China-pakistan Relations and Regional Development in the Context of China-Pakistan Economic Corridor (CPEC)

Asmat Naz

1Dean Faculty of Arts & Social Sciences
Dean Faculty of Economics Commerce & Management Sciences
The Women University Multan, Pakistan. drasmatnaz@wum.edu.pk

ABSTRACT

Pakistan and China as all weather strategic partners have a history of glorious friendly relations. Both countries always try to make strong these relations through different geo-political, strategic and economic projects/agreements. The Pak-China Economic Corridor (CPEC) is also a key to make strong economic relations of both countries. It is considered to be an extension of China’s proposed 21st century Silk Road initiative and considered a centre for their relations. It is a huge project under construction that will undertake the construction of highway and railway links running through the areas from Gwadar in Baluchistan and culminating in Kashgar in western China, while passing through the regions of Baluchistan, Sindh, Punjab, Khyber Pakhtunkhwa (KPK) and Gilgit-Baltistan (Khunjarab Pass) and run through most vital geostrategic locations. It will connect Pakistan with China and the Central Asian countries by the highway connecting Kashgar to Khunjarab and Gwadar. The CPEC is of high significance, as it making this region more economically viable, stable and sustainable. It is also one of many mega projects planned by China in Central, South and South East Asia for expanding its political and economic influence to counter the US influence in the region. China has made an attempt to fulfill multiple interests of its own by the financial investments in region on CPEC. It shall act as a trade bridge between China, Middle East and Europe through Pakistan and proved a source of economic benefits. The paper through the empirical and inductive research approach tries to identify the China-Pakistan relations and the regional development by the construction of CPEC. In this paper makes consideration of the main traits of the CPEC on both regions. It also emphasizes on the impacts on the economic situation of Pakistan at regional and global levels as well.

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Corresponding author’s email address: drasmatnaz@wum.edu.pk

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1. Introduction

In the world, regional, political, economic and global strategic development environment develops rapidly
in the 21st century. This environment encourages geo-economic and geo-strategic partnership among different countries of the world. The political and foreign interests, including national security are important parameters of the states’ partnership because it is essential for their progress and defense. For the ever-growing cooperation among the states, the higher concern authorities arrange different platforms of negotiation and table talks in different fields such as industrial ventures, infrastructure and development programs, defense, commerce and related area of the economy.

Pakistan is a significant, old political, strategic, regional and economic partner/friend of China. The geographical boundary of Pakistan is most significant for her friend country as it links China to the Central Asia, Southern Asian regions and the Middle East through the major deep-sea Gwadar port. Both countries have been working on enhancing their coordination and strategic communication to secure their common interests. China-Pakistan Economic Corridor (CPEC) represents a new model of Pakistan and China cooperation which will serve against the backdrop of complex and changing regional and international situations. For many years, China and Pakistan have developed strong bilateral trade and economic ties and cooperation.

The China-Pakistan Economic Corridor is considered a single road project to bring prosperity and stability in South Asia. The corridor will join together two thousand km transport road which link a long distance area from Kashgar (North-west China) to Gwadar port on the Arabian Sea (Pakistan) and the border area of Iran through roads, railways and pipelines. It is the project which may transform the future of Pakistan and will help for its modernization. In Pakistan the economy, trade, regional links, energy and infrastructure will develop rapidly through the CPEC. Moreover, the social and regional development of China and Pakistan, Middle Eastern regions and the South Asia is also based on the establishment of China-Pakistan Economic Corridor.

Pakistan is one of the most populated and advance countries of the world. It is playing a key role in the Asian regions and the entire world, especially in the fields of economics. Finally, it has surrendered to the charms of polygonal diplomacy, which it had been known to ignore during the earlier periods. The other reason behind the changes in the Chinese foreign strategy is economic twigging from its rising energy demands.¹

2. Historical traces of CPEC and its Origin:
The vision for an economic route between China and Pakistan stretches as far back as Musharraf era. The CPEC was the project related to the economic trade development of China, which presented by the Hu Jintao, the Chinese President in 2003, who wanted to promote friendly foreign relations with neighbor countries. Moreover, he wanted to promote peaceful interdependent trade relationships with the neighbors and the world. In the same manners Pakistan wanted to develop regional and trade relations with the neighbor countries especially with China.

This idea speculated for many years, gained traction in May 2013 when Chinese Premier Li Keqiang emphasized the construction of the CPEC during his visit to Pakistan. He signed the landmark CPEC agreement at that time. In the same year, Pakistani Prime Minister Nawaz Sharif visited Beijing and signed eight agreements, approximately costing $18 billion that included building around 200 kilometers tunnels for the CPEC. Pakistan’s President Mamnoon Hussain visited China in February 2014 to discuss the plans of the corridor. In the same year, Pakistan’s Prime Minister Nawaz Sharif again visited China and signed 19 agreements with China. At that time, the Chinese banks and companies pledged over US$ 45.6 billion for energy and infrastructure projects along the corridor. The agreements proved a deepening strategic linkage between the two countries.

Chinese President Xi Jinping visited Pakistan in April 2015. This was the second visit of a Chinese leader in Pakistan in the 21st century after Hu Jintao’s visit to Pakistan in 2006. Xi was to visit Pakistan in 2014 during his South Asia trip to Maldives, Sri Lanka and India. It was postponed due to political unrest in
Pakistan. During his visit, a total of 51 agreements were signed between China and Pakistan having worth of $46 billion, which also included the development of China Pakistan Economic Corridor. The $46 billion investment China intends to commit to Pakistan under the CPEC is impressive. The amount exceeds all foreign direct investment Pakistan has received in the past several years, and is considerably more than all the aid Pakistan has received from the US since 9/11.ii

China-Pakistan friendship was started after the short span of its establishment in 1947. In fact Pakistan and China are the strategic partners and both helps of each other for the balance of power in the Asian regions. The relations of both countries have provided the political, strategic, economic, military and technical assistance to Pakistan. For their military, economic, diplomatic and strategic strength both countries depended on one another which developed in different decades. Now the nuclear cooperation between both countries has been developed and China is assisting Pakistan in the fields of nuclear. Moreover, China always supported Pakistan about its core issues and the Kashmir, relations with India and the west etc. In the same way Pakistan also supported China on the issues of Xinjiang, Tibet and Taiwan and the ties with the western world.

The CPEC is also a step forward of the already existing projects of both countries. China-Pakistan Economic Corridor plan will help Pakistan to become one of the most strategically important countries in the region. It will also provide an opportunity for China to build a naval base at Gwadar port that will use for the trade of Chinese goods with the Middle Eastern countries and also increase its influence in the region and may reduce the increasing influence of the United States and Asia-Pacific region.

The Western diplomats viewed about China-Pakistan relations that their increasing economic relations should be seen in the context of Beijing’s efforts to counter the US efforts to deepen alliances around the Asia-Pacific region.iii These countries developed the concept of ‘one belt one road’ in the context of CPEC. It is an initiative which will cover a large area with the population of 4.4 billion (63% of world’s total) and a total economic volume of US 21 trillion dollars (29% of world’s total).iv

According to the assessment of Catanza, Joseph about the CPEC is providing a base for regional cooperation, improving economic growth, offering trade diversifications, investing in transportation, mining and energy sectors and creating political flexibility in the region. It will be an unfolding plan that would weave much of Asia, Europe, Africa, Oceania and the Middle East much more closely together through a patchwork of diplomacy, new infrastructure and free trade zones.v

3. The proposed CPEC Routes:
Basically the CPEC project is consisted on three routes, southern, central and northern ways. The southern corridor begins from Guangzhou, which is the third largest city of China in South Central China. This route moves towards the western parts of China and connects Kashgar with Pakistan at Kunjarab-a point from where China wants to link to Gwadar port on the Arabian Sea. It is the shortest and the most feasible option for China.vi

The second Chinese option is the Central Corridor that starts from Shanghai and links the country to Tashkent, Tehran and onwards to Bandar Imam Khomeini Port of Iran on the Persian Gulf. One of its branches goes up towards Europe. This is the longer route but could be an option, if Pakistan does not deliver on the timelines for completing its road network to become a beneficiary of the New Silk Road Economic Belt. The third Chinese option is the Northern Corridor that starts from Beijing, passes through Russia, and links it to European cities.vii

A detail view of proposed CPEC routes (Northern, Central and Southern corridor) has given in the following map:
For a long time China has emerged as Pakistan’s major trading partner both in terms of exports and imports. It also provided strategic assistance and signed different agreements for the regional development and stability of Pakistan. The treaty of the Free Trade Agreement (FTA) was signed on 24th November 2006 and implemented from 1st July 2007. Moreover, another agreement signed on Trade in Services on 21st February 2009 that became active from 10th October 2009. The CPEC is an under construction mega project started by China in Pakistan. It will achieve the political and economic objectives through trade and commerce. It will also strengthen the economic and trade cooperation between the two countries and indirectly contribute in the interregional development of Pakistan as well as in South Asia.

After its completion, it will work as a main gateway for trade between China, Africa and the Middle Eastern countries. It is also assumed that CPEC will help to be an alternate of the long route which used between Middle East and China economic trade and import-export.

At first glance, the emerging curves of the proposed CPEC are simply breathtaking. According to the plan, various industrial parks and economic zones, dams and energy stations, interlinked through world-class expressways and railway lines, will be constructed along the Kashgar-Gwadar route, bisecting the entire length and breadth of Pakistan (Map II). The total cost of this entire set-up is estimated at US$45 billion, with the project expected to be completed in 2030.

Through the southern corridor, it will interlink with Pakistan and used the route for the supply of Chinese products, oil, machinery etc. in the other world. The CPEC route in Pakistan will also help to develop the linked areas (cities). Through the link routes, railways and tunnels the economic products of the cities will also transfer from one place to another. Moreover, the exchange of goods and the cultural ties will be possible through the CPEC project. In fact, this project is a continuation of the Silk Road, which was established by the cooperation of China. The map is given below to show the detail of roads, railways and tunnels under CPEC project.
Expediting the process, both countries constituted a Joint Cooperation Committee for the CPEC headed by Ahsan Iqbal, (Federal Minister for Planning, Development and Reforms in Pakistan) and Zhang Xiaoqiang, (the Vice Chairman of China’s National Development and Reforms Commission). The first meeting of this Joint Committee was held on August 2013 in Islamabad. The CPEC project received a significant impetus with the signing of various agreements (amount of US 28 billion dollars).

According to the researchers, the trade route of the CPEC will be around 2,000km long which linked just the internal areas of Pakistan. Through this long distance corridor some economically important cities of Pakistan will also be connected through many expressways, either proposed or under construction.

In the view of the Government of Pakistan, Ministry of Communication (2014), many northern and other areas which may neglect in the past will also connect with this corridor. In these areas are included Kashgar, Hunza, Chilas, Manshera, Abotabad, Islamabad, Miyawali, Dera Ghazi Khan, Khuzdar, Hoshab and Gwadar etc. However, a contradiction has been started among the people of different regions/provinces because they wanted the reconsideration on the corridor and attached their concern areas. Yet, the government is not ready to make further changes in the already planned work of CPEC but opposition is insisting to change the western alignment into eastern alignment. The eastern alignment will pass through Thakot-Mansehra-Islamabad-Lahore and Multan. From Multan, the route will be linked to Hyderabad through Rohri and Dadu. The Hyderabad-Karachi portion will be linked through M-9. Karachi will then be linked to Gwadar through N-10 East Bay Express Way along the coastal line. During the last year, Ahsan Iqbal (Planning Minister), declared about the construction of roads from Gwadar to Khunjerab and the link road. He identified three routes which will construct in the first phase of CPEC project are:

1. Kashgar–Khunjerab-Peshawar-Dera Ismail Khan-Zhob-Qilla Saifullah-Quetta-Gwadar
2. Kashgar-Khunjerab-Peshawar-Kohat-Dera Ismail Khan-Dera Gazi Khan-Sukkur- Ratodero-Gwadar
3. Kashgar-Khunjerab-Islamabad-Lahore-Multan-Sukkur-Hyderabad-Karachi-Gwadar

It seems that the Asian Highway in which including Urumqi (China), Kashi, Khunjerab, Abbottabad, Hassanabdal, Rawalpindi, Lahore, Multan, Rohri, Hyderabad and Karachi along the eastern flank of River Indus will act as the backbone for the economic corridor in the first phase, and other regions of Pakistan will be connected with the corridor through various motorways and expressways later on.
The Minister for Planning, Development and Reform, Ahsan Iqbal in his address to a delegation of the Gwadar Press Club (Islamabad, 2016) said that three routes to link Gwadar with the rest of the country would be made available in the running year. Moreover, Gwadar and Baluchistan province would be the biggest beneficiaries of CPEC, adding, the first Economic Zone would set up at Gwadar. The Gwadar International Airport to be capable of handling the largest of passenger planes, including the A-380 Boeing jets would be completed at a cost of 260 million dollars. Further, he said that Vocational and Technical Training Institutes would be built to impart local population of Gwadar training of skills and provide employment. He informed the delegation that Gwadar University would be established this year to ensure higher education facilities to the local youth. Gwadar city would not only be provided with a modern seaport but it would be made a centre of social and economic activities, he added.

Furthermore, another important decision was taken by the higher authorities that Lahore to Karachi Motorway will be constructed. For this purpose, an agreement was signed between Pakistan’s Ministry for Planning & Development and the China State Construction Engineering Corporation to build the motorway within a short time. Karachi, (the Economic hub of Pakistan), will be further connected to Gwadar through the Makran Coastal Highway/National Highway (N10), passing through the port towns of Ormara and Pasni and via Khuzdar (N25) and Hoshab (N85 and Motorway M8).

There are some of other highways and the roads which connecting different economically important areas of Pakistan. The detail of main roots and cities is given below:

Peshawar to Islamabad Motorway (M1), Islamabad to Lahore Motorway (M2), Pindi Bhattian to Faisalabad (M3), Faisalabad to Multan (M4), Multan to Dera Ghazi Khan (M5), Dera Ghazi Khan to Kakkar via Ratodero Motorway (M6), Karachi to Gwadar through Kakkar and Rotadero Motorways (M7 and M8), Karachi to Hyderabad (M9) are under the process of completion. Moreover, the construction of many trans- shipment stations has also been proposed to facilitate trucks/containers carrying heavy goods. The proposed sites of cargo terminals and industrial parks are Sust, Gilgit (both in Gilgit-Baltistan), Abbottabad (KPK), Loralai, Kohlu Khuzdar, Basima, Panjgur, Turbat and Gwadar (Baluchistan), Dera Ghazi Khan, Bhakkar, Rajanpur (Punjab), and Kashmore and Jacobabad (Sindh).

These areas of all the provinces will also connect with the railway link net for the shipment of goods into the Pakistan. The railway route will touch the main areas as Kashgar, Hotan, Gilgit, Abotabad, Havelian, Rawalpindi, Gujrawalan, Lahore, Sahiwal, Multan, Bahawalpur, Rohri, Spezand, Mastung, Kalat, Hoshab and Turbat. Pakistan has declared the Gwadar port as a free trade zone like Hong Kong and Dubai. The reason is that the government of Pakistan wanted to develop the economic and investment culture for the stability of the state.

For the institutional mechanism projects the Kashgar, Xinjiang, Khunjerab, Islamabad, Lahore, Multan, Sukkur, Karachi and Gwadar has been selected as the pivot cities by the both countries. In the main projects have included coal based power projects, Zonergy (900 MW) Solar project, A wind power plant, Karot Hydropower Project, Sukhi Kinari hydropower project, An Industrial Park, Up-gradation of the Karakoram Highway (Phase-II), Karachi, Lahore and Peshawar Railway track, Orange Line and the Sukkur to Multan section of the Karachi, Multan and Lahore Motorway (KLM) project, etc. For the work of these projects, the Chinese government announced to pay a huge amount of 45.6 million US dollars from which almost 10 million dollars will be provided in the form of commercial loans. Mainly a number of projects started under the CPEC program are related to the energy and infrastructure/connectivity.

4. The CPEC and regional development in Pakistan:
The CPEC project could be considered a blessing to the economic development of the cities/areas within Pakistan. Through the proposed CPEC project much energy as well as the economic crises of Pakistan will be solved. It proved beneficial for Pakistan and will help to overcome many visible and invisible
problems of the regions. In future, the proposed oil and gas pipelines from Gwadar and Iran to Kashgar across Pakistan would also be helpful to overcome the energy crises in Pakistan. According to the researchers, at the crossroads of huge supplying and consuming markets of the Middle East, Central Asia and China, the proposed corridor could virtually rephrase the economic revival of Pakistan by generating huge transit revenues and can transform it into a regional trade hub and the energy transit corridor. All these factors could have a huge impact on the industrial, agricultural and overall economic growth and development of Pakistan.

It is very useful in pursuit of the development policy for the western as well as eastern regions of Pakistan because of the geographical immediacy to these areas. The linked areas of the proposed corridor project will be connected by a bond of socio-cultural integral bond. The cultural and regional development ideas can be shared with one another. Moreover, the economic collaboration will also possible by the interchange of commodities and transfer of different goods from one region to another. The peoples’ links with each other will help to develop the social harmony and collaboration. It is essential for the reduction of internal disputes and detestation of the people.

In Pakistan through the highways, motorways cross roads and the net of Railway tunnels, the regional linkage will develop rapidly. It may change the present Pakistan into a modern and the most developed state. Moreover, the national integrity and unity will amplify among the different groups/people of various regions and a collective culture of work as a nation too increases in Pakistan which makes possible the regional and national prosperity.

Thus, through the CPEC the seeds of national and regional stability will develop in Pakistan. With the passage of time, the demands of more infrastructure, new institutions, technological and scientific education will also increase in Pakistan. The modernization and urbanization will replace with the traditionalism and rural life. Moreover the sources of better transportation will be available for the people of Pakistan. The foreign multinational and private trade and investment will also increase in every field of life, which may help to overcome the domestic economic and energy crises of Pakistan. Furthermore, the image of Pakistan as the regional tiger and a hub of import-export will be developed in Asia. In fact, it will be a main hub of trade and commerce, tourism as well as the import-export in Asia, central Asia and the Western World.

For the regional and economic integration, the CPEC may help in the development of close relations and cooperation between both partner states and southern, central and western Asian countries. A pipeline from Gwadar to China over the Karakoram would provide an alternative for the supply of oil from the Middle East to China’s western and particularly central provinces. Currently, the bilateral trade between both countries has also grown and it becomes the largest trading partner of Pakistan, while Pakistan is the second largest trading partner of China in South Asia. Pakistan’s imports from China, consisting of machinery, mechanical appliances, electrical equipment and chemicals, while China imports the primary goods like textiles, rawhides, skins, oil seeds and agro products, along with copper and other minerals.

It shows that in future the potential and scope for further import-export and cooperation in trade will increase between Pakistan and China. Moreover, the socio-cultural, educational and tourism ties are also increasing between these countries because of the students and delegations interchanges and visits. Approximately more than ten thousand Pakistani students are studying in China and many Chinese students too enrolled in the various courses in Pakistan. Extensive government to government cooperation is also reflected across a range of other areas. The two sides have launched or confirmed near about five hundred projects related to agriculture, water conservancy, biotechnology, environmental conservation and other fields. Most importantly, there exists a convergence of interests in most of the regional issues between China and Pakistan and the shared perspective of the two countries ensures the requisite continuity in both countries’ ties to make this project attainable.
5. Conclusion:
The CPEC is presenting/launching a multidimensional project in Pakistan, which also will be beneficial for China as well as for other Asian and Central Asian countries. It is a financially beautiful plan which can be a bridge to link up a number of Asian regions together to make an integral collaboration for the economic development. The CPEC is directly influencing the Pakistan in different dimensions. This project is highly financing by the China, (an Economic Giant of the World) for the shipment of its Oil and other goods to the Western and Central Asian World. Moreover, may China wanted to reduce the increasing influence of western world on the Asian regions. On the other hand, Pakistan is directly coming under the influence of China because of its funded projects as CPEC. It is a mega project, which is developing a bond of the strong friendship and economic relations between Pakistan and China. The CPEC project because of its significance became a hot debatable issue in the media and research world. In fact, it is an economically development project, but the researchers also analyzing its other aspects. It has increased the clash between the interests of various regional powers. At present, it seems that the regional alliances are going through some speedy changes in the geo-political and economic dynamics of Asia. So, there is a need for the proper consideration of the already existing policies and projects to reduce the tension between various inter-regional and foreign powers.

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