




SECTION II
China Monitor



The China Pakistan Economic Corridor, China, and Pakistan: More than just the Economy

Namrata Goswami

The China Pakistan Economic Corridor (CPEC) is a bilateral venture between China and Pakistan to develop roads, railways, and ports, mostly aimed at enhancing business prospects for Pakistan. According to the Pakistan-China Institute, 'The Corridor is granting enhanced connectivity and power to the otherwise diffracted and energy hungry economic centers of Pakistan.'¹ In terms of geography, the CPEC, a US\$ 46 billion project, is planned to connect Kashgar, in Xinjiang province of China via Gilgit-Baltistan to Gwadar port in Pakistan.² The entire corridor covers 3,000 kilometre approximately. Slotted to be completed in 2030, the CPEC will provide access for China to the Indian Ocean and offer an alternative route for energy imports in case the Malacca Strait suffers from rising tensions between the United States and China. The CPEC affords access and open markets for the restive Xinjiang province which has had a long tenuous relationship with the Communist Party of China (CPC).

Dr Namrata Goswami is currently an Independent Senior Analyst and a Minerva Grantee, of the Minerva Initiative of the Office of the US Secretary of Defence. The views expressed here are solely her own.

Pakistan's Gains

The CPEC achieves three strategic purposes for Pakistan. First, it promises better infrastructure, rails, and roadways to a region that has been historically backward. Moreover, the CPEC has the added promise of upgrading Pakistan's entire road infrastructure. This, in turn, should generate huge amounts of employment. Second, Pakistan Occupied Kashmir (PoK) and Gilgit-Baltistan, through which the CPEC passes, would register an increase in Chinese troop presence, aimed at providing security to Chinese engineers and workers. This aspect entrenches Pakistan's hold on the disputed territory and provides a 'safe cover' from Indian counter-strikes in response to cross-border terrorism. Third, the CPEC offers an economic option that reduces Pakistan's reliance on the United States financial aid.

China's Gains

China interprets the CPEC as purely aimed at bolstering Pakistan's economy. Chinese scholars who study South Asia specify that the CPEC is purely an economic initiative aimed at providing regional prosperity and better connectivity. It is not aimed at encircling India; neither does it offer a strategic framework for China-Pakistan security cooperation, *vis-à-vis*, India. The CPEC is aimed at enhancing local Pakistani security, employment, and economic prosperity.³ China, according to author's interviews with Chinese scholars, would want India to join the CPEC initiatives. It was pointed out to the writer that Chinese presence would stabilise the restive areas of Pakistan to the advantage of India.

However, the devil lies in the details. If one studies the CPEC carefully, it is evident that security cooperation is part of the economic corridor agreement. For instance, as part of the CPEC agreement, China will build four submarines to form part of Pakistan's nuclear second strike triad.⁴ China will also be building a deep sea naval shipyard at Gwadar. For Pakistan, bolstering the Chinese naval presence by utilising its geopolitical position has been a strategic motive for long. In May 2011, Pakistan's Defence Minister Chaudhary Ahmad Mukhtar stated that Pakistan had

officially conveyed to China its request to build a naval base in Gwadar. The offer was attractive to China, given its own sense of vulnerability, vis-à-vis, the United States in the Malacca Strait. To Pakistan, bolstering China's presence in Gilgit-Baltistan and Balochistan, is viewed as offsetting presumed Indian designs in these areas. The Pakistan Navy is equipped with the French-built *Agosta-90 (Khalid)* diesel-electric powered submarines (SSKs) fitted with UGM-84 Sub-Harpoon underwater-launched anti-ship missiles.⁵ A joint China-Pakistan naval doctrine bolsters capacity to a great extent, as witnessed during their joint exercises.⁶ The port in Gwadar is in a region that has historically criticised Islamabad for exploiting the province for its rich resources while, at the same time, neglecting the local Baloch and Pashtun people. While Baloch separatists fight for independence from Pakistan, the Pakistan government, similar to its reactions in the 1960s to the Awami League's genuine call for autonomy for Bengalis in the erstwhile East Pakistan (now Bangladesh), paints these demands as instigated by Indian intelligence, with little evidence to show for it.⁷ This distracts from the real task of addressing the local people's needs and aspirations.

Local Challenges

The perspective of Gilgit-Baltistan through which the corridor passes, runs into a black hole when the ground realities are considered. The people have no clue as to how they will benefit from the CPEC and ambiguity regarding the constitutional status of Gilgit-Baltistan has created further obstacles.⁸ As it stands today, the CPEC will benefit China-Pakistan overall but the local people in the regions that dominate the map of the CPEC stand to lose. Balochistan's rate of violence and human rights violations, due to insurgency and counter-insurgency, has been on the rise. In 2012, the chair of the US House of Representative Sub-Committee on Foreign Affairs, Dana Rohrabacher, introduced a resolution calling for self-determination by the Baloch people based on evidence of gross human rights violations by the Pakistan authorities.⁹ There have been cases of extra-judicial killing, kidnapping, and torture in Balochistan.¹⁰

China has its own problems across the border in Xinjiang. Populated by Uighurs, who are Muslims, and who view themselves as ethnically close to Central Asia, Xinjiang is China's largest administrative region. However, in recent years, Xinjiang has seen enormous economic development and its demographics have changed, with more than 40 per cent of the population now being Han Chinese. The best jobs go to the Han Chinese while the Uighur culture has been suppressed by the Chinese state. Muslim civil servants are banned from fasting during Ramadan. This has resulted in large ethnic protests, and violence has escalated with bomb blasts and knife wielding groups attacking Han Chinese police stations.¹¹ Deviating from the earlier policy of language flexibility in the minority border regions, China is now keen to introduce a monolithic language policy, with Mandarin dominating, that has resulted in violent reactions.^{12,13} Thereby, the root cause of the conflict in Xinjiang is premised on the protection of ethnic identity and culture, which China hopes the CPEC will help address.

The CPEC is envisioned as a path forward between China and Pakistan to not only connect the two countries but also form part of China's One Belt One Road (OBOR) initiative. With the backing of the Asian Infrastructure Investment Bank (AIIB), the OBOR has started in earnest. Yet, the restive Balochistan stands in the way to a smooth symphony, contradicting China's dream of an interconnected Asia and Europe. Gwadar connects the Maritime Silk Road with the Arabian Sea and ultimately, the Indian Ocean. Access to Gwadar, whose operational contract was given to China in 2013, opens the shortest route for China to the oil rich West Asia or the Middle East, resource rich Africa and the European market. Gas pipelines connecting China with Pakistan and Iran, by extension to Iranian gas, are also part of the CPEC. Given the economic and geopolitical significance of the CPEC, Pakistan accuses India of encouraging the Baloch insurgency to sabotage the CPEC. Yet history informs us that the Baloch insurgency for greater autonomy and secession started way back in the nineteenth century.¹⁴ Hence, it is rather ingenious of Pakistan to claim that the Baloch insurgency is a response to the CPEC.

China views the CPEC as an answer to address the growing turmoil in Balochistan which it believes is spilling over to Xinjiang.

The Strategic End-Game

Despite local challenges in Gilgit-Baltistan and Balochistan, will China and Pakistan continue to support and fund the CPEC? And how do they view India's opposition to it?

To answer the first question, China's and Pakistan's commitment to complete the CPEC infrastructure for economic flows, the first of which is slotted to be complete by end 2017, is firmly entrenched. In a meeting held in July 2015 to review the progress of the CPEC projects, Prime Minister Nawaz Sharif asserted that roads under the CPEC will be a game changer for a region that has been historically underdeveloped. This includes projects like the Attabad tunnel in Gilgit, the Gwadar International Airport, the railway between Peshawar and Karachi, the Sukkur-Multan, Gojra-Khanewal and Lahore-Abdul Hakim sections of the Peshawar-Karachi motorway, upgradation to the Havelian-Thakot road project (part of Karakoram Highway), the Gwadar East Bay Expressway, and the Mughalkot-DI Khan Road in Balochistan.¹⁵ Pakistan hopes that the CPEC will improve the energy situation in the long run, given the frequent power outages in Pakistan. Pakistan's Ministry of Planning, Reform, and Development, that is the overarching body in charge of the CPEC projects, showcases it as a great boost for Pakistan's economic development.

China views the CPEC as an answer to address the growing turmoil in Balochistan which it believes is spilling over to Xinjiang. Hence, it is not only looking to fund infrastructure to generate employment and create a stable order in Pakistan's border regions, but also to keep a tight watch on growing religious fundamentalism, including the presence of the Taliban, Al Qaeda, and the recent entry of the Islamic State in Iraq and Syria (ISIS) into these areas.¹⁶ Moreover, the bulk of CPEC funding (US\$ 35 billion) involves Chinese state firms tasked with building infrastructure.¹⁷ Significantly, the CPEC has the support of Chinese President Xi Jinping as it forms a part of his OBOR initiative, announced in May 2015 by China's National Development

and Reform Committee (NDRC). In the Chinese perspective, the CPEC is the vital core of the OBOR as it links China's Eurasian Silk Road Economic Belt and Maritime Silk Road traversing South-East Asia.

The most serious challenge to the CPEC continues to be the restive regions in Pakistan.

India's Concerns

What about Indian concerns? India has opposed the CPEC as it runs through PoK and Gilgit-Baltistan. When asked about India's opposition, Chinese scholar Zhao Gancheng stated that China cannot wait for a resolution of the India-Pakistan dispute to realise its OBOR dreams. For China, access to the Indian Ocean, economic connectivity for Xinjiang, and development of trade, dwarfs considerations of Indian fears of strategic encirclement. He went on to reassure that China's focus is on economic development and interconnectivity and is not designed to contain or encircle India.¹⁸ However, the CPEC has seen submarine transfers, joint exercises, upgrade of the naval base, as well as the future Chinese naval presence in the Indian Ocean, a direct security concern for India. Thereby, the twin concerns of Chinese willingness to sign deals with Pakistan involving disputed territories, and Chinese military presence, close to India's western border, are perceived as a tactical vulnerability by India.

On the strategic level, what does the CPEC signify? For India, it does not offer any strategic advantage. China is increasing its presence via its capability of building good infrastructure at a fast pace—roads, rails, and economic hubs—which countries in South Asia are especially seeking. China is showcasing itself as a good infrastructure builder with the money to show for it. The Asian Infrastructure Investment Bank has been established specially for this purpose: to fund projects under the OBOR. In the long term, it offers China the strategic advantage of operating a port like Gwadar with direct access to the Indian Ocean, a short clear path to the Middle East and to Africa. It strategically equips its military to keep watch on India from the East and the West. Growing Chinese military presence in Tibet and Pakistan implies that India has to account for two nuclear armed nations with joint conventional capacities. Pakistan has set up Task Force 88 (TF88) by its Navy to guard Gwadar port, plausibly against

a perceived Indian military challenge.¹⁹ This development suggests escalated military deployments; an articulated security concern for India.

Nevertheless, the most serious challenge to the CPEC continues to be the restive regions in Pakistan. If the local people do not accept the CPEC, it foretells serious problems for the endeavour in the long term. An insecure region cannot sustain economic development. To address the Chinese concerns, Pakistan has set up a 10,000-strong CPEC armed force to protect the nearly 14,000 Chinese engineers and technicians involved in 210 CPEC projects, according to Syed Tariq Fatemi, Special Assistant to the Prime Minister on Foreign Affairs.²⁰ This includes Chinese workers building the Gwadar international airport and university, and the 2,000 acre free economic zone at Gwadar port.

For India, it is pertinent to remain vigilant about economic inter-connectivity fast tracked by China in Pakistan as well as other parts of South Asia, as well as keep abreast of security implications, given India's territorial disputes, both with Pakistan and China. In the long run, some manner of a regional cooperative framework involving China and India makes strategic sense given the vital requirement of transparency to address misperceptions.

Notes

1. 'China-Pakistan Economic Corridor', available at <http://www.cpecinfo.com/businessmen#>, accessed on 12 December 2016.
2. Hanan Zafar, 'CPEC: Boon or Bane for Pakistan?', *The Diplomat*, 16 November 2016, available at <http://thediplomat.com/2016/11/cpec-boon-or-bane-for-pakistan/>, accessed on 12 December 2016.
3. Author's meeting with Chinese scholars, Ma Jiali, China Reform Forum, Beijing, 9 November 2015 and Zhao Gancheng, Shanghai Institutes for International Studies, Shanghai, 15 November 2016 on 'China-India relations'.
4. Baqir Sajjad Syed, 'China to Build Four Submarines in Karachi', *Dawn*, 7 October 2015, available at <http://www.dawn.com/news/1211363>, accessed on 13 December 2016.
5. Koh Swee Lean Collin, 'China and Pakistan Join Forces Under the Sea', *The National Interest*, 7 January 2016, available at <http://nationalinterest.org/feature/china-pakistan-join-forces-under-the-sea-14829?page=2>, accessed on 13 December 2016.
6. 'Pakistan-China Begin Fourth Naval Exercise Aimed at CPEC Security', *The Indian Express*, 18 November 2016, available at <http://indianexpress.com/article/world/world-news/pakistan-china-begin-fourth-joint-naval-exercise-aimed-at-cpec-security-4381894/>, accessed on 14 December 2016.

7. 'What is Pakistan's Balochistan Insurgency and Why is India's Modi Talking about it', *The Wall Street Journal*, 17 August 2016, available at <http://blogs.wsj.com/briefly/2016/08/17/what-is-pakistans-balochistan-insurgency-and-why-is-indias-modi-talking-about-it-the-short-answer/>, accessed on 12 December 2016.
8. Shabbir Mir, 'Gilgit-Baltistan Fears it will Not Benefit From CPEC', *The Tribune*, 10 August 2016, available at <http://tribune.com.pk/story/1159747/session-gilgit-baltistan-fears-will-not-benefit-cpec/>, accessed on December 12, 2016. Also see Zulfikar Ali, et.al., 'Almost Pakistan: Gilgit Baltistan in a Constitutional Limbo', *Dawn*, 9 August 2015, available at <http://www.dawn.com/news/1198967>, accessed on 13 December 2016.
9. Dana Rohrabacher, 'Why I Support Baluchistan?', *The Washington Post*, 6 April 2012, available at https://www.washingtonpost.com/opinions/why-i-support-baluchistan/2012/04/06/gIQAQ17Z0S_story.html?utm_term=.e7a9439f169f, accessed on 14 December 2016.
10. Ibid.
11. 'Why is There Tension Between China and the Uighurs?', BBC, 26 September 2016, available at <http://www.bbc.com/news/world-asia-china-26414014>, accessed on 13 December 2016.
12. Ibid.
13. Arienne. M Dwyer, 'The Xinjiang Conflict: Uyghur Identity, Language Policy, and Political Discourse', East-West Centre, Policy Studies, No 15, 2005, available at <http://www.eastwestcenter.org/publications/xinjiang-conflict-uyghur-identity-language-policy-and-political-discourse>, accessed on 13 December 2016.
14. Usman Shahid, 'Baluchistan: The Troubled Heart of the CPEC', *The Diplomat*, 23 August 2016, available at <http://thediplomat.com/2016/08/balochistan-the-troubled-heart-of-the-cpec/>, accessed on 13 December 2016.
15. 'Completion of CPEC Projects by End of 2017 Ordered', *Dawn*, 28 July 2015, available at <http://www.dawn.com/news/1196808>, accessed on 13 December 2016.
16. Jeremy Page and EmrePaker, 'As Muslim Uighurs Flee, China Sees Jihad Risk', *The Wall Street Journal*, 1 February 2016, available at <http://www.wsj.com/articles/as-muslim-uighurs-flee-china-sees-jihad-risk-1422666280>, accessed on 13 December 2016.
17. Daniel Markey and James West, 'Behind China's Gambit in Pakistan', CFR Expert Brief, 12 May 2016, available at <http://www.cfr.org/pakistan/behind-chinas-gambit-pakistan/p37855>, accessed on 13 December 2016.
18. Op. cit. n (3). Also see 'China-Pakistan Economic Corridor will not Affect China's Stand on Kashmir: Beijing', *The Economic Times*, 31 August 2016 available at <http://economictimes.indiatimes.com/news/defence/china-pakistan-economic-corridor-will-not-affect-chinas-stand-on-kashmir-beijing/articleshow/53946856.cms>, accessed on 14 December 2016.
19. 'Special Forces Set up to Guard Gwadar Port's Sea Lanes', *Dawn*, 13 December 2016, available at <http://www.dawn.com/news/1301970/special-force-set-up-to-guard-gwadar-ports-sea-lanes>, accessed on 14 December 2016.
20. 'Pakistan Sets up 10, 000-Man Force to Protect Chinese Interests', *China Daily*, 3 February 2016, available at http://usa.chinadaily.com.cn/world/2016-02/03/content_23382836.htm, accessed on 14 December 2016.