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CHINA-PAKISTAN ECONOMIC CORRIDOR AND ITS GEOPOLITICAL IMPLICATIONS

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The China-Pakistan economic corridor is a significant bilateral agreement which has the potential to reconfigure the geopolitics of the South Asian region. China is set to invest \$46 billion in this economic corridor which runs from Gwadar, a deep sea port in the province of Baluchistan in Pakistan to Kashgar in China's northwest province of Xinjiang with roads, railways and pipelines.ⁱ

The Gwadar port lies on the conduit of the three most commercially important regions namely - West Asia, Central Asia and South Asia.ⁱⁱ It is expected to become a terminus point for trade and energy corridor emanating from the Central Asian Region.ⁱⁱⁱ Operational control of this port gives the Chinese strategic and geopolitical advantage for the following reasons: First, the port is strategically located not far from the Strait of Hormuz and at the mouth of the Persian Gulf. This will allow China to monitor the vulnerable sea lines of communication as 60 per cent of its crude supply comes from West Asia. Moreover, most of its supply will be moved through this port which will save China millions of dollars, time and effort. This in a way will help reduce its dependence on the Strait of Malacca. Second, the Chinese face considerable economic and strategic challenges from the US presence in the Asia-Pacific and the Gwadar port will provide a listening post to keep a tab on the US naval activities 460 kilometres further west from Karachi and away from the Indian naval bases.

Third, the Chinese have expedited the process of developing Gwadar around the same time as US announced withdrawal of forces from Afghanistan, thus allowing them to conduct economic ventures in Afghanistan and other Central Asian countries. The Chinese aim to use Pakistan as a pipeline corridor to procure oil and gas from West Asian countries, especially Iran. China has also shown interest in joining the US\$7.4 billion Iran-Pakistan gas pipeline, a project that faces stiff opposition from the US.^{iv}



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China-Pakistan Economic Corridor

Source: Economic Times

The development of this economic corridor is a win-win situation for both Beijing and Islamabad. This holds tremendous potential as it would increase economic prospects and activity in Pakistan. The pre-existing ports, Karachi and Qasim, cannot handle much more traffic and Gwadar will help accommodate the increasing domestic demand. It will also enable Pakistan to expand its interactions with Central Asian countries and Afghanistan as in the case of China.

The shift of operations in Gwadar into the hands of the Chinese is certainly a matter of deep concern for the major stakeholders in the Indian Ocean, particularly the United States and India. Therefore, China's ability to get more access to the Indian Ocean through the port of Gwadar is detrimental to the commercial and strategic interests of both the US and India.



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India is apprehensive that Pakistan will not only exert influence over the oil supply passing through the region but may also prohibit India's oil and gas supply. A point which merits study is the Turkmenistan- Afghanistan- Pakistan- India (TAPI) gas sharing agreement signed by these countries. It will be a gas pipeline flowing through Turkmenistan, Afghanistan, Pakistan and India binding Central Asia and South Asia. It is widely believed that this would solve Pakistan's chronic gas shortage which costs the country 6 percent of its GDP every year.

Unfortunately, other actors in Pakistan, most significantly, the Pakistani Military and the terrorist proxies are deliberately derailing this process. Two issues related to this argument are: - First, in case there is any cooperation and economic integration between the two countries, Pakistan sees it as losing its bargaining chip in negotiations to settle the Kashmir issue. Second, cooperation between India and Pakistan would undermine the view held by majority of Pakistani public that India is their potential adversary and poses an existential threat to them.^v

Nevertheless, the port of Gwadar currently is being developed for commercial purposes but in the future it can also be converted into a naval military base allowing China to deploy military capability in the region. A less publicized aspect of this deal is the eight diesel powered submarines that are to be supplied by China to Pakistan.^{vi} These submarines are conventionally armed but once they are purchased and operational, they could seriously offset India's conventional deterrence as it would make it difficult to block the ports of Karachi and Gwadar in case of war.

In addition, the Chinese investment in this economic corridor would be a game changer for Pakistan because it could bring about a transformation in the economic growth and lead to some prosperity and capital into Pakistan's failing economy.

Despite these prospects, there are a lot of challenges and hurdles for this economic corridor to reach completion. To begin with, the biggest obstacle for the successful completion of the project is the volatile region of Baluchistan and Xinjiang. The two regions are not only the largest but the least developed regions in Pakistan and China respectively, which face considerable unrest. Baluchistan separatists' insurgency which has called for independence has opposed the development of the CPEC



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in the province. The Militants do not want to see it developed unless Balochistan becomes independent. They fear that if it were ever to become a thriving port, then outsiders would flood in. That could weigh the province's demographic balance even further against Balochs.^{vii}

So this would hamper the Baluchistan movement for its freedom. While in Xinjiang also called East Turkestan has experienced the East Turkestan Islamic Movement. This militant Muslim separatist group has been responsible for many of the attacks on the Chinese in the region. Hence, Beijing would have to keep an eye for the threat of terrorists from Pakistan FATA region, the volatile Xinjiang region and a possible disruption of the economic progress. Insurgency and economic activity of this size cannot exist together.

To conclude, China is looking to strengthen its position in the international arena. A multi-billion dollar investment in Pakistan is an opportunity to widen its area of influence. With the vacuum created by the reducing United States interest in Afghanistan, Pakistan and other Central and West Asian countries, China is making room for future dalliance with those countries. Despite the staunch disapproval by India, a project of this magnitude will take a long time to be completed and till then the Karakoram highway will be the only link between Pakistan and China.

(Disclaimer: The views and opinions expressed in this article are those of the author and do not necessarily reflect the position of the Centre for Air Power Studies [CAPS])

ⁱ Muhammad Daim Fazil, "The China-Pakistan Economic Corridor: Potentials and Vulnerabilities," *The Diplomat*, 2015, <http://thediplomat.com/2015/05/the-china-pakistan-economic-corridor-potential-and-vulnerabilities> accessed on June 18, 2015

ⁱⁱ Iqra Shanaz, "Gwadar Port: Challenges and Opportunities," *INCPak*, 2015, <http://www.incpak.com/editorial/gwadar-port-challenges-opportunities> accessed on June 18, 2015

ⁱⁱⁱ Ibid

^{iv} Syed Fazl-e-Haider, "Restive Region may yet Spell Trouble for China's Gwadar Plan," *The National*, 2013, <http://www.thenational.ae/thenationalconversation/comment/restive-regions-may-yet-spell-trouble-for-chinas-gwadar-plan> accessed on June 18, 2015



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v Jordan Olmstead, "India-Pakistan Relations: A Destructive Equilibrium," *Pakistan Defence*, 2014, <http://defence.pk/threads/india-pakistan-relations-a-destructive-equilibrium.342076> accessed on June 18, 2015

vi Dr. Simrit Kahlon, "Gwadar Port Operationalisation: India, US need to Redraw Maritime Strategy," *Indian Defence Review*, 2015, <http://www.indiandefencereview.com/spotlights/gwadar-port-operationalisation-india-us-need-to-redraw-maritime-strategy> accessed on June 18, 2015

vii "Dark Corridor," *The Economist*, 2015, <http://www.economist.com/news/asia/21653657-conflict-balochistan-must-be-resolved-trade-corridor-between-pakistan-and-china-bring> accessed on June 18, 2015

