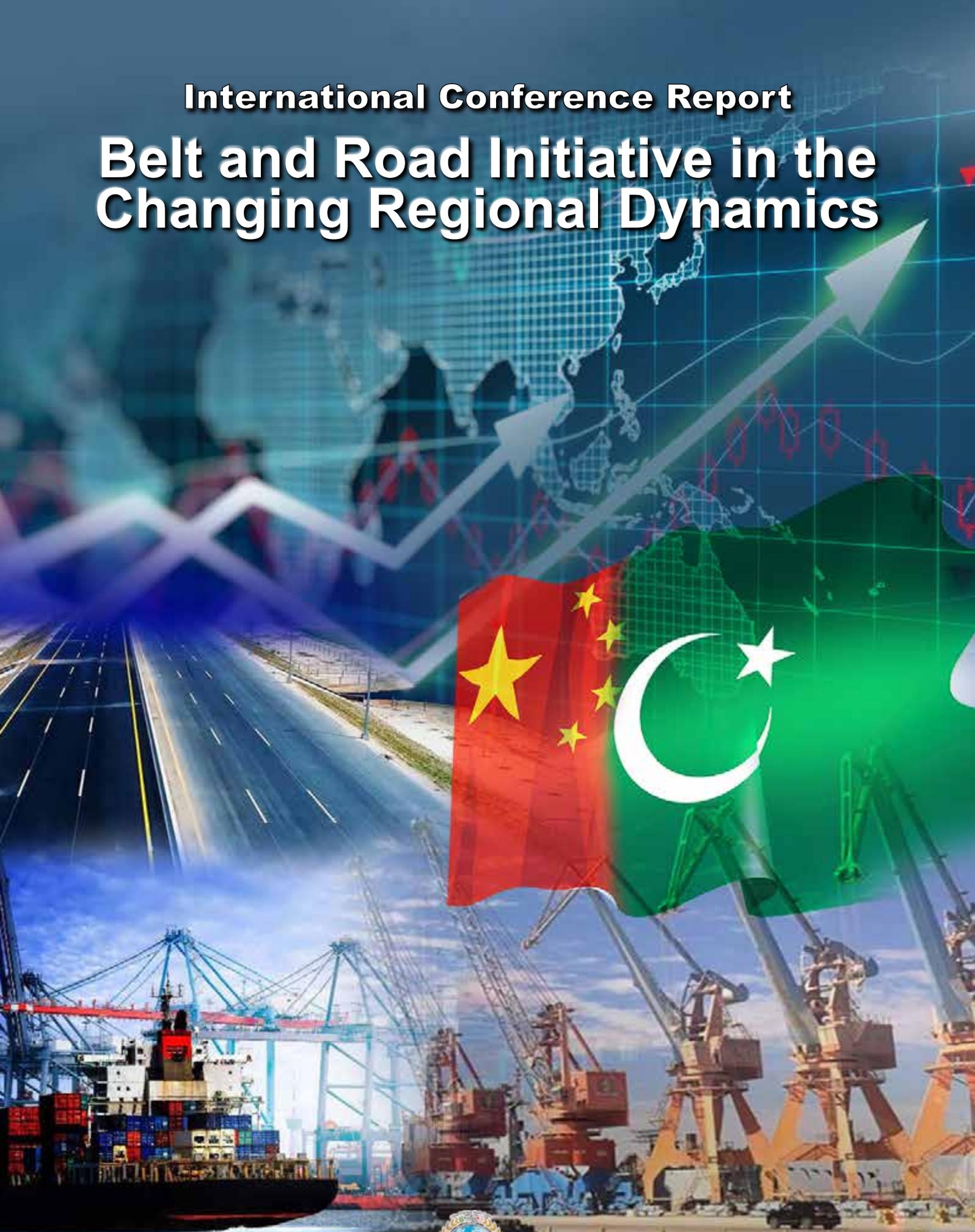


**International Conference Report**

# **Belt and Road Initiative in the Changing Regional Dynamics**



China Pakistan Study Centre  
Institute of Strategic Studies Islamabad (ISSI)



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In addition to publishing a quarterly journal and a monograph series, the ISSI organises talks, workshops, seminars and conferences on strategic and allied disciplines and issues.

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# International Conference Report

# Belt and Road Initiative in the Changing Regional Dynamics

November 20-21, 2019

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## Concept Note

China plays a crucial role in maintenance of peace and stability in the emerging security environment in South Asia. In recent years, China has expanded its cooperation with smaller South Asian states in the framework of Belt and Road Initiative (BRI). Pakistan and China share multi-faceted special relationship with a growing economic component. The relationship has assumed deeper focus on socio-economic development agenda in recent years. New development priorities have made CPEC framework, and by extension Belt and Road Initiative (BRI), more comprehensive, and in line with Pakistan's development needs.

The changing regional security dynamics warrant a review of the current regional situation and taking stock of BRI cooperation in South Asia. As the leaders of South Asian countries and China undertake high-level engagement on regional issues, it is pertinent that think-tanks, from Pakistan and China, undertaking research on Pakistan-China relations and South Asia have a dialogue and exchange of views.

In view of the importance of the emerging dynamics and BRI, there is a need to hold public debates in order to generate creative and constructive ideas to inform policy-makers. Currently, around sixteen China-focused institutes and centres are functional across Pakistan. Similarly, there are Pakistan Study Centres and South Asian departments in various universities of China.

China Pakistan study Centre (CPSC) at the Institute of Strategic Studies (ISSI) therefore held an international conference along with a Think-Tank Dialogue on November 20-21, 2019. The objective was to bring together these centres/institutes and focus on cooperation under Belt and Road Initiative in the emerging regional security environment of South Asia, and dovetailing it with multifaceted relationship between Pakistan and China. This conference was followed by a roundtable of Pakistan Study Centres in China and China Study Centres in Pakistan as part of 1st Pakistan-China Think-Tank Dialogue.

The Foreign Minister of Pakistan kindly consented to inaugurate the Conference. Participants were invited from across the country, including representatives of various China-focused institutes from Pakistan and China. The Conference was a public event, and its outcome was in the form of concrete suggestions and recommendations for policy makers and stakeholders

## INAUGURAL ADDRESS

**H.E. Makhdoom Shah Mahmood Qureshi**

*Federal Minister for Foreign Affairs, Government of Pakistan*

AssalamuAlakum and Good morning to you all.

I would like to thank the organizers of this International Conference for inviting me to speak to you on a subject which is increasingly becoming critically relevant to our region and indeed the world.

I want to commend Institute of Strategic Studies, Chinese embassy and Power China for bringing together such a broad spectrum of scholarship from academia and think tanks of China and Pakistan.





These dialogues are critical to cultivating better understanding and synergizing our efforts to benefit from the connectivity and other collaborative initiatives, such as the BRI.

In the past six years since its launch in 2013, the Belt and Road Initiative (BRI) has emerged as the single most effective instrument of globalism and international development cooperation. The true potential of the BRI lies in having created an awareness that the world would be better off if we enable each other to attain economic growth and development.

No other global initiative can boast of involving more than four billion people living in the Asian, European and African regions, and bringing hope of shared prosperity, especially to the countries that are still struggling with their economies.

Studies indicate that when completed, the BRI's transport projects alone could reduce travel time along economic corridors by 12%; increase trade between 2.7% and 9.7%; increase income by up to 3.4%; and lift millions of people from extreme poverty (World Bank).

Our region faces four immediate challenges: first, the US-China competition and especially the trade-related issues, which can negatively affect global economic stability; second, the US-Iran tensions, which have the potential to trigger unforeseen consequences for world economy and regional peace and security; third, the instability in Afghanistan, which, if not addressed, could continue to negatively impact efforts for durable peace and economic development in the region; and fourth, a South Asia now fated to deal with an over-reaching and "Hindutv"-driven India.

As the Director General has mentioned in his welcome remarks, our region is witnessing the emergence of a new economic geography. The BRI has a central role to play in converting this region into one rich in opportunities for economic growth and development. Who would appreciate this more than Pakistan, which is hosting a flagship arm of the BRI, called China Pakistan Economic Corridor.

CPEC, a flagship project of BRI, is a transformational project. Completion of CPEC projects is the number one priority of our government. Many energy and infrastructure projects of CPEC have completed which have injected dynamism into the process of our economic development. They have also given a boost to our growth. In order to fast track expeditious completion of CPEC projects we have established a CPEC Authority.

We have now entered the second phase of development of CPEC which will mainly focus on industrialization and socio-economic development. We have identified 9 special economic zones to focus on rapid industrialization. These SEZs have been granted incentives so that Chinese and foreign investors can invest in these zones.



Let me make two important points here:

- The BRI, CPEC, and other such connectivity initiatives are now being recognized as the most potent voices for globalism. At a time when multilateralism is coming under duress, the BRI philosophy tells us that globalism is still relevant and the best hope for humanity.
- Secondly, we must acknowledge that many of the security-centric problems can find their solution not in kinetic adventures but in tangible economic collaboration for the common good. We, therefore, need to make a concerted effort for a paradigm shift away from security driven agenda and priorities to inter-dependence and connectivity. The BRI and its associated projects like CPEC can help us make this paradigm shift.

While economic and commercial win-win options are being explored under the rubric of the BRI, I would say that equally important would be to complement that effort by forging strong partnerships, harmonizing policies, and close people-to-people contacts for better understanding. It is in this context that today's international conference assumes special significance.

Speaking from Pakistan's perspective, we can never over-emphasize the importance that our all-weather strategic cooperative partnership with China occupies in our foreign policy priorities. Pakistan fully recognizes that the increasingly demanding and inter-related security and economic challenges often go beyond the capacity of individual nation states. The states, rich and poor, developed and developing, can only forge ahead if they cooperate. We, in Pakistan, therefore, have extended full support to the BRI as an effective implementation mechanism for creating a more balanced, multi-polar, inclusive, and multi-lateral architecture for our region and the rest of the world.

We have seen the scepticism among certain quarters who perceive the BRI as a political and economic threat. We think it is unwise to perceive this transformational project in a zero-sum perspective. The BRI would link the nations of Eurasia like never before, and in fact, BRI has the potential to convert any potential geo-competition into a positive force for the entire world. Imagine the benefits for the humanity if the two leading economies of the world were to help shape a regional order that can bring regional allies and partner countries to implement a unified economic strategy for the common good of the humanity.

Let me conclude by saying that the exclusive focus of global and regional powers on the military and security dimensions of what is happening in Asia will be short-sighted. The BRI and its flagship projects like CPEC, offer a ray of hope that inclusive and pluralistic solutions would make our world safer, securer, and more prosperous.

I look forward to pursuing the outcome of your discourse in the next two days. I wish your deliberations every success.

# WELCOME REMARKS

## Ambassador Aizaz Ahmad Chaudhry

*Director General, Institute of Strategic Studies  
Islamabad*

May I warmly welcome the honourable Foreign Minister of Pakistan to the International Conference being organized Institute of Strategic Studies. I would also like to welcome Ambassador of China, Chairman of Power China Resources Ltd, and scholars from China and Pakistan.



Makhdoom Shah Mahmood Qureshi Sahib has developed for himself the reputation of a scholarly diplomat. He values and appreciates independent ideas. He recognizes the true worth of out of box thinking. He has therefore paid special attention to the inputs that he receives from outside the government circles. Our institute, of which the foreign minister is patron in chief, is especially fortunate for the opportunity to contribute to the thinking on foreign and security policy agenda of our country. The result of this approach is not surprising. Today, despite huge challenges in the foreign policy domain, Pakistan has acquitted itself well and handled choices with a sense of responsibility and wider perspective of peace and prosperity for the region and the world. He is a steady hand on our foreign policy mission and once again thank him for his consistent support to us. I would also like to thank Ambassador Yao Jing of China. He has been a bulwark of support to China Centre of this Institute. He is seen all across the country travelling far and wide to inculcate deeper cooperation between Pakistan and his country. Thank you Ambassador and your team for the support to organize this conference. I would also like to thank Mr Du Chunguo, the president of Power China Resources Ltd. His co-sponsorship of this event serves the highly valuable purpose of bringing Pakistan and China closer through tangible economic project.

Mr. Foreign Minister,  
A new economic geography is emerging in our region. The sub regions of South Asia, West Asia and Central Asia are the mainstay of this economic geography. Alongside, there are at least five global dynamics, each of which is affecting the new economic geography of our region. Let me elaborate:

If we look closely, Pakistan and China are both hugely relevant to these global and regional dynamics, especially to the idea of a growing economic geography of our region: Let me elaborate.

- i. Major power competition could either yield positive globalism or a disastrous rivalry.
  - ii. The US tilt towards India has emboldened the present Indian leadership to pursue a heavy-handed approach with consequences for the whole region.
  - iii. Any outbreak of hostility in the Gulf could seriously destabilize the region.
  - iv. Lack of peace in Afghanistan is one singular impediment to regional connectivity.
  - v. Non-traditional security threats are rising like Climate Change and water security.
- Further, there are other huge challenges arising from information explosion, cyber, lawfare, xenophobia, narrow nationalism, challenges for immigrants, and unbridled population growth.

China's economic rise is stimulating the shaping up of the new economic geography. Major power competition could either move us towards a win-win melting pot or push the entire region into vortex of conflict. The BRI, AIIB, CPEC can all make globalism win. Or we lose it all. Stakes are high.

Pakistan's role is also emerging as a conciliator, a peace builder, an element of stability in the region and hub of economic connectivity in the three sub regions. Pakistan's implementation of CPEC, efforts to facilitate peace in Afghanistan, and conciliate both Iran and Saudi Arabia for peaceful solution to their problems are the cases in point. The major challenge is lack of peace in South Asia, where India is pursuing the ambition of creating a Hindu rashtra, with little to no space for minorities.

How would the region cope with the challenges and avail the opportunities? The participating scholars from China and Pakistan would help us better understand the exact nature of the challenges ahead, and hopefully would identify practical solutions. In the midst of these far reaching changes, it is crucially important that globalism and inclusivity must win. We all must stand on the right side of history.

I sincerely hope that this conference will contribute to deepening our understanding of the regional dynamics and how best we can benefit from them.

## INAUGURAL ADDRESS

### H.E Yao Jing

*Ambassador, People's Republic of China  
to Pakistan*



think that it is very important for us to be present at today's think-tank dialogue. I am thinking to call this week as a "Dialogue week" between China and Pakistan. On Monday we had HEC forum in which number of academics from both the countries participated, while today we are attending an international conference followed by a think-tank dialogue, in which universities and academic institutions from both sides are attending. On coming Friday,



we will have CPEC media forum, so you can see the scale and frequency of contacts between China and Pakistan. Today when all these experts / brains on Pakistan foreign policy sitting together, I would like to elaborate my understanding of Pakistani government or Pakistan's foreign policy. The Pakistani government right now have adopted a transformational foreign policy or diplomacy, which is very important for development not only for Pakistan but also for China Pakistan as well as for regional peace and security.

One characteristic of current foreign policy of Pakistan is that it is people-centric, when the government of Pakistan is advocating for the wellbeing of the people of Pakistan, I have witnessed the personal inputs and efforts of the honourable Foreign Minister, who has himself presided two sessions of agriculture cooperation, tourism cooperation between China and Pakistan. I think foreign policy of Pakistan has been expanded, they have been looking beyond the traditional domains of security and state to state relations. they are putting more on the wellbeing of people. The Second characteristic of Pakistan's foreign policy is focused on economic development, economic diplomacy, ease of doing business and ease of visa regime. These efforts by Pakistan has brought positive effects on people-to-people contacts, building positive image of Pakistan and particularly, it has attracted more foreign investors into Pakistan, when they can travel without any kind of institutional barriers, they come to see the environment of investment, the environment of business, which has been advocated by the government of Pakistan. and thirdly, I think the diplomacy of Pakistan has been given to promotion peace and security in this region and in the world at large. In this regard, the Director General has already elaborated, but for me, and for China's concerns, I think we are very much encouraged by Pakistan's efforts for an amicable relation in the region, you have offered good gestures to India by opening the Kartarpur Corridor, and you are facilitating peace process in Afghanistan, and the Prime Minister personally is working hard to diffuse the tensions in Middle East.

The orientation of diplomacy off course is for the wellbeing and peace of the nation, but this world is far away from peace and stability. Pakistan and China are partners, we work together the peace and stability, we work together for international justice, we work against unilateralism, against regional hegemon. CPEC and for that matter BRI needs a stable and triumphing environment, needs an amicable and cooperative state to state relations, and for the past several years implementing of CPEC, both China and Pakistan have demonstrated our sincerity, our determination and our devotion to the regional peace and development.

Today's event is extremely significant when the experts on China from Pakistan and experts on Pakistan from, your suggestions, your opinions and assessments of the future trajectory between the two countries are very important. But I believe the relationship between Pakistan and China has gone also beyond the bilateral scope. It has achieved a regional significance, so I believe the dialogue can produce useful and meaningful suggestions for both China and Pakistan, for us to conduct closer partnership on peace and development of the region, also for better management of the bilateral relations.

Thank you!



## Mr. Du Chunguo

*CEO, PowerChina Resources Ltd*

Good Morning! This is my second visit to Pakistan this year. I am very delighted to come to the beautiful city Islamabad, to meet with old and new friends again and participate in the first China-Pakistan think tank dialogue.

Firstly, I wish the China-Pakistan think tank dialogue a complete success. On behalf of POWERCHINA, I would like to express my heartfelt thanks to the government of Pakistan, the Chinese Embassy in Pakistan, the distinguished guests and all stakeholders who have been paying attention to, supporting and helping POWERCHINA's development in Pakistan. Thank you!



In 2013, Chinese President Xi Jinping put forward the great concept of the "Belt & Road Initiative". The initiative adheres to the principle of "wide consultation, joint contribution and shared benefits", closely integrates development of China and relevant countries, which has obtained extensive consensus and response internationally. In May 2013, Chinese Premier Minister Li Keqiang officially proposed the long-term plan of the "China-Pakistan Economic Corridor" during his visit to Pakistan. The two governments both believe that the construction of the China-Pakistan economic corridor is in line with the development strategy of the two countries and will contribute to the economy growth, people's livelihood improvement, mutual development and prosperity in the region.

Over the past six years, as the flagship project of "Belt and Road Initiative", "China-Pakistan Economic Corridor", with the joint efforts of the governments and people of China and Pakistan, has gradually completed the first stage projects. The tremendous achievements and fruitful results have further strengthened the interconnection, promoted the common development and consolidated the traditional friendship between the two countries.

Since entering into Pakistan market in 1987, POWERCHINA has completed 40 projects with a total contract value of approximately 6 billion US dollar. The total installed capacity exceeds 7000 MW, including the largest hydro power plant, coal-fired power plant, gas-fired power plant and wind farm. In the 20 early-harvest CPEC projects, POWERCHINA participated in the investment and construction of 8 power and infrastructure projects. The Port Qasim coal-fired power plant, invested and constructed by POWERCHINA, has entered into commercial operation on April 25, 2018. Up to now, the cumulative power generation of the project has exceeded 15 billion kWh, which has effectively alleviated the energy crisis, improved people's live standards and promoted the local economy development.



Distinguished Guests, friends, Ladies and Gentlemen, Currently, in the face of the complication of international situation and the downwards trend of the global economy, it is critical to further strengthen China-Pakistan all-weather strategic partnership and further promote the “China-Pakistan Economic Corridor” stably forward. Under the current situation and our of visionary consideration, the the Ministry of Foreign Affairs of Pakistan and the Chinese Embassy established the China-Pakistan think tank dialogue mechanism under the framework of the CPEC Joint Committee, concentrated wisdom and resource to provide solution to the development of both countries, which is significantly meaningful and far-reaching to the future of two counties.

As the official research think tank of the Ministry of Foreign Affairs of Pakistan, the Institute of Strategic Studies Islamabad led the organization of the first dialogue between China and Pakistan think tanks, and 16 Pakistani and 8 Chinese think tanks actively responded to the grand event, which will surely drive the economic development and deepen the friendship between the two countries. POWERCHINA is willing to establish a long-term friendly strategic cooperation with the Institute of Strategic Studies Islamabad and other participating think tanks, develop together, and achieve win-win cooperation, contributing to the development of “Belt and Road Initiative” and China-Pakistan Economic Corridor.

In the past 32 years, POWERCHINA have been adhering to the concept of “wide consultation, joint contribution and shared benefits”, actively participated in the investment and construction of Pakistan’s infrastructure and energy projects, vigorously promoted the local management, fulfilling social responsibilities, stimulating employment, contributing tax and making positive changes to local development and improvement of people’s livelihood. In the future, we will further strengthen cooperation among all parties, continuously devote to support Pakistan’s economic and social development, and play a more active role to consolidate China-Pakistan’s all-weather strategic partnership.

Finally, but most importantly, I once again wish the great success to the first Pakistan-China think tank forum. Long live China and Pakistan friendship!  
Thank you!





# SESSION 1

## BRI 2.0: Perspectives of Shared Future



This session was chaired by Ambassador Masood Khalid, Former Ambassador to China

The speakers in the session included: Professor SHI Yuanhua, Fudan University, Dr. Fazal-ur-Rehman, University of Sargodha; Prof GUO Xuetang, Shanghai University of International Business and Economics; Dr. Zahid Anwar, University of Peshawar; Dr. XU Jianying, Chinese Academy of Social Science; Dr. Huma Baqai, Institute of Business Administration; and Prof LIN Minwang, Fudan University.

Excerpts of the speakers' speeches are as follow:

**Professor. SHI Yuanhua, Institute of International Studies, Fudan University**  
With the world and China-US relations undergoing profound changes, China is going to upgrade the regional cooperation framework among its periphery while the China-Pakistan Economic Corridor (CPEC) will play a vital strategic role.

China has carried out its regional cooperation strategy on Indian Ocean and Western Pacific in the new era, including economy, politics, security and so on. This Strategy has been put into practice since the 18th National Congress. Besides the Asia-Pacific region, the Indian Ocean is regarded as the ultimate destination of two economic corridors in the Belt and Road among the five corridors. With Gwadar Port as the hub, the CPEC connects the South China Sea, the Indian Ocean, the Persian Gulf and the Arabian Sea together, which constitutes a large energy channel bypassing the Malacca Strait, and plays a crucial strategic role in China's Strategy on Indian Ocean and Western Pacific.

Having switched its strategy from being richer to being stronger, China is building its peripheral cooperation framework „7 + 3“. Seven international economic cooperation corridors, namely the New Eurasian Land Bridge, the China-Mongolia-Russia Economic Corridor, the China-Central Asia-West Asia Economic Corridor, the China-Indochina Peninsula Economic Corridor, the

China-Pakistan Economic Corridor, the Bangladesh-China-India-Myanmar Economic Corridor and the China-Japan-South Korea Economic Corridor, constitute the basic framework for China's peripheral cooperation. In addition, there are three new areas under construction, China-Arab regional cooperation with the upgraded China-Arab Cooperation Forum, China-South Pacific cooperation based on FTA and regional cooperation mechanism, and the „Ice Silk Road“ regional cooperation centered on China Arctic route. Finally, the „7 + 3“ has formed the overall layout of regional cooperation around China. As a part of the „7+3“, the CPEC promotes the connectivity in South Asia, connecting China closely with South Asia, Central Asia, West Asia and North Africa. Because of its link in South Asia, the CPEC benefits nearly 3 billion people and plays a special role in the China's Peripheral Cooperation Framework „7+3“.

The Belt and Road is a great route to achieve the cooperation between China and its neighbouring countries. Therefore, China's peripheral cooperation will synchronize with the building of the Belt and Road. Instead of a substitute for the existing regional cooperation mechanisms and initiatives, the Belt and Road aims at promoting the connectivity among the involved countries and to complement each other's advantages. As a milestone, the CPEC links with the Silk Road Economic Belt and the 21st Century Maritime Silk Road. In the CPEC, 14 of the 22 projects have been completed. There is no doubt that the CPEC has set an example in the Belt and Road and China's good neighbouring diplomacy.

Different from American hegemonic stability and cultural values, building a Community with a shared future for mankind is an important indicator of achieving a national governance system and modernization of governance capacity, which expresses the different pursuit and governance strategies of China. Besides that, building a Community with a shared future for mankind is the core of the Xi Jinping's major country diplomacy, and the major goal of China's peripheral cooperation. Guided by the CPEC, the „4 + 1“ economic cooperation, including Gwadar Port, energy, transportation facilities and industrial cooperation, constitutes the key content of jointly building a Community with a shared future for mankind between China and Pakistan. The CPEC is expected to become a model for China to realize its modernization of national governance system and governance capacity.

**Dr. Fazl Rehman, University of Sargodha**

It has only been six years since the concept of BRI has been shared, and it has not only gained popularity and momentum but has emerged as a new way forward for global development. When it was initially shared everyone was critical of the view that how could one country gear its all policy towards one end. However, given the Chinese people resilience and commitment, now BRI is moving forward and turning into a reality. Globalization, connectivity, trade liberalization, reduction in tensions and enhancing security, all these elements are combined together into BRI. Political and economic consensus has to be developed if BRI is to succeed globally. A large number of countries and international entities have joined this initiative, where two summit level meetings have shown the resolve and commitment of international partners towards BRI.

Now BRI has entered the second stage which is also known as BRI 2.0. At this stage there is a need to take a stock of past six years. Considering what have been the issues and problems which could not be adequately covered. Therefore, next phase should focus on these issues and challenges; it should be focused on quality development rather than on quantity infrastructure projects in the partner countries.

Now BRI will be innovative rather than traditional towards its approach to development. Besides that great emphasis will be given on clean and green development which has become a core concept of BRI, and a part of China's internal and external policy. Sustainable development is going to remain the center piece of BRI. In the past we have witness some criticism over debt sustainability by several countries, so now this issue is also going to be forming as one of the core concepts of BRI. Trade liberalization is going to remain one of the core issues. Another prime concept in this BRI 2.0 framework is going to be people to people connectivity. A lot of work has already been done in this regard but still I believe that there is a need for more and a huge potential remains unexplored on this front. Therefore, I believe that understanding China through people to people contact should be prime focus under the next phase of BRI.

**Professor GUO Xuetang, Shanghai University of International Business and Economics**

I will focus on changing dynamics on the landscape of South Asia and Indian Ocean, their impact on BRI and vice versa. From South East Asia to Middle East, this is a dynamic region, not only because of its national security issues but also most importantly its economic dimension. Talking about challenges, I would like to mention the American strategic shift to Indo-Pacific Strategy which centers around major power contest, where we can already see changing dynamics especially in terms of arms race, security issues and energy crises. Especially after President Trump taking the office in America, we can witness strategic adjustments in this region, in Indo-China relations and emerging power structure in Middle East.

BRI has provided an impetus to all the countries in the Indian Ocean region to take economic development issues more seriously and therefore connect themselves with Chinese economy. Hence, the changing dynamics of geo-political and geo-economic pose a challenge to China. The second challenge I would like to mention is the Indian foreign policy. In the last six years, Indian foreign policy under Prime Minister Modi is changing very rapidly, its becoming more assertive towards China, Pakistan and also towards other neighboring countries. Especially in the second term of Modi with strong Hindutva nationalistic domestic support, Indian foreign policy is creating a lot of uncertainty. China-India trust deficit is growing and we are still not being able to bridge this gap.

Recent developments in disputes like Jammu and Kashmir and India-China border show Indian's assertive approach towards these issues, which again creates uncertainty and creates security concern for international and regional peace. Also we can see that in past two years India is trying hard to isolate



Pakistan, economically and diplomatically in the international community. This is another challenge that Pakistan and China both face together, especially in terms of India's evil designs to sabotage CPEC.

Lastly, I would like to mention the growing crises in Iran, especially after the Trump administration backed out from Iran's nuclear deal. Consequently, the energy security issues will have to be faced by all including China, India and Pakistan. So the questions that come to my mind are that what can we do to maintain stability and economic development in South Asia together? As peaceful development is the main theme of BRI which in the context of these challenges remains a critical concern for all. Pakistan and China together need to think more of other smaller regional countries like Nepal and other South Asian countries. The second question of concern is that can India rise peacefully like China has risen for more than forty years? For that to happen India will have to learn from China and most importantly maintain peaceful relations with Pakistan. The third question focuses on regional integration and its possibility given that all South Asian countries come together for their mutual benefit, and maintain a stable economic integration. What bothers me is that given this dream of regional integration, I see Indian foreign policy of dominance, which cannot be acceptable to all and is counterproductive to peaceful economic development.

Since China and Pakistan have common interests, I have a few policy recommendations.

- Pakistan and China should increase their strategic cooperation to maintain regional peace by checking Indian rise through peaceful means.
- CPEC can be a model for promoting cooperation with other countries, especially in context of economic cooperation and people to people exchanges.
- Another recommendation is that why not China joins SAARC, as it is a part of this region and wants to contribute towards it. Pakistan, Nepal and other countries need to create diplomatic pressure on India with one voice for making China a part of SAARC. As China's inclusion will provide some stability and check on India's peaceful rise.
- China, Pakistan will have to cooperate with others to maintain regional security and peace especially in Afghanistan where we along with others can do a lot of work together.

**Dr. Huma Baqai, Dean, Faculty of Business Administration, Institute of Business Administration, Karachi**

The bilateral economic cooperation between Pakistan and China is in the second phase, which is frequently called CPEC 2.0. The ninth meeting of Joint Cooperation Committee (UCC) of CPEC in November 2019 reflected the transformation in the direction of China-Pakistan partnership under CPEC framework. The two countries have worked on an agenda to broaden the



horizon of CPEC beyond energy and infrastructure projects towards copper and gold mines, oil and gas exploration and production, affordable housing, steel production, agriculture, and social sectors.

Both sides decided to fast-track development work on various projects such as the ML-I Railway project, construction of Motorways on Eastern and Western routes of CPEC, and border fencing along Iran and Afghanistan borders to provide protection to the CPEC projects. The Chinese ambassador said that the JCC had set a new direction for the CPEC.

CPEC has so far created nearly 68,382 direct jobs, according to the Ministry of Planning, Development and Reform. The China-Pakistan Economic Corridor Committee Meeting on June 13, 2019, discussed that CPEC has the potential to further generate anywhere from 800,000 to 1,500,000 jobs till 2030. For Pakistan, investments such as CPEC are valuable for their spillover impact on local firms and labor in terms of transferring technology, boosting skills and improving the quality and quantity of employment. The availability of productive, skilled and reasonably priced labor is an important determinant of the location for foreign investment.

CPEC's initial priorities were the provision of energy and transport infrastructure is a prerequisite for economic advancement. After more than four years of joint efforts, the first phase of the investment of US \$ 19 billion in 22 projects have been completed and put into operation, and some are nearing completion. These major projects, mainly related to energy and transport infrastructure, have eased Pakistan's long-standing power supply shortage and partially created a smooth highway network, thus setting the stage for a rapid track for Pakistan's future socio-economic development. After the successful construction of the first phase of the China-Pakistan Economic Corridor, the business environment and infrastructure have greatly improved in Pakistan. Pakistan now lies between the primary and secondary phase of economic development, which means the country has started to graduate from commodities or natural resource stage and is trying to enter the second phase. Although the process is slow, the country is still making progress.

The 9th JCC meeting decided that high consideration would be given to socio-economic and industrial cooperation in the second phase of CPEC. The second phase prioritizes agriculture, digital connectivity, industry, tourism etc. With the second phase of industrial parks and special economic zones, it is believed that more and more governments and enterprises will recognize the huge potential/investment value of Pakistan.

In fact, in recent times, Saudi Arabia and other Gulf countries as well as the United States, Germany, Japan, South Korea, Singapore and other major investment. Countries in the world's enterprises have sent a mission to Pakistan, is actively considering investment in Pakistan's industrial parks and special economic zones to build factories. The government is striving to critical economic conditions and is aggressively pursuing any available opportunity for investment and job creation. The second phase of the economic corridor can be the answer to that, but the question is what strategies and tools are required by Pakistan to benefit from the next phase.

The second phase is all about industrial cooperation, development of agriculture



and trade, therefore, its needs and demands are entirely different from the first phase. The first required the leading role of the government, while the second phase requires a 180-degree change in management and roles of actors. It demands the leading role of industrialist, the private sector and the business community, while the government's role would be only of a facilitator.

The government needs to start future planning and phasing of implementation for the second part of CPEC, accordingly. In this regard, the government has started to engage the business community of Pakistan by creating a business council under the chairmanship of Abdul Razak Dawood. However, the direction of the business council is not clear yet and the terms of reference (ToRs) are not depicting the required changes and instruments for practical interventions. For meaningful engagement of the business community, Pakistan will have to adopt a more practical approach and well-thought strategy for engagement.

Apart from the business council, the government should also design a pathway for the development of small and medium enterprises (SMEs), trade and job creation. Inclusion of SMES would play a prominent role in reversing the economic downfall. Presently, Pakistan's major exportable products, except textile products, come from SMES. In the textile sector, Pakistan has already achieved the maximum level of exports, especially in the context of sheer competition from other countries, while the SMEs have a huge potential to exploit.

In addition, the agriculture-based industry has the potential to immediately provide relief. Urgent steps can be taken to strengthen the supply chain of agriculture and livestock products. It is predicted that the halal food markets will reach the figure of \$3 trillion in the coming years. Unfortunately, Pakistan's share in the halal food market is very low or negligible. Recently, a report predicted that Pakistan can easily capture the \$5-6-billion market with relevant strategies.

Moreover, China is also emerging as one of the major importers of food products. Pakistan can also benefit from the Chinese market. To exploit the market, the country needs the best supply chain, certification of products and maintenance of hygiene standards. Owing to limited resources and lack of capacity, the government cannot provide the required facilities except the legal cover.

Last, but not the least, BRI should not be equated with debt-trap diplomacy like some are doing this to sow the seeds of distrust. The accusation is ironically levelled by the architects and custodians of the Bretton Woods system. Besides, it emanates from a policy to limit China from playing an assertive role in the developing world, which may undermine the West's contemporary dominance. Pakistan - the host of BRI's crown jewel, the China-Pakistan Economic Corridor has strategic ties with China, which both countries are striving to deepen further. Pakistan possesses a golden chair both as a zipper state and a conflict resolution and connectivity bridge between regions and CPEC is a historic opportunity for Pakistan to leapfrog into the 21st century.

**Dr. XU Jianying, Chinese Academy of Social Science, Beijing**

I express my deep gratitude to the Institute and Chinese Embassy in Pakistan for inviting me here for such an important dialogue. I am from CASS. Studying China's border lands especial focus on the China's Xinjiang region. So I have the



special feelings towards the neighbouring countries. Before coming here, I have done my investigation in Kashgar a study point of CPEC in China. So, I found that tourism in recent years have changed a lot. For example, in 2017 numbers of tourist in Xinjiang were 117million. In 2018 number has reached up to the 150 million. This year it must be more than that. So I will just traverse within the CPEC.

After the construction of more than four years, the China-Pakistan Economic Corridor has made important progress, and some 22 projects have been completed and some are nearing completion. The completion of these projects has effectively improved Pakistan's energy and transportation infrastructure and promoted economic development. At present, the construction of the CPEC has entered the second stage. In addition to strengthening economic construction, social construction has also been put on the agenda; especially tourism, education and poverty alleviation are paid attention to. Strengthening cultural exchanges between China and Pakistan and mutual understanding of the people are of great significance to deepening the CPEC.

Therefore, I believe that the development of the CPEC tourism is an important way to deepen the cultural exchange between China and Pakistan and promote public cognition, and is also an important way to improve people's livelihood. Education, tourism and poverty alleviation are paid attention to.

The CPEC is rich in tourism resources. The CPEC runs through Pakistan's north and south, from Pakistan's Gwadar Port through Kashgar of China, connecting the ancient Silk Road. The two countries are rich in natural, historical and cultural resources along the way.

In case of Pakistan, Pakistan comprises various and diverse geographical topographies including plateaus, hills, plains, mountains, deserts, and coastal areas. The legacy of different civilizations and presence of local cultures coupled with diverse geographies offer scenic and attractive prospects for domestic and international tourists. Lately, there is a serious realization that since Pakistan has been one of the most attractive destinations in tourism, its potential ought to be realized.

For example, the top ten landscapes of Pakistan that Chinese people often talk about: Hunza Valley, Bifo Glacier, Khunjerab National Park, Baltit Fort, Great Trango Tower, Nanga Parbat, the Indus, Buddhist Ruins of Takht-i-Bahi and Neighbouring City Remains at Sahr-i-Bahlol (the origin of the throne), Faisal Mosque, Wazir Khan Mosque etc., rich and colorful natural, historical and cultural landscape. In addition, there are many ethnic groups in Pakistan, and their rich and unique cultural customs are also important resources for tourism. As far as China is concerned, Xinjiang is one of the regions with the richest history, culture, humanities and natural landscapes in Gansu and Shangxi.

The ethnic customs of Uygur, Tajik, Kirgiz and Han in Kashgar, Xinjiang; Buddhist cultural sites such as Qiuci, Bezkrike, Dunhuang and Big Wild Goose Pagoda; natural sceneries such as Muztag Peak and Desert Gobi. The tourism resources are very rich and the tourism potential is very huge. In addition, both sides also have a wealth of education, sports and eco-tourism, which are also important tourism fields.



The development of CPEC tourism can effectively deepen the cultural exchanges between China and Pakistan and mutual understanding of the people, and promote the closer people-to-people ties. Objectively speaking, as all-weather friendly countries, the mutual understanding and cognition of the Chinese and Pakistani people do not match, and it can be said that there is still a lack of in-depth understanding for common people. This situation is incompatible with the construction of the second phase of CPEC and should be changed. It is a good way to develop tourism in CPEC. Both China and Pakistan are big populous countries with huge tourism potential. Among them, tourism has developed rapidly in recent years, and the number of outbound tourists is huge. The number of outbound tourists of China in 2018 is close to 150 million.

In recent years, Pakistan has made tremendous progress in anti-terrorism, social stability has strengthened, and tourism has also becoming active. With rapid development, Pakistan's outbound tourism has been on the rise since 2017, and it is predicted that it will maintain a good upward trend in the next decade. Besides, the number of tourists in China's Xinjiang, which is adjacent to Pakistan, reached 150 million in 2018, and there will be a large upward trend this year. In addition to the good momentum of tourism development in the two countries, China and Pakistan have deep friendship and the two peoples have good feelings and good mutual trust. This is an important prerequisite for promoting tourism. Therefore, the development of CPEC tourism has great practicalities.

The development of tourism can further consolidate the public opinion base of the construction of CPEC, and effectively promote the broad understanding of the history, culture and nation of the Chinese and Pakistani people. It will further promote China-Pakistan friendship and promote the continuous and stable CPEC.

Advancing CPEC tourism requires many efforts. I put forwards the developing way of point, line and wholeness tourism around the construction of the CPEC. I would like to make the following suggestions.

- Both China and Pakistan should attach importance to fostering tourism in the development of the CPEC. Developing tourism is not only about balancing China-Pakistan trade, but more importantly, strengthening the exchanges between ordinary people in China and Pakistan, promoting a deeper understanding among the people, and truly promoting mutual understanding and cultural cognition degree. This is a good way for the future development of CPEC. This is important basis for the completion of CPEC and also the basis for deepening friendly relations between the two countries.
- Continuing to optimize the safety environment, tourism environment and infrastructure construction. The tourism environment has a great impact on tourism. China and Pakistan need to strengthen the construction of the tourism environment. In particular, Pakistan needs to maintain a stable security environment and strengthen tourism-related infrastructure and supporting services. China also needs to make specific plans for Pakistani tourists to ensure that the tourism environment is targeted and provide better and more thoughtful services for Pakistani tourists.



In short, the friendship between China and Pakistan should be deeply rooted among the broad masses of the people, deeply rooted in the hearts of the people, deeply rooted in the culture of the two countries, and the development of the CPEC tourism is an important way to achieve the above goals.

**Dr. Zahid Anwar, Professor, Peshawar University**

I am thankful to the Institute of Strategic Studies Islamabad and particularly China Pakistan Study Centre for inviting me here. I am Director China Study Centre, University of Peshawar. Topic of my presentation is “BRI, CPEC & Pakistan and China Shared Future”

This paper deals with BRI, CPEC and China and Pakistan shared future. BRI is a voyage of economic, social, political and cultural understanding. BRI is pooling of collective resources for shared future of mankind. The future belongs to our young generations and collaboration in higher education will pave the way for peaceful and prosperous future of the two countries and the region at large.

Pakistan is catering to the needs of its young people and providing them education, employment, recreational activities, healthy and competitive environment so that it can play its productive role in nation building. Pakistan now has the largest youth population in its recorded history. The 64 per cent of its total population is below the age of 30. Of this; hardly one percent makes it to universities. 29 per cent is between the ages of 15-29 years. Almost 4 million youth enter the working age population every year.

Pakistan is a developing country and like many other developing countries it is striving for rapid economic development to raise the living standard of its people. China's fastest economic growth gave a hope to the less developed countries including Pakistan. Leadership, good planning and hard work played a crucial role in this unprecedented economic growth and development of China. Under CPEC the economic reforms of Deng Xiaoping and its continuation by his successors transformed China into the fastest growing economy. China became a global economic power and that power enabled it to realize its cherished dreams. One such dream was the revival of the legendary Silk Road medieval times. Silk Road played an important role in the peace and prosperity of Eurasia. BRI (Belt & Road Initiative) is revival of the Old Silk Road. Belt and Road Initiative (BRI) is revival of that legendary Silk Road of the Middle Ages. China and Pakistan's iron brotherhood is strengthening regional peace and development.

Belt and Road Initiative (BRI) is focused on regional market connectivity and economic cooperation. CPEC is one of the six economic corridors of the BRI. It was termed as the “flagship” project by both the countries. CPEC is a hallmark of strategic confidence between China and Pakistan and since its formal launch in 2015, out of 22 projects, 11 have already been completed.

The people of Pakistan perceive CPEC as an opportunity and its early harvest projects hitherto completed are bringing positive changes in the lives of people in Pakistan. The first phase of the China-Pakistan Economic Corridor (CPEC) has eased the power shortage and developed physical infrastructure which made Pakistan an important platform for regional connectivity. The young people of Pakistan are taking keen interest in the Chinese language, education, culture and economy. This interest can be gauged from increased participation of Pakistani youth in class lectures, academic seminars, conferences and symposiums and



applying for scholarship opportunities. Higher Education Commission of Pakistan is aiming at capacity building of existing higher education institutes (HEIs) to prepare suitable human resource for CPEC and promote cultural harmony between the two countries.

These efforts have initiated a chain reaction in the field of higher education. 28000 Pakistani students are now studying in China. 80,000 Pakistani citizens got jobs in CPEC projects. Many Chinese language Centres have been established in different parts of Pakistan. China Embassy is very active in Pakistan and has encouraged a large number of students to study in China. With the support of China Embassy in Pakistan, China Study Centre is established in our University of Peshawar. Our Centre has organized many conferences on CPEC and such other important themes. We have completed many research projects on regional important issues.

Linkages developments are taking place under BRI and CPEC. The third meeting of China –Pakistan Universities organized by HEC and CAHE took place in Islamabad 18-19 November 2019. Its headquarter is located in Fudan University. Many Universities of Pakistan have signed MOUs with Chinese counterparts for academic collaboration. China Study Centre and University of Peshawar signed MOUs with CIIS, Northwest University & Xidian University Xidian, BUCT under which faculty and students and trainings are taking place and enriching both sides. Our MOUs with Yunnan University, Xian Jiaotong University and UIBE are in the process.

Equality, consultation, cooperation and 5 principles of peaceful co-existence are the hallmarks of BRI. Under BRI and CPEC people to people contacts are increasing and will open up new avenues for better social and cultural understanding. Without an iota of doubt such constructive collaboration in higher education and other fields will provide a conducive environment to the young people to promote their career and galvanize trust and understandings between China and Pakistan.

#### **Prof LIN Minwang, Fudan Univesrity**

It is an honor for me for being here for second time. Topic of my talk today is “Changing Regional Dynamics in South Asia and Its Implication for BRI 2.0”. I will talk about the Changing Regional Dynamics in South Asia: The Return of Bipolarity in South Asia.

Profound change has been going on in relation to the different states. For example, Changing Sino-US Relations, Changing India-US Relations and Changing Sino-India Relations.

Emerging geopolitics in South Asia has four aspects

- Economic development in South Asia through BRI
- Influence of United States is declining in South Asia, because US is withdrawing from Afghanistan and also US is more closed to India and it is silent on most of the regional issues.
- India is enjoying growing influence in South Asia. Because India has the rapid economic growth rate and secondly the Modi has some kind of provokes following the Indian policy in this region.
- Russia is keeping a very low profile policy in the region.

The nature of China Sino Relations is changing because US has now reached to the new consensus where it considers China as its strategic competitor. Now these relations are moving from engagement to rivalry.

Secondly changing nature of India US relations. Both US and India are moving toward the common Indo-Pacific Strategy and now China is a common strategic concern for both of them. Both are implementing this strategy and they have the logistic support mechanism and military support for this as well.

Third aspect is changing nature of Sino India Relations. The China has recently adopted the New South Asia Policy. Since president Xi took office in 2013. President Xi has attached great importance to South Asia. He has visited the Maldives, Sri Lanka and India in September 2014, Pakistan in April 2015, and Bangladesh in October 2016.

On October 11–13, Chinese President Xi Jinping paid his fifth visit to South Asia since taking office in March 2013. The first two days were spent at the southern Indian city of Chennai, where he met Indian Prime Minister Narendra Modi for their second informal meeting. Thereafter, President Xi set off for Nepal, marking the first state visit by a Chinese President to the country in 23 years.

Apart from Bhutan, which has not yet established diplomatic relations with Beijing, China's South Asian diplomacy has achieved full coverage. In his address at the Indian Council of World Affairs (New Delhi, 18 September 2014) he stated that: "A South Asia that enjoys peace, stability, development and prosperity serves the interests of countries and people in the region and of China as well. China wants to live in harmony with all countries in the region and contribute its share to the development of the region. China is the biggest neighbour of South Asia and India is the largest country in South Asia. China is ready to work together with India and make greater contribution to the development of the region so that the three billion people living on both sides of the Himalayas will enjoy peace, friendship, stability and prosperity." But there is also a power gap between China and India. China's GDP is five times higher than the GDP of India and four times in National Defence as compared to India.

Since 1971 the strategic pattern of the South Asia is China, US and Pakistan are at one side and India, Soviet Union are on the other side. But now there is a profound change in pattern.

The „Belt“ and „Road“ initiatives that China has put forward are precisely aimed at strengthening connectivity among countries along the routes of the traditional land and maritime Silk Roads, with a view to achieving common prosperity, complementarities in trade and closer people-to-people ties. China hopes that, propelled by the two „wings“ of the „Belt“ and the „Road“, its economy will take off together with those of South Asian countries.

Main implication for the implementation of BRI is question or concern related to the successful implementation of CPEC. Only CPEC can set example for all the other corridors.

Another implication is that in a near future all the economic corridors particularly BRI will be criticized by any kind of words like debt trap and ample chances that all the projects may be politicized as well.

## Question-Answer Session

**How China will save itself from provocation in all fields and secondly the trap of self-greatness and how China can implement the concept of Shared Prosperity to avoid these traps?**

We can constantly articulate the challenges that China is facing as an emerging economic power but the fact is that China has reached its position and has tackled the provocations has tackled the trade wars that had now come up to the point where it has reach to point where it has tackled the strategic divergence. In today's world everyone is tackling the challenges with the crisscross of geopolitics and geo-economics. There is competition in regionalism and emerging new cold war which is unfolding. Thinking about the strategic divergence of China is a good thought but its geography plays an important role. Pakistan geography has also played an important role in shaping its foreign policy.

**Indian Rise and How China and Pakistan can get along with this?**

For understanding the Chinas peaceful rise, it is important to understand that how China has risen. In past 40 years china rise is economic, cultural and political not military. In past 40 years China has encountered no war no military confrontation with any of its neighbouring countries. But when we look at the India last year it has standoff with China over the Dhoklam and rift between India and Pakistan on Kashmir issue. These all are the questions on the peaceful rise of India.

So we should focus on economy cultural and political issues. Furthermore, the areas where Pakistan and China can cooperate in near future are Regional Economic integration and most importantly CPEC. Instead of thinking about the military dominance in the region we should think about the economic dominance and development.

We should go for more economic developments with South Asian countries like Sri Lanka, Nepal, Maldives and Bangladesh. We should pour more and let India know that we want you rise peacefully and you have to do that. Otherwise India rise will be useless. India has its own atomic strategy and I don't believe those Quad countries like Japan USA Australia can play a big role militarily and its geo economic confrontation in this region.

So, why not we do more on this topic I think India and China should support CPEC as model for the regional integration. And expand the cooperation with India and Nepal Afghanistan together. We should think about the larger landscape of cooperation.

**Is it the whole discourse too optimistic that India is skewing away China and other countries of the region by opposing the CPEC and right wing Hindutwa government which is against any kind of civility and again what is happening in Kashmir is obvious? So it is truly the bubble of academic optimism isn't it time that we should come out of this and realize that perhaps China needs a dose of Mao Zedong of 1962 and short sharp dose will put it in the place rather than the Deng Xiaoping dose?**

Are we too optimistic about India no we are not optimistic about India particularly under Modi. But I think economic completions will propel India towards reviewing its policy otherwise it will be self-defeating exercise for India. India's economy is already facing problems. We also need to be aware of the fact of dividing relationships into the binary and taking it into the consideration that Washington and New Delhi are in convergence. They are there for their self-interest when there interest changes this convergence will also dilute. Washington had to revisit its interactions on Afghanistan on Pakistan. I think it will continue to be the case. We are not too optimistic but we are realistic about it. Chinas policy towards the Kashmir is very clear. Especially after the Indian establishment of two regions in Kashmir.

**If the partner countries of BRI failed to pay the debts than what is the alternate policy planned by China?**

According to the statistics 90% of the debts of the developing countries including the Pakistan is owed to Western counters and institutions. 30% off cash flows are in debt servicing and



perhaps China is the only country which is working on a sustainability framework for debt alleviation for the countries. Last but not least the acid seizures which we heard about the Sirilanka s and Zimbabwe incidents are extremely rare and there are several other factors that are contributing to it. I think it is western propaganda that is blowing up this debt trap issue.

#### **What is difference between BRI version 1 and version II?**

The difference between BRI vision I and BRI vision II is that first stage is only for the physical connectivity and such as hard infrastructure projects. Second stage is focusing on the soft aspect which is based on the economy developments and people to people relations and based the policy orientation.

#### **How China is looking at India in terms of connectivity because India has same kind of framework for the connectivity with Africa South Africa and Japan. Indian policy of extended neighbourhood that in relationship with the South East Asian nation and how China is looking at these developments?**

Generally, when Chinese scholars look at the Chinese initiatives in this region India is not positive towards the Chinese connectivity projects because essentially all projects are focusing on economic development. China wants to see South Asia as a prosperous region. In order to create any kind of connectivity with India China has proposed many corridors in SA

Referring to China and India relations as India is growing so rapidly in terms of economy it doesn't mean that China and India cannot have any kind of confrontation comprehensively. When we talk about the peaceful rise of India we mean that we are prepare for the worst. Until now we can see that India and China have border disputes. Economic developments and prosperity is important for the regional integration and India should be taking part in it.

#### **In Current regional situation how BRI will be implemented or actualized?**

India and Pakistan should settle their disputes otherwise this vision will be difficult to actualize. CBMs are really important and India should change its policy and approach so that we could realize the potential.

#### **In recent visit of PM to China it is said that president of China want to go to India and they want to take India in confidence so it was acted that some kind of mediation will be done by China with regards to the Kashmir issue. But we haven't heard anything after the visit of PM is there any progress it will go further or it was just a speculation?**

There are two aspects of China policy

The issue of Kashmir is mainly a bilateral issue between India and Pakistan. China will like to play a role of broker to try to put issue on side where both states can mutually engage to resolve the confrontation and to avoid the war in the region.

Second aspect is because that India has intruded in some part of China in its latest map in Ladakh union territory. So it has violated the China s territory so why China will push Indian policies unilaterally. We have tried to persuade the Indian side to abandon its policy and also we have been cooperating with Pakistan in UN.

#### **In new regional alignment there are certain contemporary challenges like inequality climate change and issue of trade war demobilization and strategic competition. What are strategic innovative creative and futuristic vision does China have to deal with these complex issues to maintain its position as global power?**

In regards to the global issues I don't think that China can do very fast. It can go step by step where South Asia is on number one and then other regions like South East Asia. But China and Pakistan can play big role in this regard but it needs time. Other regions of the world like Europe lack some kind of capability ideas or willingness to do that. I think in next 5-10 years China will think about these issues carefully and will make some policies as well



## Concluding Remarks

I thank all the discussants for very important and informative and useful contribution. I would like to conclude by the saying that it was a very good discussion and I will also share my own view BRI: BRI is the visionary and futuristic initiative by the Chinese government. In five years we can see the BRI has emerged as a public good. It has attracted more 70 or 75 countries that formally joined the initiative and according to some statistics over 160 countries have concluded intergovernmental, interstate agreements and MOUs under the BRI.

If we look at motivating factor behind the launch of this initiative one personal analysis can be that China has reached to become the second largest economy and then emerged as major power playing role in international affairs also permanent member of the UNSC.

Chinese leadership thought to launch this initiative to revive the old Silk Route and also keeping it in mind that president Xi Jinping himself come from the Xian which is first starting point of the Silk Route and perhaps his personal idealism or his personal vision has played an important role to make it into a state policy. Now BRI has become the part of the Chinese constitution. It has that legal sanction.

Secondly we should also keep it mind that have certain notions regarding the revival of the Silk Route when we remember the Hillary Clinton US secretary of the state have floated the idea of new Silk Route and it was completely bypassed by China. So china realized that it has to play a significant role in international affairs it decided to launch the initiative.

Another propelling factor is of course was that China needs a policy to reach out to its neighbourhood or its peripheries through its new paradigm which is a development paradigm. China says that BRI is inclusive it is not a zero sum game, it is open China needs for energy and resources is also growing. Because it is estimated that China will become the largest economy in matter of decade and or less. In order to further boost its economy at this stage China needs to reach out and explore the markets for its exports and to expand its manufacturing base. China also needs investments for its technological up gradation. It is already collaborating with western countries and global corporate entities to reach a stage where it can overcome its technology deficit. According to some estimates that BRI will add 2.5 trillion to China's global trade in next decade.

According to the China view no single country can handle the problems that world is facing today. So, collective efforts are needed to address the issues and common challenges. Keywords under BRI are connectivity practical cooperation and a win-win outcome through common development another important point is that BRI is embracing the historical trends of economic globalization.

BRI has started and Pakistan is also a beneficiary through its projects. Pakistan will play an important role in this connectivity project and all we need is to position ourselves and manage the challenges and no doubt we have turned and testified friend China and. CPEC will continue to make progress and BRI as well. By this connectivity project China will also be able to address the issues which are affecting our region.



## Session II

# Future Trajectory of Pakistan-China Relations and CPEC



This session was chaired by Ambassador Salman Bashir.

The speakers in the session included: Prof TANG Mengsheng, Beijing University; Mr. Hasan Daud Butt, KPK Board of Investment; Dr. LIU Zongyi, Shanghai Institute for International Studies; Dr. Mirwais Kasi, University of Balochistan; Professor SONG Zhihui, Sichuan University; Dr. Khalid Manzoor Butt, Government College University, Lahore; Dr Li Qingyan, China Institute of International Studies.

The excerpts of each speaker's speech are as follows:

### **Dr. Tang Mengsheng, Professor at Beijing University**

Our research should reach the policy makers and those sitting in the government. Its aim should facilitate those companies which are investing in Pakistan and should try to change the misconception that prevails in various parts of Pakistan regarding CPEC. People are taking a lot of interest in developing special economic zones in Pakistan. But no one is thinking about increasing productivity. I believe that both are equally important. Pakistan's government should recruit a proper team and provide extensive training in running of these special economic zones. China already has extensive experience in developing and maintaining special economic zones. Pakistan should try to learn from them through training and exchange programmes. Our resources are limited and all the nine zones cannot be started at once. In Gilgit Baltistan, one can carry out small projects with fewer resources that will have a wide ranging impact on the community. I believe that both countries should collaborate to build a research centre. I suggest that in order to control the prices of the land, local landlords can give their land on lease to the economic zones and generate rent on annual basis. Pakistan needs to expand its industrial sector and focus on making more local products than importing goods from other countries. The reason now China is an economic giant is because it has expanded its industrial sector. Investors from other countries should also be encouraged to invest in CPEC's special economic zones.

### **Mr. Hassan Daud Butt, KPK Board of Investment**

It's inspiring to see how China has taken out 850 million people out of poverty. While China's impressive advancement in recent decades gives it much to celebrate, it gives lot for us to be proud of and learn. It is a miracle of growth and prosperity 770 million are employed. The people of Pakistan are delighted of the achievements made by their brothers and sisters in China. At a time when regional politics is fast over taking international politics and economies are slowing down, the Belt and Road Initiative (BRI) seeks to



forge a common destiny for Asia-Pacific and beyond. At this critical junction, BRI offers a beacon of hope for all the participating states. The Belt and Road Initiative envisaged by His Excellency, President Xi Jinping reflects the far sighted vision of Chinese leadership and to the heart of this connectivity is to remove the infrastructure gap that exists between the developed and developing countries. Pakistan under the leadership of Prime Minister Imran Khan is committed to Belt and Road Initiative and CPEC is an icon of BRI. In the 9th Joint Cooperation Committee (JCC) meeting new areas were explored, especially in the petroleum sector. I would like to highlight that in 3 years' Pakistani government was able to bring in \$35 billion worth of investment. I believe that China Pakistan Economic corridor is the 'Buckle of the Belt'. I believe BRI is incomplete without CPEC with its real strength as a Comprehensive transportation corridor that stimulates economic and trade cooperation and also promotes socio economic development through Industrial and livelihood cooperation. As we speak, 22 projects worth 28 Billion \$ US are in various stages of implementation contributing in the development of Pakistan 22 projects 15 are in the energy sector which will generate 13,630 MW of electricity, once completed.

Pakistan needs to focus on indigenous sources of energy; Thar coal and renewable sources of energy. Suki Kinari in KP is progressing really well. Havelian-Mansehra motorway section has been opened recently and next year Havelian-Thakot will also be inaugurated. These improvements in infrastructure have also increased domestic tourism with more people visiting Murree and Galiyaat areas. Ground breaking of three of the nine special economic zones; Faisalabad M3, Rashakai and Dhabeji would take place this year. In the petroleum sector it was decided that the South-North pipeline will be explored and discussed in the subsequent joint working group so that investment could flow in that direction. Coal to liquid engineering and potential of Thar will be further explored. A lot of foreign investors are interested in investing in Khyber Pakhtunkhwa. On the socio-economic side, the Chinese have given Pakistan a grant of \$1 billion.

In three years there will be burn centres all across major cities of Pakistan. The ambulances are also being provided through Chinese grant and some of the latest technology is coming in and vocational training and HEC projects are also going in the same direction by providing virtual training to students. Work on Gwader airport is now being carried out at a fast pace. Similarly, work on 300 MW power plant has also been started despite getting delayed in the beginning due to some tariff related issues. During the 9th JCC the timelines for vocational centres and hospitals have also been decided. Pakistan needs to invest in capacity building. I suggest that all the think tanks need to work closely with the Planning Commission and share their input with the policy makers so that the projects could be tailored according to the research being carried out by scholars and academicians. Chinese are good at educational diplomacy and I encourage them to share their input





with us. Agriculture sector needs more attention. We need to find new and innovative mechanisms for financing in the second phase of CPEC.

Today, under the vision of PM Imran Khan, Pakistan has become an assertive country; open for business, trade and investment. In the same pursuit, the China Pakistan Economic Corridor (CPEC) helping develop a strong base for mutual cooperation between the two countries and is bringing us further closer to forge ways for enhancing our partnership and creating opportunities to construct win-win for a sustainable and bright future for all of us and our next generation.

**Dr. Liu Zongyi, Shanghai Institute for International Studies**

China and Pakistan has an all-weather strategic and cooperative partnership. The two countries have a shared future. Out of the 22 early harvest projects, 16 have been completed as of October 2019. Now the construction of CPEC has entered a new phase of improvement with high quality. I believe that the second phase of CPEC is more people centric. I personally believe that after the Prime Minister Imran Khan's government came to power the speed at which CPEC projects were being completed has significantly reduced. For more than a year no new projects between China and Pakistan have been incorporated between China and Pakistan. There are three reasons behind that; firstly, Pakistan has a serious fiscal deficit and current account deficit, a huge amount of foreign debt and heavy debt servicing burden. Its ability to provide supporting funds for the construction of CPEC has declined and there is a great financial pressure to spend on infrastructure. Secondly, since the current government came to power it has further adjusted the original construction blueprint of CPEC and key CPEC projects. An evaluation committee on CPEC has been established which is causing delays in some CPEC construction projects and finally the international factor – now some Chinese colleagues have mentioned the current regional geo-political position especially the geo-political competition between China and United States. The indo-pacific strategy adopted by the United States, Japan, India and Australia is creating hurdles for the Belt and Road Initiative including CPEC. I think Prime Minister Imran Khan's government has also tried to adjust US-Pakistan relations. It must be acknowledged that the situation in Xingjian has also impacted the construction of CPEC but we must realize that the crisis of balance of payments of Pakistan is cyclical and related to the structure of Pakistan's economy

By developing infrastructure and manufacturing sector, increasing exports, creating tax revenue and enhancing foreign exchange reserves. Sino-Pakistan relations have been tested for a long time. Pakistani government has also now established the CPEC authority to oversee the completion of CPEC projects. China and Pakistan have identified 27 new co-operation projects. After the 9th JCC meeting the construction of CPEC has entered a new stage of expansion and improved technology. In the past 6 years the obstacles faced by CPEC can be divided in the following aspects – i) Pakistan's domestic politics and institutions this issue can only be solved by Pakistan itself; ii) Under CPEC, there are many projects related to supporting and facilitation. Its normal to share the development dividend of cooperation but it will take time for the economic benefits to be achieved and Chinese investments need Pakistani supporting facilities including industrial parks, water, electricity, gas roads and other infrastructure, flexible investment, land and tax policies, reforms of other laws and regulations and increased cooperation between the officials and public; iii) the geo-political and security factor shouldn't be underestimated. Intervention of external forces such as India and other western countries has become a real challenge for the construction of CPEC. It is possible that India may further create problem for Pakistan, control Kashmir and fuel insurgency in Balochistan in the future.

CPEC has now become an important pillar for our bilateral relations. CPEC is the result of Chinese and Pakistani synergized development strategies and it's an economic cooperation project. Hence, both countries should be clear about this and should not overstate the geo-strategic value of CPEC. In order to better build the CPEC, both the governments should facilitate the exchange of ideas from the central government to the local government. The military and think tanks can also play a very important role. Pakistan has established special security forces for Chinese working in Pakistan. China

needs to explore option of how social integration can be enhanced while Pakistan needs to improve its security. So both sides need to work together otherwise the construction of CPEC will become unsustainable.

**Dr. Mirwais Kasi, University of Balochistan, Quetta.**

BRI is the name of updated version of ancient routes and connecting different regions of the world. As a flagship programme of BRI the idea of CPEC is broad because its success or failure will have a direct positive or negative impact on the BRI project as a whole. In order to understand the background behind CPEC we need to first understand the nature of partnership between Pakistan and China. We all know that border agreement of 1963 became a turning point in Pakistan-China relations. Since then both the countries have explored many areas of cooperation. For instance, China extended its tactical intelligence and diplomatic support to Pakistan in war against India in 1965, they constructed Karakoram Highway (KKH) which is called the also seen as 8th wonder of the world, likewise Pakistan paved the way for China-US rapprochement process. Similarly, they adopted a similar stance against various regional and international issues throughout 1990s and in 21 century they have been working together in Saindak project. They jointly made Al-Khaid main battle tank, JF thunder 17 aircraft and they initiated civilian nuclear team. Likewise, they constructed Gwadar sea port which is the landmark of Pakistan-China bilateral relations. It became an epicentre for CPEC. CPEC is regarded as a game changer from the prism of regional and international politics and we can further understand its importance by linking it with other regions of the world. For instance, if we talk about CPEC and Central Asia, CPEC attracts CARs on the basis of Pakistan and China's bilateral relations with Central Asian Republics. Pakistan has been using 3 cards to attract CARs i) Islam as a common religion between Pakistan and CARs; ii) Pakistan and CARs are common members of ECO and OIC; iii) Geostrategic location of Pakistan attracts CARs towards Pakistan. While China on the other hand is playing 5 cards to attracts CARs; i) China resolved border disputes with neighbouring Central Asian Republics (CARs); ii) China's growing trade relations with CARs; iii) China's growing military assistance to CARs; iv) China also assisted CARs in oil and gas exploration process; v) in 1990s Shanghai five also played a vital role in bringing China and CARs together. Both China and Pakistan are attracting CARs through SCO, cooperation in fight against terrorism, and under the umbrella of CPEC Pakistan and China are offering landlocked CARs an easy access to the sea and the world. Through CPEC the natural resources of CARs can easily be tapped and Kashgar economic zone can be a game changer for Central Asian Republic as well. Similarly, the oil and gas pipeline network via Pakistan CARs and China led route will further serve the interests of all these actors. Now coming to the Gulf countries it needs to be celebrated that Pakistan has always enjoyed good relations with the Gulf countries. Pakistan has served as a bridge between China and the Gulf countries. Through Gwadar port China will enjoy shortest and most economical route towards Gulf States which provide energy imports to China.

Talking about CPEC and African countries; African countries are facing two major challenges related to peace and security and economic challenges. CPEC will enhance Pakistan-China role in this regard. Similarly, talking about the economic side, China is a major investor in the African region. Gwadar port will provide China with an easy access to African countries.

Focusing on why India is afraid of CPEC; India is the largest country of South Asia but most of the neighbouring countries perceive India as a threat rather than an opportunity. India has a history of military invasions; it invaded Junagarh, Kashmir, Goa and Siachen glacier making it a highest conflict zone between India and Pakistan. It is one of those states that has water disputes with its neighbours; Nepal, Pakistan and Bangladesh. India is also blamed for nuclearizing South Asia and initiating a missile race. During 1990's it was disclosed that India has huge stock piles of chemical and biological weapons and a consistent threat for the region. It is the only country in the region that has fought the most number of wars. India is also accused of supporting Tamil groups in Sri Lanka and Maoist groups in Nepal and various terrorist groups in Pakistan. particularly in Balochistan. India believes that Pakistan-China relations have assured a balance in the region and have played an important role



in neutralizing Russia between India and Pakistan. India also fears that CPEC will disturb the balance of power concept in the Indian Ocean because of Chinese presence. Hence, CPEC will be a blow to India's economic and strategic hegemonic designs in the region.

While the US believes that CPEC will further boost Chinese economy and it will be a serious challenge for the US in the future. It also believes that Chinese role in Asia will further increase due to CPEC and Chinese presence in the Indian Ocean would pose as a threat to the US oil vessels. US must take Pakistan-China relations as an opportunity rather than a threat. Pakistan and China are maximizing their own interests through this bilateral partnership and under the umbrella of CPEC they are giving an opportunity to the rest of the regional and international actors to maximize their interests through this bilateral partnership.

#### **Professor Song Zhihui, Sichuan university**

China has taken astonishing development strides in all the sectors since reform and opening-up started in 1978. Of all the reforms, poverty alleviation is the most striking one. The world knows that China has lifted over 800 million people out of poverty in a period of 40 years. On average, China has freed nearly 17 million people from poverty a year or 1.4 million a month or 46,000 a day or 1,900 an hour. Human history has no record of such a mammoth achievement in the social sector. Methodology of poverty alleviation in China is based on small scale relief, systematical push, large scale development, whole village assistance and precise alleviation of poverty.

Pakistani economy is emerging fast in recent years and that it has huge potential in its economic development and a bright future. He went on to talk about CPEC Construction and poverty alleviation in Pakistan where he said an improvement of infrastructure construction was needed as was the creation of job opportunities and increase of taxes and revenue. The areas which need to be focused in this regard are industrial relocation, agriculture development and tourism promotion. Thus, it is important to have talent cultivation in Pakistan because people will be the key factor in development and talent cultivation is the fundamental solution. For these, models of vocational training and joint ventures in education in Pakistan is important.

#### **Dr. Khalid Manzoor Butt, GCU**

CPEC is a very important aspect of both the Chinese and Pakistani economies. Even though China is not directly a stakeholder of the Indian ocean. More than 80 million tons of trade pass through the Strait of Malacca. The Strait's critical aspect is that it is a very narrow passage, mostly controlled by the United States. To reach the Middle East from China is a distance of almost 213000 km. However, through Gwadar, the distance between China and the Middle East is reduced to 2800km which makes it the most feasible route.

The most important thing is that China is connecting itself to the Indian Ocean directly through CPEC. However, China's direct access raises concerns with other stakeholders in the Indian Ocean. Some places where China has strategic involvement in the Indian Ocean include the coco islands of Myanmar, the Chittagong port in Bangladesh and the Hambantota port in Sri Lanka. There are two choke points in the Indian ocean – one in Malacca and the other in Bab el Mandeb. China has a port in Djibouti it connects that with western Indian Ocean. Of course, last but not least in Gwadar- the importance of which we all know already- which is the cornerstone of CPEC. Through Gwadar, we see China is by-passing the Strait of Malacca and having direct connection with the Indian Ocean and thus, a direct stakeholder in Indian Ocean politics.

China's strategy is not only for economic gains but also of great political and strategic importance. The increasing presence of China in the Indian Ocean has raised concerns for the



US, India and Japan. It is the responsibility of scholars to be realistic and foresee the challenges that will arise in Indian Ocean politics because it is an open secret that whoever rules the Indian Ocean will rule the World. An attestation to this fact is that 70 percent of the world's trade is being done through the Indian Ocean. Hence, research should be carried out on how to manage the increasing strategic challenges in the Indian Ocean.

**Dr. Li Qingyan, China Institute of International Studies**

CPEC will provide sustainable development for the mutual trust of the entire region. Since the construction of CPEC has reached a new phase of enrichment and expansion, highlighting areas of industrial cooperation, social and people livelihood, it is very significant, it is important to make it into a sustainable project to promote economic integration both at national and regional level. CPEC provides development synergy between BRI and the development strategy of Pakistan. China has developed from being poor and weak into the world's second largest economy through hard work and maintaining peace. China has long desired to share with Pakistan's opportunities and experiences of development and advance jointly towards, regional, economic integration. She acknowledged how Pakistan is developing its industrial and agricultural sector to overcome the current economic difficulties. During Prime Minister Imran Khans visit to China, the leaders of the two sides signed agreements pertaining to high quality development of CPEC and the determination of both sides will help integrate the region and seek common development. CPEC can help inject sustainable development to Pakistan and other regional countries. China is focusing on optimizing its industrial sector while most regional countries, including Pakistan are eager to develop its many industries. Highly complementary cooperation is engrained in the projects contained in the CPEC especially in the energy sector which can help Pakistan by-pass the obstacles towards its economic development. One example if energy bottle necks while another is limited attraction for international investors. Through CPEC, Pakistan's business competitiveness and environment will be dramatically improved. In the process of joint development as well as achieving national sustainable development.

CPEC provides new ways for the regional countries integrating in the global economy. Through the connectivity provided by CPEC, the cost of cargo will be significantly reduced. Financial and trade framework of CPEC will provide more opportunities for the trade countries to integrate into international markets. It is important for Pakistan to tap its potential at the gateway of the regional markets and will enhance its activities with the Indian Ocean as well as bring together Eastern and Western alignments of the cradle through improved connectivity. It will also promote regional stability through mutual trust. In order to share growth development projects under CPEC will increase employment opportunities in Pakistan as well as other social factors such as educational amenities. The youth will likely become important resources. Already CPEC has provided 75000 employment opportunities for Pakistani people and will continue to do so by driving upstream and downstream industries. CPEC is expected to extend to Afghanistan with the help of international partners. It is important to be cognizant of the challenges CPEC faces. One of these is that the overall situation in South Asia is undergoing profound changes. Strategic imbalance of regional has intensified. The security situation has worsened in recent years especially in non-traditional security affairs. Afghanistan too has now entered a highly sensitive period. Both China and Pakistan face development pressure and competition. Pakistan hopes to strengthen more Chinese investment however, to achieve this CPEC must follow sequence of industrial growth. This requires social resources and a good business environment. It is important to push forward the construction of CPEC steadily and pursue it as a connection that involves all regional countries on the basis of bilateral cooperation. It is very important to explore trilateral cooperation in this regard as well as maritime cooperation so as to invigorate regional integration.

## Question-Answer Session

### **What is the Indo-Pacific initiative and how to avoid a zero-sum game altogether?**

There are mainly two trends in the Indo-Pacific region: geo-economic cooperation represented by the BRI and second is geo-strategic competition represented by the Indo-Pacific strategy. While the term Asia-Pacific is based on geo-economy and global protection extending from North America to South-East Asia but Indo-Pacific is mainly a geo-strategic design. How can we change geo-political competition into geo-economic cooperation? By adhering to China's BRI project.

### **How can Afghanistan be brought into CPEC?**

While China and Pakistan are good neighbours, there is a definite trust deficit between Pakistan and Afghanistan but this should not influence CPEC projects. Trilateral talks between the three countries have now gone up to prime minister levels where many initiatives are being talked about to enhance connectivity, and help impact people's livelihoods in a positive way.

### **How can linkages be developed between China Study Centres in Pakistan and Pakistan Study Centres in China?**

Centres already exist, it is communication which is very important. Both sides need more scholars who do research on the relationship between the two countries and an increase in this would be very useful in expanding views from both sides. Another way is to work on joint research projects.

### **With regards to geo-political competition in the South Asia region, India is constantly adopting a threatening stance and by drawing a new map in which it is intimidating that Gilgit Baltistan (GB) is not a part of what should both China and Pakistan do to counter this Indo-US nexus?**

It is important that Pakistan should keep an eye on the opposition and pre-emptive measures need to be in place. By outlining the weaknesses of projects, we can do this. India's actions are not independent, rather they are at the behest of somebody. This is a global reality which is why we should understand why India is doing these things and Pakistan and China should jointly strategize to counter this. India cannot digest BRI because it has a larger international impact.

Success of survey depends on economic development of countries. According to Chinese traditional philosophy, success depends on inside factors not outside factors. If we concentrate our energy on inside factors, outside factors won't impact. CPEC is essentially an economic project and economic activity will further strengthen stance of Pakistan. It must be kept in mind that CPEC is not the development programme of Pakistan, rather it supports economic development of Pakistan.

### **People to people contact can help in perception building and is best done through tourism. What has already been done in this regard?**

Tourism is the best platform for people to people interaction. The concept of building tourism has now been expanded to include the Northern Areas. There has been a surge in domestic tourists by 30 percent. Pakistan is now working on an incentive policy for tourism. Sideways it is important to improve Chinese learning language centres in Pakistan.



## Concluding Remarks

It is important to have such seminars and interactions in order to understand and clear all misunderstandings. It is a fact that CPEC has slowed down in the last one year. It is important to understand why in Pakistan would CPEC face some obstacles of different types. The basic thing is that we are at a crossroad where there is idealism about the future about [prosperity of shared destiny on one hand and on the other hand there is a reversion to real politics which is a mind-set which emerging in the Asia Pacific region. China's valuable contribution to the world is to give a practical model for enlightenment. BRI and CPEC are not only idealistic but pragmatic. In the last century, the League of Nations gave the world principles of self-determination, all of which have been disregarded in this mad race for power. Similarly, in Pakistan CPEC is the only viable means to grasp at the ideals of a better world. We need to keep this in mind and also sideways, factor in social conditions. CPEC is a framework which is due to be completed by 2030. Hence, we should be optimistic about things will unfold. It is also important to not just view China Pakistan relations from the prism of CPEC.



## Session III

# Changing Regional Dynamics



This session was chaired by Ambassador Aizaz Ahmad Chaudhry, DG, ISSI.

The speakers in the session included: Prof FENG Yujun, Fudan University; Mr. Aamir Rana, Pakistan Institute of Peace Studies; Prof ZHANG Jiadong, Fudan University; Dr. Muhammad Khan, International Islamic University Islamabad; Dr. WANG Shida, China Institutes of Contemporary International Relations; Dr. Liaquat Ali Shah, CPEC Center of Excellence, PIDE, Islamabad; Prof YE Hailin, Chinese Academy of Social Sciences.

The excerpts of their speeches are as follow:

### **Professor Feng Yujun, Fudan University, China**

Since the beginning of the 19th century, Russia has been an important force in South Asia and Central Asia. From Russia's involvement in the great game vis-à-vis the British in this region to the Soviet invasion of Afghanistan; it has had a significant impact over the security dynamics of South Asia. The Soviet invasion in particular had grave implications for not only the South Asian region but also for countries like Pakistan and China. However, after the collapse of the USSR as well as its ultimate withdrawal from Afghanistan; Russia's influence over the region declined sharply.

Russia has managed to step up its involvement and diplomacy in South Asia. Russia's goals in South Asia can be summed up in the following points:

- To maintain its strong traditional influence in South Asia to substantiate its image as a major world power;
- To support the rise of India as a measure to promote a multi-polar world and to maintain a traditional strategic relationship with India to fulfil its regional goals;
- To gain economic benefits from India by arms sale, constructing nuclear power plant;



- To prevent other major powers such as the United States and China from dominating South Asia;
- To expand relations with Pakistan and to engage in hotspots in South Asia such as Afghan issue or the Sino-Indian border dispute to ascertain its role as a mediator;
- To play a more active role in the Shanghai Cooperation Organization (SCO);
- To balance the rise of china against the backdrop of the US Indo-pacific strategy whilst maintaining good ties with China;

However, Russia's position in South Asia remains weaker still, which is due to its traditionally negative image in the region Post-Afghan invasion, weak economy, limitations on military strength and its declining economic and military cooperation with India. In recent years, India has acquired more defense equipment and technology from US and France instead of from Russia. Russia will not be able to sustainably lead SCO for regional cooperation even in the foreseeable future.

**Mr. Aamir Rana, Pakistan Institute of Peace Studies**

The Global Terrorism Index report indicated a 15.2% decrease in number of casualties linked with terrorism, globally. About 98 countries have also managed to improve their score on this index. However, unfortunately none of these countries are from South Asia; Iraq's previously abysmal rank has been taken over by Afghanistan now. Despite counterterrorism efforts, Pakistan's standing has deteriorated further. There are several reasons to this, while countries strived to fight the menace of terrorism; they have been getting caught up in an even bigger scourge; political instability.

From Middle Eastern countries to South Asian nations; a wave of political instability has had region-wide consequences. He explained that political science theories maintain that political instability turns countries powerless in terms of negotiating for regional stakes, foreign policy, security and economic matters. Particularly in South Asia, India's aggressive posturing and hyper-nationalism has disturbed the regional balance even further. Especially after August 5, 2019 decision on Kashmir gave way to severe distrust and souring of not Pakistan-India relations but also created a sense of uncertainty of the region. Kashmir issue may create yet even more turmoil in this region and could be destructive to the dream of connectivity in South Asia.

China could play a mediatory role in the Kashmir dispute by enabling dialogue between Pakistan and India. Through China's 'soft' power and diplomacy; it can become an effective reconciliatory party to both countries. As more and more political instability plagues all regional countries internally as well as externally; China's role in promoting peace and harmony between India and Pakistan will become even more significant.

**Professor Zhang Jiadong, Fudan University, China**

Countries in this region have witnessed military coups and severe economic outfalls; it is about time that these nations become ripe for widely distributed economic activity and peaceful transitions of governments. Pakistan in particular, he said, seems ready for vigorous economic activity due to its recent investment in good infrastructure. South Asian countries also boast massive human labour resources needed for economic development in even the West, particularly, the



United States and Europe.

From the perspective of security and development; Afghanistan's volatile situation poses the most potent threat to attainment of shared regional economic cooperation and growth. Uncertainty around Afghanistan in terms of US decision to withdraw forces or to remain has created a sense of uncertainty among all regional countries. The situation in Afghanistan contains the potential for a dangerous regional spill-over. Moving on further, Professor Jiadong expressed his concern over the rising extremist 'Hindutva' mind-set in India which previously represented a hub of diversity, cultural inclusiveness and liberal values. He said that this phenomenon had rendered India unfamiliar to scholars and researchers. He stressed that this India obsession with promoting one language, one religion and eventually one nation could have unforeseen and troubling consequences.

For international dynamics, due to various transitions and displacement of old centres of power; there was a certain degree of decline in the influence of traditional major powers such as that of the United States. This factor when coupled when China's rise, adds to the strategic significance of South Asia even further. These dynamics are shaping the relations of great powers with one another, which he said were China, India and the United States. In this vein, US and India have attempted to balance the rise of China by promoting the India-centric model in South Asia. On economic grounds, US and China have several overlapping areas of interest and that makes South Asia an attractive region for promoting values of regional cooperation and shared economic development.

**Dr. Muhammad Khan, International Islamic University Islamabad**

The Chinese Belt and Road Initiative (BRI), connecting Asia through Eurasian region with Europe and Africa provides best recipe for the attainment of a win-win situation to East and West alike. The Belt and Road Initiative is a massive project aiming at improving regional cooperation through better connectivity among countries lying on the ancient Silk Road and beyond. It includes the Silk Road Economic Belt for the land part and the 21st Century Maritime Silk Road for the naval part.

Realistically, under the changing global and regional geopolitical environment, BRI acts a ladder for the attainment of much needed global peace and much desired economic prosperity by building the long-awaited and essentially vital communication infrastructure. Infrastructural development, as envisaged in BRI equally needed by developed and developing world. However, the BRI has taken extra care of developing world, especially the poorest countries.

In South and Central Asian regions, there are major stakes connected with BRI. Through BRI the Eurasian Heartland could emerge, little by little, from its global isolation to international mainstream. In South Asia, CPEC, the first flagship project of BRI has opened new vistas for the economic development and greater regional cooperation. Upon its completion in 2030, the impact of CPEC will be felt not only by Pakistan and China but also by all regional states including those creating hurdles through undesired motives and unfounded bases. Both countries are dedicated to complete this test case project even before the estimated time. In the light of Halford John Mackinder's theoretical perspective, Pakistan is a "Geographical Pivot" connecting various regions of Asia. Whereas Pakistan has been blessed with this Pivotal position, there are many regional and global challenges too which have been putting lot of constraints in accruing the true benefits from its God gifted geopolitical location. Nevertheless, CPEC would be helpful to a greater extent in overcoming these constraints.

A DEBATE was generated in Pakistan and China after the statement of US diplomat, Ms Alice Well on China-Pakistan Economic Corridor (CPEC). Ms Well was found advising Pakistan to reconcile with this gigantic project since it may become a burden on the economy of Pakistan. In her statement she said, "CPEC



might take a toll on Pakistan's economy as it was not an aid but a form of financing that guaranteed profits for Chinese state-owned enterprises." Pakistan rejected this ill-founded statement, since it considers this mammoth project as a great opportunity for linking together all provinces and communities with each other and further joining them with other regions.

Besides Pakistan, China also rejected this statement. Chinese Foreign Ministry's spokesperson Geng Shuang, termed the statement as something routine from Washington; "mere repetition of old slanders against China, the CPEC and the BRI." Mr Yao Jing, Chinese Ambassador to Pakistan, said, "Pak-China relations are based on win-win cooperation and are mutually beneficial". Indeed, time and again, Pakistan and China have refuted such statements and conspiracies. US concerns are indeed, part of its rivalry with the rising power of China in the international politics. In fact, the "world has moved into a new and unsettling geopolitical phase". It is not just getting into a multi-polar mode, but indeed the multi-conceptual on academic front with emergence of multiple power centres.

'International politics has diversified and moved beyond conventional military build-ups, which include new cyber sources of hard and soft power, reconfigured trade and investment linkages, proxy conflicts, changing alliance dynamics and potential flashpoints related to the global commons.'

Evaluating and mitigating risks across all these theatres of potential conflict require careful analysis and an all-encompassing strategy; the real interpretation of the globalization. Indeed, the globalization is all about the compression of time and space which can best be attained through inter-connectedness between states and regions.

There is yet another unexplored dimension of CPEC and BRI. These massive projects would act as a potential source for reducing the growing trends of militancy and radicalization in the broader Eurasian region, otherwise considered to be the militancy hit areas. In this way, BRI will be instrumental in bringing peace and cooperation among the communities, states and various regions of the world for achieving "shared growth through discussion and collaboration".

Whereas, we are looking at the brighter promising dimensions of BRI, there are substantial international challenges, confronting this gigantic global project in all fields; the economic, political and above all the strategic, emanating from vulnerabilities of great powers, considering China as a potential threat and a peer competitor in the international politics. These challenges are acting as hurdles towards successful completion of BRI.

The heavily funded BRI and CPEC are indeed, weaving the regional economies and societies together, a great leap forward towards regional economic uplift and prosperity, a drive towards narrow state centric approach to a broader regional and global approach. The poverty ridden South and Central Asian regions, otherwise eagerly waiting for a durable peace and economic development in their areas, will be among the early beneficiaries.

CPEC as part of BRI is aimed at creating enabling grounds for all countries to revamp, modernize and kick start their economies and provide job opportunities to their unemployed masses for shrinking the angsts in order to create an all-inclusive international society.

#### **Dr Wang Shida, China Institutes of Contemporary International Relations**

2019 is a very special year for both China and Pakistan as cooperation between both the countries has intensified, and work on CPEC has moved into the next phase of production capacity. There are a number of uncertainties in South Asia which can hamper the regions development and they are the rivalry between Pakistan and India, and President Trump's announcement of troop withdrawal from Afghanistan. The issue of Kashmir has emerged as the main bone of contention between Pakistan and India leading to increased hostility after India abrogated the special status of the state



of Kashmir and place it under lockdown. Confrontation between Pakistan and India can have long term consequences for the region and no country is willing to pay the price for it. Kashmir issue is strongly linked with territorial sovereignty of Pakistan its people have deep emotional connection with it. The rivalry has spilled into the international arena and humanitarian crisis in Kashmir needs international intervention. The UNSC has also held a special meeting on Kashmir. Another important issue is withdrawal of US troops from Afghanistan where the security situation has been deteriorating. President Trump is against the presence of US troops in the country and has a stated position on the issue. The US is engaging with the Afghan Taliban to resolve the issue as US has lost trillions of USD in the war and has lost many troops as well but has been unable to restore peace in Afghanistan. US special envoy is already working on negotiation talks with the Taliban to restore peace there but lot of roadblocks need to be overcome mainly the uncertainty surrounding the nature of these talks in the US administration. The issue is of great importance internationally and a deal needs to be in place before any withdrawal from Afghanistan. In face of these challenges both China and Pakistan need to work closely on all issues of mutual interest and try to implement the next phase of CPEC in a timely and effective manner.

**Dr Liaquat Ali Shah, CPEC Centre of Excellence, PIDE, Islamabad**

BRI is a most significant geo-economic project of recent history. BRI involves more than 100 countries with combined GDP of USD 29 trillion and effects 4 billion people. Before BRI China had another policy termed 'GO OUT' policy which was initiated in year 2000, and BRI policy builds up on it. BRI is the manifestation of the Chinese people enterprising spirit and focuses on revitalising the Ancient Silk Road. At the core of BRI lies economic prosperity and development for the countries involved in the project. China from its economic opening up in 1978 has learned a lot of lessons from building up industrial infrastructure coupled with economic uplift of the country transforming China into factory of the world. The capital that China had accumulated over the past two decades is phenomenal, and BRI is a medium to share China's experiences with the participating countries. CPEC is also a part of BRI and offers great learnings and opportunities to Pakistan. BRI will change the landscape of the region as China will move its excess capital and capacity into the developing world and it's a win-win situation for all involved. CPEC under the framework of BRI will provide boost to Pakistan economy and will also benefit China's entrepreneurs. Through Made in China Vision 2025, China aims to shift from labour-intensive production to capital intensive and high-end production, and shift the labour-intensive units to BRI countries through technology transfers.



### **Professor Ye Hailin, Chinese Academy of Social Science, Beijing**

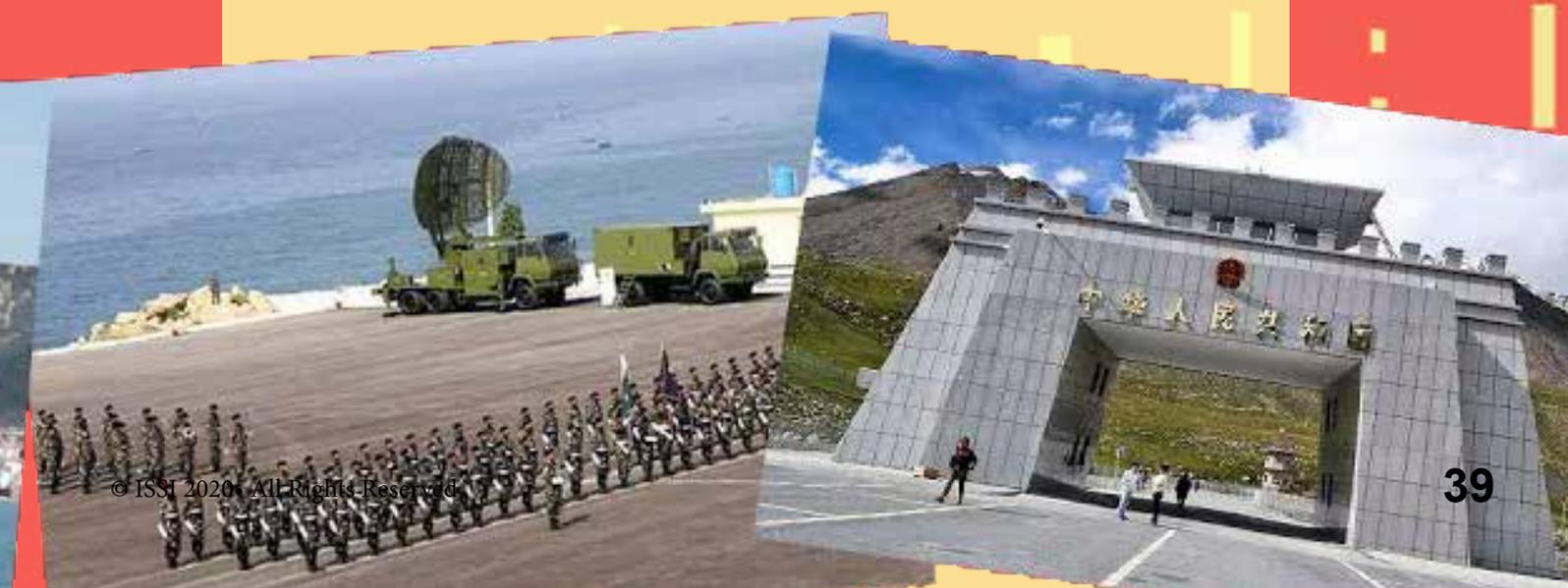
Regional integration and regional infrastructure has huge space to improve. India is against any sort of regional cooperation and integration, and they don't support CPEC because of the Kashmir issue and China's support of Pakistan in relations to it. They oppose BRI because they believe it enhances China's hegemony in the region and it impacts their territorial sovereignty. The main opposition of India stems from their desire to weaken Pakistan, and therefore they are raising hurdles against it and interfering in the implementation of CPEC. India is ready to join BRI if its flagship project CPEC is shelved or renamed, because they don't view it entirely negatively but their opposition to Pakistan stops them from joining in and they believe Indian industry needs more protection and their economy is not strong enough to open it up completely to China.

China needs to stop worrying about including India into the BRI and its other regional free trade integration models as India has domestic economic problems. China is not wholly dependent on India's market, and India is trying to shift its trading patterns away from regional countries to Japan and US but it will not be able to compete with BRI in the region.

## **Concluding Session**

I thank all the discussants for very important and informative and useful contribution. I would like to conclude by the saying that it was a very good discussion and I will also share my own views: Under the changing global and regional geopolitical environment, BRI acts a ladder for the attainment of much needed global peace and much desired economic prosperity by building the long-awaited and essentially vital communication infrastructure. Infrastructural development, as envisaged in BRI equally needed by developed and developing world. BRI and CPEC are indeed, weaving the regional economies and societies together, a great leap forward towards regional economic uplift and prosperity, a drive towards narrow state centric approach to a broader regional and global approach. The poverty ridden South and Central Asian regions, otherwise eagerly waiting for a durable peace and economic development in their areas, will be among the early beneficiaries.

CPEC as part of BRI is aimed at creating enabling grounds for all countries to revamp, modernize and kick start their economies and provide job opportunities to their unemployed masses for shrinking the angsts in order to create an all-inclusive international society.





# Pakistan-China Think-Tank Dialogue November 21, 2019

On the second day, China-Pakistan Study Center (CPSC), at Institute of Strategic Studies Islamabad (ISSI), hosted a roundtable discussion between Pakistan focused study centers in China and China focused study centers in Pakistan. The purpose of the discussion was to generate ideas and avenues for collaboration. Participants included: Professor Du Youkang; Dr. Zahid Anwar; Dr. Samina Sabir; Professor Sun Hongqi; Dr. Khalid Manzoor Butt; Professor Song Zhihui; Mr. Shakeel Ramay, Prof. Ye Hailin; Ms. Li Qingyan, Mr. Wang Shida; Mr. Liu Zongyi; Mr. Zhang Jiadong; Mr. Xu Jianying and Dr. Fazul-ur-Rehman.



Director General ISSI, Ambassador Aizaz Ahmad Chaudhry opened the discussion with presenting his five-point formula to carry the dialogue forward: jointly studying the global dynamics impacting the region and Belt and Road Initiative (BRI); focusing on North-South connectivity; Infrastructure and energy; industrialization; and socio-economic development. He added that this discussion is a unique undertaking and appreciated the commitment shown by scholars on both sides of the border. He also emphasized the need of benefitting from each other.

Before sharing their ideas, the participants highlighted the work done by their respective institutes in facilitating China-Pakistan Economic Corridor (CPEC) related activities and strengthening Pakistan-China friendship.



Director CPSC, Dr. Talat Shabbir moved the discussion forward emphasizing that we need to implement the recommendations and work done in the previous think-tank dialogues. While moderating the session, he raised many constructive points such as jointly holding interactive events on regular basis for perception management and executing the projects of BRI successfully.

Dr. Mirwais Kasi stressed that the study centers should broaden the scope of their and greater participation of students and scholars from Balochistan must be ensured at such academic exchanges.

Dr. Fazal-ur-Rehman highlighted the lack of awareness about China amongst the youth in Pakistan. He posited that educating the youth about the importance of Pakistan-China relationship should be a top priority.

Dr. Khalid Manzoor Butt shared his disappointment at the fact that policy makers ignore inputs from academicians in Pakistan. He stated that research is crucial for formulating conducive policies and therefore, bridging the gap between practitioners and those in the academic circles is necessary.

Mr. Shakeel Raamay said that purposeful research must be conducted with the aim of facilitating business community and investors. He argued that participation of independent voices in such dialogues will help in changing perceptions.

Mr Xu Jianying stated that the development of areas near the border on both sides should be prioritized as this will stimulate work on other CPEC projects. He added that research on those areas must also be enhanced.

Mr. Liu Zongyi suggested that political harmony and continuation of economic development plans should be ensured in Pakistan. Moreover, Pakistan should focus on its advantages and build upon them.

There was consensus among the participants, both Chinese and Pakistani, now is the time to shift the gear to actual work on the ground. They emphasized on conducting joint research and providing pragmatic policy input to the governments. Enhancing the skills of domestic labor force, capacity-building and developing a culture of research and scholarly discussions among the two countries was also underlined.

Concluding the discussion, Dr. Talat Shabbir thanked the participants for sharing their practical and constructive ideas on matters of mutual interest. He stated that the joint efforts and collaborations between Pakistani and Chinese scholars will benefit both the countries.



# Pictures of the Event













China Pakistan Study Centre  
Institute of Strategic Studies Islamabad (ISSI)