

### **Pakistan**

Pakistan like other regional countries also views the Caspian States as providing immense economic opportunities and ingress into the Central

<sup>11</sup> Vadim Rubin, ed., The Geopolitics of Energy Development in the Caspian Region: Regional

Cooperation or Conflict (Stanford, CA: Stanford University, Center for International Security and Cooperation, December 1999), 12-13.

Asia hydro carbon market. Pakistan's immediate response to the independence of the states was an offer to build a ground link for commerce and trade linking Central Asia with South Asian states and the Arabian Sea, i.e. a revival of the -Silk Route<sup>12</sup>. Initially Pakistan was confronted with the problem of unrest in Afghanistan, which lies between Pakistan and Central Asia and the Caucasus states. The regional environments have altered and Afghanistan is in its reconstruction stage under the UN, opportunities have once again surfaced for the regional states to push their individual as well as collective economic agendas. One of the viable routes for the export of natural resources to South Asia, South East Asia, and even China and Japan, lies through Afghanistan and Pakistan.

### **India**

With the increase in the energy requirements and general awareness towards environmental issues, India has been looking for import of the cheaper and environmentally friendly natural gas from nearby countries having adequate gas reserves and export to the new markets of Central Asian states. There have been separate proposals of laying gas pipelines from Turkmenistan, Iran, Qatar and UAE to Pakistan and onwards to India. Any of these pipelines, if laid, could change the energy as well as the economic picture of the entire region besides providing a robust confidence building measure between India and Pakistan. The project will substitute expensive imported liquid fuels to improve balance of payment, bring relief to hard pressed infrastructure of ports, roads and railways used in movement of liquid petroleum, improve the environment, and reduce the cost of electricity generation, besides several other direct and indirect

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<sup>12</sup> Shireen T. Hunter, -The Afghan Civil War: Implications for Central Asian Stability, in Energy and Conflict in Central Asia and the Caucasus, eds., Robert Ebel and Rajan Menon, (Lanham, MD: Rowan & Littlefield, 2000), 199.

benefits as a result of multi-billion dollar investments in the pipeline as well as in the downstream industry using the gas.

### **China**

China has engaged in increasingly close co-operation with the five Central Asian republics (Kazakhstan, Tajikistan, Kyrgyzstan, Turkmenistan and Uzbekistan). This co-operation has been perceived by the Chinese leadership as essential to maintaining security along its western border, promoting the economic development of western China, diversifying the sources of China's energy imports and those of other raw materials, and the securing of a peaceful and friendly international environment along its frontiers.

### **ANALYTICAL DEBATE ON THE OPPORTUNITIES FOR PAKISTAN**

There are enormous opportunities for Pakistan and the entire region, which if handled pragmatically and capitalized to our advantage will have excellent dividends for Pakistan and the region in the long run. Some of the benefits which Pakistan is likely to accrue from the development of New Silk Route are;

#### **Turkmenistan – Afghanistan – Pakistan – India (TAPI) Gas Pipeline**

Pakistan, Turkmenistan, Afghanistan and India have agreed to revive a plan for a gas pipeline from Turkmenistan to Pakistan and India.

Originating from Daulatabad-Donnez Oilfield in northern Turkmenistan, the 'huge political project' envisages construction of a pipeline that will reach India via Kandahar in Afghanistan and southern Punjab in Pakistan.

In the late 1990s, a consortium led by the US company, UNOCAL, had originally agreed to construct this 1,464-km pipeline for approximately 1.9 billion dollars, providing access to a gas field with proven reserves of 100



trillion cubic feet, about half of the country's total gas yield<sup>13</sup>. According to the plan, nearly 740 km stretch of pipeline would run across northern Afghanistan and will cost \$2 billion. The plan is likely to create 12,000-14,000 jobs for the Pakistanis. Pakistan will also get a royalty of \$500 million. It will help in resolving the ever growing shortfall of energy and will revive our sick industry which is causing loss of millions of dollars to the economy and the private sector.

### **Central Asia South Asia (CASA 1000) Project**

The landmark inauguration of CASA 1000 project was held on 11 May 2016 at Dushanbe which was attended by Prime Minister Nawaz Sharif alongwith Chief Executive of Afghanistan and Presidents of Tajikistan and Prime Minister of Kyrgyzstan. The project involves investment of US \$1.2 billion where approximately 750 KMs of electric transmission line will be laid from Tajikistan via Kyrgyzstan and Afghanistan to Pakistan with likely completion in 2018<sup>14</sup>. Pakistan will get 1000 MWs and Afghanistan 300 MWs of electricity. Afghanistan has provided firm commitment and sovereign guarantees for safety of lines passing through its territory. Apart from electricity or energy transmission this project is expected to link Central Asia with Pakistan for larger economic integration.

### **Mineral Resources**

CARs are rich in mineral and natural resources. Most of these at present remain unexplored due to non availability of access route to the outer world. Pakistan is a geo strategically placed natural outlet for such resources. This will not only meet most of the Pakistan's own needs but would also fetch lot of foreign exchange as a transit fee.

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<sup>13</sup>"Pipeline, Peace & Progress", The Dawn, 30 December 2002.

<sup>14</sup> -PM Nawaz Sharif and Asian Leaders inaugurate CASA 1000 project, The Dawn 12 May 2016.

**Raw Material**

Pakistan can acquire raw material for its industries from these states like iron, copper etc at relatively low prices and will ease the burden of Pakistan's imports of these materials.

**Multilateral Economic ties with CARs**

Pakistan can assist CARs in establishing industries and this will increase the Pakistani influence on the growth and the structure of the Central Asian economics. It will facilitate in strengthening the Pakistan's fragile economy. Simultaneously Pakistan can also benefit from the agricultural and industrial products of CARs at cheaper rates.

**Human Resource**

The former Soviet republics are facing human resource deficit. Ethnic Russian and German skilled labour left from Azerbaijan, Kazakhstan, Kyrgyzstan and Uzbekistan after the disintegration of Soviet Union and thus created a vacuum in the society. Pakistan with its youth bulge and ever growing population is uniquely placed to supply the pool of trained manpower to the region particularly in the field of Information Technology and health.

**Communication Infrastructure Development**

While construction of motor way and Indus Highway are big achievements, connectivity all along the frontiers of Pakistan remain a big challenge. Poor roads and railway infrastructure especially in Balochistan and Gwadar ports area is a major impediment in realization of economic development.

**Gwadar Port**

Gwadar Port can provide facilities of warehousing, transshipment, transit, coastal trade, provision of commercial and industrial facilities for

international export-import trade, especially that of Afghanistan and the CARs. The complex may help the CARs to cooperate within the framework of ECO and reduce their reliance on Russia. For Afghanistan, the complex may help boost economic rehabilitation since it is a landlocked country and desperately needs an export outlet. This all is going to pay rich economic dividends to Pakistan.

### **RECOMMENDATIONS FOR OPTIMIZING OPPORTUNITIES**

The Silk Route will invigorate the slowly recovering Pakistan economy, providing a measure of stability to the badly shaken governmental processes and reviving confidence in Pakistan internationally as a worthwhile ally in any venture by anyone in the region. It is therefore imperative for Pakistan to do everything that it can to ensure that it is not left out when the competition for the benefits of CARs natural resources begins. Some recommended measures are:-

#### **Law and Order Situation**

A stable law and order situation is a prerequisite in order to attract worthwhile foreign investment. The events of the last two decades in the region and internally in the country have unfortunately not augured well for luring in the foreign investments. Pakistan will have to do a great deal in this regard in order to create conducive and lucrative environments for the foreign investors. In this regard peace pacts with India will prove beneficial in order to accrue mutual benefits.

#### **Infrastructure Development**

The proposed routes presently lie in wilderness and hence lack the basic communication infrastructure needed to support this kind of a venture. In order to make this project attractive for the foreign multi national companies, the infrastructure should be developed on modern lines. This will serve as a message to the interested parties regarding the viability of

the project. Incomplete roads linking the Gwader Port with rest of the country must be expedited. The rail links with Gwader and all entry/exit points to Afghanistan, India and China must be completed in the next decade so as to complete the communication hub.

### **Market Specific Goods**

Ministry of Commerce and Trade should arrange visits of business students and practitioners to CARs so that specific requirement based products can be developed in Pakistan through our cottage industry. Such measures will strengthen our business links with the CARs and promote industry in Pakistan.

### **The Peace and Stability in Afghanistan**

Currently the biggest obstacle to the New Silk Route is the continued instability in Afghanistan. Pakistan must use all the influence that it can muster to ensure stability and placate tribes and warlords for the smooth transitioning of the political process. Stability cannot be achieved or sustained in Afghanistan until the population at large sees the prospect of growing prosperity as well. Pakistan and US must play the -Help Rebuild Afghanistan|. Such a source would be provided with the New Silk Route going through it. In this regard, there is already a lot of work being undertaken in USA and Pakistan will be able to find a lot of sympathetic minds in the US administration.

### **Regional Approach**

Pakistan cannot advance a New Silk Route alone, but must work with and through a spirit of regional partnership involving Afghanistan, India and all other regional stakeholders. This is all the more necessary because those neighboring states that would derive major benefits from the New Silk Route are the very ones that are constrained by history from acting in concert. Regional states will remain competitors, but a New Silk route will

enable them at the same time to identify common interests based on long-distance trade. This will integrate the economies of these countries and will bring interdependence, a measure of stability and peace in the region.

### **Relations with India**

The recent thaw in Indo-Pak relations and signing of TAPI Pipe Line Project is a good start in this regard. Pakistan must not let this opportunity to fritter away since the New Silk Route project contains immense economic benefits for Pakistan. It is being contemplated that the recent hand of friendship extended by India is to address its growing energy needs.

### **Iran-Pakistan - India Gas Pipeline**

Pakistan must undertake the project even in standalone configuration, however, concerted efforts must be made to address the Indian reservation about the project and they should be taken along. Indian inclusion in the project will increase its international acceptability. If the proposed pipeline were to become a reality, there would be strategic benefits for both India and Iran, but Pakistan would also benefit substantially in an economic sense. Firstly, Pakistan itself be able to meet its growing demand for natural gas, and with the planned pipeline configuration, the off take of gas from Pakistan would be 50-60% of the total quantity for India. Economies of scale with the larger India-oriented pipeline would benefit Pakistan also in terms of lower unit costs. Additionally, the transit fee that India would pay for the pipeline gas passing through Pakistan would be somewhere of the order of \$ 600 million annually.

### **Conclusion**

Pakistan must not lose the chance to harness Central Asia's rich resources and usher in an era of progress and prosperity in the region. Pakistan can play an important role in the process by developing and establishing the shortest and the cheapest route for exports from Central Asia. On its part the sagging economy needs infusion of help specially oil and gas from this region. Pakistan, due to its unique geographical location can act as a convenient transportation corridor. This will lead to generate economic growth and regional cooperation thus laying the foundation for possible conflict resolution in the perennially conflict-laden South Asia.

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