

President Zardari's fourth trip to China (August 21-25, 2009)

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President Asif Ali Zardari in his fourth visit to China since taking office in September 2008 termed China the world's next superpower for trade and investment and a place from which the world could learn a lesson. President Zardari hoped that Pakistan would become a gateway for Chinese exports to world markets through its ports.

President Zardari's trip was important in terms of its timing. Pakistan is an energy-deficient country and is seeking help from its friends to overcome the energy crisis through a long-term upgrading and diversification of its antiquated power sector. President Zardari has sought Chinese assistance in hydro, thermal and solar power generation to overcome the power crisis and has invited Chinese firms to carry out a feasibility study.

On August 22, 2009, the two countries signed a memorandum of understanding (MoU) for construction of the Bunji dam in Pakistan. Bunji Dam, one of the eight hydel projects short-listed by Pakistan for construction in its four provinces by the Water and Power Authority, will have a capacity of generating 7,000 megawatts of electricity.¹ The project would be built on a BOOT (build, operate, own and transfer) basis with total foreign investment. The MoU was signed between Pakistan's Water and Power Ministry and China's Three Gorges Project Corporation, which has recently built the world's largest hydro power project in China, capable of generating over 22,000 MW and with a water reservoir spread over 650 sq km. This MoU is part of China's commitment to help Pakistan overcome its power crisis.

Pakistani is seeking Chinese investments in the agriculture, hydropower and energy sectors. The country aims at increasing its energy capacity by 10,000 megawatts by the year 2015. During the President's three previous visits to China, a number of agreements and MoUs were signed to strengthen economic ties. They recently signed a U.S. \$ 700 million deal to build 12 small- and medium-sized dams for electricity generation in Pakistan. China's EXIM Bank will finance these projects.² Five dams will be built in Balochistan, four in Sindh, two in Punjab and two in the North West Frontier Province, for which sites have already been identified.

During President Zardari's fourth visit to China, he visited Zhejiang and Guangdong provinces. These two provinces are considered China's centre of economic development in almost every field including agriculture, marine and river fisheries, water management, investment and business.

President Zardari not only witnessed the signing of MoUs particularly on power generation and agriculture, but also held a series of meetings with Chinese business giants. Zardari urged Chinese entrepreneurs to set up more business ventures in Pakistan to boost foreign investment. China has already made a huge investment in Pakistan. Over 120 Chinese enterprises are investing in Pakistan in sectors like

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development, hydropower generation, telecommunication, coal power generation and construction. Major Chinese corporations have set up offices in Pakistan, and about 10,000 Chinese workers are engaged in Pakistan in different fields. There is thus a stable flow of Chinese investment in Pakistan.

Annual trade between the two countries is forecast to more than double to \$ 15 billion by 2011 from \$ 7 billion in 2008. The Economic Cooperation Group of the two countries also met in August 2009 to implement a five-year programme to boost bilateral trade and economic cooperation. In December 2007, Pakistan launched the Pak-China Investment Company Ltd in Karachi and Lahore to implement the joint economic cooperation plan. The company is working as a window of the China Development Bank for evaluation of joint ventures between the two countries.

This time round, President Zardari's visit did not have any political objectives which needed to be achieved as China and Pakistan already enjoy extremely warm and cordial relationship with unanimity of views on bilateral, regional and international issue. The five-day visit was, on the other hand, part of President Zardari's 'economic diplomacy' with China to initiate the process of interaction with the relevant Chinese institutes and departments which really matter to Pakistan as economic and trade relations between the two neighbours do not match their cordial and friendly diplomatic and political ties. In that context, eight MoUs were signed in the areas of education, trade, agriculture and small- and medium-sized dams.

The President also stressed that cooperation for alternative energy resources should also be exploited with China. "We need solar power for individual housing units, and I want the Chinese to carry out a study in Pakistan," remarked President Zardari's during a presentation given to him in his visit to the Zhejiang Design Institute of Water Conservancy and Hydroelectric Power.³ The heads and top executives of some of Chinese companies, specializing in solar power generation, had a meeting with the President and their representatives would soon be coming to Pakistan for a feasibility study of making low-cost solar power units for homes and factories. In a meeting with President Zardari, President Zhejiang Zhengtai Solar Energy Science and Technology Company, Yang Liyou, said his company was ready to construct solar power generation projects in Pakistan as the country received plenty of sunlight around the year.⁴

Normally during such visits, meetings with a country's top hierarchy are not part of the schedule; yet, due to the importance that China gives to its relations with Pakistan; their foreign minister had a meeting with President Zardari. During the meeting which continued for well over an hour, the Chinese Foreign Minister advocated Pakistan's right to peaceful use of nuclear energy and said the world should realize that Pakistan needs it to overcome the power crisis which has crippled the economy.

References

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- ⁴ Ibid.