



ISSUE BRIEF

No. 78

May 2016

The Politics Behind Securing China-Pakistan Economic Corridor

The official visit of Pakistan's Army Chief, Gen Raheel Sharif to China in May 2016 came under the spotlight for a variety of reasons. Under the garb of enhancing bilateral economic and security relations between Islamabad and Beijing, Raheel Sharif, purportedly, had an extended bucket list of items and expectations from the leadership in China. Not surprisingly, China, which is adept at extracting quid pro quo benefits, is likely to have conveyed in explicit terms to Raheel Sharif that Pakistan stands predisposed to provide infallible security to the rather over-ambitious \$46 billion China-Pakistan Economic Corridor (CPEC) passing through Pakistan's restive Baluchistan province.

With the rising levels of Chinese concerns, Raheel Sharif reportedly assured Premier Li Keqiang of providing full security for the 3,000-km CPEC project launched in 2015 supposedly linking northwestern China to southern Pakistan's Arabian Sea coastline through a network of roads, railways and pipelines. The 3,000-km-long CPEC route starts from Kashgar in China, which is the traditional business centre of Xinjiang province, subsequently passing through the 1,300-km Karakorum



Dr. **Monika Chansoria** is a Senior Fellow and Head of the China-study Programme at the Centre for Land Warfare Studies (CLAWS), New Delhi.

Key Points

1. Pakistan has raised a Special Security Division headquartered at Thak Das (near Chilas) in Diamer district of Gilgit-Baltistan. The SSD comprises 12,000 troops.
2. The SSD is mandated to provide round-the-clock protection to approximately 13,000 Chinese engineers and labourers working at various locations/projects in the Punjab province, especially relating to the CPEC.
3. The debate on multiple nuances surrounding the double-edged sword of political instability argues that it is the volatility and flux in the political structures and environs that lead to, or result in the propensity of a government / state structure to collapse.
4. A poor economic flowchart is a long-term trigger for endemic political unrest – as the socio-economic testimonial of Pakistan clearly reflects.
5. Sino-Pak friendship shall face the sturdy litmus test in the high-risk security environment that is only beginning to get uncovered fully, amid Pakistan's uncertain political future, and China's tepid economic future.

The Centre for Land Warfare Studies (CLAWS), New Delhi, is an autonomous think-tank dealing with national security and conceptual aspects of land warfare, including conventional and sub-conventional conflict and terrorism. CLAWS conducts research that is futuristic in outlook and policy-oriented in approach.

The Politics Behind Securing China ...

Highway and finally ends by reaching the Chinese-funded Gwadar Port (south of Baluchistan) in the Arabian Sea.

Notwithstanding these big-ticket investments, the Chinese surely have their concerns pertaining to security, specifically in Baluchistan and Khyber Pakhtunkhwa. In March 2015, five oil tankers reportedly carrying fuel for a Chinese company were set ablaze in Baluchistan's Chaghi district. Fuel tankers have been a frequent target in this area and it also needs to be recalled that three Chinese oil companies pulled out from Baluchistan in the midst of serious security concerns when, in 2004, Chinese engineers working on the seaport project were killed in an attack in Gwadar.

In the wake of these realities, Pakistan has raised a Special Security Division (SSD) headquartered at Thak Das (near Chilas) in Diamer district of Gilgit-Baltistan. The SSD comprises 12,000 troops when built to full strength (constituting nine Army battalions and six wings of the civil armed forces) under a two-star senior officer, reporting directly to Pakistan's General Headquarters (GHQ). Of these 12,000 troops, over 5,000 will be from the Special Services Group of the Pakistan Army. In fact, earlier this year, in February 2016, Gen Raheel Sharif visited the headquarters of the newly-raised SSD to assess the progress since its raising. The SSD is mandated to provide round-the-clock protection to approximately 13,000 Chinese engineers and labourers working at various locations/projects in the Punjab province, especially relating to the CPEC. In his meetings with the Vice Chairman of China's top military decision-making body, the Central Military Commission, Fan Changlong and Ground Force Commander Gen of the PLA, Li Zuocheng, Gen Sharif is understood to have guaranteed that the Pakistan Army will be the "first responder" for all CPEC-related projects.

Meanwhile, the Minister for Commerce, Khurram Dastgir Khan, interestingly and questionably made a statement recently that the China-Pakistan Economic Corridor linking South Asia to Central

Asia, will render Pakistan as a bridge between South and Central Asia, and the Middle East and China. What was contentious was Dastgir's comment that "economic stability will bring political stability..." The debate on multiple nuances surrounding the double-edged sword of political instability argues that it is the volatility and flux in the political structures and environs that lead to, or result in, the propensity of a government / state structure to collapse. Unstable political environs result in retrenchment, and in extreme cases, complete withdrawal, of investments and economic growth, thereby making a detrimental impact on the pace of economic development. Conversely, a poor economic flowchart is a long-term trigger for endemic political unrest – as the socio-economic testimonial of Pakistan clearly reflects. The Xi Jinping administration shall eventually be rolling out contracts worth an estimated Rs 157 billion (\$46 billion) on this corridor. As the Chinese government provides concessional loans for these infrastructure projects, Pakistan is attaching great hopes that the economic corridor shall provide a much-needed boost to the nation's sluggish economy, and bring some respite to its seemingly ceaseless economic woes, while providing employment opportunities.

In the latest briefing to the Parliamentary Committee on the China-Pakistan Economic Corridor, Minister for Planning and Development Ahsan Iqbal said "... all pending issues pertaining to the Gwadar Port had been resolved" when he visited Beijing in April 2016. During an in-camera briefing held at the Pakistan Institute of Parliamentary Services, Iqbal highlighted Gwadar being given top priority primarily since it is the entry point for the CPEC where China's One Belt One Road project converges (as illustrated in the Chinese-source Map as shown on the following page).

The other projects in Gwadar which will be developed with substantial Chinese inputs and assistance include the beginning of the construction of an international airport and the East Bay Expressway within three months, a desalination plant and a technical training institute to be built on a fast track

Map 1



Source: Released by the Xinhua Finance Agency, August 19, 2015

basis. Chairing the meeting was Senator Mushahid Hussain Sayed who, as *The Frontier Post* reported, underlined the role of Baluchistan and Gwadar port, stating that without these two “there would be no CPEC”. Not surprisingly, Hussain is one among many in Pakistan who firmly believe that the “CPEC is the future of Pakistan”. This briefing comes prior to the CPEC Parliamentary Committee’s week-long visit to China commencing May 20, during which the committee members will visit Beijing, Shanghai and Suzhou, and an industrial park between China and Singapore.

The internal politics and problems surrounding the CPEC run deep. A significant portion of the benefits of the corridor is being kept aside for the ruling Pakistan Muslim League-Nawaz (PML-N) party’s state of Punjab. The commencement of the first phase of the China-Pakistan Economic Corridor was a prominent highlight of Chinese President Xi Jinping’s state visit to Pakistan in April 2015. Chinese companies kick-started with an investment of \$22.5 billion in coal-fired, hydro, wind and solar

energy projects in Pakistan (most crucially in the illegal Pakistan-occupied-Kashmir region).

Projects announced as part of Phase 1 of the CPEC include reconstruction and upgrading of the Karakorum Highway (Phase II), the Gwadar port, the Karachi-Lahore motorway (Multan-Sukkur section), the Lahore Metro orange line, the Haier-Ruba economic zone, the Suki Kinari hydropower project, and the Pakistan-China cross-border fibre optic cable. Although it was expected that reconstruction and expansion of the existing mail rail line from Peshawar to Karachi and construction of the Havelian dry port, too, would be announced as part of the CPEC’s Phase 1, these two projects did not figure in the final joint statement.

The domestic political squabble surrounding the CPEC across Pakistan’s political spectrum has been doing the rounds for quite a while now. In what appeared an attempt by the Nawaz Sharif government to placate the opposition and build agreement towards the corridor, Minister Iqbal

... Pakistan Economic Corridor

reportedly did not clearly spell out on which part of the route industries, hydel projects and economics-related infrastructure would be built. Jamiat-e-Ulema-e-Islam-Fazl (JUI-F) Chief, Maulana Fazlur Rehman, stated, following a meeting in early 2015, that the government would not be changing the original route of the CPEC. Besides, Rehman also said that his party would not oppose the move of developing more routes that would establish linkages with Lahore.

There is growing clamour demanding inclusion of regions such as Khyber Pakhtunkhwa, Baluchistan and the Federally Administered Tribal Areas (FATA) in the modified route of the CPEC. Conspicuously, Imran Khan's Pakistan Tehreek-e-Insaf (PTI), which leads a coalition government in Khyber Pakhtunkhwa, along with the support of the Jamaat-e-Islami and Qaumi Watan Party, had been refusing to send any representative to participate in the above-mentioned meeting for the parliamentary heads. The Chief Minister of Khyber Pakhtunkhwa, Pervez Khattak alleged that the original plan of the CPEC passing through Khunjerab, Gilgit and Abbottabad, among others, has been changed.

Although the government has reiterated that the route through Dera Ismail Khan would be given preference, the political backlash for Nawaz Sharif's government only seems to be crystallising further, with his party, the PML-N, facing fire amid allegations that a significant portion of the benefits of the CPEC have been kept aside for the ruling party's state of Punjab. In fact, two key projects that are highlighted by the PML-N are Phase 1 of the CPEC and the rapid transit system

for Karachi from Saddar to Surjani. With reference to the above cited argument, a delegation from the Industrial and Commercial Bank of China Ltd, one of China's "Big Four" state-owned commercial banks, headed by Chairman Jiang Jianqing called on Punjab Chief Minister and PM Nawaz Sharif's brother, Shahbaz Sharif, in Murree, and offered to be a financial advisor for bringing in greater investments.

In the latest meeting of the CPEC Parliamentary Committee, Chief Minister of Khyber Pakhtunkhwa, Parvez Khattak and Parliamentary leaders of parties of the Provincial Assembly, held at the Planning Commission on May 10, claimed all "issues pertaining to the CPEC had been amicably resolved" and reservations reportedly addressed by the federal government. What continues, however, is the demand of the opposition parties to build a six-lane corridor the CPEC's western route instead of the planned four-lane road. Moreover, they are additionally demanding that industrial zones and other infrastructure promised by the government along the route be ensured.

Pakistan's economic corridor has often been interpreted as a significant milestone of Xi Jinping's One Belt One Road project. While many argue that the CPEC will be a game changer in the regional geo-strategic arithmetic, the tenacity of the "higher than mountains, deeper than oceans, sweeter than honey, and stronger than steel" Sino-Pak friendship shall face the sturdy litmus test in the high-risk security environment that is only beginning to get uncovered fully, amid Pakistan's uncertain political future, and China's tepid economic future.

The contents of this Issue Brief are based on the analysis of material accessed from open sources and are the personal views of the author. It may not be quoted as representing the views or policy of the Government of India or Integrated Headquarters of MoD (Army).



CENTRE FOR LAND WARFARE STUDIES (CLAWS)

RPSO Complex, Parade Road, Delhi Cantt, New Delhi 110010

Tel.: +91-11-25691308, Fax: +91-11-25692347, Email: landwarfare@gmail.com

Website: www.claws.in

CLAWS Army No. 33098