

## **China-Pakistan Economic Corridor - a mutual security and Development project**

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### **Abstract**

*Any financial and connectivity corridor aims to enhance security and stimulate development in a given region. The China-Pakistan Economic Corridor (CPEC) has similar aspirations and goals to achieve. This study explores how the financial corridor is a mutual security and development undertaking and how it plans to carry out such an ambitious and strategic common objective. Some regions of Pakistan and the western regions of China are wracked by chronic violence and insurgency. Both countries intend to eliminate extremism, separatism and grievances of these regions which feel neglected and marginalized. This article argues that the CPEC, among other purposes, is a mutually beneficial security and development project; and once completed, it will bring political stability and energy, economic and security for both Pakistan and China.*

**Key words:** CPEC, Corridor, Energy, Pakistan, China

## **Introduction**

The diplomatic relationship between China–Pakistan stands strong like a rock and is eternally improving and becoming friendlier and stronger with each passing day.<sup>i</sup> Both countries have made considerable efforts to maintain their “extremely close and cooperative relationship” by exchanging regular visits and high-level meetings at the highest level and have regularly exchanged high-level visits to keep like a flower producing beneficial results.<sup>ii</sup>

The recent economic project China-Pakistan Economic Corridor between two countries is a transforming and culminating point of mutual friendship, interdependence and trust. CPEC is a financial and security corridor – a throng of short and long term projects, some are constructed and the rest is currently under construction costing more than a big fat sum of \$56 billion. CPEC aims “to facilitate trade along with an overland route that connects Kashgar-China and Gwadar-Pakistan, through the construction of a network of highways, railways, energy sectors, cables and pipelines”.<sup>iii</sup> It is targeted for completion by 2030. In addition, CPEC also aims to increase cooperation between the two countries in other areas such as science and technology, agriculture, tourism and culture. The corridor will “rapidly expand and upgrade Pakistani infrastructure, as well as deepen and broaden economic links between Pakistan and the People’s Republic of China”. Described by the Chinese officials as the crown and flagship part of the Belt and Road Initiative (it consisted of six economic and transit corridor), the strategic significance of the economic corridors is clearly reflected by the fact that it is included in the 13<sup>th</sup> five-year development plan<sup>iv</sup>.

The idea of this huge connectivity and development project came in 2006 when the Pakistani authorities entertained the suggestion of constructing “a financial and strategic corridor” with the longtime friend, China. Seven years later, both countries signed “a series of agreements and Memorandum of Understandings, which officially started off the construction of the China-Pakistan Economic Corridor. Pakistan’s geo-strategic location, nestled between powerful economies, like China, South Asia (SAARC member countries), West Asia, and Central Asia Republics has been long recognized”.<sup>v</sup>

For China, Pakistan is “a gateway to the Europe, Africa, and the Middle East, where China seeks to showcase its soft power and develop trade and diplomatic links, where although China has certainly secured a foothold over the past few years”.<sup>vi</sup> Using the CPEC initiative, China will secure an easy route to the Indian Ocean via the deep sea port of Gwadar in order to materialize its diplomatic and political ambitions smoothly and without any

interruption. Moreover, the economic and transit corridor will facilitate China to establish its military presence in the Indian Ocean Region to constrain Indian regional aspirations.<sup>vii</sup>

### **A project of mutual security and development**

Both China and Pakistan have areas which are far backward. Due to this, they are becoming increasingly threatening for national security purposes. Because of economic backwardness and political alienation, these regions are turning into growingly centrifugal forces. For China its western autonomous regions pose a serious threat and for Pakistan its tribal areas and Balochistan threaten the state structure. Both countries intend to bring developmental projects in these areas, so that they are mainstreamed and politically stable. The financial corridor is, among other goals, meant to meet this mutual goal and this paper mainly revolves around this particular aspect of CPEC.<sup>viii</sup>

The economic corridor as the crown project of the BRI, which is described by China experts as “the Foreign Policy expression of President Xi’s ideological master narrative of the China Dream of great national rejuvenation” intends to achieve in the western region of Xinjiang the two centenary goals of Chinese Communist Party—“becoming a moderately prosperous society by 2021 and a prosperous, strong, and harmonious country by 2049”. Same is the case with Pakistan. Since Pakistan faces many internal security challenges from peripheral areas emerges due to sense of deprivation and backwardness. Be it Balochistan or many areas of KPK and Gilgit-Batistan, people from these area have continuously challenged the writ of state time after time owing to their alienation from mainland. Connecting these areas to centre and bringing development to them automatically decrease their sense of deprivation and lessen the internal security challenges. Thus for Pakistan, it is to bring infrastructure development and increase internal connectivity to bring the different slices of the country at par both socially and economically to promote harmony, peace and prosperity.<sup>ix</sup>

Moreover, the financial corridor is also intended to meet a chronic civilian problem for Pakistani civilian leadership – to bring fast and holistic growth and secure their electoral arithmetic and public trust and confidence in them. The civilians are best known for abortive development projects or for overwhelming corruption and inefficiency to deliver social services to their lot. The financial corridor as a key artery of BRI is more “a domestically oriented strategy to embed the legitimacy of the Chinese Communist Party”. The Pakistani political parties are using it similarly and touting it as a

domestic fate changer to their voters and each one is trying its best to prove the project is a result of its efforts. Two sides will get enough to placate the general public and legitimize their existence: Communist Party by achieving its “two centenary goals will consolidate party rule domestically and Pakistani civilian leadership will get rid of their chronic inefficiency label”.<sup>x</sup> Regaining public trust will significantly contribute in the steady consolidation of democracy and make it secure from the proverbial empire’s finger. Similarly, meeting these goals will also “provide Islamabad and Beijing with the capacity to preserve a peaceful external political and security environment”. Apart from its home states, the economic corridor will also “benefit the people of the entire region, as it is based on principles of peace, development, and cooperation and win-win relations”.<sup>xi</sup>

Furthermore, the corridor is driven by Chinese “geopolitical goals to break perceived U.S. encirclement in the Asia-Pacific region, overcome the Malacca Dilemma and constrain the regional aspirations of India. Some observers see the BRI initiative as China’s desire to break the country’s economy out of its post-Global Financial Crisis slowdown, or as a soft power push to burnish China’s image”.<sup>xiii</sup> Therefore, they argue that China will outsource its low-valued manufacturing industries outside, to poorer countries where labour is cheap. Pakistan is one of such destinations with a huge population.

Politically, the financial corridor is motivated by Beijing’s ambitions to strengthen Islamabad economically so that it can compete with Indian aspirations such as arms race and modernization of military.<sup>xiii</sup> Along, the economic corridor also intends to fulfil the ongoing state-building agenda by China in its traditional frontier regions (such as Xinjiang, Tibet and Inner Mongolia) that “have historically been defined by their non-Han Chinese populations, separatist sentiment and economic under-development”. However, political analysts believe that with the CPEC initiative, such irritants will give way to peace and harmony by converting those regions into developmental and industrial hubs. Xinjiang, for instance, will be “a central hub of the China–Central Asia–West Asia corridor and the China-Pakistan Economic Corridor (CPEC), while inner-Mongolia will become a gateway to Mongolia and Russia’s Far East”.<sup>xiv</sup>

With the greater initiative, the CPEC project will engage and entangle China in the affairs of some strategically important regions and

security dilemmas—such as those in the Middle East and South Asia—in which it has historically had both a limited role and capability to influence events, therefore project and securing its economic and political clout.<sup>xv</sup>

The financial project promises to mainstream and connect the ignored and deprived far-flung areas within Pakistan and China. The insurgency wracked Pakistani province of Balochistan and the landlocked Xinjiang province of China will receive development and financial means both for privately-owned and state-owned business enterprises to improve, modernize and enhance the scope, capacity and financial activities and create labour opportunities both for skilled and unskilled workers in such extremely inhospitable and under-developed regions.

### **Development projects**

Energy and infrastructure projects constitute the core of the China Pakistan Economic Corridor initiative. Considering the power-starved national grid of Pakistan, the financial corridor rightly allocates the lion's share to this department. Lack of economic and social development is largely attributed to a chronic energy shortfall, as it has not only repelled external interest to invest in Pakistan but also forced Pakistani investors to look for more convenient and business friendly destinations outside the country.

The economic corridor promises to add more than 17,000 megawatts of power to the national grid station which suffers an acute shortage. The completion of these projects will easily overcome the existing power shortfalls, and some observers even claim that by 2030, Pakistan will produce surplus electricity. These energy projects consist of solar power, coal power plants, hydropower, and wind power. However, during the recent summit of the Belt and Road initiative five energy projects were dropped by the relevant authorities because of technical unfeasibility. It is said that they are predominantly coal power plants; after a revision, new projects will be included which will be Hydle – a much cheaper and cleaner source of power generation.

Needless to say, Pakistan has suffered a lot because of intermittent power outages. However, with the completion of energy projects under the aegis of the CPEC, the country will get rid of this malignant issue and will witness a resurgence in investment activities.

Similarly, establishment reaches out under the aegis of CPEC will cross the length and broadness of Pakistan, and will over the long haul interface the Pakistani city of Gwadar in south western to China's north western independent district of Xinjiang by methods for a tremendous arrangement of roadways and railways. Proposed infa“are worth approximately \$11 billion, and will be financed by heavily- subsidized concessionary loans at an interest rate of 1.6% that will be dispersed to the Government of Pakistan by the Exim Bank of China, China Development Bank, and the Industrial and Commercial Bank of China”.<sup>xvi</sup> These infrastructure projects include road, motorways, railway tracks and an airport. They are: (a) development of 1,100 KMs in length motorway running through Karachi and Lahore; (b) A motorway of 1350 kilometre that will connect key cities and chines border with Gwadar will be constructed. Six lane motorways are in progress presently to link Gwadar with Quetta. (c) an alternate twofold carriage framework will be worked among Gwadar and each and every main City partner Gwadar with Chinese Border and Afghan periphery, which will be only for transportation of containers; (d) updating and modernizing the railway line among Karachi and Peshawar for quick – 160 KMs for every hour;(e) Pakistan's railway framework will moreover be contacted over the long haul interface with China's Western Xinjian in Kashgar. This track will be laid near to Karakoram Highway for which Chinese designers have recently started paper work; (f) an arrangement of pipelines to transport dense vaporous petroleum and oil will in like manner be laid as a noteworthy part of the undertaking, including a \$2.5 billion pipeline among Gwadar and Nawabshah to transport gas from Iran (g) at Gwadar a forefront general plane terminal will be worked with two separate terminals. One for stack transportation among Gwadar and China, the second for worldwide flights as a colossal number of air transportation is typical through Gwadar widespread plane terminal.

Furthermore, both countries have also announced cooperation in the area of technology. The Karamay declaration will engage Pakistan and China to work mutually to improve communications lines between each other and in the region. Bilateral collaboration on space technology will “take Pakistan-China relations to new heights; joint space missions will take place”.<sup>xvii</sup>

It is timely. Pakistan has badly needed an overall infrastructure overhaul. The completion of these ambitious linking projects will connect the entire country internally and link it with China and other regions externally. This will have huge dividends for Pakistan generally and for its people particularly. The far-flung areas of Pakistan will be connected with the urban centers easily, eradicating long-held grievances against the central governments. People will get various job opportunities. It is expected that the projects will create more than four million jobs.

For China, the financial corridor promises to open up remote, disconnected, backward, neglected and landlocked Xinjiang region and generate financial spur and encouragement for different enterprises, swelling economic activities in this grossly underdeveloped region, generate job and financial opportunities. The development of Kashgar will also reduce the isolation of the restive Xinjiang province; deepen its engagement with mainstream China.

### **Expected Financial Gains**

China has become the world's largest oil consumer, requiring 6-million barrel of oil for daily uses. Current estimation shows that Chinese ships have to travel some 12000 kilometres to reach mainland China. Not only an arduous journey but also full of dangers because of the Strait of Malacca dilemma. The CPEC will reduce both the distance (some 3,000 KMs) and the risks significantly – saving China 20 billion USD per annum and Pakistan will cash 5 billion USD beside the facility. It is quite a win-win situation for both traditional friends.

Moreover, approximately it is estimated that per month 80,000 containers will travel toward Gwadar Port from China once the transit corridor is fully operational. Such a facility will provide Pakistan with the opportunity to earn a handsome amount from charging the trucks with entry taxes. Along, a quarter of the mentioned amount of trucks will cross Pakistan to access Gwadar port from the Central Asian countries and this facility will definitely increase a good amount in the country's cash-starved exchequer in shape of dollars. Such a huge network of roads, railways and pipelines will create an abundant amount of job opportunities for common laborers, technicians, engineers, management graduates and highly technical personnel. Such a development will not only bring employment for the unemployed lot but also contribute to the national exchequer. <sup>xviii</sup>

### **Security enhancement**

It is beyond doubt that economic development and well-being in any region brings along peace and stability. So does the expected development projects under the aegis of the China-Pakistan financial corridor.

China Pakistan Economic Corridor, which “includes upgraded highways and rail lines, new power plants and the deep water port at Gwadar to ease the path for exports from western China, is creating new, positive confidence in Pakistan’s security and foreign policy establishment” said Hussain Nadim, a Pakistan expert at USIP and a former special assistant to the country’s minister of planning, development and reforms. While political battles “continue over local opportunities created by CPEC projects, its overall impact has been to reduce tensions among the country’s fractious regions and political parties, while the strengthening ties with China are fostering a broader internationalist outlook” Nadim said in the December event.

“Even ethnic nationalist parties that may have had separatist tendencies in the past are very keen on partnering with China and benefiting from the influx of Chinese capital that can increase jobs, electricity and improve livelihoods,” contended Arif Rafiq, a fellow at the Center for Global Policy and president of Vizier Consulting. Neither he nor his firm is involved with the project. “There’s also an electoral advantage” he maintained.<sup>xix</sup>

### **Conclusion**

The China-Pakistan Economic Corridor (CPEC) is a unique development and security project. It is a Chinese dream of connectivity, state building and counter separatism and extremism mechanism. Through development, China and Pakistan believe, they will connect and develop the far-flung and ever-neglected areas to frustrate breakaway efforts and increasing militancy and extremism. Arguably, there is no better way to promote mutual development, security, prosperity and political stability than developmental projects. Certainly, the improved security situation and infrastructure attract foreign investors to invest in development projects which undoubtedly bring more opportunity and prosperity for the people of this region. It is rightly observed by Dr. Kaisar Bengali<sup>xx</sup> that to tackle separatism and extremism, instead of bombs, the government needs to bombard such regions with development and job opportunities instead of bombs. It seems that China and Pakistan are precisely doing the same. The



CPEC projects will bombard the troublesome areas with developmental initiatives promoting exceptional and healthy financial progress. Apart from this, the CPEC projects will overcome the chronic energy and infrastructural problems of Pakistan, initiating a new and vigorous era of development and stability for Pakistan.

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