

Academic Session: CPEC: Challenges and Prospects

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Chair: Dr. Akram Sheikh

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HOW TO DESIGN THE LAYOUT OF CHINA-PAKISTAN ECONOMIC CORRIDOR

Tang Mengsheng *

***Abstract:** Despite having difference in social and political systems, China and Pakistan have set up an example of bilateral friendship and cooperation for the last sixty years. In this regard, the recent China-Pakistan Economic Corridor is a milestone marking a new era of strategic and economic cooperation between the two 'all weather' friends. This paper explains how to design the layout of China-Pakistan Economic Corridor for promoting connectivity, deepening comprehensive strategic cooperation, formulating a long-term plan, and exploring the pragmatic cooperation in all areas.*

Keywords: CPEC, China-Pakistan relationship, Gwadar, national development strategy

Introduction

“China-Pakistan relationship is a brotherly friendship that has been tested by times of difficulty and forged by mutual trust.”¹

For the last sixty years, China and Pakistan have adhered to the five principles of peaceful co-existence, respected each other, acted in good faith, shared weal and woe, and supported each other – laying a solid foundation for the bilateral friendly relationships. Over the last sixty years, China-Pakistan friendly relations have withstood international vicissitudes and rooted in the hearts of the two peoples. Under the attention and care of state leaders from the two countries, China-Pakistan relationships have yielded fruitful results over the last 60 years. Through the friendly cooperation over the last 60 years, two countries become all-weather good friends, acting as an example for the peaceful co-existence between the countries with different social systems.

Entering the 21st century, along with the economic globalization, the new generation of Chinese leaders shows great foresight and makes the second strategic decision in China-Pakistan relations, which is actively responded by Pakistani leaders. If the first strategic decision in China-Pakistan relations was based on the political diplomacy and state relations, then what accounts for the second strategic decision? As clearly pointed out by Premier Li Keqiang, the deeply-rooted traditional friendship has laid a solid foundation for further developing China-Pakistan relations, while the fast-changing era poses higher requirements for advancing the bilateral strategic cooperation in an all-around way. Now, China is at a crucial stage to build a moderately prosperous society in all respects. To build a prosperous, strong, democratic, culturally advanced, and harmonious modern socialist country and to realize the Chinese dream of the great rejuvenation of the Chinese nation, China must maintain a continuous and healthy economic growth and upgrade economic structure, which requires to unleash the dividends of reforms and open wider to the outside world. Opening westwards is a key option for China. China and Pakistan need to deepen comprehensive strategic cooperation, explore the pragmatic cooperation in all areas and formulate a long-term plan for the China-Pakistan economic corridor project, promote the connectivity between South and East Asia, help to improve people's livelihood, promote the economic development in neighboring countries, and set an example for state-to-state cooperation.ⁱⁱ In other words, China and Pakistan need to strengthen all-round strategic cooperation and highlight economic cooperation, with an emphasis on improving people's livelihood.

In May 2013, Premier Li Keqiang paid a visit to Pakistan and reached important consensus with Pakistani leaders on planning and constructing the China-Pakistan Economic Corridor connecting Kashgar in Xinjiang and Port of Gwadar in Pakistan from north to south. Located at the juncture of “New Silk Road Economic Belt” and “Maritime Silk Road in the 21st Century,” the corridor connects Pakistan to South Asia and the Indian Ocean.

Standing at a starting point in the new century, China and Pakistan jointly propose to construct “China-Pakistan Economic Corridor” which is a dream for both countries and also a strategic choice for China and Pakistan to pursue the peaceful development with support of the two peoples.

Constructing China-Pakistan Economic Corridor as a Strategic Choice for China and Pakistan Economic corridor is a comprehensive and broad concept. Based on existing trunk highways and railways in China and Pakistan, the corridor will bring into shape a cross-border network of highways, railways, airlines, fiber-optic cables, and oil-gas pipelines. The corridor project includes infrastructure construction (connecting Karakorum Highway in Kashgar to Port of Gwadar, providing a direct access to the Indian Ocean), energy projects (coal power and hydropower projects), as well as economic park projects (for textile, home appliance and other sectors). With the deepening of corridor planning and construction, the corridor will further enrich its connotation and expand its scope.

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The China-Pakistan railway will go through the Karakoram mountains, where the geographic structure is complex and the construction of the project is difficult. However, this project is still feasible. It is known that the project is hampered by fund shortage, rather than road-paving technology. Pakistan is very positive about the construction of China-Pakistan railway, and it has made feasible analyses. The Pakistani section of the planned China-Pakistan railway is 662 km from Haveli to Khunjerab Pass via Gilgit, and 415 km from Kashgar to Khunjerab Pass. That's to say, only nearly 50% of railway line needs to be renovated to complete over 2,000 km of railway lines from Kashgar and Gwadar Port.

Some scholars show their worry about the safety of China-Pakistan Economic Corridor by publishing papers. Insecurity issues do exist in reality, however; it will not endanger the construction of the economic corridor. Safety and economic development are two complementary factors. The construction of the economic corridor will undoubtedly promote the common prosperity and stability in both Pakistan and Xinjiang. As both Pakistan and Xinjiang are Muslim-congregated areas, the impacts of the interaction between two regions cannot be ignored. Pakistan will directly benefit from the construction of the economic corridor which will help Pakistan to improve its economic strength, establish social equality, improve people's livelihood and promote social harmony and stability. Xinjiang is also the largest beneficiary in that the construction of the economic corridor would also promote the economic development and social security in Xinjiang. So, it has every reason to say that the construction of China-Pakistan Economic Corridor is important for the development and stability of Pakistan and Xinjiang. It is an urgent project that needs to be implemented soon.

Suggestions for China-Pakistan Economic Corridor Planning

Chinese and Pakistani leaders have paid high attention to the China-Pakistan Economic Corridor. The two sides have established the Joint Cooperation Committee on the long term plan for the China-Pakistan Economic Corridor. The committee has held five meetings so far. The Working Groups on energy, transport infrastructure, and comprehensive planning under the joint committee have maintained close communication. In the future, both sides will steadily advance corridor construction, carrying out the relevant construction projects (such as Port of Gwadar, Lahore-Karachi highway and Karakorum highway), and implementing electric power, new energy and other key cooperation projects. The highway, railway, and other interconnection projects will also be advanced progressively to promote the sustainable and healthy development of the corridor.

The corridor covers the populated and economically developed regions in Pakistan. In the process of corridor construction, both sides will find out more cooperation opportunities, stimulate more investments, and create more employment opportunities. After its completion, the corridor will stimulate the flow of people, logistics, energy resource, information, and funds across two countries, and will greatly improve the standards of pragmatic cooperation and interest integration between the two countries. The corridor also welcomes other regions or countries to participate in its construction, so as to promote regional interconnection and economic integration, and benefit the three billion local residents.

Taking the pursuits of both countries into consideration from the strategic perspective China-Pakistan Economic Corridor is an important part of the developmental strategies of neighbor countries. It is not only crucial to China's border and energy security, but also significant for China's strategy, politics and military affairs. Thus, the economic corridor plan shall consider the pursuits of China and Pakistan from the strategic perspective, so as to realize a coordinated development and mutual prosperity. It is worth noting that we need to consider both countries' economic development, and China's neighbor country strategies when setting the objectives of the economic corridor. We need to actively promote the construction of China-Pakistan economic corridor, with an emphasis on China's border security and stability. We need to strengthen reciprocal economic cooperation, bearing in mind that two countries have varied national interests.

Conducting the Planning from the Perspective of National Development Strategy

Regarding the planning of China-Pakistan Economic Corridor, Pakistan is highly motivated and takes swift action because the economic corridor is mainly located within the border of Pakistan which is directly related to Pakistani industrial layout and economic development. For example, Pakistan has clearly stated that it plans to build eight special economic zones along the economic corridor and invites Chinese enterprises to settle down, helping Pakistan to develop import and export processing industries, manufacturing industries, agriculture, and infrastructure construction. Prime Minister Sharif is very concerned about this project. After listening to the reports of the federal planning, telecommunication and railway department, he emphasized to accelerate the construction of China-Pakistan railway. Hence, China should also conduct the planning from the perspective of national development strategy. As to Pakistan proposal for building eight special economic zones, should China analyze the feasibility and functionality of Pakistani plans and carry out field studies? Is the geographic location of these special economic zones suitable for China to smoothly transfer our over-capacity industries? Also, could these special economic zones protect the security of the economic corridor? All these issues need to be considered in formulating the economic corridor plan.

Adjusting Chinese Investment's Target from State-owned Enterprises to Pakistani Private Enterprises

Chinese economy is dominated by state-owned and public ownership economy, while Pakistani economy is based on private-owned economy. It is hard to match up with these two different economic systems as they have different interests. Thus, China needs to appropriately adjust its policy, making more investments in Pakistani private enterprises, rather than focusing on state-owned enterprises as before.

'Giving Before Taking' and 'Giving More, Taking Less'

The 'Giving before Taking' 'Giving More, Taking Less' investment policy is proposed. The 'Giving before Taking' is a win-win strategy for mutual benefit. Through a series of diplomatic policies of 'Making Pakistan Prosperous First', China has promoted and consolidated the brotherly friendship with Pakistan and laid a solid foundation for jointly developing and utilizing strategic resources between two countries. 'Giving First' could promote 'Making Pakistan Prosperous' and then promote 'Secure Neighborhood' relationship, and finally realize mutual benefit and win-win objective. The detailed suggestions are stated as follows:

Support Pakistan to develop its comparatively advantageous industries. China could lower the tax on Pakistani products with comparative advantages and grant tariff reduction or exemption treatment, so as to promote Pakistan to achieve economic growth. The 'Giving First' policy aiming to 'Making Pakistan Prosperous' shall be implemented firstly. China and Pakistan should avoid the industrial competition as possible to further expand import, relax foreign exchange control and provide low-interest loans. Through establishing enterprises, contracting projects and labor exporting, China supports Pakistan to develop its comparatively advantageous industries, such as mining, agriculture, and animal husbandry industries. Based on the principle of expanding common interests, China seeks to a long-term common development with Pakistan.

Lay a solid foundation for Chinese enterprises and Pakistan to jointly develop and make use of its strategic resources by implementing the policy of 'Giving First'. China should accelerate the implementation of 'Going Global' strategy, encourage and guide Chinese enterprises to explore overseas market, increase investments in Pakistan and engage in multinational businesses.

Strengthening Academic Research on CPEC

China needs to strengthen academic research on China-Pakistan Economic Corridor, providing theoretical and academic supports for implementing national development strategy. Currently, research is insufficient in this area in China, and the research team has not established yet. Thus, the Chinese government needs to pay necessary attention to and provide required support for this area.

Setting up a Visiting Group to Conduct Field Studies in Pakistan

It is recommended to set up a visiting group, consisting of the relevant personnel from government agencies, academic institutions and colleges & universities, to conduct field studies in Pakistan to evaluate cultural and geographic conditions, social and political development, actual economic conditions and security situation along the economic corridor, and provide the theoretical basis for the economic corridor planning, so as to ensure the corridor to be constructed orderly and healthily.

Establishing China-Pakistan Forum Mechanism

It is recommended to establish China-Pakistan forum mechanism to promote the implementation of China-Pakistan Economic Corridor plan. The forum mechanism could be multi-layer based, including official and non-government participation, economic, and cultural involvement, to carry out multi-layer dialogues and communications in a wide range of areas. The forum mechanism could promote the significance of the economic corridor among the two peoples and encourage them to actively participate in its construction.

Training Talents for the Construction of the Economic Corridor

It is recommended to train talents for the construction of the economic corridor. The economic corridor is a huge project, involving the construction of highway, railway, oil and gas pipeline, special economic zone and port, etc. The construction will last a long time, and thus it is important to train some talents. We hope that relevant departments could pay attention to this issue from now on and formulate talent training plan.

Generally, China and Pakistan have established brotherly friendships over the last 60 years and shared a high level of mutual political trust. The construction of China and Pakistan economic corridor is a national strategy for both countries. It is in line with the interests of both sides and supported by the two peoples. We believe that the dream of China-Pakistan

economic corridor will finally come true and China-Pakistan relationships will upgrade to a new level under the efforts of Chinese and Pakistani governments, and with the support and participation of the two peoples.

References

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- ¹ Premier Li Keqiang was invited to deliver a speech entitled “*Let China-Pakistan All-Weather Friendship Bear New Fruits*” at the Senate of the Islamic Republic of Pakistan on May 23, 2013. *People’s Daily*, May 24, 2013, 3.

PROPOSED SILK ROAD AND PAKISTAN-CHINA ECONOMIC CORRIDOR: THREATS AND OPPORTUNITIES

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***Abstract:** Regional connectivity is an important element for the development of any country. The Pak-China Economic Corridor (PCEC) is thought to be an essential element for increasing the potential of economic interaction and trade within the South Asian, ASEAN and Central Asian countries. Under the CPEC, China and Pakistan are going to connect Gwadar Seaport (Pakistan) with Kashgar in Xinjiang (China). The project has become a “flagship project” of a greater plan named Silk Road Economic Belt (SREB). However, CPEC was proposed a few months before SREB in May 2013. The importance of the CPEC is increased with the SREB that is to connect China with Europe through Central Asia involving about 40 Asian and European countries. All this is taken as a new model for regional cooperation and as a part of China's all-round diplomacy to increase its links with neighbouring countries. Central Asia occupies the central place in the Belt and the Chinese leaders have proposed “five connections” for SREB like “policy exchange, road network, currency circulations and people's friendship.” With Pakistan, there is the plan of “China-Pakistan Community of Shared Destiny” identifying the four key areas for cooperation; Gwadar Port, energy, transport infrastructure and industrial cooperation. CPEC is the first project having \$40 billion investment from China's Silk Road Fund. Despite the enormous importance of these projects, there are serious long-term concerns on the two projects. Despite having the potential to cement the close bonds between the two sets of the economic activities, there are threats that can jeopardize the benefits as the success is linked with regional security. There is an unrest and insurgency in Balochistan, the province where Gwadar is located. There is also a need to determine the route of the CPEC. The construction of proposed SREB needs a better understanding of the political and social dynamics. Chinese investment is attractive, but its rapid expansionism is alarming. The paper aims to gauge the threats related to CPEC.*

Keywords: Economy, Silk Route, Gwadar Port, South Asian regional development, South Asian security

A Brief History Silk Route as an Ancient Trading Link

Liberal school of thought believes that economic interdependence is the most important factor in the international system. It plays a vital role in progress and economic stability of countries as well as integration of the regions. (Harmatta, Etemadi, & Puri, 1994).

The subcontinent exported spices (pepper, ginger, saffron, betel), perfumes and medicines (sandalwood oil, spikenard, musk, cinnamon, aloe, bdellium), lacquers and dyes (indigo, cinnabar), silk, rice, sugar, vegetable oils (sesame, coconut oils), cotton, precious woods (teak, sandalwood, ebony), pearls, precious and semi-precious stones (diamonds, sapphires, rubies, jasper, etc.), ivory, exotic animals and slaves. The subcontinent imported precious metals (gold, silver) and non-ferrous metals (copper, tin, lead, antimony), horses, purple dye, coral, wine, slaves and artistic pottery and glassware. During the Han dynasty, China exported silk, nephrite, lacquer ware, hides, iron and nickel and imported glass, precious stones and ornaments. Soghdian traders used gold coins as trading currency for facilitating the East-West trade from 3rd to 8th centuries. The 7th century Western Turks (Kaghans) occupied Sasanian Iran, Tokharistan (Tarim basin) and Gandhara, controlling Silk route trade but the quality of gold coins declined and Indian component of trade also shrunk. The Turkic tribes were the major connecting link between the Chinese and the European markets. The thirteenth century network of trade routes between China and Byzantine Empire earned the sobriquet of the Silk Route, which brought commodities for exchange from Rome to Far Eastern China. The Central Asian steppe was known as Turkestan prior to the advent of Slavonic realm. The East Turkestan is indicated by the Chinese province of Xinjiang, where Turkic, Mongol and Chinese ethnicities reside (UNESCO, Civilizations of Central Asia, 1994).

Role of the Silk Road for enhancing Links and Business

Silk route played a vital role in connecting people and regions establishing commercial ties. Since ages, it has been serving as a linking route among countries and regions. It is also a supplementary system of roads. In earlier times, the entire network was very strong and fast running from China to Mediterranean Sea and from Ural to Indian Ocean. The climate change and political divergence resulted in the great transformations in the route expansion (Litvinsky, Guang-da, & Samghabadi, 1996). History explains the intensity of the Silk route over various civilizations of regions such as China, Africa, Europe and the sub-continent (Daily Times, 2014). The Silk route was also working during the time period of the Huns from 130 B.C and thereafter remained dysfunctional in the Ottoman Empire (Mark, 2014).

Monk Xuanzang, a famous Chinese traveler, discovered a new route towards the Tarim basin along the Silk route, which led to link China with India. In the eighth century, the Abbasside Caliphate's emergence in the Central Asia provided a base for Islamic Civilization and opened the gate for the Arab Muslims to link their economy for trade via Silk route. In the 14th century, Central Asia and most of Eurasia was ruled by the Mongols. Their impact over the subcontinent is visible in the

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form of giant impressions made by the Mongol dynasty over the mainland. Timor's conquest led to the first Mughal to establish his kingdom in India and Zaherudin Babar became the first Mughal ruler who established his regime in the subcontinent. The Indian traders provided the new diaspora along with a vast range of spices and carpets to export, apart from the traditional trade. During the 19th and 20th century, the discovery of sea route transformed its status and enhanced its significance towards South Asia due to Arabian Sea (Waugh, 2010). The Silk route had three road systems in the past; the first was the northern route named Xi'an (China) second, the southwestern routes of Ganges delta and the third, southern route via Karakoram Mountain reaches the trading center at Laddakh. The first route was further divided into three parts, first along the Tian Shan mountain range and other two linked Kashgar. The most important road link of silk route that passed through the subcontinent was through Laddakh. It was part of an ancient silk route network involving India, Pakistan, Central Asia and Europe (Fewkes, 2009). The ancient Silk route was famous for the silk trade, but its other goods also passed through it. Various woolen and other cotton goods such as curtains, carpets, blankets, seeds of grapes and luceme were also trading material between Central Asia and other regions of the world. The southern route of the Silk Road provided the facility of open sea to Arabian ocean. During the British rule in India, trade was limited to those areas, which are currently part of Pakistan. The well-known items were sent to Europe passing through Arabian Ocean to Red Sea and Mediterranean Sea (Silk Road Goods, 2010).

Need of the Trade and Transit Route

There are three main routes available to open sea. The one passing through Iran (Chabahar), second from Karachi sea port (Pakistan) and the last one is most effective and significant route from the Gwadar sea port (Pakistan) (Malik, 2012). Pakistan has different sea routes via Arabian ocean. The distance of many cities of Central Asia from Pakistan's ports is elaborated by following table 2.1 (USAID Trade Project, 2014)

The most convenient route among these routes to Central Asia by Pakistan is through Karakoram Highway form Rawalpindi and Gilgit via Khunjab pass, then to Chinese Turkestan town from Kashghar to the Kazakhstan city of Almaty.

The main routes are:

- ✓ starting from Tajikistan (Termez) to Afghanistan (Jalalabad) and ends at Karachi port via Peshawar (Pakistan)
- ✓ starting from Central Asia to Herat and Kandahar (Afghanistan) then reaching to Quetta and Chaman (Pakistan)
- ✓ starting from Chitral via Wakhan to the Central Asian cities. These routes can help out Central Asia to handle the bulk of trade with other regions of the world (Banuaziz & Weiner, 1994)

Gwadar Seaport

In the recent years, the development of Gwadar seaport marks the emergence of an easier and cheaper route for the region. The deep sea port is seen as an important regional trading hub and its development would open new vistas for regional and international economy will be in a short period. Many routes and linkages to Gwadar seaport are under construction, the most important and the shortest route to Central Asia is via Saindak. The highway constructions from the Gwadar seaport into Afghanistan can reduce the distance to Central Asia by as much as 500 kilometers. The oil rich Caspian region wants to find out the appropriate route for export and Gwadar seaport is the gateway to the Strait of Hurmoz (the oil industry trading hub). The significance of Gwadar seaport in terms of trade can be underscored through the following points.

- ✓ Central Asian states Kazakhstan and Kyrgyzstan produced dry cargoes and Gwadar has the shortest access to warm water for these states.
- ✓ The liquid cargos of Central Asian States Kazakhstan, Turkmenistan and Uzbekistan can exported by pipeline form short route Gwadar (1400 km) as compared to other Mediterranean Sea route (1800 km).
- ✓ The investment for liquid cargo passage through the pipeline via Gwadar, Caspian Region and China will range from USD\$2-2.5 billion, USD\$3.3 billion and USD\$35 billion, respectively. (Malik, 2012)

Gwadar seaport is a good initiative for a trading facility in a landlocked Central Asia. The world is becoming a village now and globalization compels the world into regional integration. Gwadar plays significant role in the regional integration and development in the long run as it is located between the three potential base regions of the world; a) the energy and resources rich Central Asia, b) pool of immense man power South Asia, and c) oil rich Western Asia (Anwar, 2011).

Silk Route

Silk Route is the testimony to enormous economic and cultural linkages of Eurasia. The different paths of the Silk Route provided a facility of commercial interlinking between many regions of the world. This land route encouraged to communicate with the tribes along the Silk Route and exposed the region in terms of culture, ideas, knowledge and economic experiences. The unique nature of Silk Route enhanced its significance in past. Silk Route was self-created road that formed like a string of halting-cities offering comfortableness to trading caravans. It has had no blueprint and no authority or government that could ever claim a monopoly over its creation and the control of the Silk Road. The emergence of Silk route

was a result of comprehensive agglomeration of different demands, with supplies and expectations originating from various sources consisting of the powerful empires to the smallest towns and villages. But the development of maritime routes and complex political situation in the region reduced the value of the Silk Route and the ancient Silk Route lost its significance gradually.

Many states have initiated the Silk Road project for own interest. China’s Silk Road project is favorable for Pakistan and an economically strong country can take larger order initiatives for the establishment of the New Silk Road. China is investing and providing assistance for the development of a Silk Road Economic Belt along Pakistan and Central Asia. China has deep and strong relations with Pakistan based over half of a century as “a near neighbor is better than a distant cousin.” Now China transformed its relation by promising larger investment projects in the economic sector. The flurry of Chinese investment in Pakistan is high as it was indicated by the recent visit of Chinese President Xi Jinping. Its volume is about USD \$46 billion and it is for the construction of Beijing’s vision of a new Silk Road. This new route will facilitate the Central Asian States for trading and would increase stability in the region due to its economic activity. It will also provide an access to Gwadar sea port and from these to Central Asian region, it is expected that the economy of the region would flourish by this new route with in the short time (Waraich, 2015).

Detailed Land Transport links between Pakistan and China and Central Asia

Roads	Purpose	From	To	Size	Bridges/Tunnels	Status
N-35, Karakoram Highway	Weather-fair Year-long	Gilgit	Khanjrab Pass/Chinese Karakoram	Not Available	5 to 6 bridges	Existing. Weather fair Consigned with china
Motorway	Internal Connection	Mansehra	Naran	124 km	No	Operational
N-15	National Highway	Naran	Jhakhand	48 km	No	Operational
N-35	National Highway	Islamabad	Murree	43 km	Yes, At Azad Pattan	Operational
M-t Sec I	Motorway	Mansehra	Nowshera	37 km	No	Planned
M’t Sec III	Motorway	Mansehra	Rawalpindi	23 km	No	Planned
	NosheraFlyever	Chalbat	Nowshera	71 km	No	Operational
N-80	National Highway	Kohat	Baneu	1.0 km	Tunnel	Operational
M-2	Motorway	Rawalpindi	Lahore	399 km	No, Faizpur Interchange	Operational
M-3	Motorway	Lahore	Faisalabad	52-5 km	No	Operational
M-5&M-6	Motorway	Faisalabad	Karachi via D.I.G Khan	Unknown	May be	Planned
M-8	Motorway	GawadarTurbat	Khazdar	Unknown	May be	Planned
M-8	Motorway	Khuzdar	Ratodero-wangu hills Reach	35 km	No	Planned
N-10	National Highway	Karachi	GawadarGiwani	500+km	May be	Operational

Source: Land Transport Roots from Central Asia to Sea ports of the Islamic Republic of Iran and Pakistan in the South China in the East, 15 August 1995 (<http://www.unescap.org/resources/land-transport-linkages-central-asia-seaports-south-and-east>). UN Economic and Social Commission for Asia and the Pacific, 2014 Google Maps (<https://www.google.nl/maps/place/Central+Asia>)

The main transit corridor is known as “North South Transit Corridor” (NSTC) which links Central Asia, China and Pakistan through the Karakorum highway. It bypasses the internal and external expressways and motorways that facilitate the bilateral trade. Pakistan and China realized the importance of commercial communication to overcome the threat of instability, poverty and development in the region. The vision for large scale investment reflects the depth of these concerns. The construction of roads is the top priority for Pakistan as 89 percent country’s passenger traffic and 96 percent freight traffic is carried by roads. The second NSTC, which links Indus Highway to region, is a new road via Karachi-Gwadar, that has reduced the overall distance by 500km (Starr, Aziz, & Kazi, 2007).

Trade

Trade activities primarily concern buying and selling of goods and services. It is an exchange of mutual skills and special training. Trade in the international arena has a vast definition, which holds the traits of much greater competition and

more diverse economic market. This healthy competition in general results in the demand and supply order, and balances, international price for the global market. The international trading system strengthens by the bilateral trading relations between states and the regions. Pakistan is not only situated at the confluence of three vital regions of South Asia, Central Asia and West Asia, but also provides the shortest route to landlocked Central Asia. Pakistan is at the junction of three and is emerging as a hub for all the region's trade and economic activity (Zahid, 2011).

Pakistan is located in the center of three regions, the proper planning and strategic linkage boost the economic order of the region and provide economic hub to the world in the form of Pakistan. Pakistan location allows China to enjoy the all the benefit of economic and trade despite the low volume of trade. The following graph is showing the country to country imports in detailed.

Challenges to China-Pakistan Economic Corridor and Silk Route Economic Belt

Security Challenges

Gwadar and Kashgar are two places, which are going to be connected through the CPEC, but facing several security challenges. It is being expected in China that construction of five economic zones in Kashgar can transform the region in an economic hub, reducing the security risks such as the separatist and militant movements of the Uighurs. The same view is expressed about the separatist movements in Balochistan. Actually, their focus is on short and medium-term security measures for defending the routes and workforce and other matters related to security of projects.

No doubt, the terrorists' activities are being curtailed by the military operation and there are declining trend in terrorist attacks in Pakistan, but threats are still there and actors of violence are still active. During the last months, 50 terrorist attacks were recorded, which took many lives apart from inflicting injuries to huge numbers. Balochistan, where Gwadar seaport is located, it is volatile and the situation is disappointing. The fears are being shown that after starting the work on the CPEC, threats to internal security would increase as a minor terrorist attack can enhance insecurity damaging all security measures. The rooting out of the terrorist infrastructure would remain a challenge.

The safety of the Chinese workforce is equally a matter of concern for Pakistan. The army is working towards this direction and planned to create a force of 10,000 for protecting the work under the CPEC. This force is known as Special Security Division, it will include nine army battalions and six wings of paramilitary forces, the Rangers and the Frontier Corps. There are also fears about the terrorist groups of Kunar and Nuristan provinces of Afghanistan along with Al Qaeda and Tehreek-i-Taliban Pakistan, the Movement of Islamic Uzbekistan and the Turkestan Islamic Party etc.

Peace and Stability in Afghanistan

The contingent situation in Afghanistan is the primary problem and an obstacle in the way of good ties between Pakistan and CARs. The reason for this is that the main routes to Central Asia are possible through Afghanistan only and without political stability in that country, neither Pakistan nor Central Asian states can move ahead in the desired policy direction so as to create a regional economic zone. The wars and instability in Afghanistan had a very negative impact on the trade and links between the two regions (Shaheen, 2011).

Areas of Activity of Islamic radicals 1990–2012

A peaceful Afghanistan is vital for the future developments in the region. The Turkmenistan, Iran, India and Pakistan gas pipeline project and its successful completion is dependent upon the situation in Afghanistan (Usman, 2005). Pakistan wanted to have access to Central Asia, and in this hope it took part in the conflict in Afghanistan during the 1990s and supported Taliban. That rationale for support was to gain influence and power in Central Asia as Afghanistan government being pro-Indian disfavored Pakistan on many accounts. This reason compelled Pakistan for a strike hard policy as Pakistan's Afghan strategy has been criticized many times at global level. The alarming situation in Afghanistan has potential to be very destructive for Pakistan as the ethnic engagements may create a dilemma for Pakistan's tribal areas in Baluchistan and the FATA. In this regard Pakistan has to work overtime to meet the needs of critical challenges and show her interest in national and regional economic progress (Shaheen, 2011). A continued security threat in Afghanistan acts as a deterrent for the Pakistani traders, who hesitate to establish trade relation in Afghanistan and beyond Afghanistan. Central Asia has the most effective route of transport via Afghanistan but transportation through Afghanistan is considered as dangerous and mostly traders don't want to trade with Central Asia for to that reason. The fear of attack by Taliban and being robbed is predominant in the minds of the investors. Peaceful Afghanistan is the significant element in economic relations of Central Asia and Pakistan as it is the important corridor between the two.

Interference in Pakistan

Although the militant activities in Central Asia receded after 2001, it has seen shift towards Pakistani tribal territories with the support of the Taliban. The Taliban provided logistics to them and supported the IMU for reestablishment of a new

zone of influence in Waziristan (Pakistan). Central Asian militants have no option for survival either as organizations or individuals. They have to continued armed struggle in a new area for survival of the movement (Lang, 2013). Yuldashev, the only IMU leader alive, at first concentrated mainly on rebuilding the movement's capabilities in Southern Waziristan. The command structures were recreated, new sources of income were searched and recruitment of volunteers from Central Asia was reinvigorated. The marriages of political interest between the Pashtun and the Uzbeks started a new wave to rebuild the organization and Yuldashev (The only alive leader of IMU) learnt Pashto to influence the regional militants at great level (David, 2011).

These initiatives not only helped in survival as well as the restoration of the capabilities of IMU. The anti-Pakistan policy of Yuldashev was not appreciated by some members and they associated with Namangani strategy of focusing the fight in Central Asia. These militant launched activities to pressurize Pakistan that created a draw back in the relations and affected the economic activities badly between these states. Although after 9/11 Pakistani forces took the initiative of curbing the hostile activities against Taliban and other radical groups. In the year 2002, the first minor encounter of IMU took place, but the real battle occurred in the year 2004, which reduced the militant's activities in Pakistan. The loss of economic activities between Central Asia and Pakistan due to terrorism is recuperating day by day, but time is required to cover the great loss.

Super Power's Tussle (The New Great Game)

Central Asia has been the key element of the nineteenth century rivalry between Britain and Russia. This current rivalry can be seen as the prolonged view of the same till now, although its dimension has changed over the time. The reason of its importance is described by three main factors, first is the new concept of linking the landlocked to maritime region, which is attractive and beneficial for neighboring states. Central Asia is now known as the link between the continents. The second reason is the two world powers China and Russia have presence close to Central Asia, which is the attraction for other states. The third cause is vital for every state which is the energy resources and economic benefits (Fatima & Zafar, 2014).

This region is blessed with the enormous reserves of natural resources, as a consequence, this region became the main element of global rivalry, which is known as the New Great Game and it started after the end of cold war (Kurecic, 2010). The New Great Game Rivalry can be summarily described as a conundrum of geo-,strategies and geo-economics in Central Asia. The resurgence of Great Game took place with varied objectives, approach, players and interests over a hundred years of the period with the centrality of the energy reserves of the Central Asia as well as Caspian Basins (Kleveman, 2003).The new dimension of Great Game could be divided into two phases. The first phase started after 1991 with the rivalry of oil and gas companies. This period was also testimony to the Taliban regime from 1994 to 1998 as well. Pakistan and the US were initially the supporters of the Taliban regime, hoping they would deliver to their strategic goals (Khan, 2006).

The rivalry among major powers in Central Asia entered into a new phase when the US started the War against Terrorism (Burles, (1999). The major players of the second and major phase of the New Game are different from the classical period of the Great Game (Kleveman, 2003). In this New Great Game the new players tried to achieve their interests and objectives in the region that influenced South Asia and Central Asian region. China and Russia are the important regional players of the new Great Game. These have not only strategic interests but also have the sizeable economic concerns in this region. The US is pursuing its interest in the region by promotion of its policy. The US wants to contain China and Russia in the region and to counter these it is developing strong regional relation which can help her to gain economic interests as well (Starr, 2005). Iran, India, Turkey and Pakistan are the regional players in the new Great Game. Everyone has the basic interest of energy reserves and peaceful Central Asia for safe oil and gas routes. Iran has deep cultural relations with Tajikistan through the links of Shiite sects. Iran owns the facility of ports and sea routes for Central Asia which can help the Iranian market development (Kurecic, 2010). Turkey is the ally of the US and wants to promote its image in global politics. India is emerging as an important player in regional politics and trying to secure foothold and the influencing position in Central Asia. Pakistan is the brother state of Central Asia and has signed many agreements for better relation which will usher the region into a new economic scenario; the most important one is TAPI. Pakistan's main interests in the region are,

- ✓ To discover a place in the economic cooperation and market growth of the region.
- ✓ To improve her trade with the Central Asia.
- ✓ On the security front Pakistan is a sufferer of terrorism and the same is the threat to Central Asia. The Uzbek tribes are also a part of terrorist activities. Pakistan wants to have bilateral relations with these states to cut back the extremist elements and threats.(Abbas, 2012).

Pakistan and India as rival states have some concerns in Central Asia. Pakistan has access via Afghanistan to Central Asia and India is creating trouble for Pakistan in Afghanistan. Pakistan is facing the expansionist threat from the Indian side. The inner stability of Pakistan is also feeling the reverberations due to the Indian factor in the Great Game. Some terrorist incidents highlight the situation as well, such as Baluchistan uprising and attacks on military bases (Akbar, 2012).

Language as the Hurdle

Language is the basic mode, which can enhance and boost the relations. Language is the also a hurdle among the relation of Pakistan and China and Central Asia as all the documents and local agreements are in Russian or Chinese. The investors and traders need to hire professionals and translators to communicate in Central Asia. Sometimes Pushto Language is a main hurdle for Pakistani exporters to compete in the Central Asian markets. Languages including, Turkmen, Uzbek, Qazaq (Kazakh), Kyrgyz and Russian are widely spoken and understood in the Central Asian countries and are drastically different from English, Urdu or local languages of Pakistan. Similarly, all these languages are also written in Russian (Cyrillic) Style. The exporters and truck drivers face many challenges and difficulties in communication with the officials and traders from CARs.

Absence of Formal Banking Channels

Business is the game of money and for money the proper channel of money transfer should be provided, but China has not formal banking channel for exchange of investment. Lack of financial mechanisms for payments and insurance is also a big barrier to trade because exporters do not have any guarantee of payment. Traders have to resort to informal money transfers, which can be risky. Although there is potential for banks in Pakistan to provide services in the CARs, there are significant challenges, especially in countries with strong state influence in the banking sector. Pakistan initiated banking sector reforms in late 1990's to encourage participation of the private sector. The reforms have transformed the sector into an efficient, strong, and sound banking system. The privatization of nationalized commercial banks has also brought about a culture of professionalism and service orientation in place of bureaucracy. The number of scheduled banks operating in Pakistan was 44 at the end of 2011, including twelve foreign banks (USAID Trade Project, 2014)

Cultural Limitations

Pakistan is a democratic country while China has some sort of authoritarian rule. Although both share many common aspects, form of governance differentiates. This has caused the break in communication sometimes.

Absence of Proper Business Channel

Every state should have a proper channel for business guidance and facilitating authority, which can provide the entire necessities to guide for new investors. The favorable investment climate is a vital element for foreign investors so as to give them suitable and safe way to secure their money and it shall always attract them.

Implementation Challenges

There are several implementation challenges and doubts are being shown that a major part of Chinese investment will be funnelled back to China, it would give benefits only to Chinese firms and experts. In such situation, it may translate into disastrous economic results for Pakistan. The Planning Commission and the finance ministry have to look into the matter. Second is government's concern about the long-term economic costs and benefits of the Chinese investments in the energy sector. Long-term benefits can only be realized if all parties are getting equal benefits. Pakistan is to manage structural reforms in this sector.

INDIA'S ATTITUDE TOWARD CPEC AND CHINA'S COUNTERMEASURE

Dr. Lan Jiang *

***Abstract:** China-Pakistan economic corridor will prove to be a game-changer in the bilateral relationship between China and Pakistan. But the construction of China-Pakistan Economic Corridor needs to win support from the neighboring countries at least to the extent that the project is not publicly opposed by any state. Otherwise, the China-Pakistan may face several regional constraints. India is most likely to have negative impressions vis-a-vis the China-Pakistan Economic Corridor. Studying India's attitude toward China-Pakistan Economic Corridor would help to understand the grievances and thereby the analysis would help in curtailing the repercussions on China-Pakistan Economic Corridor. The Indian government's position toward CPEC is based on Kashmir conflict. For the most part, India Media propagates negative views on the China-Pakistan Economic Corridor claiming that the project would harm India's national interests.*

Keywords: Indian Attitude, CPEC, China, Gwadar, Kashmir

China-Pakistan economic corridor is a significant cooperative undertaking between China and Pakistan. But the construction of China-Pakistan Economic Corridor needs to win support from the neighboring countries at least to the extent that the project is not publicly opposed. Otherwise, China-Pakistan Economic Corridor would face several regional constraints. India is most likely to possess negative impressions regarding the China-Pakistan Economic Corridor. Studying India's attitude toward China-Pakistan Economic Corridor could help to address the grievances held by India, and may even contribute towards curtailing the drag on China-Pakistan Economic Corridor.

Indian Government's Attitude toward CPEC

The Indian government's position toward CPEC is mostly based on alleged intervention in Kashmir conflict. China and Pakistan, therefore, should develop systematic and reasonable countermeasures in order to circumvent India's pretensions.

The author, as part of his research undertaking, visited the websites of the Indian Prime Minister Office, the Indian Foreign Affairs Ministry and the Indian Defense Department. It was found that the Indian Prime Minister did not officially express his formal opinion on China-Pakistan Economic Corridor. Similarly, the Indian Foreign Affairs Ministry had not given a formal opinion on China-Pakistan Economic Corridor yet, but in response to questions from journalists and representatives, the Ministry had cited concerns regarding China-Pakistan Economic Corridor with reference to India's persistent position on "Pakistan Occupied Kashmir." The Indian Defense Department also had not officially commented on China-Pakistan Economic Corridor. Ostensibly, the China-Pakistan Economic Corridor is a bilateral project and Indian concerns only extend to the India-Pakistan territorial disputes in Kashmir and Gilgit-Baltistan. In fact, the cautious attitude of the Indian government represent that the Indian government is not as such focused on China-Pakistan Economic Corridor. Analyzing the reaction of Indian Foreign Ministry, it may be deduced that the Indian government has not considered devising any systematic diplomatic engagement against CPEC.

On October 14, 2009, in response to a question on CPEC projects in "Pakistan Occupied Kashmir", the Spokesperson of Ministry of External Affairs said: "We have seen the Xinhua report quoting the President of China as stating that China will continue to engage in projects with Pakistan inside Pakistan Occupied Kashmir. Pakistan has been in illegal occupation of parts of the Indian State of Jammu & Kashmir since 1947. The Chinese side is fully aware of India's position and our concerns about Chinese activities in Pakistan Occupied Kashmir. We hope that the Chinese side will take a long term view of the India-China relations, and cease such activities in areas illegally occupied by Pakistan."¹

On July 29, 2010, Shri H.K. Dua asked the Minister of External Affairs, Shri S. M. Krishna: "Will the Minister of external affairs be pleased to state: (a) whether Government is aware of the reports that China is planning to build a railway link to Pakistan across the Karakoram range; (b) whether this railway link would cut through the Gilgit-Baltistan Region which is part of the original State of Jammu and Kashmir and would be used by the Chinese to reach the Arabian Sea from the Gwadar port in Pakistan; and (c) whether the proposed Pak-Chinese railway link would have serious security and strategic implications for India?" The Minister of External Affairs, Shri S. M. Krishna, answered that: "(a) to (c) Government has seen reports regarding this matter. Government's consistent position is that Pakistan has been in illegal occupation of parts of the Indian State of Jammu & Kashmir since 1947. Government has conveyed to the Chinese side its concerns about their activities in Pakistan Occupied Kashmir, and asked them to cease such activities. Government keeps a constant watch on all developments having a bearing on India's national interest and takes all necessary measures to safeguard it."²

On March 07, 2013, Shrimati Maya Singh asked the Minister of State in the Ministry of External Affairs, Shri E. Ahamed: "Will the Minister of External Affairs be pleased to state: (a) whether it is a fact that strategically important Gwadar

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Port of Pakistan is being built by China which is a matter of concern for India in view of enhanced strategic power of China; (b) whether this would make the western border areas of India more sensitive; (c) whether it is also a fact that the news regarding development of this port has been published in China that this is part of an effort to corner India; and (d) if so, the details thereof?" The Minister of State at the Ministry of External Affairs, Shri E. Ahamed answered that: "(a) to (d) Recently, management of operations of Gwadar Port have been taken over by a Chinese company. Government keeps a constant watch on all developments having a bearing on India's security and takes all necessary measures to safeguard it."³

On May 08, 2013, Shri Sudarshan Bhagat asked the Minister of State in the Ministry of External Affairs, Shrimati Preeti Kaur: "Will the Minister of External Affairs be pleased to state: (a) whether the Government is aware that the Karakoram highway is being used by Pakistan for transportation of nuclear material from Beijing clandestinely; (b) if so, the details thereof; (c) whether the Chinese activities have increased in Pakistan occupied Kashmir during the last few years; and (d) if so, the details in this regard?" And the Minister of State at the Ministry of External Affairs, Shrimati Preeti Kaur answered that: "(a) & (b) Government is aware of China-Pakistan nuclear cooperation. India's concerns in this regard have been clearly conveyed to the Chinese side. The Chinese side has conveyed that such cooperation in the field of nuclear energy is for civilian use, is consistent with their international obligations, is for peaceful purposes and is subject to IAEA safeguards and supervision. (c) & (d) Government is aware that China is executing infrastructure projects in Pakistan Occupied Kashmir. Government has raised this issue with the Chinese side and has clearly conveyed India's consistent position that Pakistan has been in forcible and illegal occupation of parts of the State of Jammu and Kashmir since 1947. Government has conveyed its concerns to China about their activities in Pakistan Occupied Kashmir, and asked them to cease such activities."⁴

On December 04, 2014, Shri Alok Tiwari asked the Minister for External Affairs, Shrimati Sushma Swaraj: "Will the Minister of External Affairs be pleased to state: (a) whether Pakistani soldiers are being trained by Chinese army along Indian border as per the recent reports, if so, the details thereof; (b) whether heavy guns, mortars and sniping equipments have also been deployed along Indian border by Chinese and Pakistani forces in Pakistan occupied Kashmir (PoK) and border along Rajasthan, if so, the details thereof; (c) whether Government has taken up the matter with Chinese and Pakistani Governments; and (d) if so, the details thereof along with the response of Chinese and Pakistani Governments, if not, the reasons therefor?" The Minister for External Affairs, Shrimati Sushma Swaraj answered that: "(a) & (b) China and Pakistan have stated that their bilateral defence cooperation is an important component of their strategic cooperation. China has long been providing Pakistan with military assistance and equipment. Chinese persons have been visiting Pakistan for conducting acceptance tests on the military equipment supplied by them and subsequently training Pakistani soldiers on the same. Both countries regularly hold joint exercises between their Armies, Navies and Air Forces. (c) & (d) Government has clearly conveyed India's consistent position that Pakistan is in illegal occupation of parts of the Indian state of Jammu & Kashmir since 1947 and has conveyed its concerns to China about their activities in Pakistan Occupied Kashmir and asked them to cease such activities. China has conveyed that it regards Kashmir as a bilateral matter to be settled between India and Pakistan. Government keeps a constant watch on all developments having a bearing on India's security and takes all necessary measures to safeguard it."⁵

Indian Media's Attitude toward CPEC

As far as the Indian media is concerned, their comments on the China-Pakistan Economic Corridor could be divide into two categories: factual news-reports and opinionated viewpoints. For instance, "Hindustan Times" on February 20, 2014 published a factual news-story on CPEC. On the other hand, an opinion-based write-up titled "Exclusive: China says PoK region 'part of Pakistan', raises eyebrows" written by Ananth Krishnan was published on "India today" on December 3, 2014 stating that: "A Chinese statement on Tuesday describing the disputed Gilgit-Baltistan region in Pakistan-occupied Kashmir (PoK) as 'Pakistan's' has raised eyebrows, even as China goes ahead with an ambitious economic corridor through the contested territory despite Indian concerns. The announcement issued by China's State-run and official Xinhua news agency described the pass as 'a strategic point on the Karakoram highway which links China's Xinjiang with Pakistan's Gilgit-Baltistan region'. In the past, China's official position has been that it does not take sides on the Kashmir dispute, which is 'for India and Pakistan to resolve'. India views the region as an integral part of India that is under illegal Pakistani occupation. Despite the official stance of neutrality, India has expressed growing concerns over increasing Chinese investments in projects in PoK, with the suggestion that the moves reflected a shift from China's earlier position on the dispute." "First Post" published a report "Waving the red rag at India: China describes disputed PoK region as Pakistan" associated with "Exclusive: China says PoK region 'part of Pakistan', raises eyebrows," but the conception and words were much intense.

The report "Waving the red rag at India: China describes disputed PoK region as Pakistan" of Rajeesh Sharma on "First Post" in December 4, 2014 had pointed out: "China has come up with yet another provocation. The Chinese state-run media has just described the disputed Gilgit-Baltistan region in Pakistan occupied Kashmir as 'Pakistan', thus taking sides with Pakistan at the expense of India in the 67 years old India-Pakistan conflict over Kashmir. While reporting closure of the Khunjerab Pass, a highly strategic road which links China's far-western Xinjiang region and PoK, for the winter season, China's state-run Xinhua news agency described the pass as 'a strategic point on the Karakoram highway which links China's Xinjiang with Pakistan's Gilgit-Baltistan region'. Entire media in China is state-owned and it is rare for the state-controlled Chinese media to err while describing international boundaries. China has been known to drop subtle hints of its upcoming

diplomatic and strategic moves through its state-controlled media. Often such reports by the Chinese state-controlled media are the trial balloons to test the patience of the targeted country and elicit a response. If the response from the targeted country threatens to hit the Chinese diplomacy, Beijing quietly overrules such media reports and makes amends. The offensive Chinese move has come two days after China and Pakistan kicked off their multi-billion dollar Economic Corridor project that passes through the PoK by laying the foundation of an ambitious four-lane motorway project connecting the two countries. The China-Pakistan Economic Corridor project is essentially aimed at throttling India through a pincer strategy by the two nuclear-armed neighbors who have fought wars with India in the past when they were not nuclear weapon states. India has viewed the China Pakistan Economic Corridor project with lot of trepidation, but there is nothing much it can do about it. It is another matter that forging such infrastructural linkages with Pakistan, China may well be scoring a self goal as the proposed corridor would eventually expose China to risks of China-specific, Pakistan-based jihadists targeting China's restive Muslim-dominated region of Xinjiang. Obviously Chinese statecraft has already taken into account all these and many more possible negative repercussions before embarking on the China-Pakistan Economic Corridor Project. Therefore, the only possible explanation for the latest Chinese bugbear in calling a disputed region of PoK as 'Pakistan' is nothing but a part of a pincer strategy wherein China and Pakistan close ranks to take on India. The Chinese provocation has come days before the much-awaited diplomatically significant visit of Russian President Vladimir Putin to India. Besides, United States President Barack Obama is also scheduled to visit India as the Chief Guest for India's Republic Day 2015. Equally significant is the fact that India has just successfully test launched its nuclear-capable Agni 4 missile which has large parts of Chinese territories under its ambit. Besides, India is poised to test Agni 5, its maiden ICBM (Inter Continental Ballistic Missile) with a range of 5000 kms within a month. All said, things are looking rather worrisome in the strategic context for India though India-China bilateral relations may ostensibly be presenting a rosy picture. The moral of the story is that India has to not only be cautious about China and Pakistan independently but also the very high degree of probability of the China-Pakistan pincer formation against India."

China's Countermeasure

After pursuing a careful examination of Indian attitude toward China-Pakistan Economic Corridor, this paper would propose countermeasures that may be adopted by Chinese government to hold back Indian objections regarding the construction of the China-Pakistan economic corridor.

1. China should not change its neutral stance on Kashmir issue so as not to provoke India unnecessarily. The secessionist movement in Balochistan province is often believed to enjoy significant support by Indian establishment. The Gwadar Port which will be upgraded under the framework of CPEC is located in Balochistan as well. Therefore, China should seek to eliminate India's hostility towards CPEC as much as possible.

2. Indian think-tanks and newspapers alike talk about China's ostensible 'strings of pearls' strategy representing a negative view of Chinese navy's presence in Indian Ocean. Docking of Chinese submarines at Sri Lankan ports, likewise, aroused severe reaction on part of India. If Chinese navy settles at Gwadar port, India is bound to perceive it as a major strategic drawback. In order to ensure smooth internalization of CPEC, Chinese navy should minimize its presence at Gwadar so that India's hostile reactions in Balochistan can be overcome at least at the incipient stage of CPEC. Any future arrangement concerning deployment of Chinese troops along the Gwadar port must be carefully weighed in terms of geopolitical repercussions.

3. China-Pakistan Economic Corridor as an open project would attract multiple companies from various countries. The participation and bidding processes in the subprojects of the China-Pakistan Economic Corridor should be kept transparent and competitive. China often relies on its own state-owned enterprises for foreign construction project. However, to enhance the capacity of Pakistani labor force, China should actively engage a wide range of governmental as well as private businesses from within Pakistan. This will also help China in tapping the potential of Pakistani entrepreneurs whose role would remain instrumental in further expansion and adaptability of CPEC projects.

4. Chinese government, in its bilateral engagement with Pakistan, should remain mindful of the interests of minority ethnic group in Pakistan. In Pakistani politics, Punjabis have always held disproportionate influence. The ruling central government of Nawaz Sharif's PML-N also, to some extent, represents the interests of Punjabis. But China-Pakistan Economic Corridor extends far beyond the province of Punjab, It, infact, encompasses all major federating units of Pakistan including Gilgit-Baltistan, KPK, Sindh and Baluchistan. On the question of the route of China-Pakistan Economic Corridor, smaller provinces such as KPK and Baluchistan have expressed their reservations. Chinese government should endeavor to protect interests of all provinces in its consultation with Pakistani government. Baluchistan province is rich in mineral resources but remains economically disadvantaged. If China-Pakistan Economic Corridor could deliver benefits to its local populace, it might help in stabilizing the local situation.

5. China should strive to expand the dividends of China-Pakistan Economic Corridor to ordinary Pakistanis. Pakistan's per capita income is quite low. The unemployment rate in Pakistan is very high. China-Pakistan Economic Corridor should strive to drive Pakistan's labor market so that ordinary Pakistanis can reap immediate benefits as the project advances. China often prefers to employ its own labor in construction project in foreign countries. This kind of practice of course has its

rationality, but it also stimulates a sense of deprivation among local people. Involving Pakistani laborers and local enterprises in China-Pakistan Economic Corridor, in the broader sense, would also contribute towards thwarting the argument that China holds expansionist designs for colonizing neighboring economies in the garb of regional integration.

It may be concluded that it is vital for China and Pakistan that CPEC is perceived positively locally, regionally as well as globally so that hostile actors do not attempt to destabilize the project. There exist security threats at multiple levels, therefore, China must lead the effort to adopt a range of preventive counter-measures.

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