

Our euphoria on CPEC

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A tone and tenor that smacks of simplistic solutions

A two day conference on China-Pakistan Economic Corridor (CPEC) held at GC University, Lahore was an interesting venture in more ways than one. All in all it was a well-organised and well-attended affair and must be extremely gratifying for Prof. Hassan Amir Shah, the Vice Chancellor and Dr Khalid Manzur Butt, the Director of Excellence, China Studies.

The major speakers mostly representing the state of Pakistan, most notably the Chief Minister of Punjab Mr. Shahbaz Sharif, Dr Akram Shaikh former Deputy Chairman of Planning Commission and Engineer Asghar Ali Rector NUST, Islamabad, exuded euphoria over the prospective benefits accruing from the \$46 billion investment. Their tone and tenor smacked of simplistic solutions to the deep-seated problems of Pakistan.

I sensed a pronounced streak of utilitarianism in their line of argument, linking the solution to all kinds of problems with development. In a bid to underscore and emphasise the development narrative, the political, cultural and religious subtleties, sensitivities and diversity were conveniently forgotten. As if most of them were looking for the necessary stimulus from China which would excite Pakistanis to purposeful action.

Those who tried to spell some doubt or add complexity to the discourse were advised to not indulge in hair-splitting; instead execution must be the priority. They suggested that we should prepare ourselves to measure up to the standards of the Chinese work force.

However, we must take a synoptic view of the CPEC so that its potentialities can be assessed to whatever degree it is possible at this juncture.

The bilateral and trade links between China and Pakistan go back to January 1963 when they signed the first bilateral long-term trade agreement. However, it was on November 24, 2006 that both countries signed a Free Trade Agreement (FTA) which was implemented from July 1, 2007 allowing Pakistan market access for several products of immediate export interest. Therefore the volume of trade between the two countries has gone up significantly from \$4.1 billion in 2006-07 to \$9.2 billion in 2012-13 representing an increase of 124 percent. Pakistan's exports to China, as a consequence increased by 400 percent from around \$600 million in 2006-07 to \$2.6 billion in 2012-13, whereas China's exports to Pakistan registered an increase by one percent during the same period.

With that context, one can make perfect sense of the importance of CPEC which is expected to further strengthen trade and economic cooperation between both countries. The corridor aims to connect Gwadar port to Kashgar (Xinjiang region) in north-western China through highways, railways, oil and gas pipelines, and an optical fiber link.

Equally important is the aim of making Gwadar fully operational and also elevating it as "a significant deep sea port". It was opened for operations in 2007 and its control was transferred to China's state-owned China Overseas Ports Holding in February 2013. Located quite close to the Strait of Hormuz, which channels

about one third of the world's oil trade, Gwadar can potentially play a key role in ensuring China's energy security as it provides a much shorter route than the current 12,900 kilometre route from the Persian Gulf through the Strait of Malacca to China eastern seaboard.

When the corridor is constructed, it will serve as a primary gateway for trade between China and the Middle East and Africa.

Under the CPEC, as a comprehensive development programme, some major projects for developing physical infrastructure are envisaged like the 2,700 kilometre highway stretching from Kashgar to Gwadar through Khunjrab, railways links for freight trains between Gwadar and Khunjrab linking to China and having possible regional connectivity with Afghanistan, Iran and India and the Karachi-Lahore motorway. The revival and extension of the Karakoram Highway (which was started in 1959 and completed in 1979) linking Xinjiang with Gilgit-Baltistan and Khyber Pakhtunkhwa also forms the part of the CPEC. It also plans to establish several economic zones along the corridor. Under the aegis of CPEC, an Energy Planning Working Group has been established which is expected to undertake fast-track implementation of power projects of 21,690 Mega Watts.

So far as the geography of the CPEC is concerned, it is divided into eastern and western alignments. The latter was the original alignment which has been deferred until the eastern alignment of the corridor is completed. Security is the major reason for this change in priorities. The eastern alignment will run through only a few areas of Balochistan and Khyber Pakhtunkhwa. Thus the route will largely be passing through the Punjab which evoked sharp and acerbic response from the leaders of these provinces.

Gwadar being a point of origin, the route travels parallel to the Makran Coastal Highway towards Karachi and after passing through parts of Eastern Sindh and southern, central and northern regions of Punjab, it reaches Islamabad. Then it pervades through the peaceful districts of Haripur, Abbottabad, Mansehra and Muzaffarabad and reaches Khunjrab after passing through Diamer and Gilgit. It also stretches to Jalalabad in Afghanistan but that for now does not concern us. It also envisages connectivity with India through Khokhrapar-Zero Point link and the Wagah border, Lahore. The Western alignment on the other hand will run through some eastern and southern districts of Balochistan like Khuzdar and Dera Bugti, and a few districts of South Punjab to reach Dera Ismail Khan, stretching up to Islamabad and Abbottabad and from there onwards, conjoining the eastern route.

Despite what the state functionaries are asserting with all the eloquence at their command, Pakistan is far from a politically stable country. Religious extremism and xenophobia of the religious zealots, which are not in short supply in Pakistan, will make things extremely daunting for Pakistani state as well as for the China.

(to be continued)

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