

## STRATEGIC NATIONAL PERSPECTIVE & CPEC UNDERSTANDING THE CHANGING INTERNATIONAL PARADIGMS

*Dr. Muhammad Zia-ur-Rehman\**

### **Abstract**

*National interest is considered as the top priority for the survival of any country. With the changing paradigms at regional and international level, Pakistan's national position is facing ever-changing scenario of its dynamic nature. The regional and international powers, (especially China) with their mega projects have created ripples in the region, thus changing the paradigms internationally. CPEC is among one of the paradigms, which is a Comprehensive Development Framework (CDF) that involves Chinese investments of over 46 billion dollars in various sectors including; Gwadar Port, energy projects, infrastructure development, and industrial cooperation. CPEC has been rightly titled a "game changer" in terms of its promise to transform regional connectivity through shared economic development. The paper highlights various existing as well as upcoming challenges, and presents a comprehensive solution to move forward.*

**Keywords:** CPEC, National Interest, Infrastructure Development, Changing Paradigms, SEZs, Challenges and Threats.

### **Introduction**

**C**hina Pakistan Economic Corridor is a huge initiative and offshoot of the enormous portfolio "One Belt One Road (OBOR)" initiated by China to establish its strategic and economic strength in the region.

There are many aspects leading towards mega benefits of the Chinese projects related to the 900 billion dollar OBOR concept. This is an overland project sided by the SREB (Silk Route Economic Belt) by the Maritime Silk Road (MSR). Here it is important to mention that there are multiple frameworks of OBOR, and CPEC is one of its six frameworks passing through the Pakistani landscape. When it comes to the investment point of view on CPEC, financial investment from the Chinese side is more than 46 billion US dollars, which is considered as one of the largest investments since 1947. This is supposed to be used towards strategic development as it has plan to construct mega structures intended to join the western part of China with the Pakistani new port, Gwadar,

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\*Dr. Muhammad Zia-ur-Rehman is Assistant Professor in the Faculty of Contemporary Studies (FCS) at National Defence University, Islamabad.

through a long road and railway network. This is also considered a strategic route for Pakistan as it includes road and rail track with Eastern Route, Western Route and Central Route. The whole project is comprised of many years to get accomplished. The time span for the project is set as of fifteen years that includes four phases and around fifty-one projects related to various sectors like; energy sector, strategic economic zones and rail network.

### **CPEC a Flagship Project**

CPEC is a flagship, mega and high-level project that focuses on the shifting of Pakistan's position from Geography Oriented Contingency (GOC) into a Strategically Economy Oriented Contingency (SEOC). It is considered as a strategic move by the Chinese president Xi Jinping, when he visited Pakistan and the idea was turned into a bilateral strategy of both countries.

### **Background Milieu**

There were some substantial occurrences, which pushed both the countries forward toward this mega project. Some significant initiations are as below:

- Since 1963, in January, both China and Pakistan started their economic linkages by agreeing on long-range bilateral contracts including FTA (Free Trade Agreement) in November 24<sup>th</sup> 2006. Then both started working closely with each other on economic aspects and thus operationalized the Port of Gwadar in 2007. It was also considered as state held and Chinese owned overseas port in Feb 2013, but later on it has been emerged as deep seaport of Pakistan, which is definitely going to be the strategic strength for the nation in the future.<sup>3</sup>
- Then in 2006, both countries tried to work on bilateral benefits and the then president of Pakistan, presented the idea of connecting Gwadar to China through any strong link. It was just an idea and discussed among the top leadership of the country. However there was no substantial initiation taken on it at that point of time.<sup>4</sup>
- Later, President of China initiated his strategic visits to various countries with a great policy move. He visited different countries including Kazakhstan, Indonesia and others, presenting the concept of Silk Road Economic Belt (SREB) in 2013. When President of China Xi Jinping put forth his idea, it was really appreciated by many regional

leaders. Later on the idea was named as One Belt One Road (OBOR) encompassing various projects. CPEC has become one of the significant points in OBOR because it links the West China to the Port of Gwadar strategically, and this would provide connectivity to deep seas to China and hence optional path for the transfer of oil and goods. This can enhance offering inter and intra state trade opportunities. Thus supporting the oil transfer from Middle East, linking Africa establishing connectivity with Europe.<sup>5</sup>

- The visit of Chinese Prime Minister was considered very fruitful as it resulted in establishing the secretariat of CPEC in the capital of Pakistan, Islamabad, on August 27, 2013. Later on, then Prime Minister of Pakistan, Nawaz Sharif visited China and held an elaborative discussion on the mega project of CPEC in the month of April 2014. The discussion focussed on planning of the project with the Prime Minister of China Li Keqiang. After that, for the support of the project in financial terms, Government of China allowed financial support to the Chinese companies in order to construct infrastructure and energy projects, which were estimated as more than 46 billion US dollars.<sup>6</sup> After that, this all was made official and both countries' representatives signed the contract in April 20<sup>th</sup>, 2015.<sup>7</sup>

## **South Asia**

CPEC has the potential to promote the whole South Asia into a more developed and improved region, with much better coordination and collaboration of the regional countries. Through better connectivity of Afghanistan, Pakistan, Iran, China and others, it seeks to further expand its nature to also include Myanmar the success of this project is directly linked with the commitment of Beijing and its interests. This further stretches towards Bangladesh, Nepal and Sri Lanka, which pushes itself towards achieving full potential, and fruits to be harvested from one belt one road mega project of China.<sup>8</sup>

## **Afghanistan**

As it is the fact that Afghanistan is rich in minerals, gas, oil and further resources to be explored, may turn into an economic power but the issue is that, it has no sea route to get the resources exported to other countries and parts of the World. This is considered as one of the major deficiencies of any country, to

be dependent of any other state for sea connectivity. To get the access of a sea route, CPEC can help Afghanistan, by providing it access to sea through Gwadar Port.

## **Iran**

The country has been friendly and cooperative with the initiatives of Pakistan like gas pipeline and its expansion to China. CPEC linkage is considered to develop more strategic unity among the various segments of the society having their ideal within and outside Pakistan. CPEC is understood as an initiator of the regional stability through trade enhancement. Iran is also having its port, Chahbahar, in competition with the port of Gwadar with the support of Indians. New Delhi is considered a competitor, but here it is considered as cooperative initiative instead of pure competition, because it would definitely bring economic growth, stability and prosperity to the region. This could be bilateral support to each other as mutual connectivity may bring stronger and long-term development between two great countries. Thus Chahbahar and Gwadar would be considered complementary to each other, instead of competitive to one another. Both ports would be based on sharing and coordination, which would lead both nations towards prosperity and development in the region.<sup>10</sup>

## **Central Asia**

The expansion of Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline till the port of Gwadar would augment the trade with central Asian countries in the area. This would also increase the transportation of goods and services to each other from Gwadar port. In this way, Central Asian States would also get benefit through CPEC strategically.<sup>11</sup>

## **Russia**

Russia has been a strategically important country in the international community, throughout the World history. Being super power, it has strategic stakes in various parts of the Globe. It is trying to revive its global role. CPEC and development in the world policies of Gwadar would provide opportunity to open its trade in the warm water. As a vest country and super power, Russia would get the opportunity to expand its trade routes and economic activities towards South Asia.<sup>12</sup>

## **USA**

Earlier it was believed that United States did not have any great interest in the CPEC, but later, CPEC has become part of USA's think tanks for future moves. United States of America would definitely have its strategic and security aspects linked with CPEC, but it has not shown any substantial interest in it overtly. On the other side, USA depicted its apprehension towards China that it's stretching its influence in Indian Ocean through what they call string of pearls strategy. Being the ally of both India and Pakistan, USA tried to keep a balanced approach towards such mega project, and it has not openly opposed or supported the CPEC, but definitely CPEC is going to be influencing the economic and strategic activities of USA in the South Asian region.

## **India**

India is neither considering CPEC as supportive to itself nor does it considers CPEC strategically positive for its economy. Therefore, India puts its weight in opposition with the so-called argument that CPEC crosses through the Gilgit Baltistan region, which is, disputed territory as per India's bogus claim. It doesn't seem a sensible argument because the Karakorum Highway already passes through the same territory, thus making India's claim juvenile conjecture. As a matter, the same point has been taken throughout and this situation is by mischief utilized by India in different forums, furthering the movements based on nationalism and sub nationalism and even sectarianism oriented issues in order to turn the focus away from the development of CPEC. After feeling the strategic threat, India started using soft and hard tactics to stop the development of the project. The evidence is seen in the form of terrorist attacks and the personnel caught by Pakistani security agencies in Karachi and other parts of the country. Therefore, clashes against CPEC emerge on line of control and even on its working boundary.

## **Middle East**

Although countries in Middle East are brotherly countries and have been supportive to Pakistan, the initiative of CPEC has created a sort of competitive and undesirable perception in their minds. This carries out a perception of progress of Pakistan that may undervalue the significance of Middle East. Thus some countries may attach with the confronting allies and thus oppose the development, however, this seems to be just transitory as due to tactical moves of India. It's also true that CPEC would ultimately help and

support the Middle East countries towards more stability, trade and development.<sup>15</sup>

### **CPEC Plan and Emerged Themes**

In order to have a detailed view of the CPEC mega project phases, let's have a brief overview of all the four phases.

- Early harvest projects completion by 2018 - The projects called early harvest projects, value more than twenty eight billion US dollars in almost all provinces of Pakistan, which were agreed upon on the visit of Chinese president Xi in 2015. This basic phase is going to be done fast and it is planned that this may be accomplished till the last month of 2017 or around somewhere in 2018.
- Short term projects completion by 2020 - Secondly, the CPEC phase is related to projects oriented to energy and other development related aspects and infrastructure. This second phase is expected to be accomplished by 2020, most probably if the continuous co-work kept up consecutively.
- Mid-term projects, completion by 2025 - This next phase is considered third phase related projects, which incorporates the SEZs, or what they call is Special Economic Zones. This phase is expected to include establishing these zones and industrial parts, which are expected to be completed by 2025.
- Long term projects completion by 2030 - next is the fourth phase, which mostly includes the functionalization and operationalization of railway mostly. This is expected to complete by 2030.

### **Energy Sector Development**

Another aspect of CPEC includes the energy production based on supply and demand. This is expected to meet 10,400 MW by 2017 and in addition to it, 6645 MWs afterwards would be produced and managed.<sup>18</sup>

CPEC is expected to increase energy mix through adding the production of 13,005 MW's of electricity generated from coal, and around 1,000 MW's to be produced from solar and similarly 350 MW's to be produced from wind. This all would add up in the energy sector and the contribution from the only coal would add up 48%.

## **Infrastructure Development**

Generally in South Asian countries and specifically in Pakistan, inadequate infrastructure is the most problematic factor for business. There is another school of thought which states that infrastructure may not play a vital role in the development of a country but it is not acknowledged among the world community. As far as Pakistan is concerned, Pakistan's ranking in availability of infrastructure, is 119 out of 142. Through CPEC, it is expected that this issue would be addressed largely and after development, Pakistan would benefit hugely, its infrastructure.<sup>20</sup>

## **Road and Railway Networks**

Considered the foundation and core elements of CPEC, road and railway lines are to be established. It is planned that CPEC is going to contribute by adding around 829 km road structure in the already sited structure. After completion of the CPEC, the side-by-side road structures would be developed in order to have better distribution of traffic. This would enhance connection and commute of public and the flow of traffic on roads. Similarly, CPEC would help enhance the passenger share of 10% and freight of 4% to higher figures in Pakistan's railway.

The rail network is considered the backbone of transportation of any state and Pakistan has been suffering poor structure, networking and performance here. Through reconstruction and up-gradation of Pakistan railway lines from Karachi to Lahore, is likely to partially address this anomaly and would enhance Railways share in both passenger and freight traffic. Additionally, it is considered that new rail tracks would also be developed, and Construction of new railway tracks like Karachi - Gwadar which is of around seven hundred kilometres, Sukkur-Gwadar line which is around 1048 kilometres, and similarly Khunjrab-Havelian link which is around 652 kilometres would definitely generate a new "Freight Corridors", that would be better and more effective.

## **Gwadar Port**

Being considered the economic engine of Pakistan, the bulk of imports and exports are handled from Karachi. There has been a long awaited alternative as support to this port, which may handle the imports and exports through its sea route. Thus, the Gwadar port has its crucial significance in the region both nationally and internationally. Transformation of Gwadar into a port city would

bring local as well as foreign investments in the Special Economic Zones and would flourish by improving the quality of life of the people.

## **Industrial Growth**

Strategically assessing, it is seen that the industrial growth is inevitable after CPEC. As textile industries are based on electricity, and through CPEC, various initiations in the shape of projects would increase their capacity and production. Similarly, many industries including, rubber, leather, and other industries including plastic manufacturing and processing would also start functioning at their optimum capacity. This would be possible through the improving energy shortage issues, as expected by the year 2018. Numerous mushroom growths of small and medium industries may emerge including trucking related business and alike, by getting benefits from CPEC development.<sup>21</sup>

## **Special Economic Zones (SEZs)**

When it comes to SEZs, any country's position is based on two important factors; military and economy. To strengthen a country economically, its not possible to achieve the target without the exposure and encouragement of economics hubs. Pakistan is situated at a strategic position already, and its strategic position is seen getting better and stronger in times to come, especially in terms of economy. The establishment of mining, processing of food, agriculture, livestock, and energy related businesses would be established at the economic zones.

## **Labor Market**

Labor market of South Asia is not only abundant, but also is blessed with multiple skills and creativity. As the youth of Pakistan constitutes larger share of the population, that has to be given proper consideration. Many initiations have been taken by the Government to date to harness the potential but no effective system has been established yet. Through the inception of CPEC, various projects related to CPEC, which include; building of roads, infrastructure, development, economic zones and hubs would ultimately generate jobs for semi-skilled, and skilled youth of Pakistan. Thus channeling the major potential of the labor market. Additionally, if the twenty-six economic zones are established, they would encompass a major chunk of the Pakistani youth, almost equal to that of "Hattar Industrial Estate" (HIS). As Hattar Industrial Estate is constituted



of around 230 operational units, encompassing more than 65,000 workers and employees. This can be expected positively that CPEC and its economic zones would generate more than 1.7 million jobs for the people of Pakistan.

## **Defence and Security – bringing Balance of Power and Minimum Deterrence**

As far as defence and security are concerned, both have been crucial for the country, since its inception. For coping with this aspect, short-term mechanisms have been developed many times but there was always a need of long-term strategic development and sustainability in the region. It is considered that CPEC would definitely strengthen Pakistan's security aspects as well. Not only because of the significance for the project to Pakistan but it's also because China is becoming the core stakeholder and thus this corroboration would establish stability in the overall region.

## **From the Security Aspect**

To ensure the successful accomplishment of the mega project, security of the workers and contractors needs to be ensured. Therefore, various security organisations including; federal as well as provincial ones are the major stakeholders. CPEC needs fool proof security of the workers and employees of its projects, especially the security related to foreigners, and more specifically the Chinese employees working on various projects. At the national level, the National Crisis Management Cell (NCMC) is considered responsible to provide the security to all the workers, locals as well as the foreigners. It is considered more important to provide security to all the foreigners through National Foreign Security Cell (NFSC) and this cell operates in collaboration with district and provincial level foreign security cells. A Special Security Division (SSD), in the year 2015, has been established for China Pakistan Economic Corridor. The objective is to provide, coordinate and monitor security of Chinese personals on Government sponsored CPEC projects and also to monitor and advise other stakeholders including private businesses in coordination with NCMC and Ministry of Interior.

## **Control and Reporting Mechanism**

The security apparatus works under Article 245 of constitution of Pakistan and ATA 1997 (Amended), with the intention that it has to have

intelligence sharing mechanism with all intelligence agencies of the country including NADRA interface and all departments assist it.

## **The Way Forward**

Generically, strategic positive impact is potentially observed from the beginning of CPEC, but some recommendations are presented here for the effective and efficient execution of this mega project. These recommendations are for timely completion and effectively achieving the milestones as set in the planning phase.

## **Realm of Political Arena**

In the political arena, CPEC seems to have more complications but these are not due to real issues but more so due to a lack of clarity in various aspects of the project. Such aspects may distort the essence of the project and may hinder or negatively influence the very progress of CPEC. Therefore, there is a dire need to address such aspects in the political arena.

- It is recommended that all the Provincial Government representatives to be effective part of JWG, in order to discuss the issues related to the respective province and thus managing the existing apprehensions.
- A major stakeholder of CPEC is Gilgit Baltistan (GB) which requires a more focused and considerate approach. It is recommended that the representatives from the GB Government have to be given due consideration and included at the federal level committees including JWG, Economic Coordination Committee (ECC) and Council of Common Interest (CCI) as well.

## **Realm of Diplomatic and International Arena**

Reputation can be developed or distorted through diplomatic moves, in the international community, therefore, it is, an important function of now-a-days strategies to handle issues diplomatically in order to be successful

- There is a competitive rift between US and China, and here again Pakistan can play a vital role in balancing this rift. As the US has been one of the big investors in Pakistan and it may have great interest of investment in some of the economic zones. Thus, considering US for the investment purpose in CPEC, there can positive impact on this region.

This would also additionally the problems iron out related to Afghanistan and the stability of Afghanistan would help its development, which is beneficial for Pakistani economy. It would not only help Pakistan in economic terms but also strengthen Pakistan strategically and security wise as well.

- Engaging India may also be an aspect of success, as being neighbour, it is crucial to deal the relations strategically based on mutual benefits and future prospects. Related to CPEC, a balanced approach may be more suitable and it may be done through economic strategies and joint collaboration
- Similarly, Iran has been Pakistan's brotherly Muslim ally and there is a need of proactive engagement with Iran to re-establish the strong brotherly coordination through gas pipeline and similar other projects. This would not only strengthen the bond but also enhance the security of both countries and ultimately of the region. The projects like gas pipeline and alike may be stretched to China through CPEC, and this could make Iran one of the major stakeholders in CPEC too.

### **Realm of Economic Arena**

- Economic benefits can be gained if the project milestones are accomplished in time because lagging behind can cost much. It is recommended that mostly projects lag behind their timeline, and as CPEC is a mega project and it is apprehended that it may lag behind its scheduled timeline. In order to ensure its completion on time, there is a need to develop a commission to monitor the progress and the system has to be established that check and reports about milestones of the project from the start till end. It is crucial and may be critically necessary because if the economic zones are not established within the scheduled time, the energy wouldn't be provided and if the energy would not be provided to other in line projects, the further functioning can't be done, thus hampering the whole project and costing hugely.
- One of the corporate responsibilities is Corporate Social Responsibility (CSR) where the organisations have to consider the community as one of the stakeholders. The employment for locals is also very important, as the projects need to up-grade and provide employment to the local community. This mega project is expected to upgrade the society through local people employment in various projects through non-skilled, semi-skilled and skilled jobs. Then, additional vocational

training institution may be established to provide adequate skills to the local people of the region. It's recommended that almost 50% of the employment could be done from Pakistani population and contribution may be ensured in every project related to CPEC.

### **Realm of Security Arena**

CPEC needs high levels of security, not only for its planning phase but also till its completion and maintenance. Pakistan has already raised security personnel for this purpose but the technologically advanced equipment and mechanism need to be installed for this purpose. An elaborate and effective maritime security plan is the need of the hour, in order to provide security to whole CPEC especially the Gwadar Port and the related operational works. For this purpose, Pakistan Navy needs to play its crucial role by adding up its strength in all aspects to safeguard this national mega project.

### **Conclusion**

China Pakistan Economic Corridor is a mega project, a well-perceived vision, and well initiated by both friendly countries. This would strategically establish both the countries' interests closer, more secure and economically stronger. CPEC, potentially is going to establish information networks, industries, economics zones, development related to agriculture, infrastructure development, and connectivity but would also be very fruitful for all the provinces / regions to be united together through one mega project and upgrade the life style, socially, financially and health wise.

## NOTES

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