

**Traditional and emerging areas of strategic cooperation between  
Pakistan and China**

*Fazal-ur-Rahman* \*

In the post-9/11 regional environment, Pakistan has been confronted with a number of challenges of various magnitudes, threatening state sovereignty, territorial integrity and politico-economic progress. The fact that Pakistan-China strategic relations have not only withstood all the challenges stemming from the constantly changing geo-political environment but have been persistently developing, testifies to the strength of their ties. In recent years, there has been a progressive trend in developing bilateral strategic relations between the two countries in the traditional areas of cooperation such as political, economic and defence. However, there are some areas such as anti-terrorism, Afghanistan and energy security which would require more strategic coordination and cooperation between Pakistan and China in the future. For Pakistan, its relationship with China is the cornerstone of its foreign policy, while China's relations with Pakistan are part of its overall South Asia policy (with special emphasis on Pakistan) which still is undergoing a process of development.

Since the late 1990s, there have been a number of momentous developments shaping the geopolitical landscape of South Asia which include the nuclearisation of India and Pakistan in 1998, the Kargil conflict in 1999, the events of 9/11 which prompted the U.S. to wage a global anti-terrorism war leading to the occupation of Afghanistan, the military stand-off in 2002-2003 between India and Pakistan. During this period, owing to the unfolding geo-political developments in the region, strategic alignments have also been altered. Pakistan once again became a frontline state in the U.S.-led war on terror and was awarded with a major non-NATO ally status by the America; Indo-U.S. strategic partnership entered a new phase having implications beyond this region; Sino-Indian relations improved substantially at the political and trade levels; and tensions between India and Pakistan surfaced once again consequent to the Mumbai terrorist attacks. Most importantly, the accumulative effect of these developments has considerably changed the conceptual geographical parameters of South Asia.

All these developments have had the potential to impact directly or indirectly the strategic contours of Pakistan-China bilateral relations. It is heartening for both Pakistan and China to see that these changes have caused no significant negative impact and both the countries have been able to adjust their policies to the new realities; sustaining the overall growth in bilateral relations and successfully keeping their strategic partnership on an ascending trajectory.

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\* *The writer is Director China Study Centre/East Asia at the Institute of Strategic Studies, Islamabad.*

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During this period, bilateral cooperation on the ongoing projects continued, the traditionally weak links – economic relations and people-to-people contact – have made significant progress and the two countries have been able to consolidate their bilateral relations by providing legal frameworks through treaties and agreements.

Therefore, it can be stated with a degree of confidence that despite Pakistan's current economic and security problems, and China's incrementally improving relations with India, Pakistan's strategic relations with China will continue to grow in the foreseeable future as these are based on a broad consensus and commonality of interests. There are a number of issues which have, however, cropped up in the bilateral relations due to the expanding economic relations and the prevailing security situation in Pakistan and draw special attention by the governments of the two countries.<sup>1</sup>

Some strategic analysts, especially in India, are of the view that Pakistan-China strategic relations were traditionally based on common security considerations to counter threats perceived from India. In that context, they believe that Pakistan served the Chinese strategy of hedging India and confining it within the geo-strategic milieu of South Asia; and in return China persistently served as a reliable source of political support and Pakistan's defence and security needs. They argue that with the significant improvement in bilateral relations between India and China, and to a lesser extent between India and Pakistan, the prospects of a major conflict have receded. Therefore, the rationale for continued Pakistan-China strategic partnership is waning.

However, the facts on ground reflect a different reality. Ye Hailin, a Chinese scholar, points out that “ever since the onset of the 21<sup>st</sup> Century, after the relationship between China and India had enjoyed continuous progress for a decade and with India no longer being seen as the ‘common enemy’ of China and Pakistan as it had been for the previous thirty years, the relationship between China and Pakistan has not fallen into a declining tendency as some Indian observers had expected. On the contrary, China's relation with Pakistan has also made marvellous achievements. Their relationship has expanded to vast fields and their traditional politics and security links have been getting closer.”<sup>2</sup> A prominent Indian scholar, Swaran Singh, in his 2007 book, *China-Pakistan Strategic Cooperation; Indian Perspective*, endorses Ye Hailin's assessment regarding the rationale of the India factor in Pakistan-China strategic cooperation.<sup>3</sup>

On the part of Pakistan also, the general perception that post-9/11 Pakistan has increasingly been influenced by the U.S., and that this proximity may impact the strategic cooperation between China and Pakistan, has proven to be groundless. Despite the intensive and intrusive U.S. meddling in the internal affairs of the country and considerable pressure over its civil-military leadership, the strategic direction of the Pakistan's relations with China has remained

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unchanged. Keeping to the tradition of Pakistan-China relations, for Asif Ali Zardari, after assuming office of the President, the destination of his maiden official visit abroad in October 2008 was Beijing.<sup>4</sup> Similarly, in September 2008, after assuming office, the Chief of Army Staff, General Ashfaq Pervaz Kayani's first port of call was also Beijing.<sup>5</sup> The fact remains that Pakistan-China strategic relations are based on firm foundations of mutual trust and mutual benefit. Besides, there is a national consensus in both the countries at all levels across the board to preserve and further promote the friendship and cordiality between the people of the two countries which has stood the test of time and continued to exist between the people of the two countries since the early 1960s.

China has over the last four decades proved to be Pakistan's most trustworthy ally and has helped, to the best of its ability, build Pakistan's capacity in a number of core areas essential for its national defence and economic progress. Pakistan, in turn, has also been instrumental in safeguarding China's national interests in the region, be it in South Asia, West Asia, Central Asia or Afghanistan. At the political level, Pakistan and China have unanimity of views on issues of mutual concern such as the 'Four-Evils' (terrorism, extremism, separatism and narcotics-trafficking), Iraq, Afghanistan and Iranian nuclear programme. Both the countries want to strengthen the authority of the UN and oppose hegemony, unilateralism and notions such as 'coalition of the willing' and 'concert of democracies'; and all such other concepts which fall outside the UN ambit to deal with international security issues.

These are some of the areas where Pakistan and China have a mutuality of interest, and cooperation on these issues would define the emerging parameters of Pakistan-China strategic relations. Extending cooperation to each other in combating terrorism, enhancing energy security, maintaining long-term regional peace and stability, creating conducive conditions for regional integration, cooperating at multilateral forums, and developing all-round bilateral relationship with more emphasis on economic ties will form the core of future Pakistan-China strategic partnership. Also, Pakistan will continue to remain an important factor in China's policy toward the Muslim world.

This study aims at briefly touching upon China's South Asia policy, as its relations with Pakistan would largely remain within the broader parameters of this framework, and then move on to take an overview of the India and the U.S. factors in their bilateral relations before focusing on the three emerging areas of deeper strategic cooperation; namely, anti-terrorism, Afghanistan and energy.

### **China's South Asia policy**

Since early 1950s, Chinese foreign policy has been essentially guided by the 'Five Principles of Peaceful Co-existence'. China has been largely abiding by these principles; however, China may ignore them at times if it suits its national interests. Presently, though these principles have not been discarded, the

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emphasis on and reference to them is becoming less fashionable in Chinese diplomacy. Today, the operational Chinese foreign policy has shifted from idealism to realism and is based more on pragmatism than principles. Meanwhile, some new concepts of security and conducting international relations such as ‘mutual security’ and ‘harmonious relations’ are being incorporated into the Chinese foreign policy.

In 2006, China introduced a new discourse for its future policy through the concept of a ‘Harmonious Society’ and ‘Harmonious World’. At the 17<sup>th</sup> Communist Party Congress in 2007, these concepts were institutionalized as the central theme of China’s present domestic and foreign policy orientation.<sup>6</sup>

With the tremendous economic progress that China has made in the last three decades, Chinese foreign policy has undergone a vital transition which many in Pakistan have not been able to grasp appropriately and continue viewing China-Pakistan relations with the prism of the 1960s and 1970s. Similarly, to a lesser extent, in China also, friendship with Pakistan is taken for granted. As a result, the perceptual gap between the two countries has continued to grow. Both are increasingly failing to understand the context of each other’s compulsions while expecting favourable policy responses from each other on issues of their respective concern. For example; Pakistanis do not clearly understand why China has not issued a single statement when Pakistan’s national sovereignty is being violated by the continuous U.S. drone attacks despite Pakistan’s protests to the U.S. Similarly, the Chinese do not always understand why Pakistan has not issued any statement condemning the July 5 riots in Xinjiang, while on a similar situation it did in the case of Tibetan riots in 2008.

Under Deng Xiaoping, Chinese foreign policy aimed at passivity, ‘geared to hide its capacity and not to assume a lead role in international system’ before achieving a considerable level of internal development. Jiang Zemin shifted the focus from Deng’s policies to proactively engaging with the world and seeking to develop China as a ‘comprehensive power’ and building a new international order. When Hu Jintao assumed power, he inherited a number of internal and external challenges as a consequence of rapid economic development. On the domestic front, some of the challenges were the widening regional disparities; the tattered social and welfare system; massive unemployment; structural poverty and environmental degradation. External challenges included strategic containment; separatism; terrorism; and creating a rightful place for China in the international system as a great power.

Under Hu, it was inevitable for China to formulate and pursue a pro-active foreign policy matching its rising power stature in the international community.<sup>7</sup> However, this engagement is essentially based on lowering tensions with adversaries and trying to create stable political and strategic environment in the neighbourhood and in Asia as well. Chinese policy aims at reassuring its neighbours of its non-interference and peaceful intentions. According to a report

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titled '*US-China Relations: An Affirmative Agenda, A Responsive Course*' prepared by an independent task force sponsored by the Council of Foreign Relations in 2007, China's approach to the world is focused on three broad objectives:<sup>8</sup>

1. Building cooperative relations with the U.S. while preventing the emergence of any coalition targeting China.
2. Maintaining a 'Zone of Peace' around China to enable the country to pursue its domestic agenda, especially economic strengthening, while expanding its regional influence.
3. Securing and diversifying access to natural resources (especially energy supplies) needed to fuel China's economic engine.

Among these, the most important objective of Chinese diplomacy is to create a zone of peace within which it can continue to develop its comprehensive national power. One of the key instruments to strengthen this policy is the use of multilateral regional forums to seek a common ground on issues of common concern. China is gradually shifting from a bilateral mode of diplomacy to a multilateral mode at least in its neighbourhood diplomacy. China's deepening engagement with ASEAN, SCO and now SAARC are reflections of this shift. China considers its relations with ASEAN as a model of cooperation with a group of neighbouring countries. China is expecting to use the same pattern with SAARC. However, given the complexities in South Asia and ineffectiveness of SAARC as a regional organization, Chinese efforts have met with frustration.

In Chinese perception, the core of South Asian security lies in stable India-Pakistan relations, and the challenge for China's South Asia policy is to manage its relations with both; Pakistan, which is a time-tested ally and India, which is a potential strategic competitor. Ensuring peace and stability in South Asia is the main policy objective of China's South Asia policy. Any development undermining peace and stability of South Asia would be conflicting Chinese policy objectives in the region. China's South Asia policy is threatened due to Pakistan's domestic security environment and periodic friction with India over the issues which at times are beyond Pakistan's control.

Pakistan's policy makers have to bear in mind that the cost of instability in South Asia and Central Asia (Afghanistan being a part of it) is very high for China, and China would like to avoid that at all costs. It is while keeping this background in view that the future course of strategic relations between China and Pakistan should be examined. Some of the factors presumably impacting directly or indirectly Pakistan-China strategic cooperation are the U.S. and India factors.

### **India factor in Sino-Pak strategic relations**

Many analysts in the past viewed Indian's fractious relations with China and Pakistan as rationale for Pakistan-China strategic relations. That assumption has, however, lost its relevance as both Pakistan and China have undertaken several confidence-building measures to improve relations with India. India's rapid progress on the economic and military fronts and its relations with the major global powers, especially with the U.S., has moved it far ahead to continue to be a factor for Pakistan-China strategic relationship. However, normalization and improved relations between China and India by no means suggest an end to the strategic competition and persistent efforts by both to seek influence in the neighbouring regions.

Pakistan not only understands but encourages rapprochement between China and India, but also considers it beneficial for overall regional stability. Since 1996, China has adhered to its South Asia policy and maintained neutrality during the India-Pakistan conflict in Kargil in 1999. China also played an extremely important role – while maintaining a neutral stance – during the India-Pakistan military standoff in 2002-2003, when the Indians mobilized over half a million troops on Pakistan's borders. China's top leadership had been in constant touch through all diplomatic channels with the U.S. and Indian leadership and very skilfully tried to reduce Indo-Pak tensions. It also urged both the countries to show utmost restraint to keep tensions from spinning out of control. Chinese neutrality was mutually beneficial as it helped China to restore Indian confidence in Chinese neutrality and improve its relations with India, while Pakistan was able to achieve a reduction of tension with India.

Many Indian analysts do not seem to be much concerned now about Pakistan-China strategic relations – primarily due to their overt nuclear status, booming economy and strategic partnership with the U.S. – and do not see China as a containing factor any more to their emergence as a great power. China has assured India that it will not hedge against India in its efforts to become a permanent member of the UN Security Council. The two countries are also cooperating on global economic issues at international forums. However, there are some Indian strategic thinkers who points to the unravelling strategic competition between the two Asian giants in future. If that assumption holds ground, then it will again provide some additional space and rationale for Pakistan-China strategic relations to consolidate.

### **U.S. factor in Sino-Pakistani strategic relations**

Pakistan's relationship with the U.S. plays an extremely important role in its socio-economic development. Since the 1950s after having joined SEATO and CENTO, Pakistan has been experiencing highs and lows in its relations with the U.S. In the 1970s, Pakistan facilitated the establishment of contact between U.S. and China; in the 1980s it became a front-line state in the U.S. proxy war against

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the former USSR in Afghanistan; and, lately, once again it has become a front-line State after the events of 9/11 in the U.S.-led war on terror. At the end of each strategic engagement cycle, Pakistan felt betrayed by the U.S.

This time also, though Pakistan is cooperating with the U.S. on anti-terrorism issues, the trust level between the two allies is low and both have differing perspective over the approaches to deal with the menace of terrorism. The U.S. has shown very little or no sensitivity to Pakistan's security concerns, and wants Pakistan to follow its agenda, especially with regard to Afghanistan. The U.S. Drone attacks on Pakistani territory are continuing unabated, killing innocent children, women and non-combatant citizens. The U.S. troop surge in Afghanistan and military operations close to Pakistan's border entails serious repercussions for Pakistan's security. China has a deep understanding of the issues involved in Pak-U.S. relations and, given the amount of distrust between the two, does not consider that Pakistan's relations with the U.S. would have any serious repercussions for Pakistan-China strategic relations.<sup>9</sup>

Pakistan has strong economic links with the U.S. as well, as it is the largest (23.5%, or \$ 4 billion) market of Pakistan's exports; the single largest source of foreign remittances (22%, or \$ 1.8 billion) and foreign private investment (34%, or \$ 1.7 billion).<sup>10</sup> U.S. assistance to Pakistan between 2001 and 2008 was worth U.S. \$ 10,768 million.<sup>11</sup> Under the recently passed 'Enhanced Partnership with Pakistan Act 2009, introduced by Senator John Kerry and Dick Lugar, Pakistan will receive U.S. \$ 1.5 billion each year for socio-economic development plans during 2009-2013.<sup>12</sup> And, another 7.5 billion dollars have been earmarked for the following five years. Moreover, The U.S. influence over international monetary institutions such as World Bank and IMF is crucial for Pakistan to seek economic assistance.

Following the events of 9/11, Pakistan joined the U.S.-led international coalition against terrorism. Since then, Pakistan has been an active player in international war on terror. According to the available unofficial accounts, Pakistan was asked immediately after 9/11 to: "1) close the Pakistan-Afghanistan border to cut off all activities and transits of Osama Bin Laden's Al Qaeda group members in and around Pakistan; 2) freeze the assets in Pakistan of Afghanistan's Taliban rulers; 3) halt the supply of fuel to the Taliban; 4) provide Intelligence information on Osama Bin Laden, his Al Qaeda organization, and the Taliban collected by its Inter-Services Intelligence (ISI); 5) allow the use of its air space for offensive military operations against Afghanistan; 6) permit the stationing of U.S. covert forces in Pakistan, which would go in to capture Osama Bin Laden; and 7) respond positively to further U.S. requests for assistance."<sup>13</sup>

Pakistan fully supported the international effort against terrorism, and the international community has acknowledged that without the active participation of Pakistan, the desired results in terms of dismantling Al Qaeda networks in Afghanistan and Pakistan could not have been achieved. Pakistan has helped in

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apprehending over 500 Al Qaeda and Taliban members required by the U.S., besides launching military offensives against Taliban hideouts inside Pakistan's tribal areas.

Pakistan's cooperation to the U.S.-led anti-terror campaign has helped improve Pakistan-U.S. relations once again, though this time in the specific context of 'war on terror'. In view of the Chinese concerns, expressed privately, on the substance of Pak-U.S. cooperation, the government of Pakistan reassured the Chinese leadership that Pakistan's close relations with the West would not affect the friendship with Beijing. And that, relations between China and Pakistan are time-tested, they do not change with events. Similar sentiments were expressed by the Chinese leadership that whatever events take place, Pakistan-China friendship remains at the same very high pitch – very cordial as it has always been. Pakistan and China have been able to develop comprehensive consultation mechanisms to periodically review regional and global developments in order to adopt a common approach.

However, the currently uneasy relations between Pakistan and the U.S. on several counts and America's deepening micro-level involvement in Pakistan's internal affairs are a matter of concern for China. U.S. efforts to build India as a dominating regional power and its preferential treatment in terms of accepting India's de facto nuclear power status and providing access to state-of-the-art military technologies would certainly impact the South Asian strategic balance and stability, which undermines China's South Asia policy. Despite their enormous economic interdependency, U.S. considers China as a 'strategic and economic competitor',<sup>14</sup> and the evolving U.S.-India strategic relations – given the chequered history of Sino-Indian relations – is seen by Beijing as part of a larger strategic agenda of hedging against China's rising power and expanding influence.

## **Emerging areas of cooperation**

### **1. *Anti-terrorism***

Anti-terrorism cooperation between China and Pakistan began well before the events of 9/11.<sup>15</sup> China is confronted with the menace of separatism, extremism and terrorism perpetrated by the underground Uighur organizations seeking secession from China in the Muslim-majority western province of Xinjiang. Xinjiang borders with Pakistan, Afghanistan, Tajikistan, Kyrgyzstan and Kazakhstan, all Muslim States having problems of religious extremism of varying degrees.

Following the withdrawal of Soviet troops from Afghanistan in 1989, and dismemberment of the Soviet Union – which resulted in the emergence of five independent Muslim States in Central Asia – had a profound impact on the separatist movement in Xinjiang, which had been staging periodic uprisings since



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the early 1980s. In the 1990s, the alleged support of some Pakistani religious political parties to the separatist Uighur Muslims of Xinjiang has been one of the irritants in Pakistan-China relations. Initially, Pakistan gave a lukewarm response to these alleged linkages, and issued verbal warnings to the religious outfits to refrain from such activities. However, in the second half of 1990s, Pakistan began to take serious measures against such activities.<sup>16</sup>

In May 1997, Pakistan acted on the information provided by the Chinese authorities and arrested 12 Chinese students of Uighur origin involved in the February 1997 uprising in Xinjiang. Pakistan has since tried to take all measures to ensure that its soil is not used for any activities detrimental to Chinese national interests.<sup>17</sup> China was early in assessing the spill-over effects of the new situation arising out of the on-going conflict in Afghanistan and the religious extremist tendencies simmering in the newly independent Central Asian States. It responded by initiating the Shanghai-Five process to collectively deal with what Beijing refers to as the forces of three evils – separatism, extremism and terrorism.

Post-9/11, the two countries have been able to forge a comprehensive anti-terrorism cooperation framework. President Musharraf, in his December 2001 visit to China, explicitly expressed support to the Chinese campaign against Muslim separatists in Xinjiang. He declared that Pakistan would extend full support to China to fight against East Turkistan terrorism forces. This was for the first time that a Pakistani leader went public in support of the Chinese policies to curtail Muslim separatists in Xinjiang. Pakistan has also institutionalised an anti-terrorism dialogue with China and the two sides have agreed to share intelligence on terrorism.

In December 2003, the Pakistan Arm killed Hasan Mahsum, the leader of East Turkistan Islamic Movement, in an operation near the Pak-Afghan border, besides extraditing a number of alleged terrorists to China. In August 2004, China and Pakistan conducted the first joint anti-terrorism military exercises named 'Friendship 2004', in Xinjiang. The second joint anti-terrorism exercise took place in Pakistan in December 2006. Meanwhile, in April 2005, during Premier Wen Jiabo's visit to Islamabad, the two sides had signed an agreement on 'Combating Terrorism, Separatism and Extremism'.<sup>18</sup> Also, on December 11, 2007, Pakistan and China signed an extradition treaty which came into force on January 10, 2008.<sup>19</sup>

The all-out anti-terrorism cooperation from Pakistan has effectively removed the apprehensions of China regarding the support to the Uighur Muslim separatists from Pakistan's religious groups. China has also established contacts with the main religious political parties in Pakistan and has been reassured by all of them that there would be no support of any kind harmful to China's interests. Jamat-i-Islami's former chief, Qazi Husain Ahmed, led an eight-member delegation to China in February 2009 for a week-long visit on the invitation of

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China's Communist Party. On his return, he was quoted as saying: "Pakistan is trapped in a tight U.S. grip where Islamabad is not allowed to independently deal with its internal affairs; Zardari should get closer to China in order to extricate Pakistan from the clutches of the United States."<sup>20</sup>

There are also speculations that behind some of the targeted attacks on Chinese citizens in Pakistan, there could be elements of Uighur separatist movement. It has been reported by some independent sources that an unspecified number of these elements are present in Afghanistan and in the Taliban-controlled areas of North Waziristan. Between 2004- 2008, there have been four major terrorist attacks designed to killing Chinese nationals in Pakistan through planting explosive devices and using automatic weapons, besides three incidents of abduction. Although the number of Chinese nationals killed in Pakistan is very small, its symbolic value is very high and the incidents have left a deep scar on the face of Pak-China friendship. Not only that, it has not only impacted negatively on the Chinese companies which were ready to invest billions of dollars in various projects in Pakistan, but also for the first time tarnished the public perception of Pakistan in China.

While the people and government of Pakistan felt deep sorrow at these tragic incidents, the Chinese also did not hide their anger and anguish. There is a common perception in Pakistan that no Pakistani could harm Chinese citizens on their soil and it is probably the 'foreign hand' instigating the attacks to harm Pak-China friendship. Former Prime Minister of Pakistan, Shaukat Aziz, is on record saying that the killing of Chinese nationals in Pakistan was "an international conspiracy".<sup>21</sup>

Following the launch of the U.S.-led of war on terror, China joined the international coalition and since then has become an active player at various multinational anti-terrorism forums. China has also taken several initiatives at the bilateral level and entered into agreements with a number of countries including Pakistan in this regard. Predominantly Muslim, the Xinjiang Autonomous Region has been experiencing a periodic low-level uprising for over two decades. Members of an outlawed underground organization known as the East Turkistan Independence Movement (ETIM) have been getting training and support from the Afghan Al Qaeda connections. Under pressure from U.S. military operations in Afghanistan, some of the foreign fighters, including Uzbeks, Chechens and Uighurs, crossed over into Pakistan's border regions, especially North and South Waziristan, from Afghanistan.

Among the Taliban-style Islamist extremists in Afghanistan and in the border regions of Pakistan, there is a degree of sympathy for the plight of Uighur Muslim population, which is considered by them as being suppressed and suffering at the hands of the non-Muslim Chinese. The possibility of Uighur separatist elements getting involved directly or through their cohorts in attacking

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Chinese citizens cannot be overruled. They do understand that nothing would hurt Pakistan more than an attack on its friendship with China.

The recent uprising in Xinjiang that started on July 5, 2009 has once again highlighted the deep-rooted nature of the problem of separatism and terrorism in China. The riots left 184 dead and over 1,080 injured, 260 vehicles damaged, 209 shops and two buildings burnt, followed by a large number of arrests by the law enforcing authorities. The Chinese government is convinced that this was instigated by the exiled leader Rebiya Qadeer, an ethnic Uighur currently living in exile in the U.S. and a top leader of ETIM who has been placed on the list of wanted terrorists by the Chinese government.<sup>22</sup>

According to Chinese authorities, the World Uighur Congress has been preparing for its third conference this year which, according to Rebiya Kadeer, would work out plans of infiltration and sabotage targeting the celebrations of the 60<sup>th</sup> anniversary of the founding of the People's Republic of China. Furthermore, a "three-step initiative for Xinjiang independence in 50 years" has also been plotted.<sup>23</sup> Given the U.S./NATO failure in stabilising Afghanistan and curtailing spill-over effects of the conflict, it is prudent for Pakistan and China to strengthen bilateral anti-terrorism cooperation mechanisms with a regional perspective. Given Pakistan's past experience in dealing with terrorism, its support is crucial for China to contain the issue of separatism and terrorism and so is China's support to Pakistan for its anti-terrorism capacity building.

China has taken a while to fully realize Pakistan's material needs with regard to its counter-terrorism efforts. On June 15, 2009, Pakistan's Interior Minister, Rehman Malik, announced after his visit to China that the Chinese government would provide security gadgets worth U.S. \$ 280 million to Pakistan for capacity building of law enforcement agencies. That includes vehicle scanners, mobile scanners and other equipment.<sup>24</sup> Hu Shisheng, a well known Chinese scholar on South Asian affairs, has said in this regard: "We will contribute to its (Pakistan) stabilization. A stable Pakistan is essential for building a stable Xinjiang. A disintegrated or dismantled Pakistan will be a disaster for us. We know that during the American campaigns in Afghanistan and operations in Pakistan, Uighurs were caught. There are huge tribal areas there which have run themselves for centuries. Without close cooperation with Pakistan, how can China ensure stability there?"<sup>25</sup>

***China's concerns about the influence of Taliban in Pakistan***

Due to the growing strength and expanding activities of the Taliban accompanied by the Western propaganda hype against Pakistan, an impression has been created in Chinese strategic circles that perhaps Pakistan was sliding fast into the hands of Taliban and they were apprehensive of the possibility of the Talibanization of Pakistan. Such a scenario was seriously undermining China's strategic interest and cooperation with Pakistan and posing serious challenges to

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regional stability and security which had prime importance for China as part of its South Asia policy.

The last two years have witnessed unprecedented terrorism-related violence in Pakistan, which is directly linked to the situation in Afghanistan. The present situation in Afghanistan portrays a very dismal picture with no immediate solution in sight. The U.S./NATO forces are generally in control of urban areas and much of the rural areas are under the control of insurgents. The level of violence in the last two years has significantly increased and the U.S./NATO forces are facing fierce resistance, especially in the south and the east. As the U.S. use of aerial firepower increased, the situation became much more complex due to the heavy collateral damage, killing women, children and innocent non-combatant civilians. Reducing the collateral damage became a dilemma for the Taliban as well.

Under increasing U.S. pressure, the Taliban realized that it would be much safer to shift the centre of gravity of the Afghan conflict into the more vulnerable border regions of Pakistan known as FATA. That also suited the U.S. as it would reduce the level of resistance inside Afghanistan and get deeper involvement of Pakistani military to deal with the Taliban as the U.S./NATO are not prepared to take heavy human losses. The zone of Taliban activities thus continued to expand and infected the settled urban areas such as Swat in Pakistan.

It needs to be understood that there had been a number of constraints (some inherent and some self-created) for Pakistan to developing a cohesive policy to control the Taliban. Pakistan's policy primarily has been two-fold; use security forces/army to reduce the power of Taliban and disallow them to run parallel administrative structures challenging the writ of the State; and secondly, avoid a full-scale military operation to prevent damage to the civilian population. Therefore, to work out a balance in Pakistan's strategy, several so-called peace agreements were signed on different occasions between the Taliban on the one side, and on the other players such as elders of the tribes, political agents, law enforcement agencies, etc.

There is no denying that in some parts of the NWFP, the situation is very dangerous and threatening. There are certain areas where there is no writ of the government and the Taliban are running a parallel system of administration. However, there is no serious danger of Talibanisation of Pakistan as it has been portrayed by some of the Western media which generally is hostile towards Pakistan. Some Chinese scholars have also aired similar views.

The good news is that an overwhelming proportion of the Pakistani civil society has now become deeply averse to the concepts and philosophy presented by the Taliban. A vast majority of the people in Pakistan is moderate and believes in democratic norms and values. This has been amply proved by the pattern of electoral results in 2008 elections. The media in the private sector in

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Pakistan has also gained immense power to mobilize people's opinion and it has exposed the myth of the Taliban that they are waging a Jihad by showing the crimes they have committed against women and innocent civilians. There is no appeal at all for Talibanisation in Pakistani civil society. The Taliban are being increasingly discredited and isolated.

However, the disruptive power of Taliban is a reality of our times and cannot be ignored. They have tremendous potential to create instability and insecurity through suicide attacks, kidnappings, and targeted killings. At present, the Taliban have adapted sophisticated techniques, tactics and data-bases to carry out their operations. Their communication system in certain troubled areas is much more advanced than the security forces. They are using 4<sup>th</sup> generation communication technology possessed only by countries like Israel and India. This technology is not available in the international black-market. Here, the big question is: who is providing them with such equipment?

There is no doubt that narco-trade money is an important factor for the financing of insurgencies. But a major chunk of this money remains with the end suppliers. The government officials in Islamabad dealing with these issues are convinced that Afghanistan is a conduit for weapon supplies to the insurgents. These issues have become a great source of distrust between Pakistan and Afghanistan. The U.S. has shown little sensitivity to Pakistan's concern. It is to be seen how effective the armed Taliban will be in the future and how efficiently the State's security operatives could avert actions by the Taliban.

The peace deal signed in February 2009 in Swat by the provincial government and approved by parliament could not last more than two months and collapsed by the end of April. The deal was grossly breached by the Taliban. According to the agreement, the Taliban were not to publicly display arms in Swat and eventually were to lay down their arms. On the contrary, they not only violated this provision but began occupying the neighbouring districts of Swat. Kidnapping of the officials and killing of the innocent civilians continued. Moreover, they threatened the free flow of traffic on the Karakoram Highway, the only strategic land-link between Pakistan and China. The situation finally became unacceptable and the Prime Minister ordered a massive military operation in the troubled areas on May 7, 2009.

As a result of the military operation, the Taliban have been successfully evicted from the Swat valley. However, as a consequence of the operation, a large number of civilian population (2.5 million) was also uprooted from the areas under operation. That had created an unprecedented human catastrophic situation. Now the repatriation of the internally displaced persons has started and thousands of families have returned to their homes. A huge multi-billion dollar effort will be required to resettle them and to reconstruct the infrastructure destroyed during the military operation.

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For now, there is a national consensus across the board on dealing with the Taliban with a strong hand and culminate this threat once for all. There is no lack of resolve at the governmental level and the anti-Taliban campaign will continue till the desired results are achieved. Similar kind of military campaigns has been launched in other areas, especially Waziristan Agencies to establish the writ of the State. At present, the Taliban are a discredited force, and with sustained efforts by the government and the pro-active civil society in Pakistan, they will ultimately be defeated.

## **2. Afghanistan**

On June 22, 2009, Chairman of the Standing Committee of the National Peoples Congress (NPC) Wu Bangguo said, while meeting Muhammad Yunis Qanooni, speaker of the lower house of Afghan parliament: “We are ready to work with Afghanistan to jointly combat terrorism and drug-related crimes, and to expand economic and trade cooperation, in a bid to benefit the two peoples.”<sup>26</sup> China shares a 50-mile-long (76-km) border with Afghanistan in the Wakhan Corridor, a thin strip of Afghan territory separating Tajikistan and Pakistan.<sup>27</sup> China has been gradually increasing engagement with Afghanistan since 2001. However, their relations improved substantively following the two countries’ signing a treaty of friendship and good neighbourly relations on June 19, 2006, which has been ratified by the two governments on August 14, 2008, and came into force the same day.<sup>28</sup> China’s interest in the developments in Afghanistan is gradually becoming substantive as it is trying to promote bilateral economic relations. The situation in Afghanistan holds the key to regional security, stability and development. The neighbouring States have serious stakes in stabilizing Afghanistan and this process cannot be left to the outside powers alone.

Afghanistan has been in a state of war for the last three decades, and as a consequence of the protracted conflict in that country, the neighbouring regions, especially Pakistan’s bordering areas, have been adversely affected. China and other Central Asian neighbours of Afghanistan are equally apprehensive about the spill-over effect of the Afghan conflict into their countries. China is confronted with the three evils – extremism, terrorism and separatism – in its restive province of Xinjiang. The U.S./NATO efforts to stabilize Afghanistan in the last eight years have yielded no promising results. The situation in fact has deteriorated. Donations by the international community for the reconstruction and rehabilitation of Afghanistan have miserably failed to make a difference in the lives of common Afghans.

As a recent report from the Centre for Strategic and International Studies put it, “There is a widespread perception in Afghanistan that international aid monies are not reaching ordinary people and that corrupt officials and highly paid foreigners are responsible for this failure.”<sup>29</sup> Indeed, the Afghan public is becoming ever angrier at the role of the international community and its sympathy for Taliban and other insurgent groups is increasing. The dynamics of

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the Afghan conflict demand a strategic consensus amongst the neighbours of Afghanistan on the issue of stabilization of Afghanistan. Though the Obama administration's Af-Pak policy carries a component of 'regional approach', that is essentially meant to share the responsibility and burden of the stabilization efforts and not allowing the neighbouring countries to play a substantive role.

U.S./NATO forces have made many critical mistakes in handling of Afghanistan. An objective assessment would reveal that: they have conveniently ignored the impact of collateral damage while talking of winning the hearts and minds of the Afghan people; they have betrayed their promises of economic progress and wellbeing of the people; they set up a government that discriminated against Pashtuns (the majority ethnic group) and which lacks legitimacy; they have utterly failed to initiate a political process for engaging the opposition forces in the country; they neglected the drug issue by collaborating with the war-lords for temporary and tactical advantages; and finally they sought to impose the Western democratic value system alien to the traditional Afghan society.

NATO's approach in Afghanistan and the unwillingness of its members to increase troop contributions has resulted in strengthening of the country's Taliban-led insurgency. Since 2007, there has been a marked increase in violence in Afghanistan. NATO and the U.S. military commanders have been attributing the surge in violence to Pakistan's inability to stop cross-border infiltration of Taliban. But, Pakistan has done everything it reasonably could, including the deployment of more than 100,000 troops along possible entry points at the border; establishment of 400 border-posts, and introduction of biometric identification checks. Pakistan accuses NATO of inadequately monitoring the other side of the border. There is no visible presence of NATO-U.S.-Afghan troops controlling the cross-border movement of insurgents. Pakistan is also critical of NATO's naive efforts to eradicate Afghan poppy cultivation. As it is, drug-related revenues are close to 3 billion U.S. dollars per year, which amounts to one-half of Afghanistan's current GDP. NATO has done nothing to cut the linkage between narco-money and Afghan terrorism. The situation in Afghanistan continues to pose a serious threat and is a source of instability in the region.

Pakistan and China share a common perception on the situation in Afghanistan and are regional stakeholders in the security, stability and reconstruction of the country. Both the countries have strong economic interests, too, especially in sectors such as energy and mineral resources. Pakistan, with the assistance of Asian Development Bank, has been actively pursuing a gas pipeline project known as Turkmenistan-Afghanistan-Pakistan-India (TAPI). At the moment, China has not explicitly expressed interest, but given its growing energy requirements, as the world's second largest consumer of energy, China may consider joining it at some stage if this project is operationalized. China has already agreed to examine the possibility of joining the Iran-Pakistan-India (IPI)

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pipeline project on the persuasion of Pakistan as India seems to be opting out of the project.

Though China's bilateral assistance and aid to Afghanistan has been limited, it has been involved in various projects as part of its contribution towards reconstruction in Afghanistan following the Taliban regime's ouster. The projects undertaken by China include the reconstruction of public hospitals in Kabul and Kandahar, and an irrigation restoration project in the Parwan province; besides some other road construction projects as contractors of the EU.<sup>30</sup> Chinese telecommunication companies, ZTE and Huawei, are also operating in Afghanistan. China and Pakistan have at the same time emerged as the main exporters to Afghanistan.<sup>31</sup>

Afghanistan has sizeable untapped energy, mineral and raw-material resources, which the Afghan government has opened to foreign investors. It has large iron ore deposits between Herat and the Paktia valley, and gold reserves in the provinces of Badakhshan, Takhar and Ghazni. In the 30-km radius of Kabul, major copper fields are located at Jawkhar, Darband and Aynak. China has begun with making investment worth U.S. \$ 3.5 billion in the Aynak copper field in Logar province in late 2007. This has thus far been the largest foreign investment in Afghanistan's history. "The investment involves not only mining but also the construction of a \$ 500 million electrical plant and a railway from Tajikistan to Pakistan to support exploration. The mine will be in full operation in around six years, lead to the employment of 10,000 Afghans, while \$ 400 million of royalties will accrue the Afghan government yearly – more than half of the present yearly State budget. The mine is also estimated to generate millions of dollars in taxes and \$ 200 million in annual shareholder revenues."<sup>32</sup>

China will gradually but surely expand its investments in the other fields as well. When it comes to the long-term Chinese interests related to acquisition of raw materials, adverse security environment does not deter Chinese entrepreneurs; Chinese investment in some volatile African countries is a case in point. Afghanistan's untapped energy resources have equal attraction for both Pakistan and China. According to some reports, "The Afghan oil reserves were upgraded 18 times by a U.S. geological survey; estimates stands at 1,596 million barrels, while Afghanistan's gas reserves were upgraded by a factor of 3, standing at a mean of 15,687 trillion cubic feet (TcF)."<sup>33</sup>

It is expected that China as a net importer of raw materials will ultimately emerge as the largest investor in the above-mentioned sectors. Pakistan too has signed agreements with Tajikistan and Kyrgyzstan for the import of electricity through Afghanistan. Pakistan welcomes China's expanding involvement in Afghanistan, as that will open new avenues for mutually beneficial economic cooperation with a long-term strategic view. From Pakistan's perspective, China's deeper involvement in Afghanistan's reconstruction will be a significant factor for stabilization of the war-torn country.



### **3. Energy**

Pakistan is located at the crossroads of Central Asia, West Asia and South Asia, and surrounded by regions which have immense natural resources. Pakistan has a vision to become a hub of economic activity, linking the neighbouring regions through highways, railways, ports, and pipelines, thus serving as a trade and energy corridor. China, one of Pakistan's major partners in energy sector development, has already undertaken several mega projects, and many more are in the planning/negotiation phase.

According to the latest assessment by the country's Water and Power Development Authority, Pakistan is currently facing a severe power shortage of 4500 mw.<sup>34</sup> Pakistan has developed an Energy Security Action Plan (2005-2030) to meet the requirements of 'Pakistan's Vision 2030' for reliable energy supplies and to ensure that energy deficiency does not become a constraint on its long-term socio-economic development. The main objective of the action plan is to enhance energy supply through a mix of all resources including hydropower, oil, gas, coal, nuclear and renewable energy such as wind and solar. It plans to optimise utilisation of the country's indigenous resource to reduce dependence on imported fuel.

There are at present five major hydropower generation projects in Pakistan, namely, Tarbela with installed capacity of 3,478 MW, Mangla with 1,000 MW, Warsak with 240 MW, Chashma with 187 MW and Ghazi Barotha with 1,450 MW. There are also several smaller hydel schemes whose combined installed capacity is about 108 MW. At present, the thermal power energy adds up to 64 per cent of the total power generation, and hydel power generation is only 34 per cent, whereas the country has enough water resources to generate 25,000 mw.<sup>35</sup>

In 2005, the total primary energy consumption was expected to raise seven-fold from 55 million tones of oil equivalent (MTOE) to 360 MTOE by 2030. The requirement for power generation would increase more over eight-fold from 19,540 MW in 2005 to 162,590 MW in 2030. It was recognized that Pakistan was running out of useable and affordable energy, and more efficient use of energy was absolutely vital. With improving efficiency, a major shift was planned towards coal, nuclear and renewable resources over the long term. Pakistan is blessed with 54,000 MW hydel power potential but in the last sixty years the country has just exploited 6,500 MW of its total potential. Currently, Pakistan is losing 13,000,000 cusecs water which directly flows to the ocean from the rivers.<sup>36</sup>

The total investment requirements in the energy sector during the next 25 years are estimated at \$ 150 billion (\$ 50 billion in the public sector and \$ 100 billion in the private sector). This works out to an annual average of \$ 6 billion (\$ 2 billion in the public sector and \$ 4 billion in the private sector) and calls for a doubling of the current investment levels.

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According to the documents prepared in April 2008 by the Water and Power Development Authority, it has plans to start the construction of 11 dams on different locations with 11,170 MW capacity of generating electricity till 2010 and detailed engineering designs would be completed in the next two years. Given below are some of the important projects which are being built with Chinese assistance, and many others are at the negotiation stage.

**1. The Diamir-Bhasha dam**

A detailed engineering design as well as tender documents of the multi-purpose Diamer-Basha dam have been completed and all studies and details have also been reviewed by an international panel of experts. Regarding the construction of Diamer Bhasha dam, China has agreed to completely finance the \$ 8.5 billion project. German Company Lemhyer has issued final draft of the dam in which the company has projected the cost of dam at \$ 8.5 billion against the earlier projected cost of \$ 6.5 billion in the year 2005. The government wants to start the construction work on Bhasha dam in the year 2009. The Chinese firm CWE is the main company responsible for the project.

Pakistan turned to China regarding the financing of the project after World Bank refused to add the project in the \$ 1.4 billion aid for the current financial year 2008-2009. The World Bank lending rates are higher than those of China. Pakistan had submitted the draft of detailed engineering design of the dam and in response China has agreed to provide financing for the project. The Chinese government has also offered Pakistan to provide skilled labour for the construction of the dam as it has 17,000 skilled labourers who have worked on Three Gorges Dams in China. The government of Pakistan has in its place allocated Rs 200 million in the public sector development programme for the fiscal year 2008-2009 for the dam.<sup>37</sup>

**2. The Neelum-Jhelum hydro-power project**

This project is located in the vicinity of Muzafarabad, the capital of Azad Jammu and Kashmir. The Neelum-Jhelum Hydroelectric Project is to have an installed capacity of 969 MW. The project will produce 5.15 billion units of electricity. The cost of the project is estimated at Rs. 130 billion (US \$ 2.16 billion). It is expected to be completed in eight years. The construction contract was awarded on July 7, 2007, to M/S. CGGC-CMEC Consortium, China. The construction agreement was signed on December 19, 2007, and the letter of commencement was issued on January 30, 2008.<sup>38</sup>

**3. The Kohala hydro power project**

A Chinese company, Sinohydro Corporation, has shown interest in investment in Pakistan by constructing the 1,100-MW Kohala hydropower

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project. The company is already constructing the Gomal Zam dam, the Khan Khawar hydropower project and the Dubair Khawar hydropower project in Pakistan. So far, the project has not been awarded to any company or consortium. (The cost of project is not made clear officially, but it is estimated by other sources at US \$ 2 billion.)

The other projects being build with Chinese assistance are: the Allai Khwar hydropower project, 121 MW, cost \$ 121 million, by Guangxi Water and Electric Power Construction Group; the Dubair power station, 130 MW, cost \$ 71.3 million, by Sinohydro; the Gomal Zam dam, 17.4 MW, cost \$ 190 million, by Sinohydro; the Jinnah hydropower station, 96 MW, cost \$ 128 million, by Dongfang, MWH, CMECC, Guangxi Water and Electric Power Construction Group; the Khan Khwar power station, 37 MW, cost \$ 86 million, by Sinohydro; Mangla Dam extension, cost \$ 240 million, by CWE..<sup>39</sup> The China International Water and Electricity Corporation has pledged to invest US \$ 1.7 billion in hydel power generation in Pakistan.<sup>40</sup>

China and Pakistan also have an active programme for civil nuclear cooperation under an agreement signed between the two countries in 1986. China has helped Pakistan build the Chashma-I and Chashma-II nuclear power generation facilities with a capacity of 325 MW. The capacity of these units can be enhanced, and Pakistan and China have duly informed the IAEA for the planned expansion.<sup>41</sup> Pakistan has been negotiating for two more units of the same capacity, and the Chinese government has agreed in principle to provide them. Pakistan has plans to keep adding to its nuclear power generation capacity, and aims at enhancing production capacity to 8,000 MW of electricity in ten years.<sup>42</sup>

The socio-economic development of Pakistan is unthinkable without adequate generation of electricity. Pakistan is expecting that the Chinese private and State-owned companies would assist Pakistan to reduce the gap between demand and supply of electricity. During President Zardari's last two visits to China, Chinese assistance for power generation remained a recurring theme during discussions with the Chinese authorities.<sup>43</sup>

China's energy needs will be growing manifold in the future, and a secure supply of energy is one of the primary objectives of China's current foreign policy to sustain its economic growth and to achieve its national development goals. The finite nature of oil and gas resources and tremendous growth in its consumption by developing countries, especially big economies like China and India, have initiated a competition for energy resources' acquisition. As the major producers and major consumers are located in Asia, this continent is increasingly becoming a chess-board for playing energy games.

China is well aware of the hedging policy of the U.S. which is a continuation of its containing China policy. At the moment, a large chunk of Chinese energy

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resources (45 per cent) comes from the Middle East and through across water. The Sea Lanes of Communication (SLOC) are increasingly becoming vulnerable for China as the U.S. is in charge of security of the relevant SLOC and they can be chocked at a time of crisis or conflict. Therefore, it is imperative for China to increase its dependence on land-based routes for energy imports.

Central Asia and Russia are very important for China as they are not only suppliers of energy but they can supply through the land route. Peace and stability in Central Asia is thus crucial for Chinese strategic and energy interests. Therefore, China will be an active participant of all the endeavours aiming at promoting security and stability in the region. The instability in Afghanistan has a direct bearing on the security of Central Asia.

Since 2004, Pakistan has been promoting the idea to serve as an energy and trade corridor for China and the Central Asian States. Concerted efforts have been made by the successive governments in Pakistan to persuade China to consider the possibility of turning the Gwadar port as an energy hub by creating facilities for storage, refining and transporting oil and gas through pipelines to the western regions of China.

A framework agreement on energy cooperation was signed in Beijing on February 20, 2006, between the Ministry of Petroleum and Natural Resources of Pakistan and the National Development Reform Commission of China.<sup>44</sup> In pursuance of this agreement, the first energy forum was held in Islamabad from 25 to 27 April, 2006. It was attended by a large number of Chinese energy corporations and financial institutions and their Pakistani counterparts. After two days of intense deliberations, the forum decided that both the countries would enhance the existing energy cooperation and development, including, but not limited to, the following areas:

1. Accelerate oil and gas exploration activity in Pakistan.
2. Initiate studies to build an energy corridor for China to access the oil and gas resources of Central and Western Asia, including the development of oil refining and storage in the coastal areas of Pakistan.
3. Exploit Pakistan's coal and lignite resources for increasing domestic energy supply and for power generation through cleaner coal technologies.
4. Promote development of renewable energy resources, capacity building in hydrocarbon research and development.
5. Encourage private sectors as well as financial institutions of both the countries to participate in energy cooperation to realize joint ventures and investment.<sup>45</sup>

At the energy forum, a blueprint of the proposed 3,300-kilometre-long Karakoram oil pipeline was also presented by the Pakistani side; this entails a 30-inch-diameter pipeline from Gwadar to Khunjerab, passing through Awaran, Pir

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Muhammad, Khuzdar, Shikarpur, D. I. Khan, Kundian, Mianwali, Talagang, Pindi Ghaib, Fatehjang, Haripur, Mansehra, Patan, Dasu, Chilas, Bunjil, Gilgit, Sust, and the Khunjerab pass. The proposed pipeline will be able to handle 12 million tonnes of oil per year and would cost between US \$4.5 and 5 billion.<sup>46</sup> These were the broad parameters of the agreed areas of energy-related cooperation between the two countries. The forum strongly recommended the institutionalization of energy-related cooperation between the two countries. In accordance with the recommendations of the forum, feasibility studies for various projects have since been contracted out.

Saudi Arabia, the largest exporter of oil, has also shown interest in using Pakistan as an energy corridor for transporting its refined oil to China. The Saudi King, Abdullah bin Abdul Aziz, reportedly discussed this possibility during his visit to Pakistan in February 2006.<sup>47</sup> Pakistan's efforts to exploit its geopolitical advantage are drawing the attention of neighbouring regions and strengthening its prospects of playing a role as a regional hub for energy. Pakistan and China have enormous potential to cooperate in the energy sector. China can use Pakistan's geopolitical advantage, and Pakistan would like Chinese investors to invest in energy projects.

### **Conclusion**

The Pakistan-China strategic relationship has constantly been evolving and encompassing new areas for strategic cooperation. Among the emerging areas for cooperation are Afghanistan, anti-terrorism and energy security which are intertwined in more than one ways and have implications for regional peace, stability and development. Without stabilizing Afghanistan, the issue of terrorism cannot be tackled and it would continue to surface in one form or another. Similarly, in view of the possibilities of terrorist attacks on energy infrastructure, no meaningful cooperation in the energy sector can take place.

The new U.S. policy initiatives on Afghanistan and Pakistan by the Obama administration could only be helpful if the regional countries' legitimate interests are also taken into consideration. Pakistan and China, being neighbours of Afghanistan, have to develop a deeper consensus on the on-going situation in Afghanistan and evolve a common perspective. Pakistan-China anti-terrorism cooperation is crucial not only because both the countries are victims of terrorism, but also in view of the fact that the anti-terrorism drive by the external players is at the same time being used by them to reshape the geopolitics of the region which may not be entirely in the interest of both.

The existing bilateral mechanisms for anti-terrorism cooperation need to be expanded with a view to securing long-term national interests of both the countries. The huge potential for energy-related cooperation between Pakistan and China hinges on the issue of terrorism as it discourages Chinese investors from entering the Pakistani market. Pakistan can serve China as an energy

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corridor through the Gwadar port and by linking China's western regions through gas pipelines from Iran and Turkmenistan. The strategic worth of this corridor outweighs the cost factor. The current trends in bilateral cooperation between the two countries over these emerging areas of cooperation are encouraging and would further solidify the evolving strategic relationship.

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