

Forecast 2016: On China-Pakistan Relations

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It appears that the recently announced China-Pakistan Economic Corridor (CPEC) will remain at the centre of Sino-Pakistan ties during 2016, and even beyond. The CPEC, signed in 2013, got a boost in April 2015 during Chinese President Xi Jinping's Pakistan visit, where he announced the allocation of US\$46 billion for its completion. This is the largest investment China has committed to another country, and the largest Pakistan has ever received.

According to some informed quarters, China may add to this volume if the implementation of the CPEC moves forward smoothly on the Pakistani side. The corridor intends to connect China's western region with Pakistan's Gwadar Port via a network of roads, rail and fiber optics.

The CPEC is a part of Xi's grand strategic concept of "One Belt One Road" (OBOR) to connect with over 60 countries and regions. Under OBOR, besides CPEC, China has initiated other projects such as the Bangladesh, China, India, and Myanmar (BCIM) Corridor; Silk Route in Central Asia; and the 21st Century Maritime Silk Route. But the CPEC is regarded as the 'flagship' project among them due to various reasons.

It is the only corridor that involves just one other country, Pakistan, and with whom China has a 'trust'-based relationship. Other corridors consist of different countries with varying degrees of relations with China. Moreover, the CPEC can provide China an access to the Indian Ocean by reducing both time and distance. This route is not only shorter in distance but avoids the Malacca Strait and the vast Indian Ocean dominated by rival Indian and US navies.

For Pakistan, the CPEC can bring large-scale investments in the energy sector, infrastructure building, and industry, giving a boost to its moribund economy. Once Pakistan is prepared, China may also move some of its industry and bring Pakistan into its chain of production. Above all, the CPEC will increase China's stakes in Pakistan which will leverage Islamabad in regional affairs. It is this backdrop that demonstrates the centrality of the CPEC in future Sino-Pak relations.

From the construction point of view, the corridor has been divided into short, mid and long-term projects. In 2016, progress or completion of some projects for infrastructure development and energy are expected. Actually, it is the top priority of the incumbent government to finish some projects at the earliest to show its performance to the public.

According to the understanding that exists between the two countries, Chinese state companies will build several CPEC-related projects. 2016 will thus witness a number of Chinese engineers, technicians and workers coming to Pakistan. There are already over 120 companies and 1,20,00 technicians engaged in different projects in Pakistan. This increased number of Chinese nationals in Pakistan will add to two-way exchanges. At the same time, however, it will also raise the question of their safety and security. Pakistan

has established a special force of 1,20,00 men under the army to provide security to Chinese expatriates and guard their construction work. But given the law and order situation in the country, these measures appear insufficient. Lack of sufficient security may restrict the free movement of Chinese workers and tourists.

While negotiating the CPEC, China and Pakistan have taken into consideration the issue of low trade and economic ties and limited people-to-people contact. Both sides have realised that one of the main reasons for Pakistan's bad economic and industrial performance in recent years is its severe energy shortage. Due to this, China has allocated a bulk of its funds (roughly US\$33 billion out of the total US\$6 billion) for the energy sector. In 2016, some energy projects built with China's assistance are likely to start production. This will create a positive impact on the overall economic development of Pakistan.

Similarly, both countries have taken steps to promote two-way exchanges. China has increased the number of scholarships for Pakistani students and sponsored visits of people from different walks of life. Pakistan in return has promoted Chinese language in quite a short period of time. As a result, Chinese visitors and businessmen can be seen in large numbers in the major cities. This trend can also be measured from the fact that two-way direct flights have risen from four to eight per week and are likely to increase. It can thus be inferred that bilateral trade and people-to-people contact will further increase in 2016.

Importantly, there is no significant defence-related deal in the CPEC. However, this does not mean that the CPEC has no strategic importance. Undoubtedly, infrastructure and the port developed for economic purposes could be equally useful for strategic goals if and when required. China seems to have more confidence in the Pakistani army's ability to complete projects: Frontier Works Organisation (FWO), a branch of the Pakistan army involved in construction work, has been assigned to build roads, highways and bridges of strategic importance.

The two countries have recently signed a US\$4-5 billion deal under which China will provide eight submarines to Pakistan, four to be built in China and the remaining in Pakistan. Another expected defence-related outcome of the year is the commercialisation of the Sino-Pak jointly built JF-17 thunder aircraft. According to Pakistani military sources, Malaysia and Sri Lanka have shown interest in its purchase. If finalised, the deal will pay huge dividends and will give a new boost to defence cooperation especially by encouraging more joint ventures. China could also showcase its joint production with Pakistan to other third world countries as a model.

Besides these mega defence projects, an increase in the number of high profile military visits, training programmes and joint military exercises are expected.

China will continue to meet Pakistan's defence needs by providing large-scale conventional weapons. Taking these developments into account, it is expected that defence relations will not only remain solid but will deepen further.

Like in the past, during 2016 as well, Pakistan and China will continue the tradition of coordinating their policies on regional and international issues. Key areas of such coordination could be, but not limited to, terrorism, especially in Xinjiang and Afghanistan, security issues in West Asia, and India-Pakistan relations. However, parallel to this, it appears that China will also develop its policies in these areas independently of Pakistan - a trend that has started recently and will gain momentum through the year.

It is also likely that China, without effecting its 'special' relationship status with Pakistan, will continue its relative neutrality on the Kashmir dispute, putting emphasis on India and Pakistan settling it through peaceful means. Apparently, under this status quo policy, China disregarded Indian concerns on the CPEC passing through this 'disputed' territory.

The chief irritant in Sino-Pak relations in the recent past has been sanctuaries to Uyghur separatists in Pakistan's tribal areas, and some Pakistan-based militant groups' support to them. This issue is likely to become less stressful in the current year. Pakistan's military operation against militants in tribal areas has reduced the menace of terrorism while Beijing seems satisfied with Islamabad's measures.

China however is dismayed at the controversy in Pakistan over the route of the CPEC. Some smaller political parties from Khyber Pakhtunkhwa and Baluchistan insist upon the western route that will pass through their provinces. On the other hand, the ruling Pakistan Muslim League (N) seems determined to build the eastern route which mainly passes through Punjab - its political constituency. Both sides have not shown any flexibility in their approaches. It is well over two years now since the announcement of the CPEC but no consensus has been reached. Some analysts term it this a much bigger challenge than security issues. There are fewer chances of a comprehensive settlement of the issue, which will affect the pace of the development work during 2016.

These above mentioned trends could be affected by certain factors. For example, an early consensus on the route controversy of the CPEC, an improved law and order situation in Pakistan, improved relations with Afghanistan and India could all have a positive impact on the CPEC, and through it, on the Sino-Pak relationship.

Despite the irritants, the relationship between China and Pakistan will not only remain steadfast but will further deepen in 2016 and will be centered on the CPEC.

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