

China-Pakistan Economic Corridor: Geo-political Implications, Regional Constraints and Benefits of CPEC

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ABSTRACT

The article is intended to find out the geopolitical implications, regional constraints and benefits of China-Pakistan Economic Corridor. Researcher reviewed both published research articles and books to find out geopolitical implication, regional constraints and benefits of China-Pakistan Economic Corridor. For this purpose, researcher also reviewed newspapers articles and published reports by government and non-governmental stakeholders working on CPEC. Review of the articles and reports indicated that CPEC had enormous benefits not only for China and Pakistan but also for the whole region. But different internal and external stakeholders are not in favor of successful completion of this project. Extremism, sense of deprivation, lack of political consensus, political instability are some of the internal constraints. On the other hand, Afghanistan, India, Iran, UAE and USA are posing constraints to halt the successful completion of CPEC.

Key Words: CPEC, Geo-Political Implications, Benefits of CPEC, Regional Constraints

Introduction

The time and tide are not in favour of the detractors. They will die their death in the hurricane of CPEC since China and Pakistan are determined to make CPEC a success story. A \$62 billion mega economic venture is China's gift for Pakistan. (Anonymous)

CPEC provides a great opportunity to guarantee the economic future of China, Pakistan and other regional stakeholders. An all-out exertion has been made by the opponents to thwart the CPEC construction, wrenching into works by conducting terrorist disruptive activities in every nook and corner of the country. Although, CPEC is a game changer not only for Pakistan and China but all the other stakeholders in South Asia yet there are great geopolitical implications of the project. Besides, regional actors are also posing threats and creating constraints to halt this project. Therefore, this study is focused on the geopolitical implications of, potential benefits and regional constraints to CPEC.

Geo-political implications

Owing to the recent bout of strain between U.S.-Pakistan ties, the Trump administration has announced to halt an amount of US \$ 1.3 billion in terms of security assistance to Pakistan along with other punitive recommendations that are under consideration by US administration. The heightened schism in U.S.-Pak ties provides Beijing with a prospect to promote a new model of international development to modify the foremost US model which is based on 'carrot and stick' doctrine. China initiated the geo-economically ambitious model of Belt and Road Initiative (BRI) following the principles of "wide consultation, joint development, and mutual benefits" for the regional development which seem more practical and logical than US model. As part of BRI, CPEC has won support from all corners of Pakistan. Additionally, of late China has hosted the first trilateral summit between China, Pakistan and Afghanistan in order to promote negotiations between Pakistan and Afghanistan. Furthermore, Afghanistan may participate in the corridor (Grossman & Zhu, 2018 Feb 26). Also, China has increased investment in Sri Lanka that has generated fears in India since India has viewed it as a backyard.

Russia is too much fretful about the CPEC venture since this has realized into increased influence and presence of China in the Central Asian region. The region, for a long time, is deemed within Moscow's circle of influence. Currently, an intensified Moscow-Beijing competition has been noticed in establishing cordial relations neighboring countries. The other area of concern is that several countries in Asia and abroad (including the U.S.) are apprehensive about the geostrategic impact of BRI. However, China has tried to alleviate these apprehensive of late by stressing the "win-win" model of the initiative. Its efforts will have significant foreign policy implications for a number of key regional actors that includes India, Russia and Japan.

It is also deemed that the West is insecure of China's swift rise. As per the former US Secretary of Defence Donald Rumsfeld says, "My view of China is that its future is not written, it is being written". The West always is tilted towards India. The west continues to treat China as if it is still in "Qing Dynasty Era" that has shown neglect in China's maritime capabilities. However, China opposes the ideology of domination of any power against any state big or small. It believes in a win-win situation. China's peaceful rise has been deemed by the people of Asia-pacific region as a sign of peace, security and development. China's foreign relations are based on engagement, dialogue, accommodation, reconciliation, promotion of peaceful co-existence and mutual trust, security, balance and harmony. There is an opportunity for all nations for peace and harmony in the world (Javed, 2016).

The US sees CPEC as a mega venture that will multilaterally support the idea of regional connectivity, collective economic development and anticipates Afghanistan's future involvement in CPEC. The U.S. is well aware of the development of CPEC; China will have a potential naval threat in the Indian

China-Pakistan Economic Corridor: Geo-political Implications, Regional Constraints and Benefits of CPEC

Ocean region. The U.S is giving a strategic leverage to India so that India can maintain its regional dominance. The signing of Indian Nuclear Deal of 2006 between US and India and US' aim to project India as a regional power signal the same aspiration.

UAE is also concerned with the construction of CPEC. Ports play a significant role in the economic enhancement of UAE and when Gwadar port will be fully operationalized, it will have a direct economic impact on the Dubai port business volume.

Benefits of CPEC: benefits of CPEC to Pakistan

Both China and Pakistan are interested in minimizing the conflict in South Asia. CPEC provides the opportunity to integrate economies in order to curtail the enduring conflicts in the region. Also, it would provide job opportunity and prosperity to millions of people in both countries. It will also develop China's western region as well as improve infrastructure connectivity in all forms; rail, road, air, sea, telecommunications and energy etc. across the globe. In February 2014, Pakistan's President Mamnoon Hussain visited China and stated that "project is going to be a monument of the century. It will benefit not only Pakistan and China, but also the whole region with billions of people." (Tiezzi, 2014) Additionally, both the countries again echoed their firm resolution to implement the plans of proposed Economic Corridor.

CPEC is regarded as a very significant project for China and Pakistan. CPEC not only provides a secure alternate trade transit route for Pakistan and China but it also helps economic enhancement of the region and to counterbalance Indian regional influence. By strengthening its huge naval presence in the Indian Ocean region, CPEC also secures China's trade routes by reducing distance and delivery time of overall trade. Pakistan will be benefitted economically by becoming a transit trade route for international trade, by increasing employment opportunities, alleviating poverty and bringing stability and prosperity by occupying the locals in economic and commercial activities. Moreover, CPEC would attract underscore foreign investment which has a prospect to enhance Pakistan's export, increase its GDP. It will open up trade and business opportunities in Pakistan as well. In past, Pakistan's economy has been beaten down from energy shortage, high inflation, inadequate infrastructure development and sluggish economic development. Pakistan's geostrategic location has allowed it to play a significant role in geopolitics, trade and transit. The building up of CPEC provides Pakistan with the prospect to the up gradation of infrastructure development and economic boom of the entire province as the corridor passes across Pakistan. The Central Asian region can play a significant role in Pakistan's economic revival. As per the blueprint, new infrastructure, railways, airports and seaports are to be built in this ambitious plan. Provinces like KP and Baluchistan are lagging far behind in terms

of development will also get infrastructural boost and enhanced economic gains. Moreover, it offers Pakistan's Gilgit Baltistan region province in this great opportunity of socio-economic development. Since Pakistan's economy is heavily dependent on sea trade. With the development of Gwadar port and its connectivity will reduce the load on Karachi and Bin Qasim ports.

Significance of CPEC for China

China has deemed great strategic and economic boom from CPEC. China aspires to counter the separatist outfits in the region with the transformation of economic enhancement in China's Xinjiang province. As part of CPEC, Gwadar will provide the western China with shorter, economical and safer route. China's crude oil dependency on the Gulf and Iran is approximately 47 per cent from its total consumption. The complete inland distance from eastern China to western China will cut from 16,000 km to 3,000 km. Also, Gwadar, as a pivot provides economic security to China.

Currently, almost 80 per cent of Chinese oil is transported from Strait of Malacca to Shanghai port, the transportation time from the Middle East and Africa will be reduced from 30 days to 2 days after the completion of the projects that are in the pipeline. Also, Gwadar can be used as an alternative in case the Strait of Malacca is blocked. China envisaged that by constructing CPEC, China's relatively backward and restive Xinjiang region will be economically developed that will bring peace and stability in this region by facilitating trade with Central Asian states to fulfill its growing energy needs. It would facilitate China's shortest access to markets of Asia, Europe and beyond. Furthermore, owing to low labour cost, Chinese investors have a lot to be offered in multiple sectors in Pakistan.

In future, it can pave the way for regional economic and trade connectivity and integration at wider level between regions of South, Central and East Asia. However, the current attitude between India and Pakistan regarding their trade and economic relations and people-to-people connectivity etc. ought to be changed. Through CPEC, the regional economic integration can prove to be a harbinger to determine all the political clashes through economic cooperation. To initiate a beginning, the Asian nations need to set aside their enduring political differences in order to make the 21st century, the Asian century. The states of South, Central and East Asia need to build more and more economic connections.

To start regional trade integration and economic activities, CPEC as a flagship of OBOR can prove to be a catalyst. However, there are some potential threats and challenges looming that can hamper the up-and-coming CPEC infrastructure development and can obstruct CPEC transforming into reality. The infrastructure construction process is stalled due to the ongoing and severe power shortages. Throughout the year, the demand for energy exceeds capacity by 4-7000 megawatts in the countrywide. Day by day worsening security situation in Afghanistan and its spill over impact on Pakistan along with the ongoing political controversies in Pakistan regarding the selection of different routes in all provinces

*China-Pakistan Economic Corridor: Geo-political Implications, Regional Constraints
and Benefits of CPEC*

and lack of trust between regional neighbouring states are prevailing the whole situation. In a wider perspective, CPEC can foster economic community throughout the South Asian region but beyond regions of the world if materialized in its true sense.

Impact of CPEC on regional and extra-regional level

In the years to come, CPEC will radically transform the entire Asian region geopolitically and strategically. It has the colossal potentials that will restructure the economic viewpoint of the regional member states. Millions of people will be benefitted from it as the initiative has the capacity of economic boom, mounting trade, enhanced cooperation and amplified cultural connectivity among the people in the region. Afghanistan will be a major beneficiary of the project if CPEC is extended to this landlocked country that can bring country's fragile economy and security to stabilization (Butt & Butt, 2015, December 09-10). The landlocked Central Asian Republics that is vital for their oil richness and natural gas resources will get access to sea and diversification of energy channel that CPEC project can fulfill. The goods from the CARs can easily be transported to Middle East and Europe via Gwadar port (Butt & Butt, 2015, December 09-10).

At the outset, CPEC faced resistance from Iran. Recently, considering its geo-political significance, Iran has showed the desire to participate in the project aiming to enhance connectivity through railways and roads and expand the trade and transportation. Also, under the auspices of CPEC, Pakistan and China will construct "the liquid natural gas (LNG) terminal at Gwadar and the 700 km long pipelines to import LNG from China which can become the Iran-Pakistan pipeline as well" (Butt & Butt, 2015, December 09-10). With the changing geo-political scenario, the U.S. presence and influence in the region may recede notably that seemingly provide China with an opportunity to perform the role of an equalizer in the South Asian region largely owing to the deteriorating its ties with Russia. By supporting Pak-Sino relations, the US can use the mounting economic dependence to cope with major concern of the US with the help of China to counter the threat of extremism and terrorism. However, the U.S has reservations over Pakistan's handing over the Gwadar port to China, fretful of expansion of Chinese, may be used as Chinese naval base (Butt & Butt, 2015, December 09-10).

Regional constraints to CPEC: Afghanistan factor

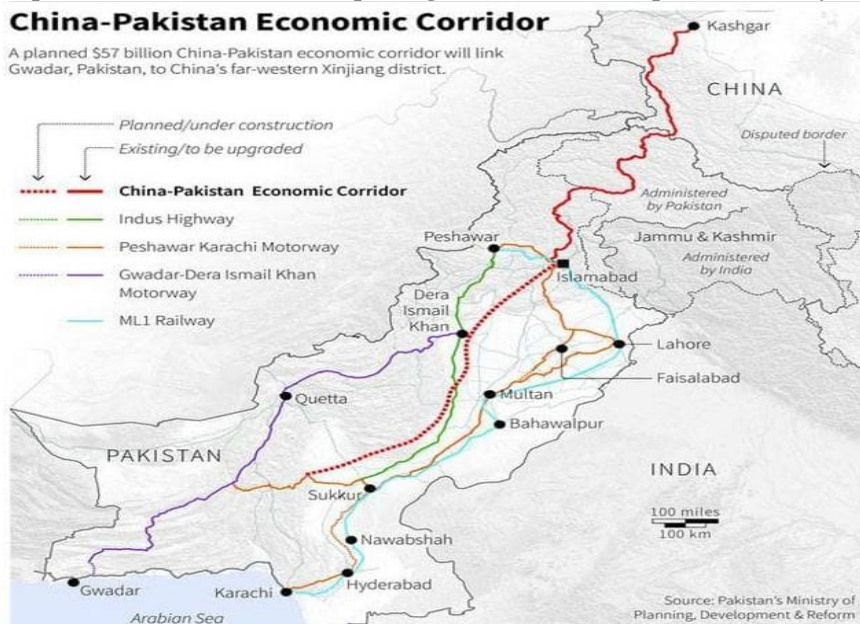
Afghanistan's unstable security is one of the major concerns to the successful completion of CPEC projects. The long porous border between Pakistan and Afghanistan is a grave security concern for Pakistan. Terrorist factions operating from Afghanistan have carried out most of the terrorist activities in North-western region of Pakistan. This will delay the process of CPEC. Cordial relations between Pakistan and Afghanistan will prove to be vital for CPEC's successful

implementation. In order to reap the benefits from CPEC, China has been involved in facilitating the dialogue and reducing the bitterness between them. A stable Afghanistan is of paramount significance for the development of CPEC and of the region.

Indian concerns for CPEC

India is extremely apprehensive about CPEC's route that passes from disputed Jammu and Kashmir region as both Pakistan and India assert their claim on the territory. Sushma Swaraj, the foreign minister of India called the project "unacceptable" passing through contested Jammu and Kashmir region. According to Indian claim, the CPEC passes through Indian claimed territory, thus, violates the Indian territorial integrity. Since the initiation of the project, India has made up roaring statements in opposition to this mega venture at different international and national forums. Furthermore, India boycotted the OBOR forum in Beijing on May 14-15, 2017. As the Indian External Affairs spokesperson Gopal Baglay stated, "No country accepts a project that ignores its core concerns on sovereignty and territorial integrity." (Miglani, 2017 May 13) Some Indian scholars consider CPEC as a part of colonialist agenda and a threat to India's domestic security on part of Chinese by developing Gwadar port project and securing access to Indian Ocean region.

Map 1: Indian Claim on CPEC passing from Kashmir Disputed Territory



Source: <https://www.indiatoday.in/world/story/one-belt-one-road-pakistan-occupied-kashmir-china-cpec-beijing-976918-2017-05-13>

China-Pakistan Economic Corridor: Geo-political Implications, Regional Constraints and Benefits of CPEC

The Kashmir dispute has proved to be a biggest impediment for a huge future investment coming in the region. Despite several efforts to resolve the issue, the status quo between India and Pakistan remains the same. Since the seven decades have been passed, India should come forward for the determination of the enduring conflict.

In turn, the Chinese analyst Zi Shi, in a lecture delivered on “One Road & One Belt” supports a non-involvement policy in the region, one that follows the ‘Three Nos’: namely, no interference in the internal affairs; no increase of influence, and no dominance (Khan, 2017). However, the project is heading towards progress and successful completion. Markey observed that China’s naval presence and influence in the Arabian Sea is an apprehension for India. Furthermore, India is concerned that Gwadar may be employed for military purposes that may disrupt Indo-US strategic cooperation. Also, India is concerned about China’s construction of seaports in other countries in Bangladesh, Sri Lanka and Myanmar as part of ‘String of Pearls’ strategy. India is also apprehensive by Chinese growing presence and influence in Indian Ocean region.

India holds that CPEC will curtail its influence in the region as China will get easy access to Indian Ocean via Gwadar Port. China is also encircling India with its South Asia Economic Corridor which will connect India, Bangladesh, and Myanmar with China. The Silk Road Economic Belt and Maritime Silk Road will open new destinations for Chinese products. On the other hand, Chinese presence and contacts with Indian neighbors will be increased which will undermine the Indian sway. Moreover, India is working with Iran to counter CPEC by constructing Chahbahar port. This will be the gateway for India to supply its products to Central Asian States and Afghanistan. Moreover, India should make strong relations with Chinese opponents as a strategy to balance power structure in the region. However, India’s continuous opposition to CPEC won’t make any affect to the development of the project in any way. On the other hand, the CPEC plan is open and inclusive. Moreover, the CPEC plan invites other countries to incorporate in the project. China and Pakistan are working on mutual basis for collective economic cooperation.

Iranian concerns

Gwadar is considered as a rival port to Chahabar. However, in September 2016, in a meeting with Pakistan’s premier, the Iranian president showed the desire to be a part of CPEC. As China has gained strength and confidence, its geo-political role has also undergone a transformation. China’s peaceful rise has been seen as a stabilizer in the Asia-pacific region. The West has not reconciled by China’s rise and its emerging world order to reshape global economics. However, with the emergence of China as a regional economic power, it has been able to generate its own economic sphere of influence by means of developing its extensive export

capacity and a robust market. Therefore, Pakistan opened the door for Chinese financing at a time when China has achieved a high geo-economic growth in the region as well as a strategic status in the Indian Ocean region (Azeemi, 2007).

Security challenges to CPEC

One of the gravest challenges in the security situation is a source of concern in the successful completion of CPEC. The long existing insurgency in Baluchistan is a challenge to CPEC as well as sovereignty of Pakistan. The gravitating law and order situation in Baluchistan and Gwadar is strategically located in Pakistan's Baluchistan province. The anti-state Baluch outfits maintain that CPEC will exploit local resources. In Baluchistan's restive region, many non-locals, businesses and multi-national companies' personnel have been under attack. In order to eliminate these terrorist outfits in the country. A sentiment has been prevailed that China can reap the benefits of the CPEC and Baluch will be a minority. The feeling of deprivation along with foreign elements' involvement is a gravest challenge for successful development of CPEC. The region has severally observed strikes and demands of political and economic rights of the people as well as a fair stake in CPEC since it is the entry point of CPEC. The Pakistani army has launched several operations to eliminate them.

The security situation is one of the major concerns to hinder the successful completion of CPEC-related projects at internal and external levels. Pakistan is faced with the daunting challenges of extremism and terrorism. From Xinjiang to Gwadar, East Turkestan Islamic Movement (ETIM), TTP, LeT, LeJ, ISIS, BLF and other militant outfits are hindering the CPEC security. All these factions are dynamically trying to halt this mega venture. These terrorist factions and sub-nationalists in the whole country are trying to threaten the CPEC project. Since 2014, the separatist outfits in Baluchistan have killed more than 50 labourers in roadside bomb explosions. Chinese nationals and Pakistani workers are protecting them. In order to ensure the security of Chinese workers and CPEC security, Pakistan army has created a special force that is Special Security Division (SSD). The major security challenge consists of Al-Qaida from parts of Afghanistan.

Political constraints

Besides security challenges, an additional challenge towards the completion of CPEC is the political disagreement between political parties in Pakistan. There is a disagreement on route selection, allocation of developmental funds between the provinces under the aegis of CPEC. The smaller provinces have apprehensions over the policies of federal government. Also, there is a lack of transparency and the demand to make all the arrangements related to the development of CPEC to be made public. A lack of political consensus may lead towards delay and disruption in the completion of CPEC related projects. The KP and Baluchistan provinces show concerns on changing the routes which the federal government

*China-Pakistan Economic Corridor: Geo-political Implications, Regional Constraints
and Benefits of CPEC*

disapproves. In May 2015, an 'All Party Conference' was conducted to address the concerns of all provinces related to CPEC. All parties agreed to develop the Western route and pledged their political support. However, the issue is not decided completely. The allocation of resources has been politicized for political benefits.

Conclusion

The benefits of CPEC are enormous for both the countries. But researcher believes that geo-political implications of the project are very broad and fruitful for all the relevant stakeholders. Pakistan's weak political ties with USA give chance to China to maximize their interests in South Asian region. Therefore, China started BRI and negotiated with both Afghanistan and Pakistan for their active participation in making this project successful. In order to speed up the coordination, China arranged a trilateral summit between Afghanistan, China and Pakistan. Additionally, China is also taking interest in Iran for regional cooperation. On the other hand, the Russia is very skeptical about BRI and they are worried about the active involvement of China in South Asia which is promoting competition between Beijing and Moscow. To counter this, trilateral relations are being observed between India, Japan and Russia. Similar to the concerns of India and Russia, West is also conservative and skeptical about the trilateral relationship between Afghanistan, China and Pakistan. West is skewed toward India as compared to China and they are against China's foreign policy which involves engagement, dialogue, accommodation, reconciliation, promotion of peaceful co-existence and mutual trust, security, balance and harmony. USA is also very concerned about this mega venture because this economic enhancement will enhance the domination of China in India Ocean. Therefore, USA is investing in India and UAE to counter this trilateral cooperation.

The benefits of CPEC are both social and economic for both the countries i.e. China and Pakistan. The project is believed to improve infrastructural development in Pakistan and Western parts of the China. In addition to infrastructure, millions of people will get employment in both the countries. Social and economic connectivity will also be enhanced by the successful completion of BRI. Moreover, CPEC is also beneficial for reducing Indian hostile influence in the regions besides providing alternative trade transit routes. BRI will provide China a direct access to Indian Ocean and Pakistan will be trade transit route for international trade. Furthermore, it will attract international trade in Pakistan which is believed to increase the socio-economic development in the country. Scholars state that CPEC will also increase the GPA and exports of Pakistan. Socio-economic development across the country will elevate poverty and increase peace and stability in the country by reducing terrorism and conflict resolution between rival conflicting stakeholders like India and Pakistan.

CPEC is believed to enhance the economic security of China. For example it will be an opportunity to increase socio-economic development of Xinjiang province in the West of China. In addition, BRI will reduce the distance between Gulf states and China because 47% of the crude oil is imported by Gulf States. CPEC will ensure the shortest and economically cheapest alternative to China for importing oil and it will also increase direct and cheapest access to the markets of Asia and Europe. In addition, this project will assure the economic connectivity between Central, East and South Asian regions. But traditional rivalry between Pakistan and India needs to be minimized for maximizing the fruits of CPEC in the region. Asian summit might be a major forum to bring all the nations at one page. Currently, the project is under pressure to realization of its objectives because of security threats and power shortage in Pakistan and its neighbor countries. However, the project is facing restrictions but in the near future this project will bring prosperity, development, stability and peace in the whole region especially it will improve socio-economic development in landlocked countries like Afghanistan. But the role of Iran is very crucial in this regard as Iran is threaten to be excluded from this cooperation therefore, Pakistan and China are planning to construct LNG pipelines to import LNG from China which will reduce power shortage in the region. Similarly, USA reservations are also halting the completion of CPEC but active and positive involvement of USA in CPEC might assure the peaceful regional ties and global peace.

Despite the potential benefits of CPEC for the whole region there are many restriction faced from neighboring countries i.e. Afghanistan, India and Iran. In addition, security challenges are also threatening the completing of CPEC. Security threat and terrorism in Afghanistan is one of the major constraints that are posing threats to the successful completion of CPEC. Besides this, conditional foreign relations between Afghanistan and Pakistan are threatening trilateral cooperation. Furthermore, India is against CPEC because of regional rivalry and disputed territory of Jammu and Kashmir. India claims that CPEC routes are passing from disputed territory which is not acceptable for them. Indians are also against the direct access of China to Indian Ocean. Because of the China's naval presence in Arabian Sea, India's is skeptical about strategic relations between Indian and USA. They consider that presence of military in the region will disrupt the peace and prosperity. Although China is also investing in India for economic up gradation still India is concerned about her investments in Indian's neighboring states. Although Iran has major concerns because of the working of Gawadar port it longs to be the part of CPEC and BRI.

Besides regional concerns and restrictions, there are some internal challenges that are posting threat to the successful completion of CPEC. Insurgency and extremism in Baluchistan and restriction from local people is major internal threat. Inhabitants of Baluchistan consider that they are being exploited and China is also going to exploit them in the name of CPEC. Feeling of deprivation and external involvement of extremist organizations and intelligence organizations in the province is trying to halt the successful completion of CPEC. In addition, wide

China-Pakistan Economic Corridor: Geo-political Implications, Regional Constraints and Benefits of CPEC

political disagreement between major political parties in Pakistan is also posing threat to the successful completion of CPEC. Disagreement in term of allocation of funds between provinces, lack of transparency and lack of political consensus are mounting day by day. Although all the political parties are agreed on the Western route and they are ready to provide their support yet the allocation of resources is politicized.

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