



China Pakistan Economic Corridor and the Complex Interdependence

Vol. III, No. I (2018) | Page: 64 – 75 | DOI: 10.31703/grr.2018(III-I).05

p- ISSN: 2616-955X | e-ISSN: 2663-7030 | ISSN-L: 2616-955X

Sohail Ahmad*

Sadia Sohail†

Muhammad Rizwan‡

Key Words:

CPEC, China, Pakistan, Complex Interdependence, Challenges, China Pakistan Economic Corridor

Abstract

Presented in the late 70s, the theory of Complex Interdependence is in line with the contemporary scenario of international politics. International politics has given up the traditional approaches of hard power. Non-state actors now serve as significant stakeholders in world peace. This paper examines CPEC along the framework of Complex Interdependence. China will build a network of roads, railways and highways across Pakistan, contributing to infrastructure development and economic growth. The notion that China and Pakistan are “iron brothers” is popular among the diplomatic circles of both states. Both states share military, diplomatic and strategic ties. However, the economic ties could not be realized to the full potential as contacts at the societal level are minimal. CPEC possesses the ability to bridge these gaps and transform the relation into “Complex Interdependence”.

Introduction

One term most commonly associated with China Pakistan relations is the “All weather friendship”. Pakistan and China are also referred to as *Iron Brothers* since the 1960s due to amicable diplomatic, military and strategic relations. In 1950 Pakistan laid the basis for this friendship when it recognized its neighbor immediately after their independence. This relationship has always been based on mutual understanding and recognizing the other country’s interests as well as the constraints. In the fifties when Pakistan joined SEATO against the communist forces, China was careful not to criticize Pakistan but only the alliance. Chinese leadership fully recognized that Pakistan’s participation was due to the Indian factor and complex politics of the subcontinent. After 1959 China and Pakistan

* Assistant Professor, Department of International Relation, COMSATS University Islamabad, Pakistan. Email: sohailahmad35@yahoo.com

†MS scholar, Department of International Relations, COMSATS University Islamabad, Pakistan.

‡MS scholar, Department of International Relations, COMSATS University Islamabad, Pakistan.

bilateral relations blossomed even more. Further, cooperation and understanding entered a phase which continued for decades to come (Sattar, 2010). Both countries have a history of supporting each other regarding regional and international issues of mutual concern. A most noteworthy feature of Sino Pakistan relations is shared mutual interests and convergence on issues related to international and regional environment Pakistan has shown China unrelenting support in terms of Tibet ,Taiwan and Xinjiang (APP, 2016) In the UNSC Pakistan championed China's permanent member status .It is noteworthy that during the Cold war period Pakistan International Airline was the only airline from the capitalist block allowed to operate in China. (Muneer, 2016).China, on the other hand, has always understood Pakistan's security concerns and never used the Kashmir issue to appease the Indians even at the height of the "Hindi Chini bhai bhai" sentiment (Sattar, 2010). Most importantly for Pakistan, unlike some of its other allies, China has always supported its counter-terrorism strategy underlined by complex internal security dynamics and national interests (APP, 2016).

Over the decades Sino-Pakistan military engagements intensified, and diplomatic ties followed a steadier path. In 2006 a free trade agreement was signed which resulted in a boost in economic relations as well .Bilateral trade worth \$18.95 billion was carried out between the two countries in the year 2015 (Muneer, 2016).Owing to economic reforms introduced in the late 1970s China emerged as the second biggest economic power globally with of 8.3 Trillion dollars GDP .It constituted of about ten percent of the world's exports and emerged as a potential candidate for the role of superpower (Hopwell, 2015) China and Pakistan are not only strategic partners but also taking steps to enhance trade and investment.

The most ambitious project in the history of Sino Pakistan relations is the China Pakistan Economic Corridor, the forerunner venture of Belt and Road Initiative (BRI). BRI is a restoration of the old silk road, and on completion, it will serve as a link between Asia, Europe and Africa with current participation of over 70 countries and the establishment of six corridors (BRI, n.d.). The six passages are:

“China-Mongolia-Russia Financial Hallway (CMREC); Modern Eurasian Arive Bridge (NELB); China-Central and West Asia Financial Hallway (CCWAEC); China-Indo-China Landmass Financial Passage (CICPEC); China-Pakistan Financial Hallway (CPEC); and Bangladesh-China-India-Myanmar Financial Passage (BCIMEC)” (Baider, 2015)

Dubbed as a turning point for Pakistan and the South Asia as a whole, CPEC is the most significant part of this entire programe. China through the Strait of Malacca is confronting challenges, sense of regional debate, privateer assaults and geopolitics.

China Pakistan Economic Corridor (CPEC):

CPEC offers an alternative way to bypass the Strait of Malacca which is consumed with American military presence, geopolitical and regional issues. The economic corridor consists of a network of roads, railways, gas and oil pipelines and special economic zones across Pakistan, and on its completion it would connect Kashgar city in the Chinese region of Xinjiang with Gwadar in Balochistan province of Pakistan. CPEC will dramatically slash the distance of the middle eastern oil supplies (Sial, 2014): in fact, China will have the shortest route possible to ship the gulf oil. Initial talks were carried out in Pakistan during the Chinese Premier Li Keqiang 's official trip to in 2013. China and Pakistan agreed to set out long term plans for CPEC, enhance cooperation on various sectors especially economy and infrastructure (Irshad, 2015)

During the premier's visit, Prime Minister Nawaz Sharif welcomed all political leaders to a lunch meeting at the President House. A notice of understanding on participation for long-standing collaboration on Sino-Pakistan Financial Passage was inked between the both countries.

The agreement was signed in 2015 on the occasion of official visit of President Xi Jinping to Pakistan. Before his visit, in an open editorial he stated his sentiments of feeling as if he is visiting his second home even though it was his first ever visit. Sino Pakistan investment agreement of \$46 billion was signed on 20 April (expanded to \$62 billion as of 2017), which constitutes of almost 20% of Pakistan's GDP while investment around thirty billion dollars was allocated for the early harvest projects (ministry of planning development and reforms, 2017). It has been touted as a turning point that can change economic situation of Pakistan and its key utility. The Pakistani and Chinese policymakers have justifiably been exceptionally hopeful around the pickups from CPEC. Overall CPEC will not only end China's Malacca dilemma but also facilitate the development of modern infrastructure in Pakistan, lower the energy crises and improve economic growth. Mentioned below are the main components of the China Pakistan Economic Corridor.

Components of CPEC

Opportunities for Power Sector in Pakistan

One of the significant challenges faced by Pakistan's economy is the severe energy shortage. Frequent blackouts adversely affected the domestic as well as industrial sector. This crisis led to a shutdown of industries on a large scale by 2015. Industries are crucial for the economy of any country, over the few years Pakistan's industrial sector had been handicapped by the ever-growing energy shortfall (Asghar, 2018). CPEC would serve as a golden opportunity to get rid of

excessive load shedding and bridge the gap between supply and demand. As a result, Pakistan's industrial sector would embark on a steady path of revival, especially textile and agriculture. According to the Planning Development and Reform Ministry energy sector is one of the major areas covered under the corridor. A total of 10,400 megawatts is planned to be produced in the early harvest program (Abid, 2015). Power plants set up under the early harvest program include nine coal, seven wind, three hydropower plants while the rest are the HDVC transmission line projects. As per the timeline, most of the early harvest projects have been completed. There is a significant improvement in the electricity production and availability to the domestic as well as industrial sectors (Asghar, 2018). In 2013 Pakistan faced more than ten hours of load shedding a day. By 2018 it had been reduced by a significant number in majority areas of the country. While Pakistan managed an economic growth of 5.3 percent in 2017 its highest in ten year time, which according to most analysts is due to the steady progress of CPEC projects (Xinhua, 2015). Thar in Sindh province has an abundance of coal reserves, various projects to generate 4000 MW are planned in Thar and are currently under construction. An add up to of \$ 33 billion that constitutes more than seventy percent of the entire investment is in the power sector encompassing fuel, power and coal sectors. An additional amount worth \$2.5 billion is allocated for establishment of LNG pipelines to avail transportation from Iran to Nawabshah (Sindh) and Gwadar (Baluchistan) (Khan, 2018).

Transportation Infrastructure

Another major area of investment is the transport and communication sector of Pakistan. \$11 billion is allotted to upgrade Pakistan's transport infrastructures. This includes the establishment of a 1,100 km motorway in the coastal city Karachi (Sindh) to the city of Lahore (Punjab), expected to promote economic growth and internal connectivity. In addition to the establishment of modern transport systems, some of the current ones will also be redone, counting the Karakorum Thruway between Rawalpindi and Kashgar and the Karachi-Peshawar railroad line. 820 KM long fibre optic line will be set up between Rawalpindi and Khunjerab. A dry port will be set up at Havelian, KPK. Other transit projects under CPEC include the Orange Line Lahore, Quetta Mass transit and Karachi Circular Railway (Ali, 2018). Development of Pakistan's infrastructure would enhance regional connectivity as CPEC will connect Pakistan with the rest of Asia, Europe and Africa and Pakistan would serve as a service and manufacturing hub in the region. Developed infrastructure would enhance connectivity, production, trade and the overall economic growth (Javed, 2016).

Economic Zones

In this entire project of CPEC great significance is attributed to the expansion of

territorial networks. The territorial network will be expanded by establishing the SEZ's pointed at promoting mechanical development in significant money related centres and calculatingly vital areas in Pakistan. Special economic zones are defined as "specific areas enjoying lenient economic and tax policies in comparison to the rest of the country in order to promote industrial development and growth". Special economic zones are known to boost economic growth exponentially. Work on SEZ's would be initiated in the second phase of CPEC. In the initial phase of the project forty-six, SEZ's were planned though later on the number was reduced to nine. Plans include the establishment of Bolan industrial zone, Allama Iqbal Industrial City M3 ,ICT Model Industrial Zone, Rashakai Economic zone to name a few (Anwar, 2018) .

A number of SEZ's will be developed in Balochistan, Pakistan's biggest province in terms of surface area.

Challenges to CPEC

Security Challenges

CPEC may have as of now gotten to be the target of a financial 'war'. While Pakistan is tending to the internal issues of radical violence and fear-mongering, it is additionally compelled to counter the bolster that the security agencies of India and Afghanistan are providing financial assistance to the militant groups such as TTP and Baloch insurgents. The aim is to destabilize Pakistan to such an extent that continuing the project becomes a liability. The ever-closer Indo-US arrangement, and heightening Sino-US competition, gives India and other opponents of CPEC with an unused key inspiration to destabilize Pakistan. Pakistan has made a devoted drive to supply security to CPEC ventures. This drive has been encouraged by the Chinese and has seen an increase. However, fighting off the remote fiendishness through protective and defensive-offensive measures has been accepted as a need. The security of CPEC is the joint rasp. Balochistan undoubtedly is the weakest link in the CPEC, facing severe opposition from the Baloch separatists" (falak, 2016) Baloch separatists remain the arch enemies of mega developmental projects in Gwadar in particular and Balochistan in general. Terrorist attacks and kidnappings of Chinese nationals in Gwadar and neighbouring districts are often associated with Balochistan Liberation Front (BLF) along with other Baloch insurgents such as Balochistan Liberation Army (BLA) and Lashkar-e-Balochistan. (Sial, 2014).

CPEC undoubtedly faces resistance by non-state actors such as the militant TTP and Baloch separatists in Pakistan to the East Turkestan Islamic movement in Xinjiang (Sial, 2014).Current Chinese investment is the most significant foreign investment in Pakistan's history ,internal stability and eradication of militant infrastructure are one of China's main concerns. Crumbling security can

potentially derail the entire project taking along billions of Chinese investment. There have been kidnappings of China's workers and citizens over the past, to provide fail-safe security to the project Pakistan army established a special force called Special Security Division consisting of 10,000 personnel (Abid, 2015)

Political Challenges

A consensus exists among Pakistan's political parties regarding the advantages of the economic corridor, with the exception of a small segment of Baloch Nationalist Parties. Political forces in Pakistan always held China in high esteem. The political discussion in various political parties, however, remains an additional challenge to beat for effective functioning of the CPEC in Pakistan. The federal government's decision to revise CPEC according to the eastern alignment rather than western alignment decided in the initial phases might create dissatisfaction among the political leadership of Balochistan and KPK province. They may perceive it as being stripped of the opportunities and economic benefits that CPEC could bring (Sial, 2014). According to the federal government, the reasons behind revising the alignment relate to the security condition of areas under the western alignment. Under the eastern alignment, CPEC will pass through a small number of regions from KP and Balochistan which are relatively stable, while the central portion will pass through Punjab and Sindh (Sial, 2014).

The discontentment is basically regarding the route, earnings and allotments of stores for ventures under the project. The government has tried to address the concerns of Balochistan and KPK in various All Parties Conferences, however it seems that the objective of national consensus hasn't been reached yet. Though the recent mishandling reflects the history of Pakistan's political forces of politicizing matters of national interests for short term political gains.

Economic Challenges

In terms of competition, the unique factor is the Chabahar port of Iran. In 2016 India signed an agreement with Iran and Afghanistan to invest on Chabahar port, located few miles away from Gwadar port. Chabahar is basically a gateway for central Asia, Middle East and Europe for exports. India has always sought a transit route through Pakistan to access Afghanistan and energy-rich Central Asian Republics, which Pakistan has always refused. India considers Chabahar an opportunity to gain land access to CARs (India, Iran and Afghanistan sign Chabahar port agreement, 2016). However, the current sanctions on Iran and deteriorating security situation of Afghanistan have emerged as unprecedented challenges for India. Iran, on the other hand, has expressed interest in the CPEC during a state level meeting.

Interestingly Iran is a potential stake holder in this economic corridor, via the under discussion gas pipeline between Pakistan Iran and China (Falak, 2016).

CPEC and Complex Interdependence Theory

Robert Keohane and Joseph Nye talked about interdependence and transnationalism in there, to begin with, distribution, 'Power and Interdependence' discharged in 1977. The discharge coincided with the Joined together Countries (UN) decade of advancement where states pushed towards financial development and social progression. The 70s was moreover an especially calm time amid the Cold War, during this period the European Community (EC) truly came to a realization. The world was moving forward at a significant rate, and the ancient schools of thought appeared less and less important in understanding world legislative issues. States are so interlinked presently by means of financial matters and culture that is a 'lone' state for numerous in fair not conceivable. In spite of the fact that states are seen as commonly dependent they are not fundamentally similarly dependent; one state is regularly more subordinate to another.

Contrary to structural realism the theory of complex interdependence accentuates the appearance and growing relevance of transnational actors in the in the post second World War international environment (Rana, 2015). It disagrees with the traditional view of military force as the most effective tool of policy while drawing attention towards ever increasing role of cooperation, International Organizations, multinational cooperations and trans-governmental organizations in international politics.

To describe the contemporary international politics, the word "interdependence" is the most suitable one. The term is self-explanatory; it signifies the dependence of all state and non-state actors on each other in the globalized world.

Dependence means being greatly susceptible to the outside environment. Whereas interdependence simply means shared dependence of states upon each other. In the global political arena, the principle of reciprocity among states is the most significant feature (Nye, 1977). The world has transitioned from solely interstate interaction to transnational and trans-governmental interaction. The state remains the central actor in the stage of world politics, but non state actors, such as multinational cooperations and international organizations are more relevant now than ever (Khalid, 2016). In the dynamic of interdependency both cooperation and conflict are involved and the actions of one actor have a direct or indirect impact on the actions of the other actor. In the model of Complex Interdependence monetary and environmental cooperation occurs, though the chances of military conflict cannot be ruled out (Rana, 2015).

Asymmetric Interdependence

It's important to note that interdependence is not always evenly balanced in reality the symmetric interdependence seldom occurs (Khalid, 2016).

In the case of CPEC, it becomes clear that the interdependence is asymmetric. Though both countries benefit from the project, China emerges as the more significant beneficiary. According to Keohane & Nye, in a relationship with asymmetric interdependence among actors, the less dependent actor has the advantage of more bargaining power over the dependent one (Keohane & Nye, 1977). In line with the framework of asymmetric interdependence, China enjoys superiority while engaging with Pakistan in relation to CPEC. China as of 2017 is investing \$ 62 billion, the most significant foreign investment in Pakistan's history. Hence economically China is in the position of power while geographically Pakistan has the upper hand. (Khalid, 2016).

Three Main Characteristics of Complex Interdependence

- a) Several channels of communication,
- b) The absence of hierarchy among issues,
- c) Avoidance of using military force against other regional states

Multiple Channels of Communication

Relations are transnational and nongovernmental. Interactions between cultures and societies no longer stay confined to just interstate communication. Unlike realist views states henceforth are not the only actors during interaction among nations. Along with formal ties, the phenomenon of track two diplomacy has gained massive popularity. Private business owners, multinational corporations along with artists engage in this practice (Rana, 2015)

Nongovernmental interactions mean when performing artists meet, bureaucrats from two countries meet each other explicitly, and private businesses unmistakably influence relations. China and Pakistan are slowly extending participation; there will be an expanding number of Chinese organizations contributing to Pakistan. Distinctive social norms and ways of considering may cause errors, and this might adversely influence CPEC ventures. For these organizations to be active, they will have to respect and understand Pakistan's society, standards, norms and rules. In order to succeed it is crucial for Chinese businessmen to gather information about the culture, general mindset and attitude of Pakistani people. China ought to desert its conventional way of managing as it were with the Pakistani government. Moreover, it ought to get in contact with nearby communities, engage with local businessmen, opinion leaders and the public. Moreover, more Pakistani individuals can be involved and take advantage

of the CPEC. Sino Pakistan cultural contacts need to be fortified. According to Pakistan's former Minister for Information and Broadcasting, it is imperative for both countries to strengthen people to people contact, create an understanding of each other's culture and take this relationship to a societal level (People-to-people contact to transform CPEC , 2016). In 2018 both governments signed a cultural cooperation agreement in an effort to further deepen the people to people contact .China's minister for culture Luo Shugang added that both China and Pakistan would take more initiatives in the future to enhance cultural ties (Pakistan, China sign cultural agreement to raise people-to-people contact, 2018).

Due to enhanced financial engagement between the two countries, China will have more knowledge about Pakistan's multipart societal structure.

Lack of Visible Priority among the Issues

In the domain of this particular theoretic framework, at present there exists no hierarchy of organization. No clear agenda regarding interstate relations exist. Military security no longer enjoys priority in the agenda over other concerns such as ideology, culture and economy .Moreover, no dividing line between foreign policy and domestic policy exists .In the case of CPEC China has no specific agenda to illustrate its plan but China can spread its ideology and culture in Pakistan through this project .For example, China built universities for the promotion of its culture and ideology. Advance while managing with the conventional plan is now not sufficient. A modern and exceptional kind of agenda has developed. While philosophy along with regional competition traditionally made up the diplomatic agenda now the environmental sector and various other sectors are also incorporated.

Minor Role of Military

In Complex Interdependence Theory military force has a limited role. It is no longer considered to be the most effective tool of foreign policy. It could not be used to implement agreements among the alliance members. Force and intimidation are no longer considered core tools of achieving goals either economic or political because military conflicts are costly and all the states know about maximization of the cost of war. States do not utilize military force; however, it retains relevance in case of the alliance's dealings with its rival bloc in the international system. It can also be used as a bargaining chip in order to resolve issues especially in the case of Asymmetric warfare (Rana, 2015). In the case of CPEC China and Pakistan have never used military force against each other, the Chinese border with Pakistan is considered the safest in comparison to all other boundary lines . Sino Pakistan relationship has always been based on principles of peaceful coexistence, strategic interests and commonality of purpose. Sharing

common strategic interests facilitated an alliance free of military and political confrontation.

Findings

Complex interdependence theory facilitates the reduction of conflict along with a boost in economic activity. It is also called progressive or development theory since it is helpful in order to eliminate wars among states and establish good relations.

In this highly globalized world, traditional ideas of state power and the central role of the military are losing relevance. Universal co-operation is unavoidable, non-state actors particularly intergovernmental organizations, IO's and prominent members of civil society have emerged as significant stakeholders in the world order. The international world has embraced the ideas of complex interdependence, which in turn has had a major boost in the worldwide connectivity and a profound impact on state relations. In today's world, the role of International Organizations is visible; both grounded and weaker state reap benefits from International Organizations though benefits are hardly symmetric.

More grounded states frequently play a formulated part within the creation of non-government associations. This could lead to them holding a disproportional sum of control inside that association. The US and Universal Money related support are great illustrations of this. The IMF based in Washington has been alluded by pundits as only an instrument of US foreign approach. Smaller states can benefit from utilizing NGOs such as the World Exchange Association because it could be a moderately cheap and accessible accomplice in ensuring its universal interface. A significant area in which we are able to see the pertinence of complex interdependency within the modern world field is in states utilization of topsy-turvy interdependencies for political pick up.

Regarding CPEC it is safe to say that Sino Pakistan relationship is interdependent. China's dependency on Pakistan is due to a favourable geographic location for which China sees no alternative. In terms of Pakistan finances and economic conditions are primary causes of dependency on the Chinese. CPEC is a mutually beneficial project whose spillover effect would be observed in the neighbouring countries as well. despite enjoying excellent diplomatic and strategic relations over the decades, the societal and people to people contact have not flourished much. Though some of both government's recent initiatives will improve societal ties, it is still a long way to go (Khalid, 2016). Unbalanced trade is another major concern that needs to be addressed, due to CPEC Sino Pakistan relationship has undoubtedly transformed into interdependence, with the completion of this project the relationship would eventually venture into the domain of Complex Interdependence.

References

- Abid, M. (2015). CPEC: Challenges and Opportunities for Pakistan. *Pakistan vision* .
- Ali, K. (2018, april 27). cpec dominates transport sector. *DAWN* .
- Anwar, M.W. (2018, october 13). CPEC and importance of economic zones . *The Nation*.
- APP. (2016, May 15). Pakistan Today . *Pakistan and China relations: 65 years of friendship to strategic partnership*.
- Asghar, A. (2018, oct 8). Energy Crises and Cpec contribution. *The Economist*.
- Baidar, L. (2015, August). China's 6 Magical Economic Corridors.
- BRI. (n.d.). Retrieved january 27, 2019, from European bank: <https://www.ebrd.com/what-we-do/belt-and-road/overview.html>
- Falak, J. (2016). CPEC;internal significance and challenges.
- Hopwell, K. (2015). Different paths to power: The rise of Brazil, India and. *Review of International Political Economy*, 312-313.
- India, Iran and Afghanistan sign Chabahar port agreement. (2016, may 24). *HIndustan Times* .
- Irshad, M. S. (2015). One Belt and One Road: Dose China-Pakistan Economic Corridor beenfir for pakistan's economy . *Journal of Economics and Sustainable Development* , 200-201.
- Javed, U. (2016). Assessing CPEC: Potential Threats and Prospects. *JRSP*.
- Khalid, M. K. (2016). The Politics of Interdependence: A Case of ChinaPakistan Economic Corridor. *South Asian Studies*, 668-669.
- Khan, B. (2018, april 18). CPEC's impact on the energy sector. *Pakistan observer*. ministry of planning development and reforms. (2017). islamabad.
- Muneer, S. (2016, Dec 15). Economic relations between Pakistan and China. *Business Recorder* .

Nye, R. O. (1977). *Power and Interdependence :World Politics in Transition* . Boston : Brown &Co.

Pakistan, China sign cultural agreement to raise people-to-people contact. (2018, feb 6). Retrieved 01 28, 2019, from Pakistan Defence : <https://defence.pk/pdf/threads/pakistan-china-sign-cultural-agreement-to-raise-people-to-people-contact.543009>

People-to-people contact to transform CPEC . (2016, may 23). *Pakistan Observer*

Rana, W. (2015). Theory of Complex Interdependence: A Comparative Analysis of Realist and Neo liberals Thought . *International Journal of Business and Social Science* , 2-3.

Sattar, A. (2010). Relations with China and other developments . In A. Sattar, *Pakistan's ForeignPolicy :A concise history* (pp. 76-78). Karachi: Oxford University Press.

Sial, S. (2014). The China-Pakistan Economic Corridor: an assessment ofpotential threats and constraints . *PIPS*, 12-13.

Voice. P.K. (2015, may 9). *Energy Crises in Pakistan.* Retrieved january 27, 2019, from Voice of Pakistan: <https://www.voice.pk/business/energy-crisis-in-pakistan/>

Xinhua. (2015, March 13). CPEC transforming pakistan's energy sector. *Pakistan Today* .