

STRENGTHENING GEO-STRATEGIC BOND OF PAKISTAN AND CHINA THROUGH GEO-ECONOMIC CONFIGURATION

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Abstract. An intimate relationship between Pakistan and China is not a novel phenomenon. For decades, they have been ‘all-weather’ friends – both countries enjoy enduring and deep-rooted ties. Initially, China and Pakistan were involved in a geo-strategic context, but since the end of the Cold War, their relations have increasingly become multidimensional. China emerged as an economic regional power, and over the years has been successful in generating her own sphere of influence by developing a huge export capacity along with a robust market. Pakistan had her own way with a long history of rivalry with India and then fighting the war against terror that dragged her into destitute economic conditions. India’s increasing interest and influence in the region and her growing cooperation with the US alarmed both Pakistan and China. Reciprocating, Pakistan and China agreed to build a “One Belt One Road” project; also known as the China Pakistan Economic Corridor. This study helps in analyzing the addition of the geo-economic aspect in the geo-strategic Sino-Pak relationship with reference to the China Pakistan Economic Corridor in the transitioning geo-political scenario.

Keywords: China, Geo-economic, Pakistan, Geo-strategic, National interest, Economic development

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I. BACKGROUND

The twenty first century has seen a paradigm shift from strategic alliance to the establishment of economic cooperation between countries around the world — the national interest and security of the state being the determinants of this cooperation. States redefine their interests and reshape their policies owing to the realization that it does not seem possible for them to preserve their welfares with their existing capacities (Abid and Ashfaq, 2015). Apex-level talks and diplomatic consultations are traits of a robust partnership between nations in a variety of fields, such as industrial ventures, development programmes, defense, infrastructure and other areas of cooperation (Noor *et al.*, 2008).

For decades, China was deemed as a ‘sleeping giant’ that has awakened and now playing a key role not merely in South Asia but in the entire world. President Xi Jinping’s predecessor Xiaoping followed a conservative foreign policy based on “hide your strength, bide your time, never take the lead”, however the current premier, President Xi, calls for a more vigorous, activist and assertive foreign policy, and dreams of a “strong and powerful” Chinese state.

The Peoples Republic of China (PRC) and Pakistan’s relations date back to 1950 — very soon after the creation of the PRC. The long history of camaraderie between the two is underlined by mutual trust and assurance. Mao Zedong, the Chairman of the Chinese Communist Party announced that the PRC was ready to establish diplomatic ties “with any foreign government willing to observe the principle of equality, mutual benefit and mutual respect for sovereignty and territorial integrity” (Mahdi, 1986). Pakistan, in 1950, responded to his call by recognizing the PRC. In 1954, Chinese Premier Chou En-Lai made a statement that summed up one consistent aspect of the Chinese foreign policy by stating that “.... all people should have the right to choose their own state system and way of life without interference from other nations revolution cannot be exported” (Mahdi, 1986). In spite of believing in an absolutely opposing ideology, Pakistan accepted the Chinese notion at first, thus, rendering it possible for two states with different socio-political systems to establish durable ties. Secondly, Pakistan was convinced that the PRC harbored no designs of territorial aggrandizement against her neighbors. Thirdly, Pakistan concurred with the Chinese that there was no actual ‘conflict of interests’ between the two. Therefore, Sino-Pak relations were founded on a very cordial footing.

Maintaining a wholesome connection with China has been a vital feature of Pakistan’s foreign policy. Pakistan helped China in sustaining the balance

of power in the region (Iqbal, 2015). The Chinese President, Hu Jintao (2003) explained China's "Good Neighbor Policy as part of a strategy of peaceful development which China sought to promote as an interdependent, rather than competitive, relationship with her neighboring countries and the world" (Iqbal, 2015). In 1966, armed assistance between China and Pakistan began, in 1972, strategic partnership was developed and in 1979, economic collaboration commenced. The relationship is said to be 'higher than the mountains' and 'deeper than the oceans'. Following are a few key events in Pakistan and China relationship.

In September 1950, Pakistan voted in favour of a resolution challenging the right of the Nationalist Chinese representation in the United Nations, and asked for the seating of the true representative of the Beijing government. Pakistan also supported the 'One China Policy' and in 1951, trade relations between the two were firmly established.

In 1954 and 1955, Pakistan joined SEATO and CENTO respectively due to her search of security against India (Syed, 1974). These pacts were initiated as a cordon solitaire to contain the Soviet Union and China. Meanwhile from mid fifties to early sixties, Sino-Pak ties were somewhat dented. The decade of the sixties eventually saw a consolidation of the Sino-Pak friendship. In 1961, Pakistan viewed her role as an ally of the West, and renewed her links with China as well. Pakistan again voted for China's seating in the United Nations.

The Peoples Republic of China also offered military, technical and economic assistance to Pakistan. China has been a sturdy supplier of military apparatus to Pakistan since 1962, along with establishing ammunition factories and providing technical support. During and after the Sino-Indian border conflict of 1962, vast quantities of weapons began to pour in India from the US, radically upsetting the power balance in the region. Washington insisted that the arms were intended to hold the line against China, Pakistan, however, had no assurance that these arms would not be used against her. Beijing taking cognizance of Pakistan's policy shift, in 1961, announced her willingness to resolve the Sino-Pak boundary conflict. Both the countries formally agreed to locate and align their common border and in 1963, a border agreement was concluded. In 1963, Pakistan and China entered into an agreement granting each other the most favoured nation status in trading and shipping, thus, furthering their trade relations. In 1963, due to Pakistan's changing perceptions and developments in Pak-China friendship, Washington postponed a \$ 4.3 million fund to Islamabad. Later that year, the US Under-Secretary of State, George Ball visited Pakistan and tried to

convince President Ayub that China was a real threat to the subcontinent and that India and Pakistan needed to cooperate on matters of defence and that the Pak-China friendship also violated the spirit of the Pak-American alliance, but President Ayub did not agree. During the same year, China for the first time abandoned her neutral position on the Kashmir issue and endorsed Pakistan's stand for a plebiscite. In February 1964, Chou and Ayub issued a joint statement and expressed the hope that the Kashmir problem would be determined "in accordance with the wishes of the people of Kashmir as pledged to them by India and Pakistan" (Butt, n.d). Post the Tashkent Agreement, Pakistan rejected the Brezhnev Doctrine because it was directed against China's interests.

Later in 1964, China gave a \$ 60 million interest-free loan to Pakistan. During the Rann of Kutch dispute and the 1965 Indo-Pak war, China supported Pakistan's position against India and provided her with military equipment during the war when the US had cut off supplies of weapons – the main source of weapons for Pakistan. On the other hand, India continued to receive weapons from the Soviet Union. Later in 1966, Pakistan and China made an agreement to develop a heavy machinery complex at Taxila. The 1970s brought in marked contrast to the 1960s given the external forces and pressures that Pakistan-Sino friendship had to bear. In the Indo-Pak war of 1971, China failed to aid Pakistan but supported her later in the United Nations. In 1978, the Karakoram highway linking Gilgit with China was formally opened. Later on, Pakistan built a 300-megawatt nuclear power plant with the help of the Chinese. All this became the foundation of a new era in the bilateral relations between the two countries, which have continued to be uninterrupted till to date.

II. GEO-STRATEGIC COMPULSIONS IN PAK-CHINA RELATIONS

China in the early period of her inception opted for a closed-door policy. Pakistan-China strategic relations began after the two countries signed the Border Agreement in 1963, which was intended to counter Indian and regional American influence. The bond between Pakistan and China is, therefore, crucial because it enables China to limit Indian ambitions to rise as a regional power, to counter-balance the emerging US-India partnership and to enhance her standing against India. The US is desirous of maintaining a situation wherein she remains a dominant actor in the region; the US-India Civilian Nuclear Agreement signed by President Bush in 2006 reveals this aspiration. Resultantly, the US is firm on holding its military presence in the region particularly in Afghanistan. She is dynamically engaged in a

“strategic” rapport with India to buttress her regional dominion with a vision to check China’s admission to the Persian Gulf and the Arabian Sea through Pakistan. India attained a convenient umbrella to follow her own time-honored antagonistic agenda against Pakistan. In spite of the coalition with Pakistan in the war against terror, the US is employing all means, both overt and covert, to pressurize Pakistan in sustaining her agenda in the region. Moreover, India’s Pakistan mania, her hegemonic designs and territorial clashes further strengthened ties between Pakistan and China so that India’s anti-Pakistan aspirations may be checked.

China’s opening up overlapped with the Soviet breakdown and this shaped prospects for China to develop her economic scope in Central Asia, meanwhile the newly liberated Central Asian Republics (CARs) were also worried about their economic improvement.

The strategic alliance between Pakistan and China, that was previously intended to counter Indian and regional American influence, opened up new dimensions of economic activities and infrastructure development in the region. The regional policy, from China’s perspective, consisted of generating a synergy of collaboration in matters of trade and energy with the CARs and contiguous states for mutual development. Pakistan, in these circumstances, acts as a regional prop of China and Central Asia that can play a part in her own domestic progress along with development in Central Asia by increasing trade, transport and energy links. This cooperation would also be beneficial for the whole region and the small states, especially the energy-rich CARs. In order to fulfill the strategic needs of China, Pakistan always supported her development policies and halted instability in the Xinjiang province from the Uyghur-related militancy.

III. SINO-PAK TRADE RELATIONS: A BRIEF HISTORY

China, the biggest neighbor of South Asia, has projected soft power towards the region. She is the world’s second largest economy. With the increasing economic and social developments, China is hovering to play a central role in every area of international relations while positioning herself as a centre of growth (Bahera, 2015). “Since 1978, she has pursued a policy of gradual transition from a centrally planned economy to a market-based economy coupled with an ‘open door’ policy that involved substantial liberalization of international trade and investment regime” (Tennakoon, 2012). Improved port connections, more roads, up gradation of border infrastructure and deepening political and trade relations are rapidly altering the entire range of

China-South Asia relations. Chinese goods can be seen everywhere – by developing port facilities in this region; she will open and expand markets for goods and services.

Pakistan and China have convergent interests and shared goals for a common stake of regional peace and stability. China has transformed her contiguous zones into a commercial nucleus. Pakistan and China established trade and commercial ties in the 60s. In 1963, the first bilateral trade agreement was signed between them. In 2006, and later in 2009, both countries signed Free Trade Agreements (FTAs).

China is Pakistan's greatest economic hope and the second-largest trading partner after the United States. Mutuality of interests and growing economic relations mainly in areas of trade and investment are the hottest trends. Both sides have inked numerous agreements in the field of economic cooperation and free trade.

With the changing regional and international apparatus after 9/11, Pakistan-China relations took a new dimension of understanding and cooperation. In 2002, China started to heavily invest in the Gwadar deep-sea port. In 2008, a railway via the Karakoram Highway to connect China's rail network to Gwadar Port was approved for construction. In 2013, the Gwadar port was handed over to the state-run Chinese Overseas Port Holdings after earlier being managed by Singapore's PSA International (Small, 2015). Beijing is also believed to be involved in transforming it into an energy-transport hub (Panday, 2012).

China Pakistan Economic Corridor (CPEC) – the latest mega venture between the two nations – shall accomplish its politico-economic purposes via trade and development and will be effective in generating constancy in South Asia. Subsequent to its completion, it will function as a crucial and focal point for trade amongst China, Middle East and Africa. The corridor will shorten the 12,000 km long route that takes the Middle East oil to the Chinese ports (Abid and Ashfaq, 2015).

In May 2014, Pakistan and China signed a deal to commence a Metro Bus project in Lahore and an Orange Line track would also be built. In April 2015, 51 memorandums of understandings (MOUs) were concluded, along with the plan of the CPEC. The bilateral trade along with deeper economic integration through linkages in trade, energy, communications, infrastructure, and connectivity will strengthen the process of economic development and a prosperous destiny may be shared. Annual trade between Pakistan and China, according to latest statistics, has increased from less than US \$ 2

billion in 2006 to US \$ 16 billion by 2015, and with a 12 percent annual increase (The Nation, 20 March 2015) it is expected to further increase to US \$ 25 billion by 2017, therefore further consolidating the relationship.

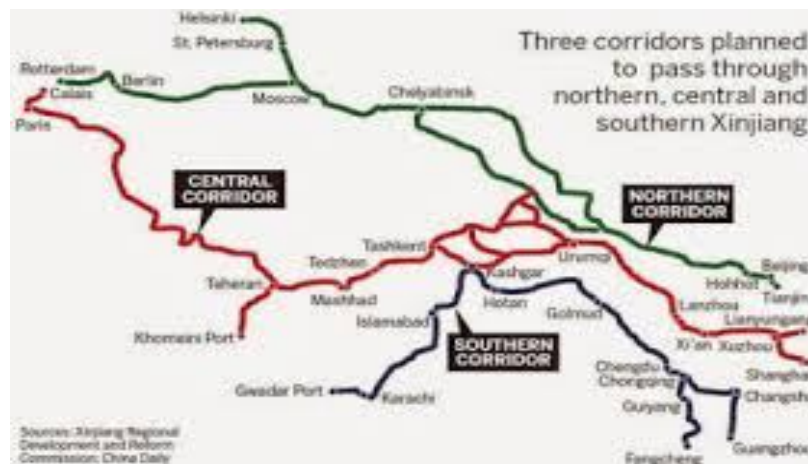
IV. THE ‘BELT AND ROAD’ POLICY

The “One Belt One Road” plan incorporates an area with a population of 4.4 billion and a total economic volume of US \$ 21 trillion, which is 29 percent of the world’s total (Liping, 2015). It is envisioned that the plan would knit much of Asia, Europe, Africa, and the Middle East more close via latest infrastructure and free trade zones (Catanza *et al.*, 3 July 2015).

V. CPEC AND ITS GEO-STRATEGIC DYNAMICS

CPEC is another milestone in the development of Pakistan-China relationship. Pakistan is a significant strategic partner for China in order to get access to the Central Asian economies, Southern Asian region, Africa and Middle East. The deep-sea port of Gwadar offers direct access to the Indian Ocean and beyond (Abid and Ashfaq, 2015). With this insight, Pakistan allowed Chinese direct investment as China is elevating her levels of economic development and her strategic status in the Indian Ocean. In the milieu of altering regional and international scenarios, CPEC, in order to safeguard common interests, represents a model of cooperation, coordination and strategic communication between China and Pakistan to reinforce connectivity in areas of trade and economy with states in the region to fulfill increasing energy needs and enhance exports.

China Pakistan Economic Corridor



Source: China Daily, 2 September 2013

As the CPEC is said to be a game-changer (Iqbal, 2015), Pakistan may become a nucleus of trade and commerce that will establish numerous trade and economic zones, roads and railways infrastructure. If the corridor becomes operational, it may enhance economic and trade collaboration in the area that will truly contribute to attaining regional peace and stability (Sial, 2014).

Chinese Premier Li Keqiang visited Pakistan in 2013 and unveiled the proposal to construct the CPEC. The Chinese President Xi Jinping visited Pakistan and brought forward the prospects of stability for Pakistan in the future (Irshad, Xin and Arshad, 2015). The passageway is situated where the Silk Road Economic Belt and the 21st century Maritime Silk Road meet – reflecting that regional amalgamation is an unavoidable measure that needs to be taken to satisfy the demands of a globalized world.

China's String of Pearls and Its Indian Response



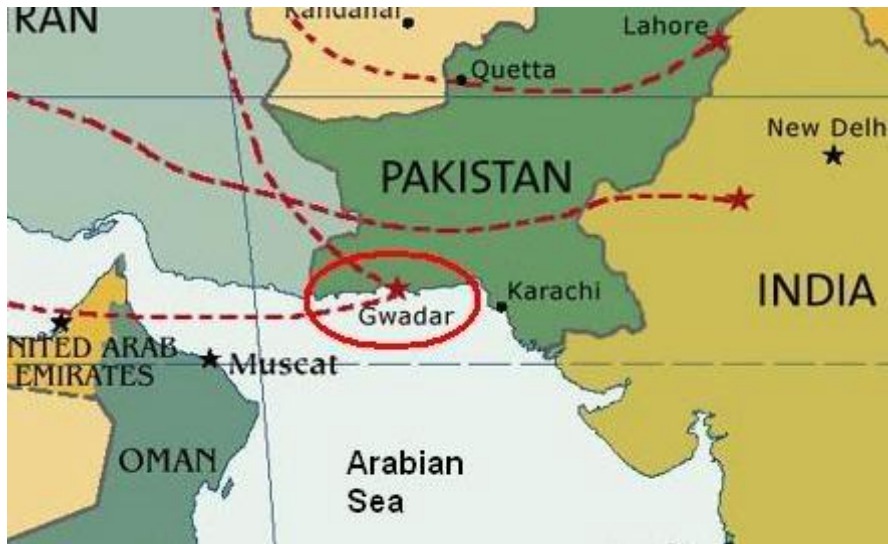
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Hamilton's (an American consulting firm) famous geopolitical thesis of the development of a 'String of Pearls' by China reflects the aspirations of

the Chinese state to establish and exert its geopolitical influence over major communication choke points on the Indian Ocean and it does so by magnifying its naval presence in the Ocean. The interest of China in the development of the Gwadar port reflects its ambition of further strengthening its presence in the Indian Ocean. About 80 percent of China’s oil passes through the Strait of Malacca – the dependency on this particular maritime passageway renders China to develop its naval power in the Indian Ocean.

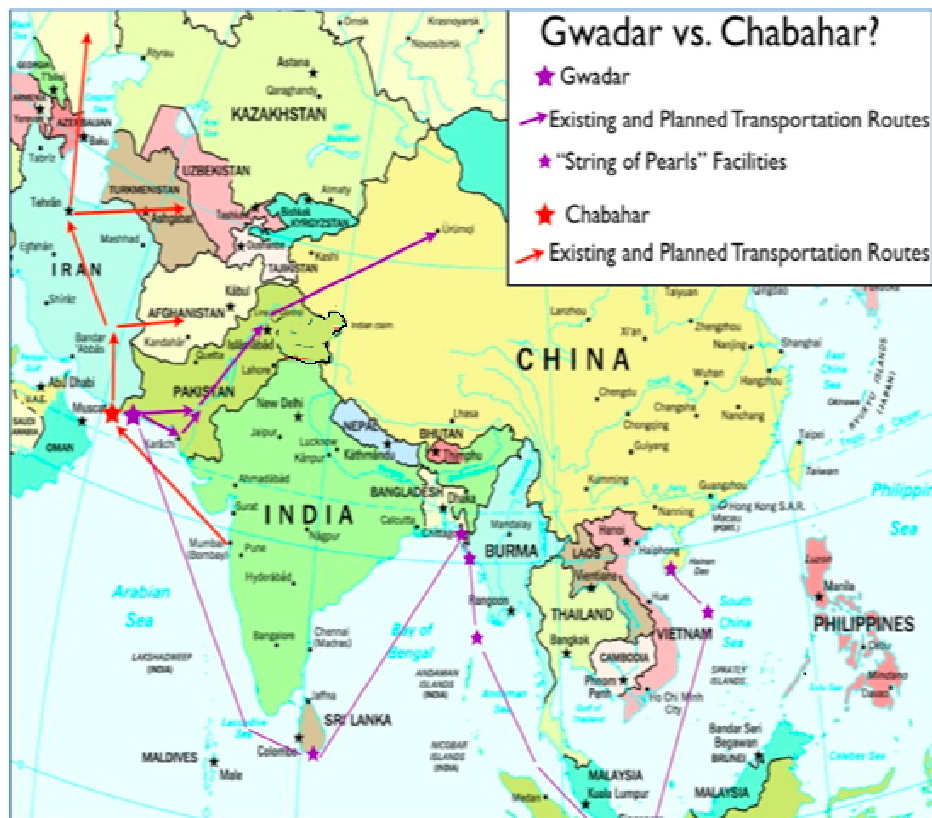
VI. GWADAR PORT AND ITS SIGNIFICANCE

The Gwadar port will operate as a tail of the New Silk Road, which will connect China’s Kashgar to different communication networks (Abid and Ashfaq, 2015). It holds an essential position in the CPEC venture located close to the Strait of Hormuz, through which about 40 percent of the world’s oil supply flows. “Gwadar as a key shipping point could play a key role in ensuring China’s energy security as it provides a much shorter route than the current 12,900km route from the Persian Gulf through the Strait of Malacca to China’s eastern seaboard” (Chowdhury, 2013).



Source: [http://www.dailykos.com/story/2009/5/9/729750/-](http://www.dailykos.com/story/2009/5/9/729750/)

The port is intended to change Pakistan into a center of “commercial activities among the energy rich Gulf and Central Asian states, Afghanistan, and China, and to offer the Pakistan Navy with strategic depth beside its coast as a marine base” (Syed, 2013). Gwadar will also permit China to expand her import routes for crude oil and broaden her influence in the Indian Ocean.



Source: <http://geocurrents.info/wp-content/uploads/2011/05/Chabahar-vs-Gwadar-map.jpg>

The CPEC shall play the role of an energy corridor for China, as it lets China import oil from a much shorter route. The CPEC also holds much geo-strategic significance it will put Pakistan and China in a strategic and beneficial position on the Arabian Sea, further aggravating Indian concerns.

To counter the Gwadar port, India is investing in Iran's Chabahar port. The Chabahar port will provide access to India to the Arabian Sea from another point, and will also help the landlocked Afghanistan, which has established strong and intimate ties with India.

VII. GEO-ECONOMICS: REAPING ITS BENEFITS FROM PAK-CHINA RELATIONS

Geo-economics is defined in two different manners: "as the relationship between economic policy and changes in national power and geopolitics; or

as the economic consequences of trends in geopolitics and national power. Both the notions that ‘trade follows the flag’ (that the projection of national power has economic consequences) and that ‘the flag follows trade’ (that there are geopolitical consequences of essentially economic phenomena) point to what is called geo-economics” (Baru, 2012).

The US skeptically views China’s rising economic power – it is said that the ‘Beijing Consensus’ is taking precedence over the ‘Washington Consensus’. International game changing institutions such as China’s Asian Infrastructure Investment Bank (AIIB) are facilitating China in achieving its geopolitical goals and in its global economic proliferation. When Britain signed up for the AIIB, analysts asserted that Britain has now become a player of China’s global geo-strategic and geo-economic game. The CPEC and the new Silk Road are also said to be Chinese instruments in its geo-economic game.

Geo-politics and geo-economics are interrelated, however the latter might outmaneuver the former as the use of armed forces has now become rare and war by commercial means is now the principal focus of global clashes. Therefore, “geo-economics reflects the interdependence of global and national economies” (Khan, 2003).

The global politics of the twenty-first century have assumed a new demeanor. Competition among countries has taken a new form; competitors are now more interdependent. With the switch away from bipolarity, globalization grew and geo-strategic primacies were reformulated to give more emphasis to geo-economic considerations. Regionalism, within the process of globalization, gained significance in making regional cooperation frameworks that focused on economic integration and common development. The world has therefore become interdependent in bilateral, regional and intra-regional contexts. The economic integration between regional actors is deemed to be a source of global prosperity and peace.

South Asia is one of the least integrated regions in the world; where intra-regional trade is only 3-5% of the total trade of the region, representing just over 1% of regional GDP (Tyagi, 2015). For trade and development, states in the region must come together. China is concerned with the economic development and stabilization of the region especially her southwest flank - Pakistan and Afghanistan. Now Pakistan and China are attempting to create a new alliance, outside military cooperation, through economic cooperation that will further cement the Pak-China friendship. The proposed economic corridor of around \$ 46 billion (that is around 20 per cent of Pakistan’s annual GDP), measuring around 3000 km, and offering

Pakistan with required economic infrastructure, will link the northwestern region of China's Xinjiang province with the Gwadar port in Pakistan via roads, railways and pipelines network. By connecting its west to the Gwadar port, China aims at speeding up its economic development, as it is the closest outlet than any Chinese coastal port. The economic corridor will benefit trade between China, Pakistan, India, Afghanistan and eight other Central Asian states flanked by both China and Pakistan.

WHY IS CHINA PLAYING THE GEO-ECONOMICS CARD?



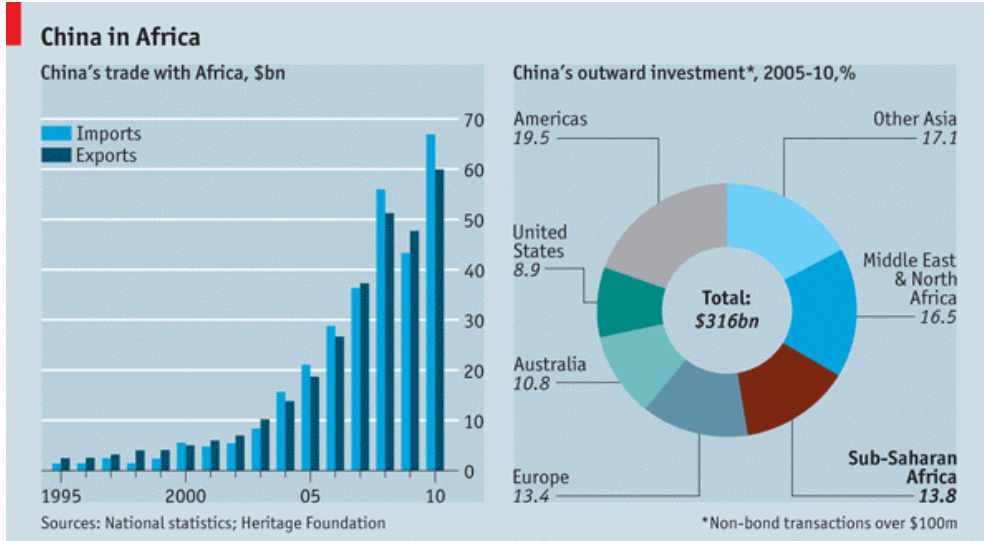
Source: https://upload.wikimedia.org/wikipedia/commons/b/bb/Strait_of_malacca.jpg

China's current greatest concern is energy security. Presently, its oil shipments pass through the Strait of Malacca the Chinese are under a constant threat of a US blockade of the Strait. Henceforth, a more reliable and shorter route via Pakistan is the solution to China's energy security issue.

The CPEC will provide the Chinese proximity to the mineral-rich areas of Pakistan and Afghanistan – further fulfilling its energy security agenda. It is also worth mentioning that the CPEC shall also give the Chinese contiguity to the oil and gas reserves of Iran, the untapped gas reserves of Afghanistan, and to the gas and unexploited oil reserves of Balochistan.

China has been heavily investing in Africa in the recent past few years; in 2008 the figure was US \$ 7 billion and it reached a whopping US \$ 26 billion in 2013 (Wharton School, 2015). The West is greatly worried about the 'burgeoning influence' (*The Economist*, 2015) of the Chinese in the

African continent, as the Chinese have increased their investment and trade levels with the African states considerably.



Source: http://www.economist.com/blogs/dailychart/2011/04/chinese_africa.

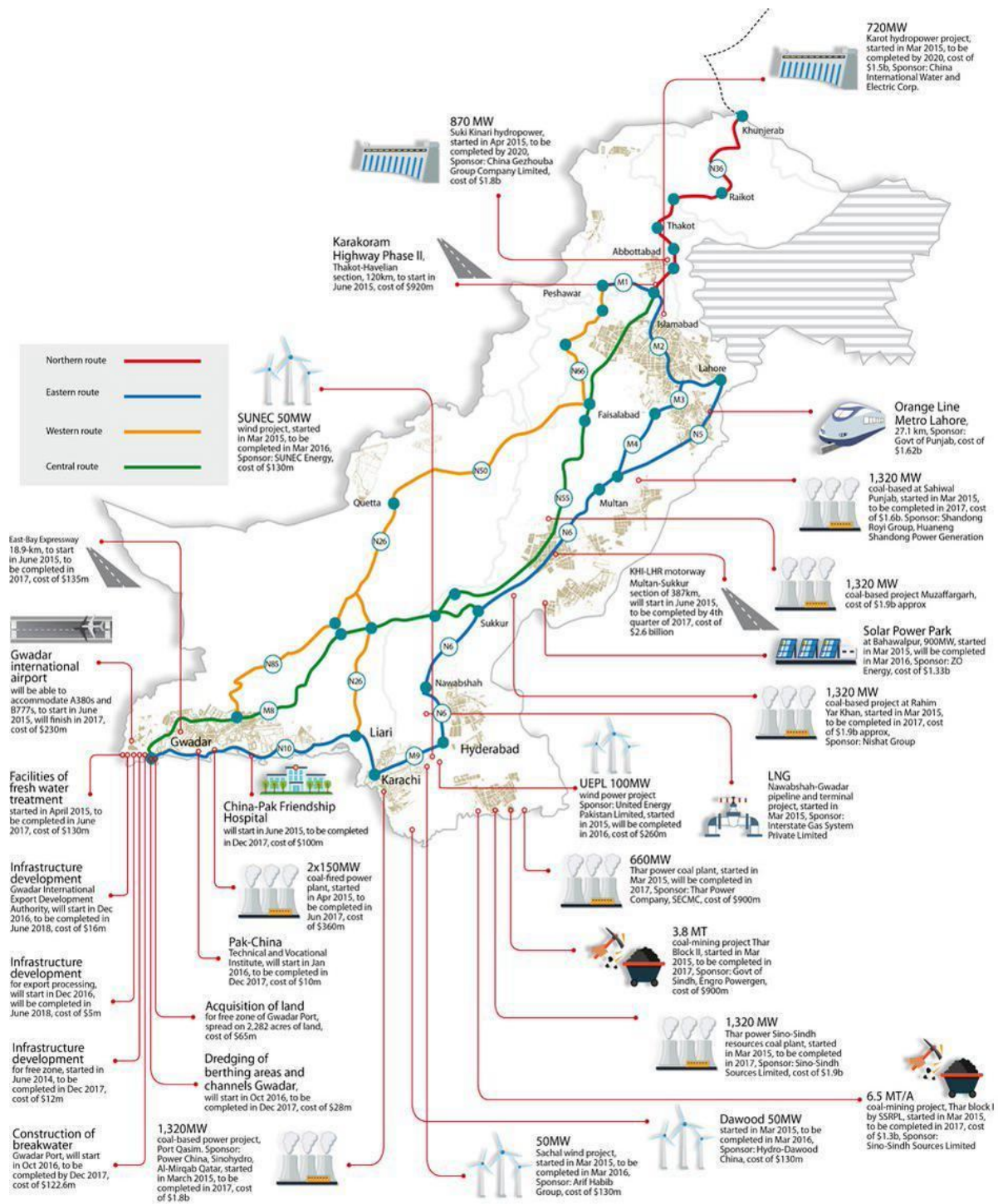
Satisfying its African and Asian geo-economic scheme, the CPEC will also give the Chinese a closer passage for trade with Africa and will also ease the transport of capital and machinery from China to Africa.

India is dismayed by the CPEC and stridently opposes the corridor passing through Kashmir. Premier Modi said that the project was unacceptable and lifted the matter with China which she laid off by asserting that it was just a business venture. India, with a huge economy, aspiring hard to become a global power and wanting to expand her influence in Central Asia for trade and energy transportation, has taken ardent interest in Iran's Chahbahar Port. All the more, Pakistan's land routes could be used for trade through Chahbahar if the two countries could confide through economic integration.

BENEFITS TO CHINA

Chinese growth strategies are export-led and for this reason she desires to expand trade routes. From numerous projects including Gwadar project, China is likely to benefit strategically and economically.

- An oil shipment from the Gulf to Strait of Malacca to China takes 45 days to reach its destination, whereas via the Gwadar port, the same oil shipment will reach China in just 10 days.
- The project gives China access to the Indian Ocean and beyond.



Source: <http://forpakistan.org/cpec-progress-and-prosperity-for-the-next-15-years/>

- China will be able to advance her influence in Central and South Asia.
- China is the largest oil importer in the world. For her, energy security is of great concern. A pipeline will shorten thousands of kilometers of ocean trek via Southeast Asia.
- The projected Corridor will shorten the route for China's power imports from Middle East by 12,000 kms (Jidong, 2013: 118).
- A link will be offered to China's undeveloped far-western region to deep-sea port of Gwadar on the Arabian Sea via Kashmir through an intricate network of roads, railways, pipelines, energy and business zones.
- The project will boost trade with CARs, the Middle East and Africa.
- Gwadar port gives China a strategic location in the energy rich Caspian Region.
- The deep-water Gwadar port at the mouth of the Strait of Hormuz is very economical for China. She gets an opportunity to use the direct approach to Gulf of Aden and Persian Gulf merely traveling 2500 Km on the existing Silk route.
- Gwadar Port can allow China to oversee the Sea Lines of Communications (SLOCs) (just 460 km away from Karachi); to monitor the maritime US occupation in the Persian Gulf, and the Indian Naval Bases of Gujarat and Mumbai. Approximately 60% of China's power resources approach from the Persian Gulf and are carried through this route (Ashraf, 2015).
- The management and usage of the Gwadar port under the Chinese lets China establish its presence on the Indian Ocean and near the Strait of Hormuz. This also lets China add Gwadar to its 'string of pearls'.

BENEFITS TO PAKISTAN

Pakistan welcomed Chinese investments for social and economic development that are likely to develop infrastructure, roads, highway, ports, and energy and communications sectors.

- Gwadar port, on the Balochistan coast, is expected to encourage investments, boost trade flows and serve as a regional hub for commercial traffic that can influence the geostrategic milieu of the region. Pakistan will gain profits in transit fees (Azeemi, 2007).

- Chinese marine presence is expected to advance Pakistan's coastal defense. Gwadar will also buttress Pakistan to check SLOCs starting from the Persian Gulf and bottleneck the Strait of Hormuz (Jidong, 2013).
- The port will facilitate transmission of Central Asia's huge power resources to world markets.
- The inception of international trade via Gwadar will create new stakeholders in Afghanistan that will help in normalizing situation in the war-torn Afghanistan.
- The project will boost trade with CARs and the Middle East.
- The project can fulfill Pakistan's energy needs that are beyond her indigenous production. It would make an effort to mend Pakistan's dilapidated power infrastructure. By 2017, some \$ 15.5 bn worth of wind, coal, solar and hydro energy projects would be materialized and add up 10, 400 megawatts of energy to Pakistan's national grid (Bhattacharjee, 2015).
- Outside the CPEC framework, China plans to build more than one billion USD worth of infrastructure in Pakistan; including a six-lane 1,240 km expressway between Karachi and Lahore which is scheduled to complete by 2017, up gradation of Karakoram Highway, and modernization of transportation in Rawalpindi, Karachi, Lahore, and three other Pakistani cities.
- Pakistan and China were geostrategic allies, and are now moving forward towards being geo-economic partners also.

AREAS OF DISCOMFORT

The successful implementation and well-timed completion of the China Pakistan Economic Corridor project is contingent upon several factors. The government of Pakistan and especially the government of Balochistan must ensure that the security environment of the areas through which the CPEC will pass through is safe and protected. The Pakistan Army has established a Special Security Division (SSD) for safeguarding the lives and properties of the construction and administration personnel of the CPEC.

Although the bond between China and Pakistan is said to be indissoluble, it may become weaker due to any misapprehensions between the two on the issue of the Uyghur militants, upon which China has doubts that non-state actors in Pakistan train them, and these militants then travel to China through the Xinjiang province.

Another factor that may dampen the spillover benefits of Pakistan and China's geo-economic alliance is Pakistan's participation in the War on Terror (WoT). The WoT has led to the destruction of life and property in Pakistan and has gravely affected peace of this nation. However, the ongoing Operation 'Zarb-e-Azab' against militant outfits in North Waziristan, which is contiguous to Afghanistan, has led to a reduction in the terrorist attacks in Pakistan. In September 2015, *The Washington Post* published a report and stated that Pakistan has seen a 70% decline in the annual number of terrorist attacks.

Lack of good governance, widespread corruption and incompetent public institutions add to the list of the concerns of the Chinese government and companies willing to invest in Pakistan.

VIII. CONCLUSION

Traditionally, the main motives behind the strategic alliance and close collaboration between Pakistan and China were to counter India's increasing influence, regional American influence and to sustain the balance of power in South Asia. It appeared that ever since the Bandung Conference at which Pakistan and China came close to each other, developments in the relations of the two countries had been watched with apprehensions by India. With the changing international scenario, due to the process of globalization, trade and economic relations started between Pakistan and China. The CPEC is a game changer project under the emerging Chinese geo-economic scheme – a 2,000 km transportation link from Kashgar, China to the Arabian Sea. Pakistan faces multiple challenges in the execution of the CPEC project, yet it can yield many gains from this pivotal scheme.

Pakistan and China's relationship is likely to bolster and become more vibrant in the coming future as the attractive geo-economic dimension is intensifying and deepening their geo-strategic alliance; thus, further fortifying and reinforcing their association.

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