

China-Pakistan Economic Corridor: A Flagship and Exemplary Project of “One Belt and One Road”

Lu Shulin *

Introduction

In April 2015, during the first state visit of President Xi Jinping to Pakistan, the talk on bilateral relations between the two countries focused on issues related to the China-Pakistan Economic Corridor (CPEC). In this connection, important agreements were reached and 1 plus 4 long-term plan and strategic deployment was launched, and thus, the strategic thinking and the significance of the corridor became more prominent. The construction of the China-Pakistan Economic Corridor will definitely influence the social and economic development of the two countries, and will display important exemplary role for the implementation of the “One Belt and One Road” strategy.

The Necessity of the Building of China-Pakistan Economic Corridor

In my memory, our Pakistani friends first had the idea of constructing the China-Pakistan Economic Corridor. During my ambassadorship in Pakistan 13 years ago, President Musharraf once said, in view of the important strategic location of connecting South, West, Central and East Asia, Pakistan can be the hub for regional countries, and can be the channel of trade and energy for China. He then made the proposal of building China-Pakistan railway and building oil and gas pipeline between China and Pakistan during one of his visits to China. I think this was the beginning of a framework for CPEC.

* Ambassador Lu Shulin was China’s Ambassador to Pakistan from 1999-2002. Presently, he is Executive Vice President, Chinese People’s Institute of Foreign Affairs, and President, United Nations Association of China. This is a presentation he made at Peking University in June 2015. This is a translated version of Ambassador’s speech delivered in Chinese.

The southern tip of the CPEC is the Gwadar Port. In the early 60s of the last century, when I was a student of Karachi University, my Pakistani friends told me that Pakistan was a country with a coastline of more than 700 kilometres, but had only one port at Karachi that was not enough for Pakistan and for Pakistan's safety. It was at that time I first learnt the name of Gwadar. But for the past many years, due to lack of capital and technology, countries of the West had no interest in helping Pakistan construct a new harbour. The cherished wish of the Pakistan people was not realised. During my ambassadorship, the concerned departments of Pakistan government talked with me several times and requested China to help Pakistan construct a deep-sea harbour in Gwadar, and during the visit of Premier Zhu Rongji to Pakistan in 2001, the Pakistan side proposed to the Chinese side that an agreement in principle on constructing a project with landmark significance like Karakoram Highway be reached during the visit of Premier Zhu.

I remember that during the lunch reception, held by the Federation of Chambers of Commerce and Industry in honour of the visiting Chinese Prime Minister, Premier Zhu declared that he would send his minister of communications to carry out survey on the feasibility of the construction of a deep-sea port in Gwadar. The guests present burst into a loud applause at once. Newspapers also reported it in the headline on the front pages. The warm reaction demonstrated the eagerness of the Pakistani people for the construction of a port in Gwadar and their warm welcome for China's participation in its construction.

In the 1 plus 4 strategic layout, 1 is the CPEC; and the 4 are Gwadar Port, energy, communication infrastructure and cooperation in industrial development. The 1 is in the leading role and the "core". The 4 are key areas of cooperation under 1 (CPEC). Every key area of the 4 includes a series of projects. During the state visit of President Xi Jinping to Pakistan in April this year, the cooperative projects decided by the two sides after consultation are all most needed by the national economy and livelihoods of the people of Pakistan. The projects mentioned in the Joint Statement under Gwadar port include a new airport in Gwadar and the East Bay Express Way of Gwadar Port. Under the energy field, projects include the Suki Kinari Hydropower Project and the joint State Research Centre for

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small and medium-sized hydroelectric technology. In the field of communication infrastructure, the Karachi-Lahore Motorway (Multan-Sukkur section), Karakoram Highway (phase 2) Upgrade and Reconstruction (from Thakhot to Havelian), Lahore Metro Orange Line are significant projects. The Haier-Ruba Economic Zone located in Lahore has been listed under industrial cooperation.

The total number of agreements, contracts, and MoUs signed during President Xi's visit were 51. At present, Pakistan is facing shortage of energy that seriously affects national economy. Among all the 51 projects, almost half of the projects are energy-oriented. We can foresee that with the gradual implementation of all the projects, the chronic problem of energy deficiency will be reduced, and even finally solved. According to the assessments of our Pakistani friends, the day will come in 2017, by which time the economic situation of Pakistan is expected to have improved a lot.

I remember that when the Pakistani side explained the reason for the construction of Gwadar port, they highlighted its international significance. The Pakistani side told us that the neighbouring countries to the north-west of Pakistan like Afghanistan, Tajikistan, Uzbekistan and Kyrgyzstan were all land-locked countries, and the Gwadar port could provide these countries with an easy and nearest access to the sea. The location of Gwadar port is very good. It is only about 400 kilometres away from the Strait of Hormuz and 72 kilometres away from the border of Iran. So we can see that the intention of Pakistan in building Gwadar port included the good intention to provide convenience for the neighbouring countries.

Only recently, Prime Minister Nawaz Sharif said during his recent visit to Tajikistan that Pakistan was launching a mega-project to connect Gwadar port with the Central Asian States. Prime Minister Sharif highly valued the international significance of China-Pakistan Economic Corridor. He even said that the corridor is the future of Pakistan and will make Pakistan the centre of transit trade which will benefit a combined population of almost 3 billion. Pakistan hopes that Gwadar would be an important economic hub and become one of most important harbours of the Arabian sea.

To China, the significance of CPEC is also very obvious. We know that after 30 odd years of reform and opening, the eastern part of China has undergone tremendous changes, and the western part of the country has also achieved remarkable progress. But compared with the eastern part, it is still lagging behind. Now the country is vigorously pushing forward the strategy of developing the western part so that a balanced development will be achieved between the eastern and western parts of the country and China's long-term stability will be guaranteed. We know that the seven provincial areas of China, and especially Xinjiang, are far away from the coast of China. The import and export of Xinjiang rely on the ports of China which are 4 or 5 thousand kilometres away and, again, through more than ten thousand kilometres sea-route it conducts trade with Asian, European, and African countries. The transport costs are very high. Once the CPEC is completed, the foreign trade of western China, especially Xinjiang, could be conducted through Gwadar which is only about 2 thousand kilometres away from Kashgar. The distance for shipments would be greatly reduced.

The CPEC can also provide China with a new channel for its energy supply. The construction of Gwadar deep-sea port and the CPEC are of great significance for the implementation of strategy of developing the western part of China and for opening it up. We can say that the construction of CPEC is the common strategy of China and Pakistan. It is also a manifestation of high mutual confidence between China and Pakistan. In my opinion, it is also a demonstration of China's will to share with Pakistan its great achievements in development in the past 30 years and more since its reform and opening. During the visit of Premier Zhu to Pakistan, one sentence he spoke when he was talking with embassy members impressed me greatly. He said, "If we don't help a good brother like Pakistan, then whom else should we help?" I remember this sentence clearly even now. I think this sentence displayed the great eagerness of the Chinese leadership in lending a hand to Pakistan in developing its national economy.

During the recent visit of President Xi Jinping to Pakistan, the value of agreements, contracts, and MoUs reached between the two countries amounted to US\$ 46 billion. It will be an unprecedented investment in

Pakistan. It shows the great importance the Chinese leadership attaches to CPEC, and is a vivid display of the willingness of the Chinese leadership in helping Pakistan in developing its economy. Both sides give great importance to the construction of CPEC, which is going on smoothly and swiftly after the agreement was reached.

The Building of CPEC is Closely Related with the Great Strategy of “One Belt One Road”

The construction of CPEC is an important component of the great strategy of “One Belt and One Road” (OBOR). The CPEC is the flagship project. China reached agreement with India on the building of Bangladesh-China-India-Myanmar Economic Corridor, and reached agreement with Pakistan on the building of CPEC in May, 2013. And in September the same year, President Xi Jinping proposed the building of Economic Belt of Silk Road during his visit to Kazakhstan, and made the proposal of building of 21st Century Maritime Silk Road when he visited Indonesia and Malaysia. In such a short period of time, China put forward a series of proposals reflected in its strategic thinking and the overall plan for further reform and opening under the new situation. As we know, in the ancient times the Silk Road was the great corridor between China, the great oriental state, and the Western World, including today’s Central Asia, West Asia, South Asia and Europe and even Africa. The products of China like silk and porcelain were transported to the West and the products of the West were transported back to China one after another through the road. Grapes, walnuts, reddish, carrots, pepper, beans, spinach, cucumber, and pomegranate, which are an essential part of the Chinese diet, and goods for daily use, which have the word of “Hu” in their names like musical instruments “ Er Hu” “ Jing Hu”, were imported to China through the ancient Silk Road. The ancient Silk Road which crossed the extensive space of Asia and Europe left behind the great spiritual heritage of “peaceful cooperation, openness and inclusiveness, and mutual study” and played a historical role in economic and cultural exchanges between the East and the West. The ancient Silk Road was thus the most important channel between East and West.

Only after the development of the maritime route, the importance of

the land Silk Road decreased. How to bring out the full potential of land and maritime Silk Road under the new historic conditions and to connect the great markets in the East with the great market in the West so as to maximise mutual benefits through win-win cooperation, is a question for us to explore. The means of transport along the ancient Silk Road were very backward. Camels, horses and wooden ships were mainly used for transportation of people and goods. Even these means of transport played a great historic role. Today, we have cars, trucks, steamers and sophisticated naval ships, railways, high-speed railways. We can foresee that once the “One Belt and One Road” is built and connected with the Asia-Europe Land Bridge under construction and Pan-Asia Railway covering the Indo-China Peninsula, the vast areas covered by it will create a great economic network. The “One Belt and One Road” and China-Pakistan Economic Corridor and China-Bangladesh-India-Myanmar Economic Corridor will play a great role for the joint development of Asia and beyond, and for the common development of the East and the West.

China does not believe in a “Zero-Sum Game” nor in the Doctrine of “the Strong Must be Hegemonistic”, but believes in “peace, development, win-win cooperation, amity, sincerity, mutual benefit and inclusiveness” and is willing to benefit our neighbouring countries with our own development. The baseless propaganda that this proposal by China is “the Doctrine of New Colonialism” betrays Cold War mentality. China was a victim of colonialism. “Never do to others what you would not like them to do to you”. China will never impose colonialism on others.

As to the relations between the CPEC and “One Belt and One Road”, we can also see from the map that the southern section of the ancient Silk Road goes through Pakistan and then extends westward to the Middle East, Europe and Africa. The CPEC starts from Kashgar of Xinjiang to Gwadar of Pakistan, and crosses Pakistan from north to south and thus connects the Economic Belt of the Silk Road with the Maritime Silk Road. That is why the Chinese leaders say that CPEC is the flagship project of “One Belt and One Road”.

In view of the outcome of the visit, we can see that the leaders of the two countries had the intention to make CPEC the flagship project of “One

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Belt and One Road” and make it an example of the construction of “One Belt and One Road”. During the visit of President Xi Jinping to Pakistan, leaders of the two countries also made this intention public. The Central Committee of the Communist Party of China, with Xi Jinping as its Secretary General, does not believe in empty rhetoric. It means what it says and believes in swift action. Just see that as soon as the “One Belt and One Road” was proposed, China announced the establishment of the Asian Infrastructure Invest Bank (AIIB). The Bank will provide much needed capital to Asian countries to build their infrastructure. China, on its own initiative, provided \$50 billion as the starting capital of the Bank, almost half of the registered capital of \$100 billion of the Bank, and became the biggest shareholder of the Bank. The establishment of AIIB was warmly welcomed by various countries. Up to June of 2015, 57 countries had become founding members of the Bank covering all major countries except the USA in the West and Japan in the East. The main experience of China over the past 30 years and more since reform and opening is, “If you want to get rich then you build roads first”. China is deeply aware of the importance of road building for the national economy.

In such a way, China demonstrated its willingness of sharing its experience of development with other countries. China also suggested the establishment of the Silk Road Fund so as to provide the financial support for the countries along the “Two Corridors” and “One Belt and One Road” in their infrastructure, resource development and industrial cooperation, and provided \$40 billion for the Fund. During the visit of President Xi Jinping, the Silk Road Fund has become stockholders of China Three Gorges South Asia Investment Limited Company, and will join hands with it to invest in clean energy projects such as Karot Hydropower Station in Pakistan, which is the first investment project of Silk Road Fund since its establishment. This demonstrated the importance the two sides attached to CPEC. The CPEC only involves two countries and the two countries are “Iron Brothers” and are easy to reach agreement in actions. This is why the building of CPEC is going faster than China-Bangladesh-India-Myanmar Economic Corridor. So we can say that there are favourable conditions to make CPEC a flagship and exemplary project for “One Belt and One Road”.

CPEC is a Long-Term Comprehensive Project and Cannot be Completed in a Short Period of Time

In order to construct the CPEC, the two countries must be interconnected. This includes four aspects. They are: information connection; road connection; rail connection; and pipeline connection. In order to achieve information connection, the Pakistan-China Cross-border Fibre Optic Cable must be laid. In order to achieve road connection, the roads of our two countries must be upgraded and mutually connected. In order to achieve rail connection, the railways of our two countries must be upgraded and mutually connected. In order to achieve pipeline connection, the oil and gas pipelines must be laid between our two countries.

In order to achieve mutual connection between our countries, a lot of work has to be done and a lot of difficulties are ahead of us. Between China and Pakistan, the Karakoram Highway linking Kashgar and Thakot was constructed in the 1960s and the 1980s. The upgrading and extension of this road is a mega-project. And to construct a railway between our two countries will be a completely new task for our two countries. In view of the geographical and climate difficulties, to construct a railway on the roof of the world will be a great challenge for both our countries. Moreover, building industrial parks along CPEC is very important, because only in this way the role of the Corridor could be brought into full play. In short, a lot of difficult work must be done. The change of the internal situation of the concerned countries, including the threat of terrorism will affect the process of the construction. In addition, the factors outside are also a matter to be closely watched, because not all the countries are willing to see the completion of CPEC. Therefore, this gigantic project is going to be time consuming and capital consuming and cannot be accomplished overnight.

In order to achieve early results of Two Corridors and “One Belt and One Road”, the idea put forward by President Xi Jinping “to take a case or two as an example for the rest of the lot to follow”, is practicable. We are just doing accordingly. It is not to get results after the completion of the Corridor, but to get results while the Corridor is being constructed and to set the ball rolling. Anyhow, the construction of the CPEC is the common

aspiration of the people and the general trend of development and an embodiment of the idea of win-win cooperation. It is not directed against anybody and reflects the demand of the time, and so will surely be completed at last and will have great impact on the region and the economic and cultural cooperation between East and West. Just as it was pointed in the Joint Statement issued during the visit of President Xi Jinping to Pakistan, the Silk Road Economic Belt and the 21st Century Maritime Silk Road initiatives represent a new model of regional and South-South cooperation, which will offer new opportunities for Asia's rejuvenation and the common prosperity of all countries.

The Construction of CPEC is a Good Way to Address Terrorism

As we know, poverty is the breeding ground of terrorism. History in the past 14 years since 9/11 proved that military action against terrorism treats apparent symptoms but does not eliminate the root causes. We even witnessed the phenomenon that the more we strike the terrorists, the more terrorists emerge. It is something worth pondering. We must try to find new ways and measures to tackle the problem. Perhaps the combined military, political, and economic measures will be more effective. During the visit of President Xi Jinping, both sides stressed that the planning and development of the CPEC will cover all regions, and benefit the entire population of Pakistan while promoting the common development and prosperity of both China and Pakistan, as well as other parts of the region. The Chinese side expressed its willingness to provide assistance to the reconstruction and related projects on people's livelihoods in the Federally Administered Tribal Areas (FATA) which is most affected by terrorism. We believe that with the gradual implementation of the projects of CPEC, the economic and social conditions of the backward areas of both Pakistan and China will be improved, and the hotbed of terrorism – poverty – will be gradually reduced. I think this is the real and effective way to eliminate terrorism.