

China-Pakistan Economic Corridor: Challenges from India and Afghanistan

Zhao Leibin

*Ph.D. Scholar, School of Politics and International Relations, Quaid-e-Azam University
Islamabad. He is a research fellow at the Center for Central and South Asia studies,
Northwest University of Political Science and Law, Xian, China
Email:*

ABSTRACT

Afghanistan-Pak region has gained prominence because of the presence of terrorist groups that later were disbanded from Pakistani side in the wake of grand operations Zarb-e-Azb and Radd-ul-fasad. But Afghanistan remained an enigma even after the negotiation with the U.S. no feasible solution has been sought yet. This paper highlights the point that threat emanating from unstable Afghanistan poses serious threat to major projects of CPEC in Pakistan. Pakistan's locals wherever CPEC is connecting will be beneficiaries of economic gains due to gradual process of industrialization. After the manufacturing starts in Pakistan, it will have potential to boost local industry and exports are likely to increase. Pakistan's youth will have greater economic opportunities. Special Economic Zones (SEZs) will boost local industry and impact development of infrastructure and improve supply chain in Pakistan. India being an immediate neighbor has serious concern about CPEC and Pakistan-China defence cooperation. Some analysts in India are of the view that Pakistan will benefit more in terms of defence equipment from China. The CPEC is purely an economic project and it has nothing to do with defence cooperation. Some Indian analysts had tried to make it controversial in the eyes of America and European nations (<http://cpec.gov.pk>). For the success of CPEC, Pakistan needs a stable and peaceful Afghanistan, normalization with India and a better security apparatus to oversee security concerns of CPEC projects.

China being an investor and initiator of the project has very high stakes in Belt and Road Initiative (BRI) and similarly CPEC, being a flagship project of BRI has immense significance for China in terms of economy as well as strategic perspectives.

Academia and media have been debating the peaceful rise of China over the last 10 year after witnessing China's spectacular growth rate and the contribution of China in international affairs. China's rise can be ensured if China does not have any challenger from immediate neighborhood. China's economy surpasses the U.S. and China wins hearts and minds of African nations, Latin American Nations, European Nations and above all, Asian nations. It is not a small task that China can perform in a short span of time but China's diplomatic ventures reflect China has achieved a lot and planning a lot more for the future (Daily Times, 2015)

There are three challenges for China to manage that will smoothen China's way to the status of great power equivalent to the U.S.

1. Managing conflict with the U.S. and avoid any escalation

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2. Completing BRI to offer more incentives to the stakeholders that they envisage from the BRI
3. Keeping external players away from the internal issues of China (Taiwan, Hong Kong, Uighurs etc.)

Before discussing Challenges to CPEC from Afghanistan and India, there is a need to understand the economic and strategic potential of CPEC.

Key Words: India, China, Pakistan, Afghanistan, CPEC, BRI & Significance Concerns.

A corridor of opportunity

China's BRI is a grand project that will offer Eurasia numerous economic opportunities. The CPEC is the flagship project of BRI that was proposed by Chinese premier Li Keqiang during his visit to Pakistan in 2013. The CPEC is about the connectivity of the regional players with China through roads, rails, air routes, oil and gas pipelines, power plants, optical fiber and sea lines of communication.

Pakistan have had economic slowdown due to war against terrorism as foreign direct investment was reduced to nothing, due to energy crisis industrialists moved to Malaysia and Bangladesh left a huge gap in internal market of Pakistan but new investors were reluctant to come and with their investment. The CPEC had all that could uplift Pakistan's economy and improve infrastructures for the sustainability of the project. China and Pakistan agreed to set 1+4 cooperation model. In that model CPEC is the central to all point of cooperation and remaining include Gwadar, Industrial cooperation, transport infrastructure and much needed energy resources. It further expanded to establish the special economic zones (SEZ) in various parts of Pakistan. Given the specialty of the area, a total of nine SEZs were set up in various parts of Pakistan. These SEZs have the potential to contribute to local economy, provide youth with job opportunity, production and supply of these goods to other parts of Pakistan and then overseas. Trade and investment in Pakistan as likely to boost after the completion of CPEC. Under the CPEC, technology parks in Pakistan are also being set up to promote technological inventions, and cooperation with China. Asian tigers were not born tigers that they had to cover hard times of underdevelopment and internal stability. Pakistan is taking serious reforms in all sectors to improve the efficiency and governance of public institutions. It will enable Pakistan's economy to enlist among rising economies of Asia. Pakistan's economic indicators despite global pandemic have been positive. It did not incur that loss which was witnessed in other countries. Once the Gwadar port is fully operationalized it will be benefiting Pakistan's international trade. Given the CPEC economic potential, Pakistan has become China's largest investment destination in South Asia.

China's rise depends on its relationship with neighbours and regional countries. China has successfully managed economic relations with its regional

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partners as well as contenders. The U.S. is an established hegemon and history teaches the lesson that there is a natural conflict between a rising challenger and a declining hegemon. Therefore, U.S. wants to counter China's rise through India only. Other internal issues of China like Uighurs and Hong Kong and Taiwan, were being used by the U.S. as a propaganda tool to malign China's image.

India as counterweight of China

After the communist revolution in China when Chairman of China Communist Party(CCP),Mao Zedong established communist regime but India's first Prime Minister Jawaharlal Nehru paid visit to Washington which was termed as "one of the most important visits of century" by the *Time Magazine*. That was the beginning of cold war times and the U.S. was pursuing policy of containment. Immediately after communist revolution in China, The U.S. thought India could be a potential counterweight to China as New York Times put it "India as a potentially great counterweight to China".¹

Cold war is over and but emergence of China poses a grave threat to U.S. interests in Asia-pacific region. China's miraculous economic growth, rise as a diplomatic giant, wielding power of diplomacy effectively, soft power projection and military modernization have made China in equivalent in Asia. The U.S. has invested extensively on securing bases in Asia to keep a check on China's rise. India has strategic partnership with the U.S. that is aimed at countering China's regional influence. That is the reason, despite India's poverty, violations of human rights, issues of governance; rise in rapes, India has been projected as world's largest democracy. This slogan of largest democracy has not helped feeding poor and hungry people, this has not created millions of jobs that Narendra Modi government promised to do, this slogan has not even earned India respect among its small neighbours like Bhutan, Nepal, Bangladesh and Sri Lanka. But the U.S. has expressed complete support for India even in defence matters.

Indo-US strategic partnership: implications for China

Otherwise Indo-US relationship has not been smooth during cold war times and it oscillated up and down due to cold war politics. But in post-cold war times when the threat of USSR was averted, India and U.S. trajectory of relations got gradual but positive shape. The U.S. President Bill Clinton had tilt towards India during his second term of Presidency. George W. Bush continued the same policy and made further headway by transforming relationship into a next level of strategic partnership. India was non-signatory of Non Proliferation Treaty (NPT) and was not eligible for Indo-US civil nuclear deal. But George W. Bush offered India to a path breaking civil nuclear cooperation agreement "The 123 Agreement" commonly known as Indo-US civil nuclear deal. It enabled India from an energy

¹ <https://www.nationalreview.com/magazine/2020/03/23/india-as-counterweight-to-china-in-asia/#slide-1>

deficient country to energy surplus country, providing major boost to industry and economic development of India. Obama administration expanded cooperation with India and cooperated in the areas of technology transfer, counterterrorism, defence cooperation, cyber security education, health, agriculture, and heavy industry. While treating with India like a strategic partnership, Washington did not consider Pakistan as equivalent of India. Pakistan also demanded a similar deal that was offered to India but it turned down terming that Pakistan did not have impressive non-proliferation record. The larger implication of U.S. policy towards South Asia is that it is likely to disturb the balance of power between India and Pakistan. New Delhi also exercises hegemony over small neighbours but such acts of India are non-considerable for the U.S.

Given China's rise, Indo-US strategic partnership has undergone enormous geopolitical gains that India has the capacity to impede China's rise though it cannot stop China's peaceful. The U.S. has adopted aggressive foreign policy towards China and increased its military presence in the Indian Ocean Region (IOR).

Indo-US strategic partnership under Trump administration has had new areas of cooperation. U.S. President Donald Trump paid visit to India on 24 February, 2020. During his stay at India, he did not call out China by name but referred indirectly to China stating, "Countries that seek to claim power through coercion, intimidation and aggression". He even ignored the ongoing violence in Kashmir after Modi revoked Article 370 and 35-A of the Indian constitution and making Jammu and Kashmir a union territory. India and U.S. are also cooperating in the areas of space to enable India making asymmetry with Pakistan in space. Because space is the future battlefields and it will provide India an edge over Pakistan to utilize strategic assets more smartly. It will also give India an entry into exclusive club of space excelling countries.

India has opposed China-Pakistan Economic Corridor due to its strategic benefits to Pakistan as well as China. Regarding China, it will provide an alternate to China for trade in case Strait of Malacca is closed and China can continue trade through Pakistan. Pakistan will have huge foreign direct investment after completion of CPEC.

India's opposition to CPEC

There are two reasons that India opposes the CPEC and does not want to become the part of this economic corridor. The first reason is that India claims that CPEC passes through the Gilgit-Baltistan that India claims is a disputed region. Whereas Pakistan has a sovereign right on this land and the people of Gilgit Baltistan extend fullest support to the government of Pakistan against Indian designs. India fears that \$60 will change the fate of the region. As this is the initial investment for completing projects, once the projects are complete, they will attract foreign direct investment and economic activity will provide jobs and economic opportunity to youth of that area which eventually will weaken India's stance on these areas.

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Gilgit-Baltistan is part of Pakistan for last 73 years and Pakistan maintained it as semi-autonomous federally controlled territory but after India's forceful annexation of Kashmir by revoking Article 370 and 35-A, Pakistan has also altered GB's status constitutionally. Pakistan's government is also deliberating to declare it Pakistan's fifth province through a constitutional amendment.

Gilgit-Baltistan is the northernmost territory that connect Pakistan's frontier with China through land route. The Karakoram Highway is the road that links these regions together.

The second reason for India, not to join CPEC and oppose it is due to least benefits to India. Pakistan's economy was struggling due to multiple factors in 2015 but China trusted Pakistan and came forward to connect the region through infrastructure.

The Gwadar port in southwestern Pakistan is the mainstay of CPEC. China is aiming that it can make Gwadar port a regional hub for commercial activity and multinational corporations can set their regional offices here. Investors from across the globe can come and invest in this venture and it turns out to be a commercial success same like Singapore. But India wanted to counter this regional influence of Pakistan and it started investing in Iran's Chabahar port which is mere 175 kilometers away from Gwadar. But India forgot to consider that Iranian regime is under the strict sanctions of the U.S. and its allies. Iran's Chabahar port cannot become a substitute of Gwadar due to various reasons but India invested in connecting Chabahar with railway lines to other provinces of Iran and it has plans to connect Chabahar with Afghanistan. India's investment of \$100million in Iran will not be achieving that India aspired to due to Iran's inimical relationship with the West. But the Ultimate aim of Chabahar port is to counter Gwadar port's influence in the region. India's plans of bringing Chabahar equivalent to Gwadar met ruins when Trump administration reimposed tough sanctions against Iranian regime. It once again renewed Gwadar port's significance and Afghan transit trade otherwise would have been the client of Chabahar port. India also is wary of Afghanistan joining CPEC due to various apprehensions. India is foreseeing India-Iran-Afghanistan trilateral agreement that gives access to Afghanistan via Chabahar port. Afghanistan shifted its cargo in majority from Pakistan's Karachi port to Chabahar and Bandar Abbas port after the inauguration. Afghanistan's chief executive Dr. Abdullah Abdullah made flaunting statements that Afghanistan was not dependent on Pakistan any more. India-Afghanistan relations are on the rise but Afghanistan is likely to stay dependent on Pakistan in terms of trade and diplomatic support. In the aftermath of 2 decades long war, negotiations between Taliban and U.S. are going on and Pakistan is playing the role of facilitator but India has not played any role in the normalization of situation in Afghanistan rather India wants strong presence in Afghanistan just to curb Pakistan's influence in Afghanistan and protect India's interests. If India successfully achieves its goals of making strong presence in Afghanistan, it can pose another challenge to Pakistan securing Pakistan's border from east and west. India has already been exposed sending out spies in Pakistan via Iran. Confessions of Indian spy

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Kulbhushan Yadav are the evidence that he wanted to disrupt CPEC related activities in Pakistan. Pakistan and India are already locked into a legal battle over Kulbhushan in international court of justice.

Afghanistan is the only place which India can exploit against Pakistan but Pakistan is well aware of the situation. Pakistan and China wish that Afghanistan should join the CPEC which will increase Afghanistan's stakes, build trust on Pakistan and the people of Afghanistan who have increased anti-Americanism, is a great impediment to achieving peace in Afghanistan. China knows very well that youth of Afghanistan needs economic opportunities, quality education, health services and security to their lives. U.S. failed to provide the basic sense of security despite occupying two decades. China has changed Africa's fate by investing heavily in Africa. African nations had had bitter experiences of colonialism by the hands of their colonial masters. China has changed the perceptions of China by investing massive foreign direct investment. It also provided health facilities, transportation, stadiums to play and also invested in education.

Afghanistan and CPEC

Afghanistan is an important landlocked country. It's important for Pakistan as well as China. For Pakistan Afghanistan is the backyard of Pakistan and for China, it is the resource rich mine where there is need for exploration. China has already planned for exploration of natural resources in Pakistan. Pakistan wants that Afghanistan should join the CPEC and become part of it. It will have double benefits for Pakistan that it can secure its backyard and rejuvenate Pakistan's image in Afghanistan that India has distorted through media and academics. For Afghanistan joining of CPEC will be beneficial because it will reap benefits of its untapped natural resources, alleviate poverty and set out progress in the field of economy.

Pakistan has been inviting delegates from Afghanistan to visit Pakistan and explore the opportunities that Pakistan offers to Afghan businessmen in under the project of CPEC. Pakistan's speaker of National Assembly Asad Qaiser invited many business delegates to visit Pakistan under CPEC.

Afghan business delegates were given briefing on Special Economic Zones (SEZ) of Rashkai in northwestern Pakistan. If Afghanistan joins the CPEC Pakistan can connect its trade route to Central Asian Republics which is the ultimately objective of CPEC. Connecting Asia with Europe through trade routes by Land Sea and air. Pakistan's speaker of National Assembly Asad Qaiser stated that

“Promotion of trade and economic links between Pakistan and Afghanistan would usher into a new era of socio-economic development and fighting the scourges of poverty and instability”. He also opined that Afghanistan-Pakistan transit trade Agreement and Preferential Trade Agreement would open up the new avenues of cooperation between two countries.

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China is also much interested to bring Afghanistan into CPEC due to massive \$60 billion investment. China has been in constant negotiations with Afghanistan to discuss the mutual benefits of the mega project. China's foreign minister Mr. Wang Yi stated that "China and Pakistan are willing to discuss with Afghanistan, under the principle of mutual benefits, the possibility of extending the China-Pakistan Economic Corridor to Afghanistan," Michael Kugelman a senior associate for south and Southeast Asia Woodrow Wilson Center stated that "Afghan involvement in CPEC, even if only modest, can be a big confidence-building measure for an Afghanistan-Pakistan relationship that is never warm," (Saifullah, 2018)¹

The reaction of U.S. towards Afghanistan will be much stronger if Afghanistan thinks of joining CPEC. The U.S. troops are stationed there and the U.S. is in the process of negotiation with Taliban. Pakistan is playing the role of a facilitator and India is playing the role of a peace spoiler. The U.S. spent trillions of U.S. dollars in Afghan war and it has become America's longest war in history but it could not uplift Afghan economy. Afghanistan is poorer than it was before the invasion of U.S. in 2001. Its people are more radical than they were before the invasion of U.S. anti-American sentiments are more vivid than they were before 9/11. What America has earned is anti-Americanism and Afghanistan has lost infrastructure, people and economy shattered. Some of the American scholars who still think that China is building a new world order through Belt and Road Initiative. Siegfried O. Wolf, are cautious about any optimism over CPEC. "Let's not ignore that CPEC is part of China's flagship One Road One Belt project that allegedly aims at building a new world order," (Saifullah, 2018).

China has well thought placement of Afghanistan in CPEC project, if Afghanistan joins the project China has Turkmenistan- Afghanistan and Pakistan energy transmission. Pakistan's road connectivity with Afghanistan Peshawar-Kunduz motorway and road link between Torkham and Kabul can facilitate the existing trade between both countries. Pakistan's connectivity via railways with Afghanistan has already been under consideration i.e. railway line between Landi-Kotal and Jalalabad and Chaman to Spinboldak will aggrandize linkages between both the nations. There is a need to develop infrastructure between both the countries. India nudges Afghanistan not to join China-led CPEC due to India's

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stakes in Afghanistan. India, with much effort has been able to make good-will for India but there fear on India's part is that it will wither India's influence in Afghanistan (Azad, 2020). After Taliban's removal from power, India became a biggest donor for Afghanistan with the aims of strategic depth. But always blamed Pakistan for seeking strategic depth in Afghanistan. India spent \$2billion for the construction of parliament building, rural development, education, infrastructure, power plants, dams and roads. India's strategic partnership with Afghanistan developed into security partnership as Afghan security forces were trained by India. India tried to prove itself the most loyal and trusted friend in the region. Afghanistan's Presidents like Hamid Karzai and Ashraf Ghani have been speaking against Pakistan on several occasions. Pakistan has paid more price to be with Afghanistan in terms of capital and human loss. Pakistan's hosting of millions of Afghan refugees in the wake Afghan-Soviet war, Pakistan became hub of extremisms and drug trafficking. Pakistan embraced Afghan refugees like their own people and allowed them to stay in Pakistan without any restrictions. But despite that Afghan leadership speaks against Pakistan that reflects India has achieved the goals of invoking Anti-Pakistan sentiments in Afghanistan.

It can be established that by joining CPEC Afghanistan will have the chances to stabilize its economy. It can have regional trade preferences. According to the UN Comtrade data be, Afghanistan's 70% trade was with Pakistan and India only in 2015. Among the major commodities were medical herbs, dry fruits, carpets, iron ores and copper (Azad, 2020). China is largest buyers of these products for her industry. Another political development that is already underway in Afghanistan especially after February 2020 U.S.-Taliban agreement, China found palace to negotiate with Afghan government. U.S. and India spread rumours about China that China wants to establish military bases in Afghanistan. India already level allegations against China that it has established second military base in Tajkistan near strategic Wakhan corridor a strip that connects Afghanistan with China. That is not a military base; China actually is increasing cooperation with regional actors to enhance counterterrorism cooperation. In that regard China has established a mountain brigade in the north with the clear statement that there will be no Chinese troops on Afghanistan soil.

Conclusion

India has regional hegemonic designs that are countered by China because latter's military prowess, scientific inventions, powerful economy and regional and international diplomatic engagements. India is no match for China in any realms. United States is seeking to empower India so that it may pose danger to China's development. India-China have border dispute and recent skirmishes along the Line of Actual Control (LOAC) and the world witnessed how effective Indian military has been against China. United States following the cold war thinking as it engaged USSR into prolonged conflict in Afghanistan; it can do the same with China. China is not the USSR, as China has the economic might that does not match with any other nation but the U.S. India has good trade ties with the U.S. as well as with China. But it cannot be thought that India will go this far in war against China. Indian massive propaganda against CPEC is aimed at slowing down projects, spreading the mistrust among partners. And reaping benefits of technology and defence equipment cooperation with the U.S.

India is impeding CPEC because Pakistan is the major beneficiary of this project. Afghanistan is a country that direly needs economic development and international linkages. CPEC can provide Afghanistan with an opportunity to revive its economy. India's designs of seeking strategic depth into Afghanistan will derail peace and progress in Afghanistan because even if Afghanistan descends into chaos once again, it will not affect India directly. Pakistan has been the direct victim of spillover effects of Afghanistan's war against terrorism. CPEC is the project of future that will connect Pakistan with West-Asia and Africa. CPEC will bring peace and prosperity to the whole region. India and the U.S. are opposing this because this mega project benefits Pakistan and China simultaneously. It can be established that this project is the harbinger of change that will change the fate of millions of people in the region by uplifting their living standards and peace will prevail.

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