

# China–Pakistan: With Great Investment Comes Some Responsibility

Raffaello Pantucci



***China has invested millions into Pakistani infrastructure, but will internal political conflict in Pakistan prove to be the bane of the CPEC's existence?***

The China–Pakistan Economic Corridor (CPEC) has become one of the emblematic foreign policy initiatives of Chinese President Xi Jinping's broader 'Belt and Road' vision. An ambitious and wide-ranging investment project, the CPEC offers Pakistan a way through a number of its biggest problems – including domestic power supply, lack of infrastructure, and parts of the country that are underdeveloped – while giving China strategic port access to the Indian Ocean and creating a corridor to external markets for the underdeveloped southern part of the Xinjiang Uighur Autonomous Region.

Yet earlier this year, the Chinese Embassy in Islamabad was put in the awkward position of having to formally distance itself from acrimonious internal political wrangling within Pakistan around the CPEC. In a pattern that is likely to repeat itself elsewhere as China continues to try to turn the 'Belt and Road' concept into a reality, Beijing is finding that it is unable to simply sidestep local entanglements and plead non-interference. Pakistan may prove to be a testing ground to see whether China can avoid local entanglements as the Xi administration seeks to advance its vision for a network of global trade corridors under the 'Belt and Road' rubric.

Although it was first announced in May 2013 during the visit of Chinese Premier Li Keqiang to Pakistan, the CPEC was the culmination of many years of steady Chinese investment in Pakistan. A month later, during his

inaugural visit to Beijing, Pakistan's newly elected prime minister, Nawaz Sharif, signed a Memorandum of Understanding formalising the CPEC project. Two years later, it was given a reported injection of \$46 billion when President Xi made a reciprocal visit to Pakistan in April 2015.

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While relations between Beijing and Islamabad had always been close, it was mostly based on deep and reactive security co-operation – either in terms of Pakistan responding to China's concerns about terrorism, or China backing Pakistan in its disputes with India. The announcement of the CPEC changed the relationship: it became supercharged as CPEC was presented as the answer to some of Pakistan's most pressing problems. For example, the focus on the port of Gwadar in Pakistan's restive Baluchistan offered the potential to economically revitalise one of the country's long-troubled regions. At the same time, the emphasis on energy programmes (with investment worth almost \$34.4 billion, according to Pakistan's Ministry of Planning, Development and Reform, which would double Pakistan's generating capacity) promised to address the country's

biggest shortages. This potential goes some way to explaining the often hyperbolic narratives surrounding CPEC in Pakistan.

Given these excessively high expectations, it might therefore be unsurprising that the project has not been plain sailing. This was not entirely unexpected, with senior officials in China openly expressing their concerns about security and the viability of the overall project from the very beginning. During a meeting in Beijing in August 2013, Lin Dajian, vice director-general of the Department of International Cooperation at the National Development and Reform Commission, the governmental body within China that is steering the CPEC, highlighted 'the security issues and challenges that could impede the speed of [the] project'. What appears to have surprised China, however, is the degree of pushback and difficulty encountered within Pakistan at a political level.

This came to a head in January, when problems in two provincial Pakistani governments made headlines that even managed to drag in the local Chinese Embassy. The government of Khyber Pakhtunkhwa (KP) issued a threat through its chief minister, Pervez Khattak, who warned that 'if the federal government does not address the reservations of KP about the [CPEC] project, then we will take an extreme step.' Khattak's concern appears to be that the KP government will not receive its fair share of the CPEC project.

At around the same time, stories emerged in the press that the

government in Islamabad was exploring the possibility of changing the constitutional status of its northernmost province of Gilgit-Baltistan in response to Chinese concerns about its ability to build some CPEC routes through the disputed region – since China does not want to find itself spending money and sending people to work in areas whose ownership is legally unclear and therefore subject to aggressive contention or dispute. Claimed by India as part of Jammu and Kashmir, the region was traditionally referred to as ‘Northern Areas’ and controlled directly by Islamabad. In 2009, as part of a measure to turn it into a full province by Pakistan, the name was formally changed to ‘Gilgit-Baltistan’ and a legislative assembly was established. In January 2016 the government in Islamabad started to make noises again about taking this process further by recognising the region in the constitution and going some way towards integrating it into the country.

At present, Gilgit-Baltistan has an opaque status similar to that of other parts of the Kashmir region claimed by Pakistan. Islamabad continues to state that the parts of Kashmir it controls are in fact semi-autonomous and are therefore not formally integrated into the country; this is in line with its position that a referendum should be carried out across the entire region. By taking this step, however, Pakistan risked incurring anger in India as well as in Kashmir itself.

From the perspective of the neighbouring province of Azad Jammu Kashmir (AJK), the fear was that recognising as a separate province a region that had hitherto been treated as part of AJK might lead to India changing its position on the disputed territories. In addition, officials in Gilgit-Baltistan had their own concerns. They were worried that they were going to miss out on their piece of the CPEC pie.

These fierce regional rivalries were also rooted in Pakistani party politics. In KP, the provincial government is ruled by the opposition Pakistan Tehreek-e-Insaf (PTI), while in AJK the government is controlled by the largest opposition party, the Pakistan People’s Party (PPP). Pakistani commentators



Chinese and Pakistani border guards at Khunjerab Pass on the border of Pakistan’s Gilgit-Baltistan province. Beijing is investing in security in Pakistan on a number of different levels. *Image courtesy of Wikimedia.*

have long argued that both parties want to see the CPEC fail: if it succeeds on schedule, it will likely be a strong vote puller for Prime Minister Nawaz Sharif and his Pakistan Muslim League-Nawaz (PML-N) party. This is because the early parts of the CPEC will likely be most beneficial to the PML-N stronghold of Punjab province. Indeed, in November 2015 the leader of the PPP in the National Assembly, Syed Khurshid Shah, wrote to Sharif expressing concern that the project appeared too ‘Punjab-centric’.

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All of these opposition parties, however, have been very careful not to alienate China through their complaints to the central government in Islamabad. They all praise China and the CPEC’s potential to change the country positively. In order to reinforce this

point, in the wake of the public airing of the KP complaints, a senior delegation from PTI led by former foreign minister Shah Mehmood Qureshi visited the Chinese Embassy. The delegation’s stated aim was to give ‘an assurance to the ambassador that we don’t have any issue with China and we are in favour of the CPEC.’ He went on to say:

*We also assured [the Chinese authorities] that we will not do any politics on this project and will support its completion ... [but] we have reasonable doubts about the federal government. The PML-N government is not taking us into confidence on many issues.*

This led to the embassy issuing an unprecedented statement in which China distanced itself from the problems while calling for unity: ‘China hopes that the relevant parties in Pakistan could strengthen communication and coordination on the CPEC to create favourable conditions for the project.’ This message was reinforced at the regular Ministry of Foreign Affairs briefings in Beijing, where ministry spokesman Hong Lei insisted that ‘we stand ready to work with Pakistan to complete the projects under construction and make

long-term plans to keep advancing the building of the Corridor.’

The escalation of these domestic political disputes to the halls of power in Beijing highlights how complicated negotiations around the CPEC have become. While Pakistani officials at every level seek to distance themselves from negative comments about China, it is nonetheless the case that Chinese activity in the country has been the immediate source of these problems. And these are not the only problems that China faces in Pakistan. Apart from militancy, either from violent Islamists or separatists, China has to confront the problems of its workers being kidnapped and its nationals becoming embroiled in local criminal networks.

Whilst unsurprising to most observers of Pakistan, these problems nonetheless illustrate a larger problem that China will increasingly face as it pushes its ‘Belt and Road’ vision out across the Eurasian continent. Making considerable financial investments and

importing large numbers of Chinese nationals into a region does not eliminate tensions on the ground. In fact, large investments can exacerbate tensions. They can increase inequality, or, as appears to be the case in Pakistan, they can cause local political tensions. This undermines the argument that appears to underpin Chinese investment policy in both the third world and at home – that development will bring with it political stability.

In Pakistan in particular, China is increasingly going to find itself in difficult situations. China is investing in security in Pakistan at a number of different levels. Not only is it helping the country build its big ticket weapons systems such as aircraft and submarines, but it is also helping police forces to improve security on the ground. It is unclear whether these expenditures are included in the approximately \$46 billion associated with the CPEC project, but China will find that the expenses on Pakistani police and army

will be constant, and China may find itself having to foot the bill for as long as Pakistan continues to face instability at home.

The CPEC has the potential to be game-changing for Pakistan, but it is unlikely to solve all of the country’s ills or to be completed any time soon. For observers of the ‘Belt and Road’ vision, China’s experiences in Pakistan may offer a taster of what it will encounter elsewhere in the world as it seeks to implement President Xi’s ambitious foreign policy vision, a vision that he hopes will be his legacy.

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## Minding the Gap: A Multi-Layered Approach to Tackling Violent Extremism

Eric Rosand



*The creation of the Global Counterterrorism Forum was a success for the international community’s counterterrorism efforts, but was it enough?*

Over the decade and a half since the 9/11 attacks, calls for more international counterterrorism co-operation have become a stock element of political leaders’ speeches. Following each successive terrorist attack, leaders have underscored the need for greater collaboration among military, intelligence, law enforcement and criminal justice officials to counter increasingly transnational threats. These calls have been echoed at the multilateral

level, with the UN and regional organisations adopting resolutions reiterating the need for intensified interstate co-operation and outlining steps that national governments should take to address the threats facing them.

There has also been a corresponding effort to strengthen multilateral mechanisms, particularly since 2010, to allow for more practical co-operation among countries. In fact, one of the underreported counterterrorism advances over

the past decade has been the extent to which the international counterterrorism architecture has been updated to allow for more dynamic collaboration. Today, there are now mechanisms to allow an array of national practitioners – for example, criminal justice officials and parliamentarians from around the world – to share expertise and build trust.

The terrorist threat, however, has continued to evolve, and there is increasing recognition that many of the