PAKISTAN AND INTERNATIONAL AGREEMENTS AND ITS IMPACT ON PAKISTAN’S ECONOMY

Abstract
The paper traces Gwadar Port as a huge opportunity to transform the economy of Pakistan and its leverage for the state. This paper highlights the future scenario of energy transactions for both China and Pakistan, and looks at how Gwadar Port has prospective to revitalizing the economic growth of Pakistan under the fast-growing mutual inter-dependence between the two countries. The connectivity can greatly influence upon the economy of Pakistan because Beijing is participating vast amount of wealth in terms of investing, assistance, and transfer of technology in constructing countless mega-projects over a long epoch of time. The paper also investigates into the vital role Gwadar Port could perform in regional economic incorporation of South Asia, Central Asia and Asia. This paper will address the following questions: What is the role of Gwadar Port in the growth of Baluchistan within the context of the economy of Pakistan? How the China-Pakistan Economic Corridor will be significant for their mutual relations particularly in projects like railways, roads, and energy pipelines in the 21st century? What challenges the corridor will face and how to address them?

Keywords: Baluchistan, Gwadar Port, CPEC, Energy, geo-strategic, challenges.

Introduction
Pakistan is one of the most tactically noteworthy nations in the area. The premeditated location of Islamabad plays a paramount role in the ongoing regional economic buoyancy. Beijing and Islamabad have chosen on building the CPEC from Gwadar to Kashgar. It funds to produce financial undertakings through a terrestrial route linking Kashgar with Gwadar, as Beijing has previously acknowledged an economic sector. It also shrinks marine transport distance by more than 4,500 nautical miles from Shanghai to chief harbors of the Gulf area. The Gwadar-Kashgar connection displays the notion of a “shared-destiny”.

* Iram Naseer Ahmad, PhD Scholar & Lecturer, University of Education, Lahore.
** Usman Hameed, PhD Scholar, Department of History & Pakistan Studies, University of the Punjab, Lahore.
*** PhD Scholar, Department of History & Pakistan Studies, University of the Punjab, Lahore.
Historical perspective

Gwadar was a small fishing town. The littoral line of Pakistan in 1954, recognized Gwadar as a proper site for constructing a marine harbor without much financial budget. Later, Pakistan bought Gwadar from the Sultanate of Oman in 1958 and encompassed it as its region. It was in 1964 that the Management of Pakistan categorized to convert Gwadar into top sea harbor. Promptly, the Administration of Pakistan sketched plans for the development of binary sea ports, namely, Port Qasim and Gwadar, targeting to shorten Islamabad's financial and marine enslavement on the Karachi port.

In 1993, a practical and monetary training focused on the production of Gwadar Port, which recognized that Gwadar, partaking a noteworthy geo-strategic point has volume to develop vigorous for regional trade. The structure of the port inaugurated in March 2002, when it was offered to the Port Authority of Singapore (PSA). The primary stage of the venture was accomplished in December 2006, which enclosed building of three versatile cubicles and additional linked substructure. The port was launched by then President, General Pervez Musharraf in March 2007. And the building on the second period of the port activated in 2007, and lingers to date. Because of proceeding the dissatisfaction of the PSA to brand the port functioning, the edifice of the port was presented to a state-run Chinese firm COPHC in 2013. The structure of the harbor has activated added foremost groundwork developments in the zone. This comprises the 700 km MCH which has now been finalized. The road relatives Karachi with the shoreline in Baluchistan comprising Ormara, Pasni, and Gwadar. The road has abridged travel time to Karachi from 48 hours to only 7 hours. Supplementary highway plans include the Gwadar-Quetta-Chaman road and the Gwadar-Panjgur and Khuzdar road which is being fashioned by Frontier Works Organization (FWO).

It resolves prominently exchange and shipping links from Gwadar Port to Quetta, and stimulate to Afghanistan and Central Asian Republics.

Economic Benefits

In February 2013, China promised for monetary funding and practical support for the formation and the up-gradation assignments of Gwadar Port. While a stopover to Pakistan in May 2013, Chinese Premier, Li Keqiang, completed clarifications that Beijing would provide Pakistan backing and sponsorship. The Authority of Pakistan acknowledged that Chinese backing will emanate in growth-related zones, which will hasten economic engagements in Pakistan.

Chinese personnel are supporting in manufacture of roads, dams and additional infrastructure associated ventures in Pakistan.

Interdependence is a contemporary notion and it disproves dependency as an old-fashioned colonial economic perception. Sovereign states encourage economic interaction to achieve real economic growth. Lesser developed nations have potential to encourage profitable growth on the grounds of interconnection with a comparatively advanced and a dominant state. Economic propinquity amongst states increase amalgamation, commerce advancement, and voluminous interrelated undertakings such as stock movement, transfer of technology, building
of novel economic infrastructure, new job opportunities, and industries. The expansion of Gwadar Port and the CPEC should be understood within this impression.\textsuperscript{14} The conception of commercial linkage is stress-free undertaking. The physical juxtaposition and the opening to advance the immature shares of China and Pakistan permit them to stand-in economic interdependence for mutual economic improvement.\textsuperscript{15}

The economic enlargement of Pakistan is in China's important concentration as both are the most dependable cohorts. China also feels that strength in Pakistan could be attained through economic development.\textsuperscript{16} This would also help in talking the issue of separatism and terrorism in western China.\textsuperscript{17} Ipso facto, that energy reserve and geography decrease of detachment are important elements which sketched the attention of Chinese leadership in order to enter multiple economic agreements with Pakistan and to pledge the China-Pakistan Economic Corridor (CPEC).\textsuperscript{18}

Moreover, China's rendezvous with Pakistan gives a chance to counterbalance the New Delhi-Washington weight. Meanwhile, Pakistan has concentration to chase a faster profitable bond with China to counterbalance magnitudes in the area.\textsuperscript{19} Consequently, geo-economically both Islamabad and Beijing can nurture solid profitable and premeditated paybacks from Gwadar Port.

**Geo-Strategic Eminence of Gwadar Port**

Topographical milieu is measured as one of the significant features operating the expansion of individual culture. The utmost serious component of the atmosphere is the aquatic, which dwells roughly three-quarters of the outward of the planet.\textsuperscript{20} The subsequent limited epochs are projected to understand a clash among dominances to safe courses for transport of possessions.\textsuperscript{21} This antagonism will strengthen in the immediate future. Indian Ocean has now suited a phase of geopolitical bitterness due to the overflowing physical capitals it controls. The coastal countries of the Indian Ocean are also seen with steady rise in their power.\textsuperscript{22} Positioned at the upper position of North Arabia Sea, Gwadar benefits Pakistan connect with four essential and resource-rich areas of the domain: South Asia, China, Central Asia, and Iran. Even Russia and Mongolia are connected by this geographical convenience.\textsuperscript{23}

China would be a chief beneficiary of Gwadar port. Though being a large country, Beijing’s western sections are far-flung from the maritime, but China cultivates in economic and armed height, it wishes to safeguard accord and amity within its borderlines. It has, therefore, currently commenced compensating extra responsiveness to its western regions. The belongings of China's profitable alterations in these expanses are already fetching distinguishable.\textsuperscript{24} For instance, Xinjiang, the western-most province of China associated to Pakistan's boundary, displayed a trade of $ 33 billion in 2013 as paralleled to $ 22.8 billion the previous year.\textsuperscript{25} Similarly, its GDP designed to $130 billion, a year on increase of 12 per cent. There is also substantial intensification of travel in the province. China's western region is like Baluchistan. Xinjiang lodges 56% of the country's land mass and 6% of its populace. It is lush in mineral capitals, but tiniest industrialized and lagging than rest of areas. China has been advancing great sum of incomes in Xinjiang to transport it at equivalence with additional domains.\textsuperscript{26}
Gwadar Port, being a doorway to the Persian Gulf at the Hormuz Strait, deals numerous harbor facilities like show-casing and storing of sea assets, cargo, trans-shipment, and engineering amenities for regional and extra-regional main actors, as well as for UAE, Gulf States and European nations. With the enlargement of Gwadar Port, all trade to and from Central Asian States is absolutely working to approve the littlest obtainable route via Gwadar and the trade remunerations are anticipated to proliferate. The supported investments and manufacture have succeeding consequences on Gwadar Port. Being the only commercial port at Karachi, around 70 per cent of national revenue comes from Karachi for the past many years. In the extended way, Gwadar Port is possible to produce gargantuan incomes for the state by postulating transit and trans-shipment facilities to several republics. This would transform the structure of national revenue.

**Regional Connectivity**

As stated prior, it is the straight and the most practicable road to aquatic for Afghanistan and utmost Central Asia states, and for Russia, exclusively throughout winter when supreme of its harbors are locked. Besides, governmental and monetary condition in Kabul hampers shipment entree to Gwadar Port. However, it seems that Gwadar has converted a decisive course for China. China is world's largest bargain in terms of purchasing power parity. Gwadar-Kashgar corridor could engender incomes that would not only be produced by transport fees alone, but uncountable engagement and occupational openings will be fashioned along the passage.

**CPEC**

The edifice of Gwadar Port has developed a milestone in China-Pakistan relations. It has been known as an enterprise for cooperative local economic undertakings. It is a profitmaking harbor, which can help local states. For China, this project has two important benefits. First, it has prospective to offer the direct path to the western China, where China has set up its major economic sectors. Thus, by exploiting the economic corridor, China can effortlessly stipulate its goods to the Middle Eastern marketplace. The Xinjiang province is almost 4000 km away from any core littoral metropolises of China. Through this route, the distance and the cost will be reduced considerably.

Source: China Daily, Beijing, 2012.
Furthermore, the planned Gwadar-Xinjiang energy pipeline would postulate a protected, sheltered and inexpensive energy stock to China. Gwadar deals abundant of moneymaking prospects to China and its geo-strategic situation can specify a point where China can smoothly assured its interests and sea lanes of transportation in the Indian Ocean.\(^{32}\) It has a nearby propinquity to the worldwide marine trade route that postulates additional safety to the Chinese vessels in the Arabian Sea and Indian Ocean as a whole.\(^{33}\) Pakistan has a huge potential in producing hydro, solar and wind-generated energy, while in the past little importance was given to generate new sources of energy.

### Connecting Gwadar port with KKH

Fiscal steadiness of the state is largely contingent on a robust, harmless and muted cost transportation structure. Hence, the prominence of the transportation zone has developed dominant for the country’s imports and exports. China has declared the formation of a road that would link Gwadar Port to the current Karakoram Highway (KKH).\(^ {34}\)\(^ {35}\) The Consul General of China uttered his interpretations in this regard while speaking the KCCI on September 24, 2013.\(^ {35}\) The KKH was built in 1978 offering trade services with China through land.\(^ {36}\) The up-gradation of the KKH commenced in 2006 with the purpose to improve trade dealings. The KKH, which licenses through the Khunjerab Pass, now spreads down to the growing port city of Gwadar. The enlargement of KKH will upturn lucrative undertakings and the operational capability of the usage of hefty automobiles.\(^ {37}\)

![Corridor of Opportunity](image)


### Railway Construction

The railway structure is typically recognized as the lifeline of any nation. The second main component of the CPEC is the composition and up-gradation of the railway system of Pakistan. Pakistani Railway has been a source of transport in Pakistan since its formation in 1947.\(^ {38}\) Direct rail linkages with China articulated by President General Pervez Musharraf in 2006. Government assigned an amount
of Rs. 72 million to transport a possibility learning for the structure of a rail connection with China to further improve economic dealings between China and Pakistan in 2007. The structure of new tracks and the enhancement of the old ones are also a part of the China-Pakistan Economic Corridor Project. The Authority of Pakistan has accepted mega-projects, worth $ 7.89 billion for the railways. The amount of $ 3.65 billion has been assigned for the up-gradation of the present railway pathway from Karachi to Peshawar (ML-1). A new track would be constructed from Gwadar to Jacobabad via Besima and Khuzdar at the cost of $ 4.2 billion. A protected and consistent railway linkage can safeguard China's entree to the energy-rich Middle East through Gwadar and other harbors of Pakistan.

Ni-Hao-Salam, December 2013.

The CPEC has two foremost intentions for China. First, China foresees its western region transportation network as a safe alternate route for oil and other energy sources from the Middle East to China. China has formed another oil pipeline from Central Asia which offered 86 million barrels of oil in 2013. China also pronounced to grow the ‘Maritime Silk Road' that would increase China's influence on the Sea Lines of Communication, extending from the Indian Ocean to the South China Sea. This development through Pakistan would help China to get a secure and secure oil transaction from the Middle East region and China can also have speedy export of its products from the western region's economic zones to the Middle East markets. Besides, China's western region including Xinjiang and Tibet are less developed as compared to the eastern coastal areas such as Shanghai, Guangdong, and Tianjin. The CPEC will upsurge economic growth and affluence, and it would benefit to address the complaints of the people in the Xinjiang province. After the accomplishment of CPEC, China would be able to receive cargo from Gwadar through the shortest route from Karachi to Peshawar as well. The rail linkage would also postulate the oil supply from the Persian Gulf to Xinjiang.
Transport Zone

The Government has accepted mega road and railway projects value of $ 12 billion linked to the CPEC. According to the Ministry of Planning and Development of Pakistan, $ 3.5 billion has been assigned for the construction of the Raikot-Islamabad motorway section, $ 6 billion for the construction of the Lahore-Karachi motorway and $1.6 billion has been allotted for the Metro Train Project (orange line) in Lahore. These mega-projects will be exposed new job chances for the indigenous societies and the groundwork of the country will advance.  

Energy Zone

Beijing desires to build an energy pipeline scheme sideways with CPEC. Through this method, China would be capable to make the energy pipeline venture that can easily get energy from the Middle East without exhausting the Strait of Malacca. Chinese oil tankers usually take up 16 to 25 days to reach the Gulf region. For decreasing time and susceptibilities, China would build road and rail links through Gilgit-Baltistan that would assist it to get tranquil and innocuous cargo access from Eastern China to Gwadar. Furthermore, more than 10,000 employees are engaged for the extension of the Karakoram Highway which relates to Xinjiang province. The geo-political position is redesigning the Himalayan border area and Pakistan is ready to make effort with China to postulate it a healthier place for playing an important role in the local governmental command. Afterwards the Gwadar-Kashgar energy-cum-trade corridor, there will be a new age of economic renewal in Pakistan. It is important to mention that it is not only Pakistan and China that will benefit from this project. Avenue for greater regional economic integration will be provided to the regional countries as well.  

Gwadar in the progress of Baluchistan

The formation of Gwadar Port and necessary infrastructure involving it with the rest of the province and beyond will deliver an easy entree for those minerals. Adding, Balochistan also compromises a huge fashionable economic region spread over an area of approximately 180,000 sq km. An up-to-date harbor and supportive infrastructure are compulsory to manipulate the full impending of this vital supply as well. The primary high-class economic zone of CPEC is being industrialized in Gwadar city, and the Gwadar Port Authority has completed land acquisition process for the economic zone. With the establishment of the exclusive economic zone, exports and imports will enhance significantly. In tandem with the exclusive economic zone, the Chinese company will also inaugurate a large demonstration Centre contiguous to the port for exhibition of Chinese and Pakistani products. This will be the first exclusive economic zone in Pakistan, spread over an area of 9.23 sq km adjoining to the Gwadar port. Moreover, being gorgeous in mineral and hydrocarbon assets, oceans along the coastline are also a main foundation of food. It is usual that mainstream of people along the Makran coast relates to fishing. Gwadar, as the main port of Makran, donates the most towards the total fishing catch of the province. Through further expansion of the port, the arrangement mandatory for fishing will also increase and handling and covering could be assumed at or near fishing sites.
The port still must commence its functioning, but noticeable signs of progress are already seen. Similarly, new residential areas, hotels, buildings, schools, hospitals and roads are revealing of modern trends. It is also expected to have a positive impact on the rest of the province, which had been neglected for so long.\textsuperscript{58}

**Challenges and Deterrents**

The most obvious of the challenges to the implementation of Gwadar Port is the safety. Awkwardly, some people with entrusted benefits have vexed to exaggerate anxieties about the wellbeing condition in Gwadar.\textsuperscript{59} Consequently, vital that such fundamentals are measured and confidence of the whole passage is safeguarded. The only solution to obtain this objective would be to keep the native people on board in the resolution making and employment procedure.\textsuperscript{60} Without the complete provision of the residents, it seems to be unsophisticated to trust that such a widespread project could be applied effectively. Terrorism: Another challenge is related to terrorism, and increasing insurgency in Afghanistan. It may disrupt the work because the Tehrik-e-Taliban Pakistan (TTP) is still active despite the Zarb-i-Azb operations.\textsuperscript{61} Though it is divided into small groups, terrorists could target military personnel, laborers and engineers. Similarly, on the Chinese side, the ETIM\textsuperscript{62} in western region might also produce difficulties for the land-route commercial arrangements. However, Beijing espoused adequate procedures to device the insurge. Foreign involvement: Another challenge to the CPEC is the outside rudiments vigorously funding the Baloch militants in Pakistan. Pakistan has outstretched this dispute with the neighbouring states to weed out the uprising.\textsuperscript{63} China and Pakistan have decided for a joint safekeeping apparatus for the Chinese workers in Pakistan. The convergent interests of the opposing forces may join hands to jeopardize the CPEC project. In this process, the separatists within Baluchistan could be made instrumental by India and other foreign countries. Topographical Conditions: Another issue that may generate an obstacle in the creation of the oil pipeline is the high loftiness as the pipeline will be crossing an area which is 15,000 feet above the sea level.\textsuperscript{64} This project would shrinkage the reliance on oil shipping through Indian Ocean via the Strait of Malacca.\textsuperscript{65}

**Conclusion**

The paper draws the theoretical contribution after applying qualitative and descriptive methods into it with accounts of historical background. In fact, within the historical framework, it can be assumed that Chinese promise has been vigorous in the Gwadar project and it would prove a huge source of spending and technical assistance in the ongoing growth of Gwadar. Therefore, Beijing is encouraged on finishing the scheme and engaging in infrastructural projects that would be in the geo-economic benefits of China and Pakistan. Furthermore, the vivid example of Chinese commitment is to build Three Gorges Dam near Yangzi River which completely altered the life of Mainland Chinese provinces. It is the true example of Chinese work ethics and promise to work diligently and likewise CPEC construction is not also considered as a pipe dream because China is taking benefit of its premeditated association with Pakistan and support the region develop peacefully. There is no an iota of doubt that the CPEC is a key pillar and a pilot project of China's OBOR programme. Along with critical components of
Pakistan And International Agreements And Its Impact On Pakistan’s Economy

CPEC, these investments are what the government of Pakistan calls "early harvest" projects meant to kick-start the economy.

Reference

4 Nadir Mir, Gwadar on the global chessboard: Pakistan’s identity, history and culture (Lahore: Ferozsons, 2013), 44.
6 B K Rodeni, Economic development and social change in Pakistan (Pakistan Study Centre, University of Balochistan, 1997). 45.
10 Ibid., 89.
14 S Pandian, "The political economy of trans-Pakistan gas pipeline project: assessing the political and economic risks for India“, Energy Policy, 33.5 (2005), 659–70.
18 Faheemullah Shaikh, Qiang Ji, ja Ying Fan, Prospects of Pakistan–China energy and economic corridor“, Renewable and Sustainable Energy Reviews, 59 (2016), 253–63.


23 Gulf States and Iran consider Gwadar as an emerging rival port in the region. They distress that Gwadar Port will fragment the economic and trade actions which otherwise they are relishing exclusively in Dubai and Chabahar. They also distress that Gwadar would be elevated to the level of Hong Kong and Singapore. Hence, the interest of these countries is deviating in nature with respect to the development of Gwadar Port. Chinese existence close to Gulf and Strait of Hormuz is of great strategic apprehension for the U.S and India. They alarm that their interests in the energy-resource Middle East and Central Asian Republic (CARs) are endangered. Nadir Mir, Gwadar on the global chessboard: Pakistan’s identity, history and culture (Lahore: Ferozsons, 2013). 33.


29 James R Holmes, "Gwadar and the String of Pearls.”, The Diplomat, 2013.44-49.

30 Faheemullah Shaikh, Qiang Ji, ja Ying Fan, Prospects of Pakistan–China energy and economic corridor“, Renewable and Sustainable Energy Reviews, 59 (2016), 267.


32 Ibid., 49.


35 A S Goudie, D K C Jones, ja D Brunsden, "Recent fluctuations in some glaciers of the Western Karakoram mountains, Hunza, Pakistan“; The international Karakoram project, 2 (1984), 411–55.

Baluchistan is full of natural resources but their exploration is being awaited. Its large gas reservoirs, potential oil reserves and precious materials have attracted international attention. Investors are showing keen interest in its development process. The subsoil holds a substantial portion of Pakistan’s energy and mineral resources, accounting for 36 per cent of its total gas production. It also holds large quantities of coal, gold, copper, silver, platinum, aluminum, and uranium. There is an estimated stock of 200 million tons of iron and 217 million tons of coal. In Saindak, gold and copper mines are estimated to contain reserves of up to 412 million tons. Similarly, RekoDiq contains 5.9 billion tons of copper and gold. The province, however, lacks proper infrastructure to exploit and transport these resources. In the 1970s, Pakistan and China signed a formal agreement for the development of Saindak copper-gold mine. The mine was leased to Metallurgical Corporation of China Ltd. (MCC) for ten years which is extended after every 5 or 10 years under the renegotiated terms of the lease. The Saindak mine is estimated to have ore reserves of 412 million tonnes containing on average 0.5 gram of gold per ton and 1.5 grams of silver per ton. According to official estimates, the project has the capacity to produce 15,800 ton of blister copper annually, containing 1.5 ton of gold and 2.8 ton of silver. The Saindak mining project has made significant contribution to the economy of Pakistan. According to Ministry of Petroleum and Natural Resources, Mines and Minerals Department, annual export of copper from Saindak project is around $ 280 million. Muhammad Saleem Mazhar, Umbreen Javaid, ja Naheed S Goraya, Balochistan (from...

55 Ibid., 71.


58 Ibid., 69.


60 Razi Syed, "China takes over operational control of Gwadar port“, *Daily Times*, 2013.22.


62 The Eastern Turkistan Islamic Movement (ETIM) is based in the Xinjiang province of China, an area populated largely by Uighurs, who are ethnically Turkic and practice Sufi Islam. ETIM seeks to separate the Uighur people, an ethnically and religiously unique group, from China to create “East Turkestan.” Historically, Xinjiang province has been briefly independent twice (1931-1934 and 1944-1949), claiming the name “East Turkistan Republic.” When the Chinese government reclaimed the region in 1955, it encouraged ethnic Han Chinese to move into the region, and forced Uighurs there to assimilate to Chinese culture.

Unrest in Xinjiang continues, with ETIM able to mobilize approximately 100 members. ETIM’s first reported attack was in 1998.According to the Chinese government, the group has continued to conduct small-scale violent attacks, allegedly with the support of al-Qa’ida and the Taliban. The current leader of the ETIM is unknown, but evidence suggests that all three previous leaders of the organization were affiliated with al-Qa’ida. The Chinese government has increased security and military measures in Xinjiang, which has led to repressive treatment of all Uighurs. According to ETIM, the Chinese government has overemphasized the threat posed by their organization, although al-Qa’ida and the Taliban are cited as the ETIM’s most significant allies and sources of funding, weaponry, and training. Xu, Beina, Holly Fletcher, and Jayshree Bajoria. 2014. “The East Turkestan Islamic Movement (ETIM).” *CFR Backgrounders*. September 4.23.


64 Ibid., 80.