

**China-Pakistan Relations: From Strategic Compulsion to  
Comprehensive Cooperation, 2001-2017**

*Dissertation submitted to Jawaharlal Nehru University  
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**MASTER OF PHILOSOPHY**

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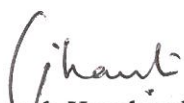
**DECLARATION**

I declare that the dissertation entitled “China-Pakistan Relations: From Strategic Compulsion to Comprehensive Cooperation, 2001 – 2017” submitted by me for the award of the degree of **Master of Philosophy** of Jawaharlal Nehru University is my own work. The dissertation has not been submitted for any other degree of this University or any other university.

  
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**CERTIFICATE**

We recommend that this dissertation be placed before the examiners for evaluation.

  
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## **Abbreviations**

ACD	Asia Cooperation Dialogue
ARF	ASEAN Regional Forum
ASEAN	Association of South East Asian Nations
ASEM	ASIA- Europe Meeting
BISP	Benazir Income Support Programme
CASS	Chinese Academy of Social Sciences
CCPIT	Chinese Council for Promotion of International Trade
CCTEG	China Coal Technology Engineering Group
CFPD	China Foundation for Peace and Development
CGWIC	China Great Wall Industry Corporation
CICC	China's International Capital Corporation
CPEC	China-Pakistan Economic Corridor
CPPCC	Chinese People's Political Consultative Conference
CTBT	Comprehensive Test Ban Treaty
ETIM	East Turkmenistan Islamic Movement
FMCT	Fissile Material Cut-off Treaty
FTA	Free Trade Agreement
GDP	Gross Domestic Product
ISIS	Islamic State of Iraq and Syria
MCTR	Missile Technology Control Regime

MoU	Memorandum of Understanding
MSR	Maritime Silk Route
NATO	North Atlantic Treaty Organization
NPC	National People's Congress
NPT	Non-Proliferation Treaty
OBOR	One Belt One Belt
POK	Pakistan occupied Kashmir
SAARC	South Asian Association for Regional Cooperation
SCO	Shanghai Cooperation Organization
SREB	Silk Road Economic Belt
SUPARCO	Space and Upper Atmosphere Research Commission
TTP	Tehreek-e-Taliban Pakistan
USA	United States of America
USSR	Union of Soviet Socialist Republics
WTO	World Trade Organization

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## **Chapter-One**

### **Introduction**

#### **1.1 Background**

Out of all the neighboring countries, Pakistan is the “most trusted” ally of China. Several scholars have described the two countries as “all-weather friends.” The relations between China and Pakistan have always been cordial. This relationship has often been described as deeper than the ocean, higher than mountains, stronger than iron and sweeter than honey. Both the countries not only share mutual interests but also common problems such as terrorism and separatism.

Many ministers and the leaders of China have described Pakistan as their friend. In 2008, when former President Pervez Musharraf visited China, the then President of China, Hu Jintao called Pakistan as a “time-tested and the all-weather friend of China.” In 2015, when the Army Chief of Pakistan General Raheel Sharif was on a two-day visit to China, the foreign minister of China, Wang Yi called Pakistan as “irreplaceable and all-weather friend”. Same year, the current President of China Xi Jinping also underscored the element of friendship between China and Pakistan and told media that since his childhood he has heard so many stories about the friendship between both the countries. He also said that visiting Pakistan is like going to his brother’s home.

The relations between China and Pakistan have been growing for many decades. These relations have been strengthened even more after 2000. This was the time when China joined the WTO and the United States intervened in Afghanistan after 9/11 incident. In 2001, China signed 6 agreements and 1 Memorandum of Understanding (MoU) with Pakistan. These agreements laid a firm foundation for the first phase of expanding the economic cooperation. A grant of 50 million Yuan was made to promote economic as well as the technical cooperation while a Joint Declaration on the Direction of Bilateral Relations signed in 2003 gave a direction to the bilateral relations between the two countries.

A joint declaration by Chinese President Hu Jintao and his Pakistani counterpart Pervez Musharraf, signed in 2004, focused on expanding bilateral trade and science and technology cooperation. This declaration also highlighted the need for cooperation in power, telecommunication, agriculture, fisheries, and forestry. This resulted in the signing of 28 agreements in various sectors in 2004 and 2005, which eventually paved the way for Free Trade Agreement (FTA) in 2006.

In 2015, Xi Jinping said that “we need to enhance the strategic relations for the common development of both the countries”. He also reiterated that “we need to enhance people to people contact with mutual learning.” He emphasized that the two countries should “strengthen the security cooperation because the security interests of both the countries are closely related”. He also argued that China and Pakistan should set an example of good friendship for the neighbouring countries.

Pakistan is highly dependent on China for its economic as well as military needs. About half of the Chinese foreign aid goes to Pakistan. China is investing 62 billion (initially 46) US dollars in Pakistan in a project called China–Pakistan Economic Corridor. This is the highest investment that Pakistan has ever received. Various agreements such as energy, infrastructure, port development and the railway line construction have been signed by the two countries. Xi Jinping said that he looks forward for the progress in this corridor to push the bilateral relations to a higher level. This investment in Pakistan is much higher than the total aid given by the United States to Pakistan since 2001 to till now.

Due to factors such as the United States’ involvement in Asia, Uighurs and India, the military aid and the security cooperation have always been dominant factors in the relationship. This made Pakistan as a cornerstone of China’s South Asian policy. This relationship remained unaffected even when the United States imposed sanctions on Pakistan after its nuclear tests in 1998.

## **1.2 Review of Literature**

The existing literature on China-Pakistan relations is quite substantial and this can be categorized under three themes- Political, Economic and Strategic.

### *Political Aspects of China – Pakistan Relations*

According to William J. Barnds (1975), irrespective of Chinese domestic constraints, China always tries to maintain cordial relations with Pakistan. The relationship between both the countries has witnessed a high degree of stability. Both the countries are getting closer since 1960s. Pakistan has supported China's candidature for membership in the United Nations. It also supported China politically by signing Sino-Pakistani border agreement in 1963. During this time, the relationship between them was extremely fragile. During the Korean War, Pakistan opposed trade embargo on China. In return, Zhou Enlai supported Pakistan's position on Kashmir during his visit to Pakistan in 1964 and Liu Shaoqi said in 1966 that 650 million Chinese people would stand against any foreign aggression in defence of Pakistan's sovereignty and territorial integrity. Despite the differences on the international problems as well as different political systems, both the countries have no conflict of interest.

Michael Beckley (2012) described China and Pakistan as “Fair Weather Friends”. Prime Minister of Pakistan went to China; only two weeks after Osama Bin Laden was killed by the United States of America in Pakistan and asked China to build a naval base in Gwadar Port. The defence minister of Pakistan said that they were ‘very pleased’ to invite China to build a naval base in Gwadar Port. He termed this friendship as the marriage of convenience. China always provides military equipment and diplomatic support to Pakistan. He analysed that many scholars have accepted the friendship between China and Pakistan as "all-weather friendship". He also analysed that the leaders of both the countries have always referred this friendship as an "all-weather friendship".

Zaid Haider (2005) believes that the Karakoram highway from Kashgar to Islamabad, opened in 1982, facilitated China to provide military aid to Pakistan. This highway also became a transit point not only for Uighurs from Xinjiang to visit Saudi Arabia and West Asia but also for illegal drugs and terrorist ideology thus posing new challenges for China-Pakistan relations.

Ye Hailin (2009) posits that Pakistan is the only country which is not socialist and yet received tremendous support from China. Moreover, China is the only country which supplied nuclear technology to Pakistan besides large quantities of military equipment.

The military cooperation between them involves a comprehensive set of exchanges that include joint exercise and personnel training. Pakistan has been fulcrum of China's South Asia Policy. Both the countries stated that there would be no negative effect on the bilateral relations on the issue of killing of three Chinese engineers by some gunmen of Baluchistan Liberation Army in Karachi. It is interesting to note that word "gunmen" is used instead of terrorist or separatist.

Lin Shanglin (2001) described the two countries as close neighbours. He wrote that Pakistan was one of the first countries to recognize China, opening a gateway for China to rest of the world. It also supported China in the United Nations. He argued that the relations between both the countries are "unbreakable" and Chinese people are very proud of this friendship. According to him, the friendship between both the countries has not changed despite cultural and social differences. He advocated strengthening the economic relations by boosting cooperation in agriculture and IT, people to people contacts and exchange in corporate groups. He argued that China is always ready for all-round friendly relations. He went one step ahead and wished that China-Pakistan friendship may continue for generations.

Jian Yang and Rashid Ahmed Siddiqi (2011), while stating that many Chinese scholars have examined Pakistan as the "cornerstone" of China's Central Asia policy, articulate that China has been trying its best to deepen the trust between China and Pakistan by reaching out to the influential fundamentalist parties of Pakistan. China had invited a delegation of Jama'at-i-Islami from Pakistan in 2009 and signed an MoU highlighting equality and noninterference in the domestic affairs of the country. Furthermore, Jama'at-i-Islami supported Chinese national integrity that includes Taiwan, Tibet and Xinjiang issues.

According to Andrew Small (2015), the China-Pakistan partnership is a partnership 'forged out of war' but one that has sustained due to mutual convenience. For him, China- Pakistan bonhomie began in the 1950s-60s as both the countries attempted to check their neighbor India, a country with whom both of them share a not-so-good relationship. This friendship is very layered and complex and it is interesting to see how much China really has gained from this "alliance between unequals"- It is Pakistan that

has the upper hand, because the "Chinese may have tea with the Taliban" and try to resolve existing conflicts by using Pakistan, but it is Pakistan and more so, a radicalized Pakistan that is calling the shots in tacit ways in this extremely complex relationship. He assessed that Gwadar may have been pitched as the next Dubai but it is far from that. The China-Pakistan Economic Corridor (CPEC) benefits China but in reality, it benefits Pakistan even more. Both have teamed up for a specific purpose and it is the military that controls the strings of this somewhat secretive and tense relationship. Pakistan is China's greatest asset that it uses as and when it wants. Their relationship is like a double edged sword- it has its brilliant moments but there are tense moments as well which are brushed under the carpet to ensure the smooth functioning of this highly volatile relationship.

#### *Economic Aspects of China – Pakistan Relations*

Xu Wang (2015) asserts that both the countries have strengthened their economic ties and as a result China has emerged as the second largest trading partner of Pakistan. The trade volume between both the countries witnessed rapid growth even when China's trade surplus was declining. This trade was impacted by the domestic conditions of Pakistan also. Both the countries share strong reciprocities in the bilateral trade. Chinese investment in Pakistan is also a major factor between both the countries. Infrastructure development and energy sector are the focal points of this investment. Both the countries are very much committed to develop economic and trade relations for common development by signing various agreements including free trade agreement. Wang also posits another major point in China and Pakistan economic relations is China-Pakistan Economic Corridor. The inception of this economic corridor can be traced to the Pakistan's President Pervez Musharraf's visit to China where he talked about "energy corridor" as well as "trade corridor" which finally resulted in "China-Pakistan Economic Corridor" in 2013, during the Chinese Prime Minister Li Keqiang's visit to Pakistan.

Mathias Hartpence (2011) argues that the economic relations between the two were strengthened only after 1999. Since then Pakistan became the center point of China due to Chinese "Open up to West" policy and its linkage to West Asia and Africa for raw material. The commercial exchange between both the countries has expanded in depth

and breadth. Both have done this by liberalizing their trade particularly after 9/11 incident.

Xu Yunlong (2015) posits that China and Pakistan have signed many MoU's for cooperation including energy, communication, infrastructure, and trade. The energy cooperation between them included hydropower, nuclear energy, coal, and the new energy including solar and wind energy. He examined that the energy cooperation and the opportunities are greater than the challenge to the relationship because Pakistan is lacking in the field of power and energy while China has considerable technical advantage in this field, which is why the relations between them have been on the rise.

Jafar Riaz Kataria and Anum Naveed (2014) have argued that in 2001 the President of Pakistan Pervez Musharraf said that China is the time-tested and most reliable friend and the alignment of Pakistan with the Western countries will not affect the friendship between China and Pakistan. They emphasized that in 2005 that Chinese Premier Wen Jiabao described Pakistan as "Good Friend" and "Good Partners" and sent financial aid of 6.2 million US dollars, 150000 blankets, and 3300 tents which constituted nearly 20.5 million US dollars financial aid for Pakistan. In 2006, President Hu Jintao termed this friendship as "good friends and dear brothers". In 2008, when an earthquake hit China's Sichuan; Pakistan sent 30000 tents and a team of 28 medical officers who set up a field hospital. It was visited by President Hu Jintao; who renamed this hospital as "Pakistan-China Friendship Hospital". In 2010, President Hu Jintao visited Pakistan and inaugurated a "China-Pakistan Friendship Center". 2011 was celebrated as the "China-Pakistan Friendship Year".

According to Sumita Kumar (2007), China and Pakistan established a comprehensive partnership between them. According to this agreement on Economic and Technical Cooperation, China would provide financial assistance of 50 million Yuan to Pakistan to promote economic and technological development in Pakistan.

For Shamina Shabir and Reema Kazmi (2007), 2001 was a landmark year in the relations between the two countries. Chinese Premier Zhu Rongji visited Pakistan in May and President of Pakistan General Parvez Musharraf visited China and in December, same year. This was the time when the Chinese financial assistance to Pakistan in some

projects had crossed the limit of one billion US dollars. The visit of Chinese Premier in May 2001 resulted in the starting of the comprehensive friendship between them and Six Agreements and one Memorandum of Understanding (MoU) were signed on 12th, May 2001. The Memorandum of Understanding was between Chinese Telecommunication Company ZTE and the Pakistan Telecommunication Co. Limited to develop in Pakistan. The agreements covered a wide range of areas such as Oil Pipeline, Tourism Cooperation, Lease Agreement on Saindak Copper-Gold Project, Supply of Railway Passenger train coaches to Pakistan from China, Supply of Locomotives to Pakistan Railways from China and the most important agreement was on Economic and Technical Cooperation between both the countries.

In his visit to Pakistan in 2001, Premier Zhu Rongji also offered assistance for the development of Gwadar Deep Sea Port (which was further discussed and given to China for its development). This was the year when China joined the World Trade Organization in December and started developing its economic relations with different countries of the world. In March 2002, the first phase of the development of Gawadar port started and was completed in 2006.

Jabin T. Jacob (2010) analyses the high-level meetings between the leaders of both the countries after the bombing of the World Trade Center. He argues that "China is Pakistan's friend and a strategic partner committed to economic development of Pakistan." The Chinese commitment has significantly increased in Pakistan in terms of Trade and Investment.

Liang Tong (2015) asserts that though industrial zones have been a key factor to promote economic cooperation between both the countries and China-Pakistan Economic Corridor is expected to benefit and improve every aspect of the people of Pakistan. CPEC is believed to threaten the environment of Pakistan given the amount of destruction that it would cause to the ecology.

#### *Strategic Aspects of China – Pakistan Relations*

John Calabrese (2014) views that Cold War, Indo-Pak Conflict, and Sino-India conflict have been the determining factors; for the strategic relationship between China and



Pakistan. Military and Security cooperation between have always been dominant aspects in the unequal and unbalanced relationship. This strategic relationship has also been shaped by three factors i.e USA, India and Xinjiang. Recently, China-Pakistan Economic Corridor is the most ambitious effort of China to strengthen the strategic relations with Pakistan. China wants Pakistan to be a stable and a strong nation, which is why China has been investing heavily in Pakistan for more than two years.

Zhang Jiegen (2013) posits that strategic component, which includes nuclear cooperation, has been central to Sino-Pakistan relations. The nuclear cooperation between the two countries has often been focused on reprocessing technology. The nuclear cooperation agreement of 1986 has forged a very close relationship between them. This agreement was never disclosed to the public. Civil nuclear energy cooperation is an integral part of the agreement. Despite the dramatic change of international situation, the nuclear cooperation between both the countries has never been affected. Jiegen argues that the relationship between China and Pakistan remained unaffected even after the United States imposed embargo after the nuclear tests in India and Pakistan.

Lu Shulin (2015) emphasizes that China-Pakistan Economic Corridor has four core aspects namely Gwadar port, infrastructure, energy and industrial development. About 51 MoU's that include highway development and infrastructure development projects were signed during Chinese President Xi Jinping's visit to Pakistan. Lu points out that the corridor is a common strategy and fosters mutual confidence between both the countries benefitting 3 billion people. The friendship between the two countries is assessed through the lens of Premier Zhu when he said "if we won't help a good brother like Pakistan who else would we help."

Zhang Guihong (2011) emphasizes that the strategic relations between China and Pakistan are different from the other countries. He asserts that the relationship is a model of friendly cooperation between two different social systems and different ideologies. He further articulates that both the countries have cooperated in nuclear technology and missile technology. He goes on say that China will continue to support the core interests of Pakistan that include its national sovereignty and territorial integrity, economic prosperity and national stability.

Zhen Ruixiang (2011) underscores that a multidimensional cooperation has become a significant feature of the relationship between both the countries. Security and military cooperation is the most important factor in their strategic relationship while public diplomacy continues to play an important role in strengthening their relationship. He also views that both the countries have always stood with each other in mutual trust, mutual support and mutual help. This friendship has a deep public base.

Shen Dingli (2011) identifies 10 factors that underpin the strategic relations between China and Pakistan, namely; 1. Pakistan is China's neighbour. 2. It is an important bridge for China to develop relations with the Islamic countries. 3. It has nuclear weapons. 4. It is an important player in Chinese strategy for South Asia's strategic balance and the stability in the region. 5. Geographical location of Pakistan is very much important for China. 6. Pakistan has an important role to play in combating terror in China. 7. The size and population of Pakistan are very much suitable for Chinese trade. 8. Pakistan's domestic situations are also a factor for the strategic partnership. 9. Pakistan's relations with India and. 10. Presence of the USA in South Asia. He also examined the future of the relations in four aspects that is 1. Political and diplomatic relations. 2. Military and security relations. 3. Economic and trade relations as well as. 4. Nongovernmental and cultural relations.

Jingdong Yuan (2011) underscores that China and Pakistan have always maintained close military ties after the opening of a diplomatic relations while China's financial and defence support was the most important factor which made Pakistan nuclear power.

John W. Garver (2002) views a robust military exchange between China and Pakistan since 1982. The official visits of the leaders of both the countries resulted in the transfer of significant and critical military technology and assistance from China to Pakistan. According to him, China gave the design of the nuclear bomb, which it tested in 1966. There is strong evidence for China's support to Pakistan in acquiring the nuclear weapons before it signed Non-Proliferation Treaty (NPT) in 1993. China assisted Pakistan in establishing the Nuclear Power Plant for civil use in Chasma region of western Pakistan. China also helped Pakistan with 5000 magnet rings which are used in a nuclear project. This helped Pakistan to double its production of nuclear energy. In 1994,

when China ceased to help Pakistan in its nuclear weapon programme, Pakistan's capability had already been self-sufficient. In addition, an agreement was signed in 1988 to provide personnel training, transfer of technology and from China to Pakistan. Despite being the signatory of the agreement between China and United States in 1994 to abide by the rules and regulations of Missile Technology Control Regime (MCTR), China continued to provide assistance to Pakistan for the development of missiles. In 2000, United States signed an agreement with China. Under this agreement, China would cease the delivery of the material, technology or any other parts to any country of the world, which can be used for making missiles. Once again, China violated this agreement. According to the Spy Satellite of the United States, China assisted Pakistan with the material used in missile through trucks and the ships.

### **1.3 Definition, Rationale and Scope of the Study**

China and Pakistan are nuclear powers and close neighbours. A major part of China's foreign aid goes to it. China not only provided military support to Pakistan but also helped in emerging as a nuclear power. In 2016 also, it supported Pakistan in the United Nations and vetoed the proposal against Masood Azhar to declare him as terrorist.

Some factors such as non-traditional security aspects are also responsible for their strategic relations. Of these, separatism and energy security are the major factors. China's 'New Normal' economy is also a factor for the strengthening the relations between the two countries. China is a net importer of energy and much of its imports passes through Malacca Strait while the strategic location of Pakistan compels China to strengthen its bilateral relation with Pakistan. It opens the doors of West Asia for China. China-Pakistan Economic Corridor is also one of the outcomes of this compulsion. This corridor is also important because it allows easy access of African resources to China and easy access to Europe. The two countries share many common interests as well as problems where both the countries are cooperating with each other for their benefits. Presence of the United States in the region and the border conflict with India compel China to strengthen the strategic partnership with Pakistan. All these factors are changing the paradigm of the relationship between the two countries.

The objective of the study is to assess the bilateral relations between China and Pakistan with a focus on the changes that have been unfolding in the last two decades. This study also aims to analyse the role of China's non-traditional security challenges such as energy and separatism in Xinjiang in its relations with Pakistan. In addition, the active involvement of the United States in the region and the Indian concerns do have their bearing on China and Pakistan. Therefore, the aim of study is to analyse the impact of these factors on their bilateral relations. The study also discusses the bilateral agreements between the two countries. It explores various policies, and decisions taken by China for Pakistan.

This study deals with the period from 2001 to 2017. In 2001, 9/11 incident of World Trade Centre took place and the presence of the United States of America in Afghanistan made China insecure. This was also the time when China was expanding its exports and joined World Trade Organization. All the major developments in the relations between both the countries such as signing of Free Trade Agreement and China-Pakistan Economic Corridor took place during this phase.

#### **1.4 Hypotheses**

1. China-Pakistan relations are structured and driven by both strategic and economic factors thus unfolding a paradigm shift from strategic compulsion to comprehensive cooperation.

2. China-Pakistan Economic Corridor is posing a threat to the sovereignty of Pakistan.

#### **1.5 Research Questions**

1. What are the major factors that drive China-Pakistan relations?
2. Are the bilateral relations shifting from strategic compulsion to comprehensive cooperation?
3. Why is CPEC so central to China-Pakistan relations?
4. What are the implications of China-Pakistan relations for Pakistan, particularly for its sovereignty?

## **1.6 Research Methods**

The study is both deductive and empirical. Primary and secondary sources are used right through. Adequate data and facts are analysed to test the hypotheses. Research questions pertaining to China's interests and CPEC are analysed by examining the non-traditional aspects of China's security. In this research, nontraditional security aspects such as energy and separatism in China are considered as independent variables and strategic and economic cooperation between the two countries as dependent variables while the external pressures such as USA and India as intervening variables.

## **1.7 Structure of the Study**

The introductory chapter briefly discusses the background to, and rationale of, the study. It highlights literature review, research questions and hypotheses of the study.

Second chapter assesses various dimensions of the political importance of Pakistan for China. This chapter also analyses China-Pakistan relations through the prism of Uighur's separatism in China.

Delineation of economic ties between China and Pakistan with a focus on China-Pakistan Economic Corridor forms part of the third chapter. This chapter examines the impact of CPEC on Pakistan's domestic politics and sovereignty. The second hypothesis is tested in this chapter.

Chapter four, the most important chapter in the study, delineates the contours of strategic compulsion of China in the all-weather friendship. It also tests the friendship on the basis of compulsion and cooperation with the focus on the strategic location of Pakistan as well as the United States and India factor in their friendship. China's energy security is analysed besides testing the first hypothesis.

The conclusion highlights the major findings of the study. This chapter elaborates the China-Pakistan relations in the context of the recent developments in the two countries.

## **Chapter-Two**

### **China-Pakistan Relations: Political Contours**

#### **2.1 Introduction**

The political relations between China and Pakistan is one of the least discussed topics while it is a major part of the China- Pakistan foreign relations since the very beginning. Therefore, this chapter looks at the political contours of the relations between the two countries. While the strategic importance of Pakistan for China has been discussed widely, this chapter delineates the importance of Pakistan for China with a major focus on political dimensions of the relations between the two countries.

Both the countries are different in terms of culture, social system as well as the political ideology. Yet, the bilateral relations between the two countries are robust. This relationship is based on mutual interest along with mutual respect for sovereignty and integrity, non-interference, peaceful coexistence and equality and mutual benefits (Lin 2001: 14).

In examining this theme further, the chapter is located in the historical framework, shedding light on the historical evolution of the relations since the establishment of the diplomatic relations which forms part of second section. The historical trajectory of the China-Pakistan relations evaluates the development of the bilateral relations since 1950. The third section analyses the theoretical aspects of the bilateral relations. It examines the relationship through the spectrum of liberal theory of international politics. It views their 'friendship' in the light of people to people contacts and the Chinese support to Pakistan in the transnational forums. It highlights the cooperation between two counties in various inter-governmental and regional institutions. The section examines Chinese support to Pakistan in Shanghai Cooperation Organization (SCO) and ASEAN Regional Forum (ARF) while Pakistan's support of China into South Asian Association for Regional Cooperation (SAARC).

The essence of 'friendship' in the Chinese foreign policy has been discussed in the fourth section. It investigates the 'friendship' with reference to Deng Xiaoping's two pillars of Chinese foreign policy and explores the Chinese aid to Pakistan. The fifth section focuses

on the political importance of Pakistan for China. It examines the bilateral relations between the two countries against the backdrop of extremism in China. It looks at the 'Arab factor' in their relations besides Pakistan-Iran relations. In the light of the Uighur problem in China, the chapter considers the place of Pakistan in Chinese foreign policy. The sixth section of the chapter delineates the efforts made by China to strengthen the bilateral relations. It elaborates the major visits of Chinese delegation to Pakistan. The last section summarizes the crux of the political relations between China and Pakistan.

## **2.2 China-Pakistan Relations: A Historical Trajectory**

Pakistan was one of the first Islamic countries which welcomed the end of the civil war in China and recognized it on 4th January 1950 just three months after the establishment of People's Republic of China. Since the establishment of diplomatic relations between China and Pakistan, Pakistan has been a very close friend of China. Though Pakistan recognized China in 1950, the establishment of diplomatic relations took place in 1951. During 1953-1961, the relationship between the two was based on three facets. First was the Chinese enmity with the United States of America. Second, Pakistan's alliance with the US. Third, Pakistan's support to China in the United Nations and its endorsement of the 'two-China policy' (Syed 1969: 107).

China had some sort of conflict with most of its 22 neighbours, whether it is a land neighbour or maritime neighbour including India, Russia, and Japan except Pakistan<sup>1</sup>. The Sino-India war of 1962 gave a chance to both the countries to come closer. The border dispute between China and Pakistan was settled on 2nd March 1963 when Pakistan ceded 5120 KM square to China. The Trade Agreement between the two countries was signed in 1963. Both countries granted the status of 'Most-Favored Nation' to each other. In 1964, the Premier Zhou Enlai visited Pakistan and in the same year, the President of Pakistan Ayub Khan also visited China.

In 1965, another major development took place between China and Pakistan. During the India-Pakistan war of 1965, China spoke loudest against India, which brought China and Pakistan together (Syed 1969: 115). In the same year, China gave financial assistance of

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<sup>1</sup> China has never confronted Pakistan while it has confronted or fought a war with all its neighbouring countries due to conflict over the territory.

60 million US dollars to Pakistan which was totally interest-free. This assistance further increased to 106.4 million dollars in 1972. During this period China gave technological assistance also to Pakistan (Akhtar 2001). This was also the time when Pakistan and India fought a war in 1971. As a result, Pakistan was divided into two parts, Pakistan and Bangladesh. The entry of Bangladesh into United Nations was vetoed by China. A condition was imposed to return all the prisoners of war back to Pakistan. Just after two months in February 1972, when the Prime Minister of Pakistan Zulfikar Ali Bhutto visited Beijing, China agreed to give 110 million US dollars loan to Pakistan.

In May 1972, China gave 300 million US dollars aid to Pakistan in which China provided 60 fighter planes M-19 and 100 tanks as the part of military and economic aid. Thus, the Chinese military equipment became the backbone of Pakistan's military. In 1976, the Prime Minister of Pakistan Zulfikar Ali Bhutto visited China. He met Mao Zedong in this meeting which unfortunately was his last meeting with any foreign leader. This meeting was a major event between China and Pakistan as it "set the terms of exchange" (Burr 2009). In this meeting, China agreed to transfer 50 Kilogram of Uranium to Pakistan which helped Pakistan to develop its first nuclear weapon (Humdani 2011). Thereafter, Pakistan-China Joint Committee on the Economy, Trade, and Technology was established in October 1982 to enhance the bilateral relations. By this time the Pakistani military has 65% of its air force, as well as 75% of its tanks, were from China only (Pande 2011).

In 1987, to share management and training for development purpose, an agreement was signed between the Bank of China and the National Bank of Pakistan (Rizvi 1993). In 1989, another agreement on Double Tax Avoidance between the two as well as a Bilateral Investment Treaty was signed to enhance the investments (Kumar 2007). Prime Minister of Pakistan, Benazir Bhutto visited China in 1989. The warmth of the relationship between both the countries can be analyzed with fact that this visit was her first ever overseas visit. In this visit she had a talk with Li Peng for two and half hour. She had talked on the Siachen Glacier. Benazir Bhutto called this trip as "Sentimental Journey" (Maitra 1989). In 1989, when the Tiananmen Square incident took place, Pakistan didn't criticize China. The Foreign Office spokesperson of Pakistan refused to



make any comment. He just expressed “grief and sorrow” on this incident (Rizvi 1993: 153).

During 1990-2000, there were no major visits between the two countries except in 1993 and 1996. In 1993, Benazir Bhutto visited China. This was the event of the 100th birth anniversary of Chairman Mao. But no major steps to enhance the economic relations were taken during this visit. In December 1996, when the Chinese President Jiang Zemin visited Pakistan, both countries decided to establish comprehensive partnership (Ahmed 2013).

### **2.3 Theoretical Aspects**

The neoliberal theory of international relations articulates that the anarchy in the world can be resolved through cooperation. This includes cooperation between the international organizations and other nongovernmental organizations. Liberalism has always promoted justice, liberty, and tolerance in the international sphere. This theory of international relations does not promote war while it promotes the multiculturalism in the world.

The relationship between China and Pakistan since 2001 to 2017 can be best understood through the lens of the liberal theory of international politics. China has always supported Pakistan in various transnational organizations. It has expanded people to people contacts and the promotion of culture and education in Pakistan. The fact that Pakistan is the only country with which China never had any conflict shows that China always maintained liberal approach to Pakistan. Mutual cooperation and absence of territorial dispute are some of the factors responsible for the cordial relations (Shang 2005). China is insecure about the growing supremacy of the United States in Central Asia and South Asia as it has been a major strategic threat to its hegemony in the region. Yet, the ‘all-weather friendship’ between them has never become hostage to their relations with any other country (Zhang 2005). In 2005, the treaty of Friendship, Cooperation, and Good neighbourly nations was signed.

In a conference on Pak-China Friendship, the Politburo member of Chinese Communist Party, Liu Yunshan expressed that according to a Chinese saying, “a relationship based on justice and morality lasts forever suggesting that the relations between China and

Pakistan are based on morality and justice, which is why they are stronger for more than 55 years of diplomatic relations". In his speech, he also glorified the political parties of both the two countries. He said that Muslim League and Chinese Communist Party have a glorious history and both the parties have played a significant role in the development of social and economic status of the citizens of the countries. He desired to strengthen the inter-party relationship. He further expressed that they are willing to strengthen the relationship with Muslim League on the basis of four basic principles.

1. Leadership exchange between both countries to enhance the communication, interest and mutual trust and understanding.
2. Exchange of infrastructure, transportation, and trade to enhance the economic relations and cooperation.
3. Expansion of the base of the relationship by visits of the political parties. He also advocated for the exchange of culture and education.
4. Multilevel cooperation and cooperative partnership between the two countries including regional cooperation and anti-terrorism (Liu 2006).

The intensity of cultural contacts can be analysed by the efforts made by the embassy of China to Pakistan in promoting the Chinese channels in Pakistan. Shan Baoxiang, the cultural counselor of the Chinese Embassy to Pakistan, asserted that these channels can play a significant role in promoting people to people contacts and bringing the two countries closer. He also said that the media can play a major role in making aware of socio-political culture of the peoples of China to the citizen of Pakistan. He said that news channels and entertainment channels can take the relationship to new heights. Pakistan began airing China's English news channel CCTV- 9 and promised to start other channels in the Chinese language very soon (Embassy of the People's Republic of China in the Islamic Republic of Pakistan 2007 a).

Generally, the judiciary is independent of political affairs but this case is different in the relations between China and Pakistan. Chinese officials have always been visiting the authorities of Pakistan including the officials of the judiciary. Chinese ambassador to Pakistan Luo Zhaohui paid a visit to the newly elected Chief Justice of Pakistan, Abdul

Hameed Dogar in 2007. They both discussed various issues of common interests and promised to share the legal information about the two countries (Embassy of the People's Republic of China in the Islamic Republic of Pakistan 2007 b).

In a press conference before the state visit of President Pervez Musharraf to China, the Foreign Ministry Spokesperson of China, Qin Gang supported Pakistan on the issue of 'three evils'. In reply to a question on Pakistan's support to "East Turkmenistan Islamic Movement", he endorsed Pakistan's assertion that both the countries cooperate in fighting the 'three' forms of terrorism. He said that fighting against the 'three' forms of terrorism have always been the common interest of both the countries. Cooperation between both the countries is very much essential for the stability and the establishment of peace in the region. He focused that the main activity of 'Shanghai Cooperation Organization' is to maintain stability and security in the region and Pakistan is an observer member (then an observer of SCO) of it. He also emphasized that both the countries are cooperating and exchanging ideas against terrorism in their all high-level meetings. He further supported the full membership of Pakistan into Shanghai Cooperation Organization and said that China is looking forward to co-operating with Pakistan in this regard (Qin 2006). When Pervez Musharraf visited China for Shanghai Cooperation Organization (SCO) meeting in June 2006, Pakistan expressed its desire to join SCO as a member. The foreign ministry of China said that the head of the state level participation by Pakistan in SCO shows that Pakistan is very much keen to fight against terrorism. It means that Pakistan is keen to fulfill the objectives of Shanghai Cooperation Organization.

China has always supported Pakistan in various regional and international institutions. For instance, China supported the entry of Pakistan into ASEAN regional forum as well as it extended the membership of Pakistan into Shanghai Cooperation Organization (Jetly 2012: 7). The assistant foreign minister of China, Li Hui indicated the Chinese support to Pakistan for its entry into SCO and asserted that Pakistan is the country which is playing an important role in promoting peace and development in the region (Economic & Commercial Counsellor's office of the Embassy of the People's Republic of China in Islamic Republic of Pakistan 2006 a).

In the joint statement of China and Pakistan issued during the state visit of Pervez Musharraf to China in November 2006; it supported Pakistan's entry into ASEAN regional forum (ARF). Pakistan has also supported China at various international organizations including China's entry into the United Nations in the past and welcomed it into South Asian Association for Regional Cooperation (SAARC) in 2004. Both the countries extended their support to each other in various trans-national and regional organizations. In addition, China supported Pakistan in the other organisations such as ASIA- Europe Meeting (ASEM), and Asia Cooperation Dialogue (ACD) (Economic & Commercial Counsellor's office of the Embassy of the People's Republic of China in the Islamic Republic of Pakistan 2006 b).

While addressing a meeting at Pakistan Administrative Staff College, Lahore, Chinese Ambassador to Pakistan, Zhang Chunxiang said that China and Pakistan are "all-weather friends". He also posited that China and Pakistan are "good friends and good neighbors" (Zhang 2005). At the inauguration ceremony of the Pakistan Haier- Ruba Economic Zone, the President Hu Jintao stated that China and Pakistan are good neighbours. They are enjoying their "all-weather friendship" (Hu, 2006 a). At the welcoming banquet hosted by Pakistan's President Pervez Musharraf, President Hu Jintao reaffirmed that the China and Pakistan are "Trusted Partners". He said that "they are close friends and dear brother" (Hu, 2006 b).

In a press release by Chinese embassy to Pakistan on 7th July 2007, he said that in lieu of "all-weather friendship" the Government of China is sending anti-malaria drug, worth of one million RNB for the flood-affected people of Pakistan (Embassy of the People's Republic of China to Pakistan, 2007 c). When Pervez Musharraf (then President of Pakistan), visited China in 2008; the then President of China, Hu Jintao also called Pakistan as "time-tested and all-weather friend of China" (Bokhari 2008).

Out of all the neighbouring countries of China, Pakistan is the "most trusted friend." Many scholars have described the relationship between both the countries as "all-weather friends". Many ministers and the leaders of China have described Pakistan as their friend. In 2015, when Army Chief of Pakistan was on two days visit to China, the foreign minister of China Wang Yi called Pakistan as "irreplaceable and all-weather friend" (*The*

*Tribune Express*, 2015). In the same year, the current President of China Xi Jinping also spoke highly the friendship between China and Pakistan. While briefing media he told that he has heard so many stories about the friendship between both the countries since his childhood. He also informed that going to Pakistan is like going to his brother's home (Panda 2015).

## **2.4 "Friendship" in Chinese Foreign Policy**

The foreign policy of China has always been quite independent and aimed at accomplishing its national interests. Deng Xiaoping highlighted two pillars of Chinese foreign policy, peace and development in 1985. According to him, peace involves cooperation between the countries in the East and West while development is not possible without cooperation between North and the South (Selected Works of Deng Xiaoping 2010).

'World peace' has been the basic aim of the Chinese foreign policy. With this aim, it has been developing its economy on the basis of the four cardinal principles of modernization. The foreign policy of China can be summarized in the two basic principles described by Deng Xiaoping in 1984. First, it would always oppose the hegemony to secure peace in the world and second, it would always belong to the countries of the Third World. He said that China shares its destiny with the countries of the Third World. It would remain the Third World even if it becomes powerful and the prosperous country.

He posited the problem of peace as one of the two major problems in the world because of the nuclear weapons. It could be a significant loss of a mankind, if the war breaks in the shadow of these weapons. He suggested opposing the power politics and the hegemony in the world to promote peace. The second problem he postulated is the problem of the North and the South. This problem is very significant as the developed nations are becoming richer while the developing countries are getting poorer. The world economy can be hindered if this problem is not addressed. As a solution, he proposed a dialogue between the North and the South to address this issue. He stressed that China is always supportive to such dialogue.

He also advocated the South-South Cooperation among the third world countries as it can resolve many problems through exchange of ideas and cooperation. Even the expansion of economic development of the developed nations is impossible without the growth of the developing countries (Selected Works of Deng Xiaoping 2010).

The Chinese ambassador to Papua New Guinea, Li Ruiyou in July 2016 affirmed that the aim of Chinese independent foreign policy of peace is to promote a friendly international environment. This friendly international environment is very much essential for the Chinese goal of peaceful development. This is also very much essential for the “Chinese Dream”, a concept enunciated by the Chinese president, Xi Jinping to make China strong in two ways; both domestically as well as internationally. According to Li, China is formulating its foreign relations on two bases, major countries like the United States and the neighbouring countries such as Pakistan, North Korea etc. He also told that China is expanding its relationship with the major countries with coordination and cooperation while it has been developing its relations with the neighbouring countries on the basis of mutual benefits and sincerity. It means that the friendship and the relationship in the Chinese Foreign Policy differ from state to state (Li 2016). The Chinese concept of friendship changes from country to country. For example, China has a policy of friendship with North Korea describing it as the relationship between “teeth and lips”.

China has a policy of cooperation with small states. According to this policy, China always helps the small states to counter the big states (Yang 2011). This can also be interpreted as Pakistan has always been supported by China to counter the big power, India in the region. Both Pakistan and North Korea are small states and the nuclear states as well. China has always helped these countries to counter the big countries. For example, China has always used North Korea for bargaining with the United States on some issues like trade (Shapiro 2017). Likewise, China has always used Pakistan in its relations with India for many years.

In March 2002, a ground breaking ceremony of Gwadar Port took place which was attended by Pakistan’s President General Pervez Musharraf as well as the Vice Premier of China Wu Bang Guo. It was also the time when the first phase of the development of Gwadar port started and which was completed in 2006 (Shabir and Kazmi 2007). In

November 2003, Musharraf visited China and signed an agreement to enhance trade called as Preferential Trade Agreement. The main reason for this agreement was to boost economic ties. In December 2004, Prime Minister of Pakistan Shaukat Aziz also visited China and this visit resulted in seven agreements to boost energy cooperation, communications as well as trade between both the countries (Kumar 2007).

Due to the signing of these agreements the investments and trade between both the two countries increased significantly. In 2004, the total investment of China into Pakistan was 4 billion US dollars with 114 Chinese projects while the total trade between both of the countries during the period of January to October 2004 was nearly 2.14 billion US dollar (Dawn 2004). The bilateral trade which was 1.4 billion in 2001, further increased to 3 billion in 2004 and 4.26 billion US dollar in 2005. This shows that there was almost 40% increase in the total trade between both the countries due to these agreements. In November 2006, Free Trade Agreement was signed to facilitate the free flow of capital across both countries. As the part of this FTA, 18 agreements were signed and the target was set to increase trade between both countries. The target was to cross 15 billion US dollars trade by 2011 (Subramanian 2006).

In 2008, while delivering a speech at the inauguration ceremony of the up-gradation of Karakoram Highway, the ambassador of China Luo Zhaohui, remembered the death of the Chinese engineers. He said that 142 Chinese engineers died during the construction of this highway. They would not forget their sacrifices. He suggested that the best way to pay homage to these engineers was to strengthen the relationship between both the countries. According to him, their 'all-weather friendship' is based on 4 pillars. These are economic, defence, cooperation in regional and international forums as well as people-to-people contacts (Luo 2008).

Both the countries forged better relations with each other's legislative institutions.. When the Chairperson of the Pakistan Senate, Farooq Naek visited the Great Hall of People in China, the Chinese legislator Wu Bangguo was optimistic about the exchange and cooperation between the legislative assemblies of the two countries. He said their relationship has been strengthened by the frequent political visits and the cooperation on

international affairs (Embassy of the People's Republic of China in the Islamic Republic of Pakistan 2009 a).

On 5th July 2013, China announced that it would invest 46 billion US dollars in Pakistan. Moreover, China agreed to construct China-Pakistan Economic Corridor, (CPEC). These frequent visits, investments, foreign aid and the positive statements facilitated a robust 'all-weather friendship' between China and Pakistan.

## **2.5 Political Importance of Pakistan for China**

India-Pakistan conflict, Sino-India rivalry, and the Cold War are the some of the other factors that structured the dynamics of China-Pakistan relations. During the Sino-India war in 1962, American and Russian support to India and trade embargo on Pakistan by the United States in 1965 brought China and Pakistan closer. This was the first time when Pakistan sought political support as well as weapons from China.

In 1970, the United States imposed sanctions on Pakistan over nuclear issue which resulted in the strengthening of China-Pakistan relations and China started extending military support to Pakistan. The emergence of Islamic extremist groups such as Islamic State of Iraq and Syria (ISIS) in West Asia and North Africa has also increased the importance of Pakistan for China. After 2001, the attacks on Chinese nationals have increased as well as the extremism and violence in Xinjiang has increased significantly. Due to which, terrorism has been the focus of China-Pakistan relations. (Calabrese 2014-15: 5).

Chinese officials believe that there is a link between East Turkmenistan Islamic Movement (ETIM) and the Tehreek-e-Taliban Pakistan (TTP). ETIM's main objective is to establish an independent Xinjiang and a Caliphate. As a result, the internal security of China has been the top priority of China and the central thrust in China-Pakistan relations. Though few Chinese local officials have indicated that the terrorists are trained in the territory of Pakistan, they always avoided declaring or depicting Pakistan as a terrorist state. On the other hand, China has always recognized Pakistan's contribution in counter-terrorism. China also has used Pakistan's army to counter the extremist groups in



Afghanistan. In 1992, China closed its road link to Pakistan because of the Islamic militant uprising in Xinjiang (Calabrese 2014-15: 6).

China has always been grateful to Pakistan for its support on various Chinese issues of internal matters such as human rights and sovereignty and territorial integrity (Zhang 1996). It is also grateful to Pakistan for its support during its political turmoil and the Tiananmen Square incident of 1989. It has always found a common ground to sustain its relationship with Pakistan and when it comes to the differences between the two countries, they also firmly support the five principles of peaceful coexistence.

In June 2007, some of the Chinese citizens were kidnapped by the religious extremists of Pakistan and were tortured for corrupting the relations between the countries and degrading the morals. This incident led to the Lal Masjid incident in Islamabad. Chinese nationals were once again kidnapped from a factory in Peshawar and killed after few days of the Lal Masjid incident. The killers accepted that the killing of Chinese citizens was a revenge for the people who were killed in Lal Masjid. This was the first incident when some Pakistani citizens openly expressed their anger against China. (Small 2015: 111) China considers Pakistan as number one power in the region followed by India, that's why it is necessary for China to maintain cordial relations with Pakistan. Pakistan is the cornerstone of the South Asian policy of China.

#### *Arab Factor in China- Pakistan Relationship*

Pakistan has been a channel for China to establish a link with the West Asia and other countries in the vicinity during the 1950s and 1960s. Pakistan is the only Islamic country with the nuclear weapons as well as it has very close link with Saudi Arabia and Turkey. Saudi Arabia is the birthplace of Wahabism and conservative Islam. Both the countries are close to the United States.

The relations between Pakistan and Saudi Arabia have also been very cordial. Saudi Arabia has supported Pakistan on various issues such as Kashmir. It also extended a huge financial support to Pakistan in its fight against terrorism. During the Soviet invasion of Afghanistan, Saudi Arabia financially supported Pakistan (Rizvi 1993: 75).

### *Pakistan's Relations with Iran*

Pakistan is one of the few Sunni countries, which maintains cordial relations with Iran which is predominantly a Shia country. The first Muslim country which recognized Pakistan was Iran. Pakistan has always been supported by Iran in the United Nations on various issues including Kashmir. Iran already discussed the Kashmir issue in its parliament and accepted Kashmir as “inseparable part of Pakistan”. Sayed Ahmed Sarai, the deputy speaker of the Iranian Parliament has supported plebiscite in Kashmir. According to him, the Kashmir issue should be sorted out by plebiscite.

In 1952, Iran tried to mediate between Pakistan and India but it was biased towards Pakistan. The Foreign Minister of Iran, Ardeshir Zahedi said that we have been asking India to solve the problem of Kashmir with Pakistan the self-determination. Even in 1956, Iran didn't pay any attention toward Indian protest during the ministerial communiqué of Baghdad Pact when Kashmir issue was mentioned.

The relations between Iran and Pakistan are further strengthened when the former supported the latter during 1965 and 1971 wars between India and Pakistan. Iran openly supported Pakistan and sent military assistance. During the war, the defence of Pakistan was considered as its own defence by Iran. According to the officials of the Foreign Ministry of Iran, any aggression of India against Pakistan is considered as an aggression against Iran. During the India-Pakistan war in 1971 also Iran supported Pakistan. The Shah of Iran said that it is an act of interference by India in the domestic matter of Pakistan. He said “we are against the interference in the domestic matter of Pakistan while we are 100% behind Pakistan” to support (Embassy of Islamic Republic of Iran, Islamabad 2013).

This means that Pakistan is the only country which maintains the relations with both Shia and Sunni countries as well as both Pro-Western and anti-Western countries. Because of these characteristics of Pakistan, it becomes very important for China to maintain cordial relations with Pakistan. With the help of Pakistan, China can reach out to many Islamic countries which don't have very close relations with it because of Uighur violence in China (Ye 2009: 130).

### *Extremism in China*

China has been grappling with extremism in Xinjiang province. The activities of the ethnic Uighur Muslim minority have been seen as terrorism in China. The Chinese government has always claimed that extremism on the basis of religion is the main factor behind terrorism in its territory. During 1990-2000, more than 200 incidents of terrorist activities have been reported by Chinese authorities. These have resulted in the killing of 162 people and 440 injuries. An aircraft attack in China before Beijing Olympics of 2008 has also put the Chinese Government on a high alert. Urumqi violence on 5th July 2009 also drew attention of the whole world towards China.

### *Urumqi Incident of 5 July 2009*

The Urumqi violence of 5th July 2009 had its root in an internet post of 25<sup>th</sup> June about the rape of two Han women by the Uighurs was aired that led to a clash between the Han and the Uighur workers of Xuri toy factory in the Shaoguan city of China. In this incident, two Uighur men were killed while 120 people were injured. The people were so angry that they kept beating the dead bodies. This resulted in the involvement of thousands of people in the incident. But the government reported that no such rape incident took place (Jacob 2009).

After this incident, thousands of kilometres away from the Shaoguan City of East China, some 1000 to 3000 Uyghurs protested peacefully against the government for this incident in Urumqi city of west China. They were raising slogans as 'Uighur! Uighur!' Later the police opened fire on them and killed 12 people, which in turn resulted in the clash between Han Chinese and Uighurs leading to the death of nearly 197 people and several injured. Afterwards mobile phones and internet services were blocked by the government to curb the violence.

Thereafter, *China Daily* newspaper came up with a report on 9<sup>th</sup> July 2009 accusing World Uyghur Congress, Rebiya Kadeer as the mastermind of violence in Xinjiang on 5th July. According to the report, the Chinese government claimed that they have enough evidence and phone recordings to prove Uighur leader Rabiya Kadeer fuelling the Xinjiang riots. The Chinese government asserted that she has had a meeting with the

senior leaders of Uighur Congress to get the attention of the world on the issue of human rights violations in the country (*China Daily* 2009). The report also published that the Director of the research centre on Xinjiang Development in the Chinese Academy of Social Sciences (CASS), Ma Dazheng has alleged “the Urumqi incidents have got the attention of the world”. Moreover, the Director of Shanghai International Studies Centre, Pan Guang said that the Uighur terrorists consider Rabiya Kadeer as Tibetans view Dalai Lama to exert international pressure on Xinjiang issue.

### *Chinese Stand on the Incident*

President Hu Jintao, at the Politburo meeting on 8th July 2009, articulated the Chinese stand on the issue when he said that “It is necessary to isolate and strike at a tiny minority, while uniting with, educating, and winning over the majority. It is imperative to sternly crackdown, according to the law” (*Human Rights Watch* 2009). On 7 July 2009, *People’s Daily*, reported that the “July 5th” bloody riot is by no means an ethnic, religious issue but a major issue launched and manipulated by a handful of elements of the “independence of Xinjiang” to undermine ethnic unity the region and split the big family of the motherland (Li 2009 ).

The press statement issued by the Secretary-General of Shanghai Cooperation Organization (SCO), Bolat Nurgaliev was sympathetic towards the families of the victims in the Urumqi riots. He also said that Xinjiang is an inalienable part of China whatever happened in Urumqi is an internal matter of China. He reiterated that SCO is firmly entitled to fight against terrorism and deepen cooperation against separatism and extremism while he expressed his hope that China will maintain law and order in the region (Shanghai Cooperation Organization 2009). Kazakhstan also expressed its concern over the riots. According to one of the reports published in *Asia-Plus* news, the spokesperson of the foreign ministry of Kazakhstan told that more than 1000 left Xinjiang in the two days. Russia said that the Urumqi violence is an internal matter of China (*Asia-Plus* 2009).

Japan criticized this incident very mildly. Japan looked at this incident from the angle of human rights violation. But other countries such as Turkey have called it a genocide, which implies a very strong political statement. The Prime Minister of Turkey said that

these incidents in China are genocide. He asked China not to become a mere spectator in such cases. The industry and trade minister of Turkey had asked its citizens to boycott the Chinese products (*The Times of India* 2009).

Iran also expressed a similar over Xinjiang violence. The Foreign Minister of Iran, Manuchehr Motak called the Foreign Minister of China over the violence and asked to ensure the safety and security of the Muslim population in the Xinjiang region (*Andolu Agency* 2009). Other countries such as France, Norway, Australia, and Micronesia have also expressed their concern over the issue. Netherlands Consular section of the Chinese embassy was closed to the public. The Netherlands has a huge Uighur population.

#### *Pakistan's Position on Xinjiang Violence*

China was on back foot because everywhere in world protests were going on against the Chinese Government. The official spokesperson of Ministry of External Affairs, Pakistan, Abdul Basit said that we would not allow any element to work against Chinese national interests. He further resonated that the Chinese interests are Pakistan's interests. He also said, "We are committed not to allow any element in Pakistan to work against the interest of China because China's interests are Pakistan's interests. We cannot allow any activity that is damage to China's interests. China is Pakistan's all-weather friend with a rich history and ancient civilization" (*Global Times* 2009).

The spokesperson told *Xinhua News Agency* in a press briefing said that Pakistan deplores any such attempt which tries to impede the progress which has been achieved by China in the context of social harmony. He asserted that Pakistan is taking measures to protect Chinese individuals and institutions in the country. He also emphasized that Pakistan will not allow certain religious elements in the country to do anything that goes against China's interests. He further added, "Pakistan applauds the efforts of the Chinese leadership to promote the concept of harmony both at home, in Asia and the rest of the world" (*Global Times* 2009).

## **2.6 Chinese Efforts in Strengthening the Relations with Pakistan**

After the killing of Chinese Engineer, Wang Peng, from the Chinese company Sinohydro Corporation in Pakistan on 14th October 2004, the then Chinese Foreign Minister Li Zhaoxing had an emergency telephonic conversation on a request by Pakistan's Foreign Minister Khurshid Mahmud Kasuri and China noticed the efforts made by the government of Pakistan to rescue the citizens of China. China also hoped that Pakistan will ensure the safety of Chinese nationals in Pakistan and will take effective measures against the same (Economic & Commercial Counsellor's office of the Embassy of the People's Republic of China in Islamic Republic of Pakistan 2004 a).

Chinese Premier Wen Jiabao also had a telephonic conversation with the Prime Minister of Pakistan Shaukat Aziz and he expressed his concern for the Chinese nationals and asked Pakistan to ensure the safety and security of the Chinese citizens and the agencies. Whereas Shaukat Aziz told him that the government of Pakistan and the people of Pakistan are very grieved and regretful for the tragedy. He also told that the President of Pakistan, Pervez Musharraf has asked him to express the deepest sympathy for this incident (Economic & Commercial Counsellor's office of the Embassy of the People's Republic of China in Islamic Republic of Pakistan 2004 b)

On the official goodwill visit of Chinese State Councilor Tang Jiaxuan to Islamabad, on 14th October 2004; He expressed his grief and hoped for the safety and security of the Chinese nationals. While he stressed that China is ready to work with Pakistan to overcome all the challenges and strengthen the relationship between them. He stressed the cooperation, peace, and development between the two. He also indicated that the high-level meetings between both the countries must be maintained (Economic & Commercial Counsellor's office of the Embassy of the People's Republic of China in Islamic Republic of Pakistan 2004 c).

The head of the International Department of the Central Committee of the Communist Party of China (CPC), Wang Jiarui and the delegation of the Chinese Communist Party met with the Prime Minister of Pakistan Shaukat Aziz, where Chinese delegation accepted that the political foundations of the relationship between the two countries can be strengthened by the frequent visits of the high-level officials and the people to people

contacts. During this visit of the delegation of Chinese Communist Party, Pakistan's Prime Minister firmly accepted One China Policy. He also extended unconditional support to China on the issue of Taiwan (Economic & Commercial Counsellor's office of the Embassy of the People's Republic of China in Islamic Republic of Pakistan 2006 c).

When President Pervez Musharraf visited China on a state visit in February 2006, the President of China, Hu Jintao and the President of Pakistan, both vowed for better relations and stronger ties. Hu Jintao said that both the countries enjoy "all-weather friendship". He accepted that Pakistan has supported China on many issues including Taiwan. He also acknowledged that Pakistan is a very trustworthy friend and neighbour. In his visit to China, Pervez Musharraf also hoped that China would use the geographical location of Pakistan for trade and energy (Economic & Commercial Counsellor's office of the Embassy of the People's Republic of China in Islamic Republic of Pakistan 2006 d).

In May 2006, Chinese Assistant Commerce Minister, Fu Ziyang visited Pakistan and signed various agreements. In November 2006, President Hu Jintao paid a state visit to Pakistan and described the relationship as "all-weather friendship". During this visit, he signed 18 major agreements with Pakistan including the Free Trade Agreement (Ministry of Commerce 2006).

The joint statement of China and Pakistan issued during the state visit of Pervez Musharraf to China, in return for Pakistan's position on "three evils" China has pinpointed and described Pakistan into "three goods", such as good brother, a good neighbour, a good partner to China. In this joint statement, China has been very thankful to Pakistan for its support on various important issues such as human rights, Tibet and most importantly on Taiwan. China drew attention to the sovereignty and integrity of Pakistan and supported Pakistan in South Asia. Both the countries agreed to the exchange of visits between governments, political parties and think tanks for the strengthening of the relations (Economic & Commercial Counsellor's office of the Embassy of the People's Republic of China in the Islamic Republic of Pakistan, 26th November 2006 c).

Prime Minister of Pakistan, Shaukat Aziz paid an official visit to China in April 2007, for attending Boao Forum for Asia. During his visit, various agreements were signed

including an agreement on legal assistance on criminal matters between the two countries and a MoU on establishing a Centre of Pakistan Studies in China. During this visit, the Consulate General of Pakistan in Chengdu inaugurated the Centre for Pakistan Studies in the two leading universities in China such as Peking University and Sichuan University (Economic & Commercial Counsellor's office of the Embassy of the People's Republic of China in the Islamic Republic of Pakistan, 2007 a).

The joint statement during Prime Minister Shaukat Aziz's official visit added another phrase 'good friend' to the existing "good brother, a good neighbour, good partner to China" (Economic & Commercial Counsellor's office of the Embassy of the People's Republic of China in the Islamic Republic of Pakistan 2007 b).

During the state visit of President Pervez Musharraf to China in April 2008, various leaders of China met him. The list includes the Chairman of National People's Congress (NPC) Standing Committee Wu Bangguo, the Chairman of Chinese People's Political Consultative Conference (CPPCC) Jia Qinglin as well as the leaders of the Xinjiang Uygur Autonomous Region. During this visit China supported Pakistan's sovereignty and territorial integrity. China also appreciated Pakistan for its stand against terrorism. In return, Pakistan enunciated its support to One China Policy; it rejected "three evils" and reiterated reunion of Taiwan with mainland China (Economic & Commercial Counsellor's office of the Embassy of the People's Republic of China in the Islamic Republic of Pakistan 2008 a).

In 2008, when Asif Ali Zardari was elected as President of Pakistan, the Chinese President Hu Jintao invited him to China. During his visit, the Chairman of the Standing Committee of the National People's Congress (NPC) Wu Bangguo, Premier of China Wen Jiabao, and the Chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) met him. All the leaders of China discussed various topics relating to Chinese cooperation with Pakistan. They signed various agreements and MoUs with Pakistan (Economic & Commercial Counsellor's office of the Embassy of the People's Republic of China in Islamic Republic of Pakistan 2008 b).

As cooperation and people to people contacts grew the relationship between the two countries are strengthened. In 2009, China and Pakistan organised various meetings for



businessmen besides promoting people to people contacts. A business delegation consisting of nine members paid a visit to Pakistan and visited Ministry of Investment in Pakistan. A delegation of the gloves manufacturer of Pakistan also visited China. Chinese mobile company delegation also visited Pakistan to have talks with the mobile operators in Pakistan in order to expand the mobile network. These visits are the result of the efforts made by both the countries to strengthen the relations. Both the countries have taken the people to people contacts to higher levels.

China considered Pakistan as a good friend and neighbour. The Chinese Premier Wen Jiabao summarised the relationship highlighting three quotes during his visit to Pakistan in 2010. He mentioned it as, “a friend in need” as a good neighbour. According to him, “a good neighbour is a blessing” and “a neighbor is far better than a distant relative” (Wen 2010). Whereas, the then Vice Premier Li Keqiang told Pakistani Prime Minister Yousuf Raza Gilani in 2012 that China is ready to have high-level communication with Pakistan. It is keen to strengthen the strategic and bilateral cooperation along with cultural exchange and counter terrorism (Embassy of the People's Republic of China in the Islamic Republic of Pakistan 2012).

There were regular high level visits to Pakistan to strengthen the bilateral relations. In 2013, Li Keqiang visited Pakistan. President Xi Jinping visited Islamabad in 2015 and finalized the China-Pakistan Economic Corridor. The Vice Chairperson of the Standing Committee of the National People’s Congress also paid a visit to Pakistan in 2017. He inaugurated the Fraternity Emergency Care Centre at Gwadar port as the President of the Red Cross Society of China. China has invested 10 million RMB in this medical centre. He also inaugurated Yu-Fei International Fishery Processing Centre in Gwadar to convey its gratitude to the construction workers of the infrastructure projects under CPEC (Embassy of the People's Republic of China in the Islamic Republic of Pakistan 2017).

## **2.7 Summary**

The bilateral relations between China and Pakistan are firmly grounded in the framework of the liberal theory of international politics. The cooperation between China and Pakistan is enhanced by the visits of high-level authorities and people to people contacts. These relations are further strengthened by cooperation and coordination between them.

The Chinese support to Pakistan in various regional and international forums has led this relationship to newer heights. China has always supported Pakistan on issues such as development and terrorism. Despite the killings of its own engineers in Pakistan by the terrorist groups in Pakistan, China has appreciated Pakistan on the issue of dealing with terrorism.

Many articulated that the China-Pakistan relations have been deeper than ocean, higher than mountains, sweeter than honey. But the relationship between the two countries has always been a compulsion for China. Pakistan's relationship with Arab countries and the problem of extremism in Xinjiang province of China are some of the factors influencing the bilateral relations. The efforts made by China to strengthen the relations with Pakistan underscore the Chinese compulsion in keeping the relations strong.

## **Chapter-Three**

### **Economic Ties: CPEC and Its impact on Pakistan's Sovereignty**

#### **3.1 Introduction**

Sino-Pakistan bilateral relations cover a wide range of issues such as diplomacy, politics, defence and economic ties. Pakistan has always been a country, heavily dependent on foreign aid from other countries. The economic relations between China and Pakistan began to grow in the recent past. The trade between the two countries and the Chinese investment into Pakistan are also increasing. The Free Trade Agreement (FTA) between China and Pakistan and China-Pakistan Economic Corridor (CPEC) are some of the recent examples of the expansion of economic relations between the two countries. The economic interests of China is one of the most important factors in Chinese foreign relations with any country. The economic interests of China in Pakistan have strengthened the relationship between the two countries. After joining of the WTO in 2001, China has expanded its economic relations with Pakistan. Pakistan is also one of the few countries that China has signed the Free Trade Agreement.

The beginning of this century witnessed a new era of economic relations between both the countries. On 12th May 2001, a Memorandum of Understanding (MoU) and six agreements were signed. In November 2003, a joint declaration on directions of bilateral relations was signed which led to 7 agreements in 2004 and 21 agreements, few MoUs and a Treaty of Friendship, Cooperation, and Good Neighborly Relations. In 2006 Free Trade Agreement was signed and finally China-Pakistan Economic Corridor (CPEC) was initiated in 2015. Consequently, the Karakoram highway became the pathway for the trade between China and Pakistan, whereas Gwadar port is becoming a pathway for China to enhance maritime trade.

Against this backdrop, the chapter focuses on the economic relations between China and Pakistan from 2001 to 2017. The second section of this chapter discusses the economic interests of China. This section elaborates the role of economic interests in China's foreign relations with other countries, which has made China one of the largest trading partners with many countries. Now China is the second largest economy in the world

while Pakistan is still struggling to reduce its poverty and unemployment. All these reasons shape the economic relations between both the countries. Though many agreements were inked at the beginning of their friendship, there was not so much bilateral trade until recently. China is one of the largest exporters of arms and arsenal to Pakistan. The signing of Free Trade Agreement is one of the major events which boosted the trade between both the countries. But this FTA has been one-sided trade agreement because China is the largest beneficiary in this trade agreement.

The third section of this chapter examines the evolution of China's economic relations with Pakistan in two phases. The first phase from 1951 to 2000 is briefly discussed in this chapter while the second phase from 2001 to 2017 scrutinizes the expansion of Chinese economic interests in Pakistan in greater detail in the section four. This section also examines the exports and imports between China and Pakistan. It also delineates the role of Free Trade Agreement in their economic relations by comparing trade before the Free Trade Agreement and trade after the Free Trade Agreement.

Chinese investment through the China-Pakistan Economic Corridor, a game changer, is discussed in section five. The corridor passes through the area of Gilgit and Baltistan, which is claimed by India, as an integral part of Jammu and Kashmir. China-Pakistan Economic Corridor is the most important element in the relationship between the two countries. Section six assesses the strains in the China-Pakistan relations caused by this corridor. The examination of this corridor elaborates the importance of this Corridor for China. The Corridor is a major concern in Pakistan. This part of the chapter evaluates the importance of CPEC through the prism of economic dimensions. Section seven examines the impact of China-Pakistan Economic Corridor on the sovereignty of Pakistan. Thereafter, the chapter summarizes the key arguments and testing the second hypothesis of the study.

### **3.2 China's Economic Interests**

After the reforms and opening up of China in 1978, economic interests became the most important factor in the foreign policy calculus. In fact, they form a part of the core national interests along with security, sovereignty and territorial integrity of the country.

After the 12th Party Congress, China began to advocate that economic interests are more urgent and important than the other interests such as cultural and security interests.

Yan Xuetong (2002) argues that economic interests of China are the primary national interests. Economics is the essence of the modernization of China. Economic development of China became the key task for the reform and opening up. The idea that a country cannot become strong and the people cannot become rich without the economic of any country has provided the basis that the economic interests are fundamental. In the 14th National Party Congress, it was argued that the economic backwardness would take China back and economic backwardness would allow China to be controlled by the other countries. This idea was also backed by modern history of China and the reality of the current scenario of the world as the international competition is based on economic development.

The key factors among of economic interests of China are international trade, acquisition of the latest technology, exporting labour, international contracting, international tourism and the foreign direct investment. Based on the inflow of capital, technology, commodities and the labour, the economic interests of China can be divided into two categories as imports and exports. The exports of commodities, labour, technology and the investments in the foreign countries are the outgoing economic interests while the foreign direct investments in China, import of technology, commodities and the promotion of tourism form the part of incoming economic interests of China (Yan 2002).

In the White Paper on *China's Peaceful Development*, released in 2011, China determined to uphold and contribute to peace in the world through the development of China. The paper focused on the economic globalization of the world and China's role in the comprehensive economic development. According to this paper, China can only participate in the economic development of the world by focusing on its development (White Paper 2011).

After the 1978 reforms and opening, Deng Xiaoping (Narayanan 2006), started focusing on the expansion of the international economic interests. China signed many trade agreements (Yan 2002). This led to a notable increase in its foreign trade. For example, in 1978, the total foreign trade of China was 20.4 billion US dollars which further

increased to 197.5 billion US dollars in 1993. This was more than 19 times higher than 1978. It further increased and within two years in 1995, it became 280 billion US dollars.

Another facet of expansion of economic interests involved attracting the foreign investment. In 1978, where China received 2 billion US dollars of loan and it increased to 45 billion in 1995, which constituted 37 billion US dollars of Foreign Direct Investment. Foreign aid from different countries to China also played a critical role in this. World Bank and the Western countries provided nearly 3-4 billion US dollars as foreign aid during the period of the 6th five-year plan (Ross 1994). China also imported 7 billion US dollars worth of technology from all over the world during 1980-85, in which major component was machinery and software (Naughton 1994).

Along with importing technology, China also engaged several experts from different parts of the world. According to an estimate, more than 3.5 billion Yuan had been spent after reforms and opening till 1994. In 1994, out of 50000 experts from more than 60 countries, 30000 experts were working in manufacturing and service sectors (Yan 2002).

China also focused on tourism industry. As a result, tourism industry grew at 24.7% till 1988. This increased the foreign exchange of China to 4.3 billion US dollars in 1993. In 1994, China realized that the reforms and opening up were very much limited. After Asian Financial crises, China joined WTO in 2001. At the time, the total GDP of China was nearly 200 billion dollars and in 2017 it had increased to 11 trillion US dollars.

In 2005, China became the fourth largest economy of the world in terms of GDP (Lanteigne 2009), while it became the second largest economy of the world in 2010 (Barboza 2010). One of the main reasons for this success of China is Free Trade Agreements. China has signed 11 free trade agreements with Association of South East Asian Nations (ASEAN), Australia, Korea, Switzerland, Iceland, Costa Rica, Peru, Singapore, New Zealand, Chile, and Pakistan. Eight Free Trade Agreements and a Regional Comprehensive Economic Partnership are under negotiations. These are with Israel, Norway, Georgia, Maldives, Sri Lanka, Japan-Korea, Pakistan (second Phase) and Gulf Cooperation Council. Six other Free Trade Agreements are also under consideration. These are with India, Nepal, Mauritius, Fiji, Moldova and Columbia. These agreements are highly beneficial to China (Devonshire-Ellis 2014).

Under the Presidentship of Xi Jinping, China shifted its foreign policy and started focusing on the protection of its national interest overseas. Protection of core interests became the agenda for Chinese diplomacy (Zhang 2015). Because China is the largest trading partner with more than 120 countries, its economy is highly dependent on exports to other countries, which is why China was affected by the US economic crisis in 2008 and after the Euro-Zone crisis in 2012. Chinese President Xi Jinping announced “Silk Road Economic Belt” at the Nazarbayev University of Kazakhstan in 2013 (Gan and Mao 2016). Though Chinese foreign reserves has declined from 4 trillion to 3.2 trillion US dollars in 2016, this Silk Road project is a major game changer in foreign economic relations of China.

China has forged robust economic relations with many big economies of the world. For example, the economic relations between China and the United States were strengthened by the establishment of Strategic Economic Dialogue in 2006 (Lanteigne 2009). This dialogue has played a very crucial role between US and China. Currently, the total trade between China and United States has crossed 580 billion US dollars in which China has a surplus trade of 368 billion US dollars. Similarly, China has very good relations with Japan, which was the largest foreign direct investor in China. In 2014, a sum of 100 billion US dollars was invested by Japan in China while United States’ investment in China was 30 billion US dollars (Drysdales 2015). With Korea, China has 380 billion US dollars trade, while with ASEAN it has trade of 400 billion US dollars.

By this way, we can safely posit that economic interests of China have been playing a very significant role in the formulation of Chinese foreign policy. More recently, Chinese international economic interests have emerged as a major component. These two phenomena helped China to become the second largest economy in the world with the GDP of 11 trillion US dollars.

### **3.3 Economic Relations between China and Pakistan, 1951-2000**

Since the signing of the trade agreement in 1963 to the China-Pakistan Economic Corridor, the evolution of China-Pakistan economic relations has seen various phases of barter system to economic aid. In the beginning of China-Pakistan relations, the trade was not substantial; though some agreements were signed to boost it. The evolution of

the economic relations between China and Pakistan can be divided into two phases – first, 1951 to 2001 and second 2001 to 2017. In the first phase, there was no significant exchange of trade or import-export between the two countries. But in the second phase, the economic relations were strengthened because some of the major trade agreements.

### *First phase*

Though the diplomatic relations between China and Pakistan began in 1951, the very first formal long-term trade agreement was signed in January 1963. This agreement was signed to increase trade with the provision of most-favoured nation. With the signing of this agreement, the trade between China and Pakistan began to increase. According to this agreement, the Chinese exports to Pakistan included chemicals, iron and steel products, raw materials, cement, seeds, coal and machines while China's imports from Pakistan included chromium, jute and jute products, cotton, medical instruments, sporting goods, and hides etc (Vertzberger 1983). In 1963, China was the biggest importer of the Pakistan's cotton. Pakistan and China started trade through barter system as well as the case trade system (Shabir and Kazmi 2007).

Both the countries signed a barter trade agreement in 1964. This trade agreement was renewed regularly according to the ratio of the barter goods. During the Chinese Trade Exhibition organized in Karachi in 1966, many of the Pakistani people and the traders realized that the Chinese goods are cheaper than the goods they were buying already. This ultimately led to the increase in Chinese exports to Pakistan. In 1968, this barter trade agreement between China and Pakistan was of 14.4 million US dollars which further reached 48 million US dollars.

During this period, both the countries faced acute scarcity of hard currency which is why the trade between them included goods that are important for both the countries. At the beginning of 1969, both the countries signed another agreement and expected the trade to grow with the opening of Karakoram Highway. With the opening of this highway, the exports from China involved farm tools, hardware, silk products and textile products while the Chinese imports from Pakistan included nylon clothes, herbs, dry fruits, cotton products, leather and leather products (Vertzberger 1983).



The trade between China and Pakistan was in favour of the latter till 1971. During 1971-1980, however, China had trade surplus after that it reversed again and became trade deficit with Pakistan. Chinese import from Pakistan was increasing till 1971 but dropped between 1971 and 1976. The reason for the decline in imports from Pakistan was the formation of Bangladesh. Another reason for this decline was Chinese foreign aid to Pakistan. Pakistan was using this foreign aid to buy the Chinese products. During, these years, a substantial part of the Chinese foreign economic aid went to Pakistan. During the period of 1956 to 1979, Pakistan received 620 million US dollars foreign aid from China out of a total 4960 million US dollars. This was 13% of the total aid distributed to the world by China and one-third of the aid given in Asia.

In 1964, China granted a loan of 60 million US dollars to Pakistan. Almost half of the total aid was to be repaid by purchasing of Chinese goods which started in 1966 while the other half was for projects. This loan was increased to 67 million US dollars in 1967. Another technical and economical agreement was signed in 1968 according to which China agreed to provide an interest-free loan of 25 million US dollars to Pakistan for the next 20 years. In 1970, China again offered loan of 200 million US dollars for 20 years.

During India-Pakistan war of 1971, China converted all the four loans into grants and deferred the payment of 1970 loan. Pakistan wanted to reduce its economic dependency on the United States which is why Pakistan turned to China. The other reasons such as either interest-free loans or loans at a very low rate, Chinese technical assistance and the barter system led to the increase in the economic relations between the two countries (Vertzberger 1983).

The failure of the cotton crop in China resulted in the increase in the trade between the two countries in 1981 when it bought 1 million bales of cotton from Pakistan. Both the countries agreed to set up a joint ministerial committee to look into the matter and increase trade. The major aim of this committee was to promote technology and systematize the economic relations between them (Vertzberger 1983). According to an estimate, when the China-Pakistan Joint Committee of Economy, Trade and Technology was set up in 1982 between both the countries, the Pakistani military acquired 65% of its fighter jets and 75% of its tanks from China (Pande 2014).

Another step in promoting trade relations between them was to establish an office of National Bank of Pakistan in China in 1982. This was the first bank to be established in Beijing from the Third World countries (Vertzberger 1983). In 1987, to share management and training and for development purpose, an agreement was signed between the Bank of China and the National Bank of Pakistan (Rizvi 1993). In 1989, an agreement on Double Tax Avoidance between the two as well as a Bilateral Investment Treaty was signed to enhance the investments (Kumar 2007).

During 1989-1996, no steps were taken to enhance economic relations by both the countries. Though the Prime Minister of Pakistan, Benazir Bhutto visited China twice, in 1989 and in 1993, no further steps to enhance trade or the economic relations were taken. In December 1996, when the Chinese Premier Jiang Zemin visited Pakistan, both the countries decided to establish a comprehensive partnership (Ahmed and Shah 2013).

#### *Military Aid*

From 1961 to 1966, the total military aid and other supplies to Pakistan from China were over 130 million US dollars. From 1966 to 1971 Chinese military aid to Pakistan was the major source of arms for the latter. During this period, the material aid to Pakistan from China was 133 million US dollars (Farooq 2010). In 1965, China gave financial assistance of 60 million US dollars to Pakistan which was totally interest-free, which further increased to 106.4 million in 1972; during this period China gave technological assistance also to Pakistan (Akhtar 2001).

A total of 200 military instructors were sent to Pakistan for training the military personnel of Pakistan. China also supplied tanks and the other ammunition to Pakistan during the war in 1971 alone. Farooq argues that 225 T-59 tanks, four squadrons of MIG-19 interceptors, 1 squadron of II-28 bombers as well as many riverboats and coasters were supplied to Pakistan. It is estimated that China also assisted in the construction of two ordinance factories in Pakistan (Farooq 2010).

In February 1972, when the President of Pakistan Zulfikar Ali Bhutto visited Beijing, China agreed to give 110 million US dollar loan to Pakistan. During this visit, China also aimed to convert the various loans into grants. It also relaxed the payment of loans given

to Pakistan in 1970 and postponed it for 20 years (Farooq 2010). China gave 300 million US dollar aid to Pakistan in which China provided 60 M-19 fighter planes and 100 tanks part of military and economic aid. Which further increased and Chinese military equipment became the backbone of Pakistan's military. During the period of 1970 to 1982, China supplied 800 tanks, 300 planes, 25 naval vessels and other weapons and ammunition. While the total arms transfer from China to Pakistan during the period of 1966 to 1980 was more than 630 million US dollars. This aid was more than one-third of the total aid received by Pakistan from the rest of the world (Vertzberger 1983).

In 1976 the Prime Minister of Pakistan Zulfikar Ali Bhutto visited China. He met Mao Zedong in this meeting which unfortunately was his last meeting with any of the foreign leaders. Since Mao died on 9th September 1976. This meeting was a major event between China and Pakistan since this meeting "set the terms of exchange" (Burr 2009). In this meeting, China agreed to transfer 50 kilogrammes of Uranium to Pakistan which helped Pakistan to develop its first nuclear weapon (Humdani 2011).

In October 1982, Pakistan-China Joint Committee on the Economy, Trade and Technology was established to enhance bilateral relations. By this time the Pakistani military has 65% of its air force, as well as 75% of its tank, from China only (Pande 2014). Prime Minister of Pakistan, Benazir Bhutto visited China in 1989. The warmth of the relationship between both the countries can be analyzed with the fact that this visit was her first ever overseas visit. In this visit, she had a talk with Li Peng for two and half hours on the Siachen Glacier. Benazir Bhutto called this trip as "Sentimental Journey" (Maitra 1989). In the same year, agreements on Double Tax Avoidance and a Bilateral Investment Treaty were signed to enhance the investments (Kumar 2007). When the Tiananmen Square incident took place in June, same year, Pakistan didn't criticize China. The official spokesperson of Pakistan refused to make any comment. He just expressed "grief and sorrow" on this incident (Rizvi1993).

During 1990-2000, there were no major visits between the two countries except in 1993 and 1996. In 1993, Benazir Bhutto visited China on the occasion of the 100th birth anniversary of Chairman Mao. But no further steps to enhance trade or the economic relations were taken during this visit. It was in December 1996, when the Chinese

President Jiang Zemin visited Pakistan and decided to establish a comprehensive partnership (Ahmed and Shah 2013).

Though many agreements were signed during this first phase, the overall trade between the two countries was not so much as compared to today's trade. By the end of 2000, the total share of Chinese trade was less than 6% of the total trade of Pakistan (Rahman 2006).

### **3.4 Economic Relations between China and Pakistan, 2001-2017**

The economic relations between China and Pakistan witnessed a major surge during 2001-2017. The year 2001 began with the Chinese Premier Zhu Rongji signing six agreements and a Memorandum of Understanding (MoU) with Pakistan. A financial assistance of 50 million Yuan was provided along with an offer to develop Gwadar port. Next year in 2002, Gwadar port ground breaking ceremony was attended by Pakistan's President General Pervez Musharraf as well as the Vice Premier of China Wu Bang Guo. The first phase of the development of Gwadar port was proposed to be completed in 2006 (Shabir and Kazmi 2007).

In November 2003, President Musharraf visited China and signed the Preferential Trade Agreement to enhance trade. The aim of this agreement was to establish an arrangement of free trade and to boost the economic relations. In the joint declaration signed between the two states proposed to expand bilateral trade under China-Pakistan Joint Committee on Economic, Trade, Scientific and Technological Cooperation (JEC). This declaration also indicated to take further steps to conclude an agreement on the new border trade to promote the economic development in the border areas (Ministry of Foreign Affairs 2003).

#### *China -Pakistan Relations before FTA*

Pakistan is also one of the first countries in the world which recognized China as a full market economy on December 15, 2004 (Ye 2009). This time, Prime Minister of Pakistan Shaukat Aziz visited China and this visit resulted in seven agreements to boost energy co-operation, communications as well as trade between both the countries (Kumar 2007). Due to the signing of these agreements the bilateral trade between both the

countries increased significantly. In 2004, the total Chinese investment in Pakistan was 4 billion dollars covering 114 projects while the total trade between both of the countries during the period of January to October 2004 was nearly 2.14 billion US dollars (Dawn 2004). The bilateral trade which was 1.4 billion in 2001, further increased to 3 billion in 2004 and 4.26 billion in 2005. This shows that there was almost 40% increase in the total trade between both the countries due to these agreements.

Table 3.1: Volume of China's Exports and Imports (US\$ million)

2004				2005			
Export	Import	Balance	Total	Export	Import	Balance	Total
2465.79	594.75	1871.04	3060.54	3427.66	833.17	2594.49	4260.83

Source: China Customs Statistics, at <http://www.stats.gov.cn/tjsj/ndsj/2006/html/R1808E.HTM>

Table 3.1 shows that the total trade between China and Pakistan in 2004 was 3060.54 million US dollars out of which exports were about 2465 million US dollars and imports were 594.75 million US dollars leading to balance of trade of 1871.04 million US dollars. Whereas in 2005, the total trade increased to 4260.83 million US dollars in which Chinese exports to Pakistan were valued at 3427.66 million US dollars and imports at 833.17 million US dollars creating balance of trade of 2594.49 million US dollars.

The Free Trade Agreement between both the countries took five rounds of negotiations in which the first two rounds took place in 2005 and the other three rounds in 2006. First three rounds dealt with the various chapters of the Free Trade Agreement in which first two rounds were related to Early Harvest Programme which was implemented on 1<sup>st</sup> January 2006. Article 1 of the Early Harvest Programme agreement says that this programme is an integral part of Free Trade Agreement between the two countries. The agreement covers zero-tariff products and the article 4 of this agreement abolishes the Preferential Trade Agreement between both the countries. During this time the total trade between China and Pakistan was 4.26 billion US dollars. Fourth round of negotiations took place from 10<sup>th</sup> to 12<sup>th</sup> October 2006, discussed and negotiated the trade remedies

for,improving investments (Economic and Commercial Consellor’s Office of the Embassy of the People’s Republic of China in the Islamic Republic of Pakistan 2006 a). The consensus on the market access was built in the fifth and the last round of negotiations held from 7<sup>th</sup> to 10<sup>th</sup> Nov, 2006 and finalized the draft of Free Trade Agreement (Economic and Commercial Consellor’s Office of the Embassy of the People’s Republic of China in the Islamic Republic of Pakistan 2006 b). On 24<sup>th</sup> of November 2006, this agreement was signed between People’s Republic of China and the Islamic Republic of Pakistan to facilitate the free flow of capital across the two countries. As part of the FTA, 18 agreements were signed and target was set up to increase trade. Target was to cross 15 billion US dollars trade in next five years (Subramanian 2006). The Agreement came into effect on 1<sup>st</sup> July 2007.

Table 3.2 Pakistan’s Exports and Imports (US\$ million)

Year	Export	Import	Total	Balance
1999-2000	180.326	471.527	652.853	291.201
2000-2001	303.548	524.238	827.686	220.59
2001-2002	228.631	575.219	803.85	346.588
2002-2003	244.591	575.219	803.85	594.4255
2003-2004	288.259	1153.514	1441.729	865255
2004-2005	354.092	1842.775	2196.867	1488.683
2005-2006	463.919	2705.987	3169.906	2242.068

Source: Data for the years 2003–2004 to 2005–2006 is from Fazl-ur-Rahman, 3, p. 61

The total value of imports from China was 471 billion US dollars in 1999-2000, it further increased to almost 2706 million US dollars in 2005-06 and the balance between imports and exports also increased from 346 million US dollars in 2001-2002 to 2242 million US dollars in 2005-06.

Table 3.3 Pattern of FDI from China to Pakistan, 2001-2006 (US\$ Million)

Year	FDI from China	Total FDI into Pakistan
2001–2002	0.26	484.7
2002–2003 <sup>S</sup>	2.98	798.0
2003–2004	14.3	949.4
2004–2005	0.44	1524
2005–2006	1.7	3,521

Source: [http://www.pakboi.gov.pk/country\\_brief/china.pdf](http://www.pakboi.gov.pk/country_brief/china.pdf)

Table 3.3 shows that total Foreign Direct Investment from China to Pakistan and the total Foreign Direct Investment coming in Pakistan from all over the world. This table shows that 0.26 million US dollars of FDI came from China in 2001-2002 while it took a giant leap in 2003-2004 when 14.3 million US dollars came in. In the period 2005-2006, it again slowed down and a total of 1.7 million US dollars were invested by China.

China's major exports to Pakistan include electronics, staple fibers, steel and iron etc. In 2012, almost 25% of nonpetroleum product imports of Pakistan was from China. For example, export of fertilizers increased 16900%, manmade staple fibers increased 743%, electronics equipment increased 207%, iron and steel increased 175%. The export of denim from China to Pakistan increased from 0.1 million to 4.6 million US dollars during 2006-2012 (Chaudhry 2017).

Table 3.4 Import and Export Items

Major Imports from China	Major Exports to China
Machinery and parts	Cotton Fabric
Railways vehicles and parts	Cotton Yarn
Road Vehicle and parts	Fish and fish preparation
Iron and steel manufacturers	Hides, skins and fur skin
Tyres and tubes	Chemical elements and compounds
Medical and Pharmaceuticals products	Ores and concentration of Iron and Steel
Fertilizers	
Yarn and thread of synthetic fiber	
Chemical elements and compounds	

Source: Board of Investment, Government of Pakistan,

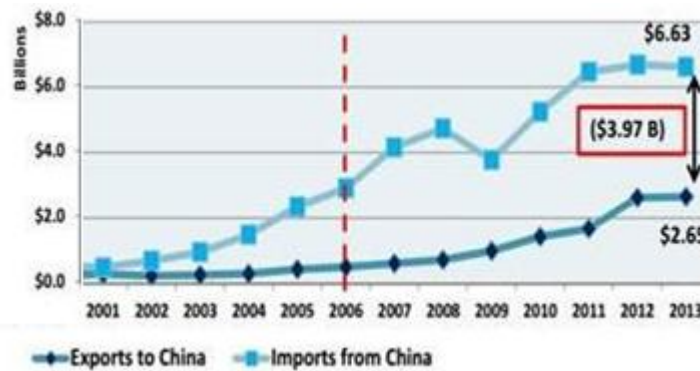
[http://www.pakboi.gov.pk/Country Brief/China.pdf](http://www.pakboi.gov.pk/Country%20Brief/China.pdf)

The major imports from China include machinery and its parts, railway equipment, tyres, tubes, chemical material and compounds, fertilizers, yarn and thread of synthetic fiber etc, while the major exports to China include cotton fabric, cotton yarn, fish and fish preparation, hides, skins, fur skins and concentration of iron and steel.

After the signing the Free Trade Agreement (FTA), the trade increased significantly but the FTA found to be more beneficial for China. The total trade which was 4.26 in 2005, resulted in trade surplus of 3.97 billion US dollars for China in 2013 at the end of the phase 1 of the agreement ended in December 2012.



Figure 3.1 Trade between China and Pakistan, 2001-2013



Source: United Nations Commodity Trade Statistics Database and Calculations

During the first five years of the first phase where China either abolished or reduced the tariff on 6418 products including denim, chromium, copper, medical instruments, bed sheets and pig iron while Pakistan did the same with 6711 products. The primary objective of the second phase which started in July 2013 was to reduce the tariffs on at least 90% of the total products between the two countries.

A target was set up to increase the total trade to 20 billion US dollars at the end of the second phase of the agreement due to which the total trade between the two countries reached 16 US dollars by 2014, prior to the announcement of Chinese investment in CPEC in 2015. China became one of the largest exporters of goods to Pakistan with 20.2% of the total imports during this year. From the signing of the agreement in 2006 to 2014, the exports from China to Pakistan reached 13 billion US dollars. The products included raw, semi manufactured as well as finished (Irshad 2017).

Again in May 2007, the Prime Minister of Pakistan, Shukat Aziz paid a state visit to China on the invitation of the Premier of China, Wen Jiabao. During this visit, 13 documents were signed between China and Pakistan. These documents included an agreement on Economic and Technical cooperation, implementation regulations for the projects under five year development programme on economic cooperation, a memorandum of understanding between the stock exchange of Shanghai and Karachi, and the second protocol agreement for double taxation avoidance and the prevention of fiscal evasion between the two countries (Economic and Commercial Consellor's Office

of the Embassy of the People's Republic of China in the Islamic Republic of Pakistan 2006 c). A Free Trade Agreement was also signed in 2009 between both the countries. In 2012, China and Pakistan were operating 36 economic projects. Total worth of these projects was about 15 billion US dollars.

Before the signing of the FTA, where the total trade between China and Pakistan was 4.26 billion US dollars, it increased to 1.7 billion US dollar within two years of FTA coming into existence and reached 6.98 billion US dollar in 2008. This made Pakistan the second largest trading partner of China in South Asia. At this time, the total Chinese investment in Pakistan was 1.07 billion US dollars and the total contract value of Chinese company in Pakistan reached 16.5 billion US dollars. This made Pakistan as China's one of the major destinations of investments (Economic and Commercial Consellor's Office of the Embassy of the People's Republic of China in the Islamic Republic of Pakistan 2009).

In 2009, when Prime Minister of Pakistan Syed Yusuf Raza Gilani visited China on the Chinese invitation to attend the Shanghai Cooperation Organisation meetings and to meet Chinese leaders, both the countries agreed to enhance economic and trade relations. During this visit, China expressed its support for the socio-economic development of Pakistan. China also agreed to continue its support and development assistance through various channels such as energy, mining and the infrastructure development. This visit also concluded that bilateral investments are very much necessary to enhance the economic relations, due to which China agreed that its companies would be encouraged to invest in Pakistan.

The heads of various economic firms of China such as China's International Capital Corporation (CICC), China Coal Technology Engineering Group (CCTEG); China Development Bank etc also met Pakistan's Prime Minister. Gilani also attended Pakistan-China Trade and Economic Forum in Beijing which was jointly hosted by Chinese Council for Promotion of International Trade (CCPIT) and the Embassy of Pakistan in China. The forum was attended by various Chinese corporate representatives including mining industries, chemical engineering, capital investment, telecommunications, steel, power generation sector, petroleum sector and the port development.

The MoUs and agreements signed by both the countries included an agreement on Government Concessional Loan for a satellite project called as Paskat-1R Satellite System. This agreement signed between the Import Export Bank of China as the lender and Economic Affairs Division of Ministry of Economic Affairs and Statistics of Government of Pakistan as the borrower. A contract agreement between China Great Wall Industry Corporation (CGWIC) and Space and Upper Atmosphere Research Commission (SUPARCO) of Pakistan was also signed for this satellite (Embassy of the People's Republic of China in the Islamic Republic of Pakistan 2009). On 21<sup>st</sup> February 2009 both the countries signed a Free Trade Agreement in terms of service trade which came into effect on 10<sup>th</sup> October 2009 (Adnan and Fatima 2016). China has been investing in Pakistan very rapidly.

During 2007-2010, the total Chinese investments were expected to increase from 4 billion US dollars to 15 billion US dollars. For the protection of the investments and the reciprocal engagements, an agreement between the two countries was signed in 2010. The major aim of this agreement was to protect the investment and create favourable condition for investment for the investors of one country in the other country. For the purpose of mutual benefit, this agreement was signed for the development of economic cooperation between the two countries. According to this agreement, the investors of one country would enjoy protection in the other country and would be treated equally. The agreement accepted that the disputes related to investment will be settled through diplomatic channels. This agreement also guarantees the establishment of ad-hoc tribunals if the dispute could not be settled by the diplomatic channels within 6 months (Department of Treat and Law 2010).

In the same year when Pakistan faced one of the worst flood disasters, China was one of the first countries which helped Pakistan. It sent a total aid package of almost 250 million US dollars. This was China's largest aid given to any foreign country. The President of Pakistan visited China twice this year. During his visit in July 2010, both the countries signed six major agreements which included agreements pertaining to healthcare and agriculture. While in November 2010, he went to attend Asian Games on the invitation of Chinese President in Guangzhou.

In December 2010, Chinese Premier Wen Jiabao paid a visit to Pakistan where he inaugurated “China- Pakistan Friendship Center” in the capital of Pakistan. The joint statement of this visit also focused on friendship and cooperation. The Premier of China Wen Jiabao also announced that 2011 would be celebrated as “China-Pakistan Friendship Year” on the completion of 60 years of their diplomatic relations. 2012 was a significant year in terms of strengthening the trade relations. Both the countries celebrated this year as “China-Pakistan Friendship Year”, and signed many agreements (Kataria and Naveed 2014).

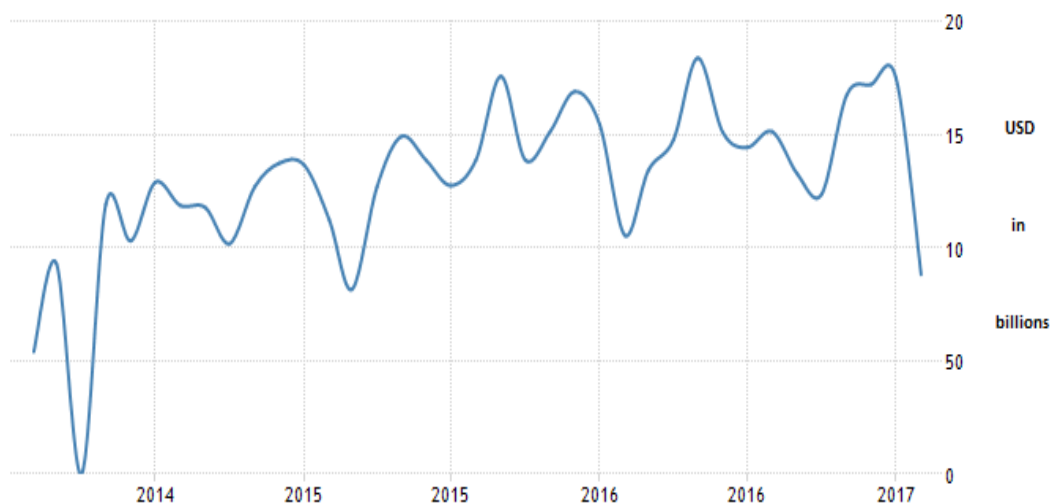
In his remarks at the reception of 60th anniversary of the establishment of diplomatic relations, the special envoy of the government of China to Pakistan, Wang Chen noted that more than 200 enterprises of China and more than 13000 Chinese engineers and the technicians are playing an important role in the development of Pakistan while cooperation has extended from agriculture, infrastructure and energy to finance, aerospace and science & technology (Wang 2011).

In the same year in August, an MoU to provide scholarship of 100,000 US dollars for the Benazir Income Support Programme (BISP) was signed between China and Pakistan. Dr. Xu Zhensui the Secretary General of China Foundation for Peace and Development (CFPD) and Madame Farzana Raja, the Chairperson of BISP and federal minister of Pakistan were present. Under this scholarship, CFPD would provide vocational training for three months to 200-300 BISP beneficiary families of Pakistan. The training was carried out during September - December 2011 (Embassy of the People's Republic of China in the Islamic Republic of Pakistan 2011b).

In 2012, three MoUs in science & technology, economy and trade were signed. The joint statement between the two states using the visit of Premier Li Keqiang to Pakistan on 22<sup>nd</sup> and 23<sup>rd</sup> May 2013 reiterated that both the countries are focusing on expanding bilateral trade and economic relations. For the extension of the Five-Year Development plan, both the countries acceded to implement a supplementary agreement. In the statement, China stressed that it would support and encourage its enterprises to invest in Pakistan to improve the country’s economy and the livelihood of its people. It would also support and promote the financial institutions of China to fund projects to strengthen the

China-Pakistan economic relations. China-Pakistan Agricultural Demonstration Garden and other projects in the field of nuclear energy, renewable energy, health, agriculture and education were also part of this agreement (Ministry of Commerce 2013).

Figure 3.2 Chinese exports to Pakistan, 2014-2017



Source: tradingeconomics.com, National Bureau of Statistics of China

Figure 3.2 depicts that there has been a significant increase in the total exports from China to Pakistan. In 2013, it was 6.63 billion US dollars while it increased to almost 18 billion US dollars in 2017.

China has been constructing Industrial Zones in Pakistan. These zones are the key factors to promote Pakistan's industrial capacity. Chinese State Council also has issued some directions for promoting manufacturing capacity. It has also identified the countries with which it can work. It is keen to take up projects related to automobiles, railways, steel, infrastructure development and the non-ferrous metals (Liang, Tong 2014/15).

### 3.5 China-Pakistan Economic Corridor

In 2015, the Chinese President Xi Jinping visited Pakistan and signed 19 agreements worth 45.6 billion US dollars. This was in terms of infrastructure development and energy sector in Pakistan. In 2015, the President of China Xi Jinping visited Pakistan and

signed 51 agreements and China agreed to invest 46 billion US dollars to construct China-Pakistan Economic Corridor, (CPEC).

Map 3.1 Chinese investments in Pakistan in CPEC



Economist.com

Source: *The Economist* <https://www.economist.com/news/asia/21653657-conflict-balochistan-must-be-resolved-trade-corridor-between-pakistan-and-china-bring>

This substantial investment is taking China-Pakistan economic relations to new heights. China set aside 46 billion US dollars for this in its 13<sup>th</sup> Five Year plan in November 2015. Another 5.5 billion dollars was increased in the total budget of CPEC to develop Karachi- Lahore main railway line. CPEC is a megaproject, which would include building the roads, railway lines and the air communication between China and Pakistan. It is helping both the countries politically and economically through trade and business.

This corridor connects Maritime Silk Route (MSR) to Silk Road Economic Belt (SREB) of One Belt One Belt (OBOR) initiative of China. This Economic corridor starts from Kashgar city of Xinjiang enters into Pakistan at Khunjerab and then goes to Gawadar port of Balochistan. This corridor is very strategic and important for China because OBOR passes through the states and the region which comprises countries with 21 trillion US dollars and 4.4 billion population. These are 29% and 63% of the total world economy and population respectively.

According to Xi Jinping, this corridor has “1+4” areas of cooperation in which economic corridor is at the centre while other four key factors are energy cooperation, industrial cooperation, infrastructure cooperation and Gwadar port (Adnan and Fatima 2016). Construction of roads and railways, energy production and the development of Gawadar port are some of the main projects of this economic corridor. This is going to be a “game changer” for Pakistan (Zaidi 2016).

The total budget for China-Pakistan Economic Corridor was increased to 51.5 billion dollars (Kiani 2016) and finally to 62 billion US dollars. China is constructing a deep sea port in Pakistan. This port is near Chabahar port that India is constructing in Iran. The total distance between both the ports is hardly 72 Kilometres (Kulshreshtha). This port is also close to the Strait of Hormuz. This route is also an important route for oil supply. Most of the oil to the world is transported through this way. This route is important for India as well because 63% of the total oil supply to India is transported from this way (Javaid 2016: 67).

Energy has always been a very important factor in the relationship between the two countries as Pakistan is an energy deficit country. Under the China-Pakistan Economic Corridor, China’s plan is to generate 10,400 megawatts of electricity by 2018. China has

announced 35 to 37 billion US dollars as foreign direct investment as the part of energy production in Pakistan. China would also build 10 power projects to generate 6600 megawatts in Thar Desert, which is one of the least develop areas in Pakistan (Adnan and Fatima 2016).

China-Pakistan Economic Corridor is also important because it will connect the Maritime silk route to the Silk Road Economic Belt of China which is a major project under 'China Dream'. This will connect more than 3 billion people of Asia and Africa. China has strategic and economic interests in the Arican continent. This economic corridor would help China to access African resources easily.

China is the largest importer of energy resources in the world. The total length of the China-Pakistan Economic Corridor is 3218 km (Deloitte) which is less than the sea route. Currently China is importing energy resources through the sea route which includes Indian Ocean, Malacca Strait and South China Sea. The total length of this route is almost 12900 km. This corridor will cut down the total length of 12000 km for oil imports from Middle East (Adnan and Fatima 2016). Currently China is importing nearly 70% of its energy through this route. In 2016, it was nearly 80% of its total energy with a 10% reduction because Russia exported 26% of Chinese energy resources.

Gwadar port is very important because it helps China to expand its control over Indian Ocean. This also allows China to bring crude oil and other petroleum products from Middle East and the Persian Gulf very easily. This route is the safest for Chinese trade. This port also maintains Chinese interests against India in the region (Javaid 2016: 71).

According to the figures of 2012 of China, 16% of the total imports from China **was** from Europe. These imports come from Suez Canal, Indian Ocean and Malacca Strait. From the same route a total of 19% of the total exports of China go to Europe. About 27% of total Container traffic of China passes through this route. The existing route from western coast of China to the Eastern Europe through Central Asia is very long.

### **3.6 Strains in China-Pakistan Relations**

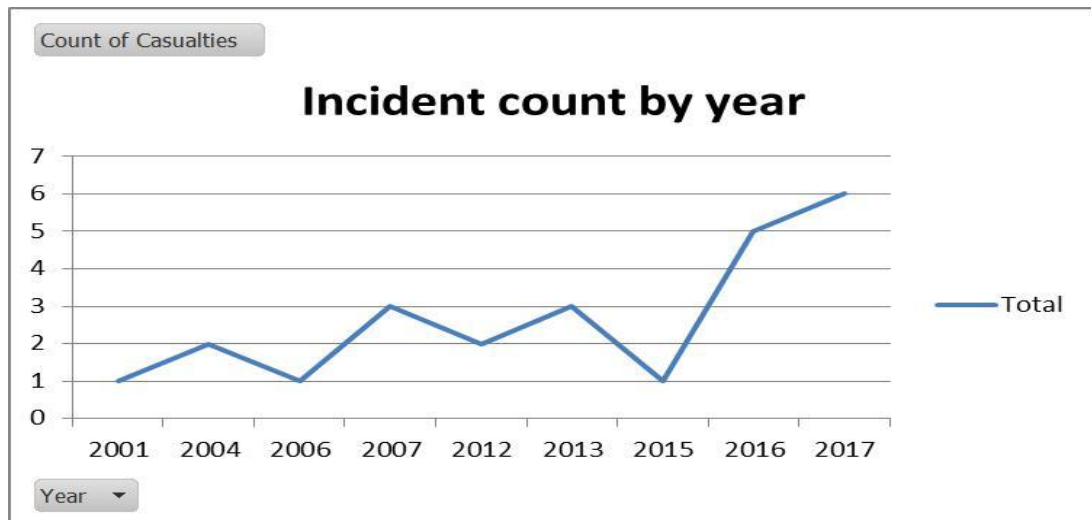
Sino-Pakistan economic ties are not without problems. There are a number of Chinese nationals residing in Pakistan. These Chinese are involved in several kinds of businesses.



Some are operating restaurants while others are running language schools to teach Mandarin. Pakistan is a market of 208 million people which is why the Chinese are working on selling their products in Pakistan and some are making cheap products in Pakistan to export. Chinese language signboards on the road and in shops is very common (Jorgic and Goh 2017). Even the first ever newspaper of Chinese language, *Huashang Weekly* has been launched in Pakistan and 5000 copies are being sold per week (Hashim 2017). The increasing Chinese presence in Pakistan is creating deep-seated concerns among various sections.

As a result, Chinese nationals and the Chinese projects in Pakistan have been attacked by the Pakistani extremists since the World Trade Tower incident of 9/11. In 2001, one Chinese engineer was killed in Sibi and in 2004 again three engineers were killed in Gwadar. Again in February 2006, an engineer was killed in Hub, Balochistan. A traveller from China, Hua Jing was shot dead in February 2012. Hong Xudong, a Chinese cyclist was also kidnapped in Pakistan in May 2014 and released in March 2015.

Figure 3.3 Attacks on the Chinese Nationals in Pakistan, 2001-2017



*Source:* Syed, Jawad (2017), Terrorising the Belt and Road: A critical analysis of security threats to Chinese nationals and businesses in Pakistan: LUMS Working Paper: CPMI/2017/11/2

As the Figure 3.3 highlights that the murder of the Chinese nationals in Pakistan has increased after the announcement of China-Pakistan Economic Corridor in 2015. In these incidents 54% of total attacks on the Chinese nationals have been carried out by the extremist group named as Takfiri Islamist Group while 31% of the attacks were carried out by Baloch separatists, 8% of these attacks were carried out by other extremists while 7% of the attacks are still unknown (Syed 2017).

Awami National Party and some other political parties of Pakistan as well as Baloch Nationalist and Takfiri Islamist are raising their concerns against China-Pakistan Economic Corridor. Many Baloch nationalists are against the construction of CPEC. They have destroyed many pipelines and killed many Chinese engineers as well. Takfiri Islamists and Baloch Nationalists are responsible for the killing of the Chinese personnel. Takfir are the Muslim extremists who consider other Muslims as Kafir.

There have been other concerns, which are trying to derail the construction of China-Pakistan Economic Corridor. They include extremism, threats from the non-governmental organizations in Pakistan, the Kashmir dispute and the contestation between religion and politics (Zhang and Guoqing 2016).

### **3.7 China-Pakistan Relations and the Sovereignty of Pakistan**

China has deployed More than 33000 Chinese military personnel in this region for protecting this corridor (*The Times of India* 2016). Pakistan also deployed 9229 officials. This also includes 4502 officials of civil armed forces of Pakistan (Government of Pakistan 2017). On 13<sup>th</sup> November 2016, CPEC has become partially operational. Almost 250 cargo containers were sent from Xinjinag to Middle East and Africa via Gwadar Port (Syed 2017).

Pakistan is also providing security to the Chinese, with 8000 guards of belonging to Special Protection Unit set up in 2014 in Punjab state of Pakistan (Jorgic and Goh 2017). Pakistan has also formed a special protection force of 15000 guards just to protect Chinese citizens and the CPEC projects (Hashim 2017).

A number of Pakistanis have been concerned for Pakistan's sovereignty. Tahir Mashhadi, the Chairman of the Senate Standing Committee on Planning and Development and a senator of Pakistan compared CPEC to the East India Company. He said that compromising the national interests. He said, "We are proud of China Pakistan friendship, but the national interests are the first." According to him, the people of Balochistan would not benefit at all other than the water supply to them. Energy and the railway projects have not been planned for the people from Balochistan. Another senator of Pakistan Saeedul Hassan Mandokhail also backed his views (Raza 2016).

In 2017, China promulgated National Intelligence Law, which would allow Chinese authorities to raid premises, monitor the suspects and to seize devices and the vehicles. The law would also allow the authorities to investigate the individuals and the groups including foreign nationals within and outside the boundaries (Reuters 2017). Article 9 of the law permits the authorities to work inside China as well as outside the boundaries by using the necessary means and the methods. Article 10 of the law allows collecting information from domestic and the foreign bodies, individuals and the groups which may be harmful to the interests of China while article 11 of the law empowers authorities to punish foreign nationals, organizations or other foreign bodies if they are harmful to the national interests of China.

Dai Binggou, the State Councilor of People's Republic of China described Chinese core national interests during US-China Strategic Economic dialogue in 2009. He said the faith in political system of the Chinese Communist Party and the national security of China are the core interests of China along with the sovereignty and the territorial integrity as well as the economic and the sustainable development of China (Gupta 2012).

Therefore, the China-Pakistan Economic Corridor is the third national interest of China which forms part of economic interests and the new intelligence of China allows Chinese authorities to work even outside the boundaries of China to protect its interest which potentially permit China to execute its power in Pakistan as well. This is posing a threat to the sovereignty of Pakistan.

### **3.8 Summary**

Pakistan is an important economic partner for China. Since the very beginning of their relations, both the countries are engaged in the economic and trade relations. China has always supported Pakistan in the realm of economic ties. The Free Trade Agreement was one of the major agreements which acts as catalyst in the economic relations between the two states.

Pakistan is an energy-deficit country for which it is always in need of energy as well as financial assistance and China is providing the same to Pakistan. China wants easy access to energy-rich Arab countries and Pakistan is the shortest route for this, which is why China is investing in China-Pakistan Economic Corridor. CPEC aims at developing the infrastructure of Pakistan and also is passing through Gilgit and Baltistan and the resource exploration from Balochistan. Here we can test the hypothesis that the relationship that China-Pakistan Economic Corridor between China and Pakistan is creating problems for the sovereignty of Pakistan.

Chinese deployment of military in Gilgit-Baltistan region of Pakistan for the security of CPEC, construction of naval port in Gwadar, extra-territorial jurisdiction of Chinese Intelligence Law as well as the attacks on Chinese workers and the engineers and on Pakistan's security personnel in Pakistan have been complicating the bilateral relations between China and Pakistan. Thus, we can safely posit that the China-Pakistan Economic Corridor is posing a threat to the sovereignty of Pakistan.

## **Chapter-Four**

### **All-Weather Friendship: From Strategic Compulsion to Comprehensive Cooperation**

#### **4.1 Introduction**

The bilateral relations between China and Pakistan have evolved for a very long time. This evolution of the relationship has been accelerated after the 9/11 attacks on the US in 2001. The relations between the two ‘trusted partners’ have transformed into cooperation between two ‘iron brothers’, recently. This is the most important chapter of the dissertation. It tests the hypothesis that China-Pakistan relations are structured and driven by both strategic and economic factors thus unfolding a paradigm shift from strategic compulsion to comprehensive cooperation.

This chapter starts with the discussion on the fundamental nature of the ‘all-weather friendship’ between China and Pakistan in section two. It delineates the basic elements of Chinese policy vis-à-vis Pakistan. Section three discusses strategic compulsion with a focus on the historical processes and events in the region and the circumstances which compelled China to keep the relationship with Pakistan stronger. It throws light on the international isolation of China before 1970 to locate the discussion in the historical context. It also unpacks the ‘Malacca dilemma’, the presence of the American military in Afghanistan and Iraq, the nuclear agreement between India and the US, Chinese veto in support of Maulana Masood Azhar against Indian resolution and the strategic location of Pakistan as the ‘strategic compulsion for China.’ The section also highlights how high consumption of liquid fuels and the petroleum products has also become a major factor in the bilateral relations.

Section four outlines the contours of the emergence of comprehensive cooperation between the two countries. The foreign visits of the leaders of the two states, economic and defence cooperation, joint military exercises are some of the basic areas of cooperation. Other important factors which this chapter deals with are the cooperation with the extremist leaders of Pakistan, science and technology cooperation, multilateral

institutions and the people to people contacts. The last section summarizes the findings of the chapter.

## **4.2 All-Weather Friendship**

As Pakistan was one of the first countries to recognize People's Republic to China, the relations between them have always been warm. Chinese support to Pakistan against India has made them 'trusted partners'. The cooperation between China and Pakistan is based on development assistance and the economic mutualism. China is providing funding mainly for the infrastructure development projects. The strategic partnership aims to promote the bilateral relations and to solve the common problems between the two states.

The frequent use of the term 'all-weather friends' was started in the joint statements and the statements of the leaders of both the countries after the late 1990s. The term is derived from the 'all weather road', also known as the 'friendship highway'; the Karakoram highway between both the countries. It is the highest elevation international crossing road in the world and also known as the route for Chinese aid to Pakistan. It connects Xinjiang in China to Gilgit-Baltistan in Pakistan through Khunjerab Pass. Though China has always supported Pakistan on various national and the international issues from the very beginning of the relationship, the 'all-weather friendship' flourished after the World Trade Centre incident on 9<sup>th</sup> September 2001.

In May 2001, the then Prime Minister Zhu Rongji urged both the countries to cooperate in a wide range of areas such as information technology, agriculture, infrastructure development and other potential fields of cooperation. He also signed a number of agreements during this visit starting from the supply of locomotives and passenger coaches to railways, from tourism to lease of Saindak copper-gold project, and technical cooperation. China agreed to provide around one billion USD to Pakistan to support the Gwadar port project and the coastal highway (Zeb 2012: 52).

During the visit of President Parvez Musharraf in February 2006, an agreement on 'cooperation on peaceful application of nuclear power' was signed between the two countries. Chinese government issued a postal stamp. It was the eve of the completion of

55 years of diplomatic relations. About 13 MoU's and agreements were signed including a loan agreement on 'preferential buyers' credit'<sup>2</sup>.

The "all-weather friendship" between China and Pakistan is a 'friendship of convenience' which is seen as being "higher than the mountains and deeper than the oceans" is strategically valuable to both countries. Andrew Small argues that the relationship between the two countries "spans areas of genuine sensitivity" (Small 2015: 183). It won't be wrong to suggest that both states have common goals and aspirations-containing India, countering the U.S. influence in the region, economic development, desire for international prestige. They are united to counter the rise of India as a major power in the region<sup>3</sup>.

China needs Pakistan and wants to remain useful to it for its own benefit. The rise of Uighur movement that China wants Pakistan to not only control but **to** crush completely, but Pakistan is pragmatic and chooses to "allow a manageable East Turkistan Islamic Movement (ETIM) to persist" because it suits its interests (Small 2015: 90). Pakistan clearly knows where it hurts China the most and it continues to extract from China its material gains. The Sino-Pak relationship is a marriage of convenience where the military sustains this arduous and tense relationship. The Pakistani military elite has emerged through the British Royal Military Army while the Chinese leadership has come to power through the Long March, guerrilla warfare, and Leninist re-education and if destiny had not played its part these two countries may never have been "all-weather friends" (Small 2015: 31).

The problem does not lie here essentially but the China-Pakistan military alliance gets complicated because of the emergence of religion as a variable especially in the case of the Pakistan army; something that the Chinese are extremely wary of. China, after all,

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<sup>2</sup> A general loan agreement pertaining to the use of 'Preferential buyers' credit'

<sup>3</sup> Pakistan and India began their relations with the bitter experience of partition. On the other hand, India and China began on a friendly note but their relationship turned sour due to border dispute but the last straw that broke the camel's back is the uprising in Tibet in the late 1950s and Dalai Lama's entry into India. India is defeated in a catastrophic war in 1962. Pakistan seized this opportunity like a hawk and befriends China. It is also China's *Achilles heel*.

wants to clamp down on the “three evils”- terrorism, separatism and religious extremism. China has invested greatly in the CPEC to curtail India but the Chinese are working in difficult conditions in Balochistan (Small 2015). Yet, the ‘Lal Masjid incident in Islamabad’ that resulted in the capture of a couple of Chinese citizens and the immediate crackdown by the Pakistani government on the terrorists because of the involvement of Chinese nationals clearly explains to us the importance Pakistan attaches to it.

### **4.3 Strategic Compulsion**

The relationship between China and Pakistan has been a strategic compulsion for China because of various reasons since the very beginning. Historically, the adverse relations of India with both of the countries were one of the major factors for the compulsion. Moreover, the presence of USSR in Afghanistan has also forced China to keep the relationship warm. In recent past, Uighur problem in Xinjiang, Pakistan’s relations with the United States and the other Islamic countries of West Asia have become a very important factor for China in their relationship. In addition to this, the strategic location of Pakistan has become a very important factor in it because of China’s rise and its trade with the world through Malacca Strait.

#### *Historical Framework*

Strategic and the political factors have strengthened the relations between China and Pakistan. After the establishment of the People’s Republic of China in 1949, China was experiencing isolation from the international community. During the late 1950s and early 1960s Chinese relations with the Soviet Union and India were getting worse. In fact, China fought a war with India in 1962. It was also a concern because of the closeness between Soviet Union and India during this time. In 1968, when Czechoslovakia was attacked by USSR, China condemned the Soviet Union; it was a surprise for the United States. During this time, China sought Pakistan’s help and the latter played a crucial role in bringing China and the US together. With the help of Pakistan, the secret meeting of the then secretary of the United States, Henry Kissinger to China was organized.



Moreover, in 1971, India and the Soviet Union signed a treaty of friendship and cooperation. The growing relations between USSR and Afghanistan in 1970s also made China concerned about its security and its interests in the region. China supported Pakistan's action in Afghanistan and said that Pakistan has a legitimate right to support the Afghan Mujahideen. According to China, it was to counter the threat of the Soviet Union in South Asia.

On the issue of nuclear weapons China supported Pakistan. It provided all the diplomatic and the political support to Pakistan. It justified the nuclear tests by Pakistan on the ground of nuclear tests conducted by India. According to China, India's growing nuclear power in the region is posing a threat to Pakistan. It asserted that India's growing military power with the help of Russia was a concern for Pakistan and it has no other option to deter India than to test nuclear weapons. But the actual concern of China was different, because Chinese nuclear hegemony was challenged by India. It analyzed that India can only be countered by supporting Pakistan's nuclear tests. China is very much concerned about the growing military strength of India. That's why it had to support Pakistan in the region to counter the Indian influence in the region (Javaid 2015).

#### *United State's Military Presence in the Region*

On 9<sup>th</sup> September 2001, Osama Bin Laden led a terrorist organization, Al-Qaeda, and attacked the World Trade Centre in the United States. The then President of the United States, George W. Bush launched a 'War on Terror' globally. In 2001, he invaded Afghanistan and attacked Iraq in 2003. Earlier China supported the War on Terror, whereas later it realized the security threat due to the heavy military presence of the United States in the region. To escape counter-terrorism operations in Afghanistan by the US, many Al-Qaeda and Taliban terrorists entered into the territory of Pakistan bordered with Afghanistan, due to which China and Pakistan had also cooperated with each other to counter terrorism (Ali 2017: 162). The US military presence in Afghanistan and the presence of the Al-Qaeda and Taliban militants in the tribal region of Pakistan also made China to maintain cordial relations with Pakistan.

### *Nuclear Agreement between India and the United States*

In 2008, India and the US signed a nuclear agreement for the peaceful use of nuclear energy. It was signed under the section of 123 of the Atomic Energy Act 1954 of the United States. The agreement ended the nuclear isolation of India. It also opened the doors for India to have civil nuclear cooperation without any obligation to sign the Comprehensive Test Ban Treaty (CTBT) or Fissile Material Cut-off Treaty (FMCT). This agreement facilitates India to have civil nuclear cooperation with the United States as well as the rest of the world.

It empowers India to meet the challenge of the environmental sustainability and the problem of energy security in the country. It also empowers India for the development of the Industries. It neither affects India's existing nuclear programme nor restricts its future nuclear tests. Moreover, India is free to conduct any nuclear test in the future for its national interests (Ministry of External Affairs 2008). This agreement between India and the United States also compelled China to keep the "all-weather friendship" warm with Pakistan.

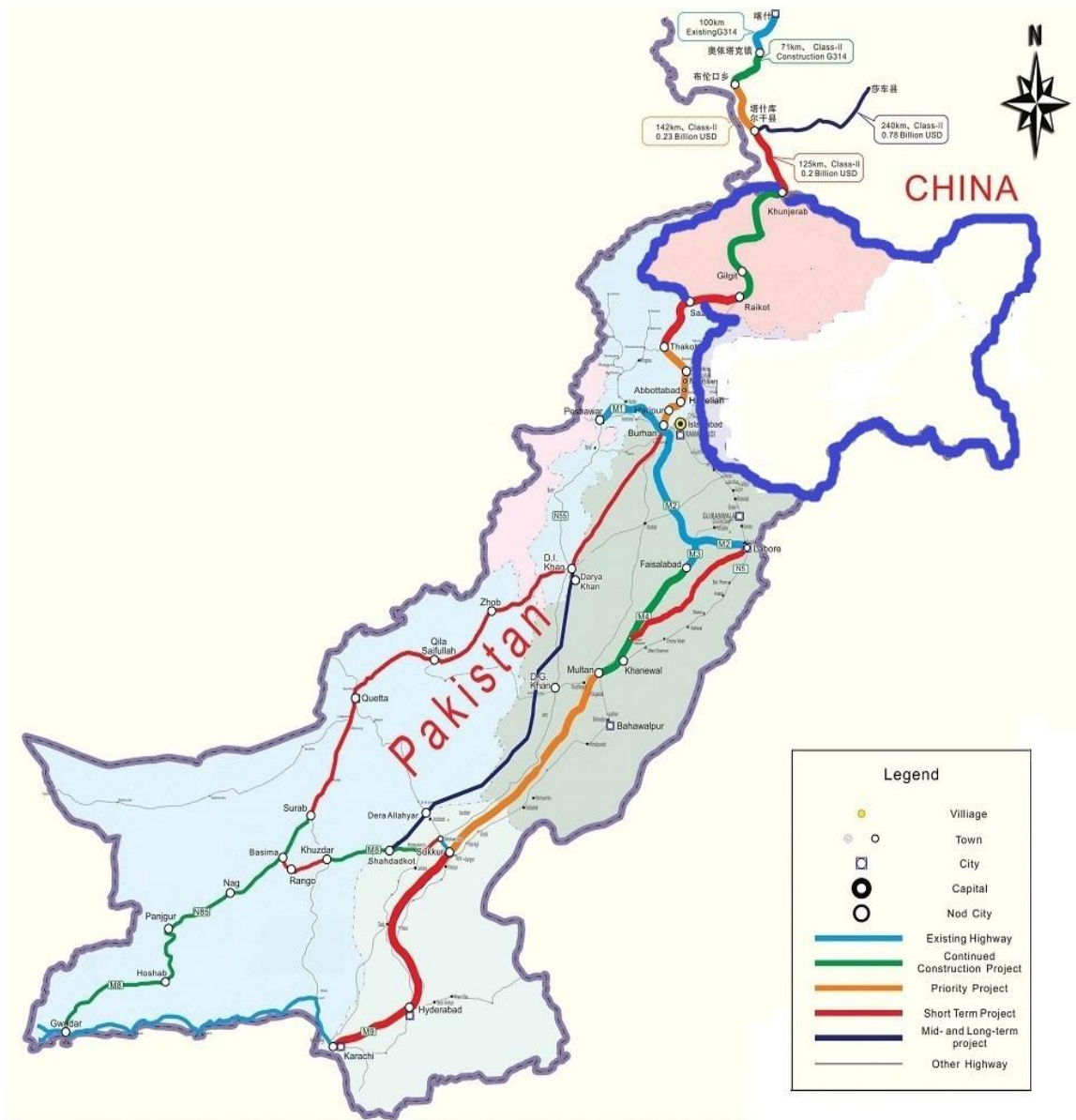
### *China and the Extremists of Pakistan*

China blocked India's attempts to declare Maulana Masood Azhar as an international terrorist in the United Nations Security Council in 2016 (Haider 2016). The Vice Foreign Minister criticized the Indian resolution to declare Maulana Masood Azhar as a terrorist, as mere a political gain of India in the name of counter-terrorism. He stated, "China is against all forms of terrorism but there must not be a double standard to counter the terrorism". He asserted, "One should not pursue political gains in the name of the counter-terrorism".

There were compulsions for China to veto in support of Maulana due to many reasons. China looks at India as a threat in the region and a potential competitor; due to which, it always wants India "boxed in" with the problems. Pakistan is also a link for China to the various Islamic countries and the Uighur problem in Xinjiang also compelled it to support Maulana in United Nations. The political asylum of the Dalai Lama in India was

also a potential reason for this. For China, Dalai Lama is same as Maulana Masood Azhar for India. He is a “splittist” element for China.

Map 4.1- China-Pakistan Economic Corridor passing through Gilgit-Baltistan and the region of active presence of Jaish-e-Mohammad



Source: *Asia Maqsood* (2018), 'India's Insufferable Outlook on CPEC', *eurasiareview*, 1 February, 2018.

<https://www.eurasiareview.com/01022018-indias-insufferable-outlook-on-cpec-oped/>

Another concern is related to India. This Corridor passes through Gilgit-Baltistan region. This is claimed by India as part of Jammu and Kashmir. In this scenario, China is also becoming the party in the dispute over Kashmir between India and Pakistan.

Moreover, the most important compulsion of China was China-Pakistan Economic Corridor itself; since the corridor passes through Gilgit- Baltistan, Khyber- Pakhtunkhwa, Punjab, Sindh and Blaochistan. Whereas Maulana Masood Azhar was born in Bahawalpur district of Punjab and his terrorist organization, Jaish-e-Mohammad has its infrastructure and very active in Balkot and Peshawar. It has been very active in Muzaffarabad city of Pakistan occupied Kashmir (POK) also. To protect the CPEC from the evil eyes of Maulana Masood Azhar, China was compelled to save him in the United Nations Security Council (Roche 2016).

#### *Malacca Dilemma*

According to the 2012 figures of China, about 16% of its total imports was from Europe. These imports come from the Suez Canal, Indian Ocean, and Malacca Strait. Through the same route, a total of 19% of Chinese exports goes to Europe. A total of 27% of total Container traffic of China passes through this route. The existing route from the western coast of China to the Eastern Europe through Central Asia is very long. It is 19132 miles, while the construction of CPEC would save 9535 miles.

Chinese President Xi Jinping, in a speech delivered to the senior party leaders in 2013 said that 80% of the total Chinese trade passes through Malacca Strait. This is a 600 mile long waterways. In his speech, he also pointed out the “Malacca Dilemma” in which China is very much concerned about the free navigations and the encroachment. This ‘Malacca Dilemma’ has become very important for China as well as the world because of Chinese trade and the rapid rise of China. The oil demand in China was expected to rise necessitating several million barrels per day due to which China is scrambling for the other alternatives for the energy supply. One option was Sino-Myanmar Pipeline but this option would also not solve the problem of the communication of sea lanes. This is almost 1000 kilometers long and very narrow at several points. It narrows down to 15

kilometers at some points. This is the narrowest near Singapore where the width narrows down to only 2.8 kilometres. This makes China concerned about the strait because any country which is hostile to the Chinese rise can block the Chinese trade and most importantly the import of energy to China.

Map 4.2- Routes of existing distance from Eastern Europe to the Western China and the distance reduced by the proposed China-Pakistan Economic Corridor



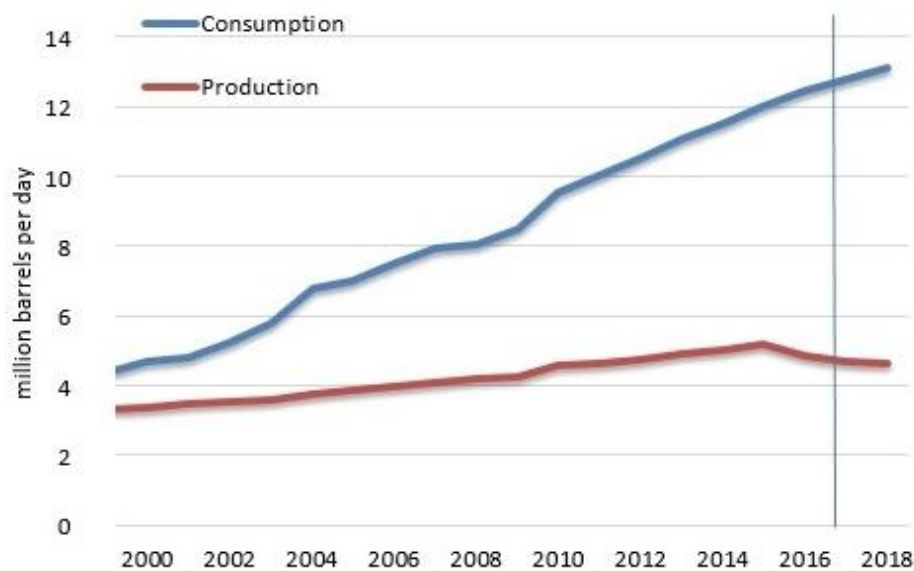
Source: Siddqui, Aasim, Developing Pak- China economic Corridor: to Facilitate, Sino-Europe Trade. <http://www.pcq.com.pk/Pakistan-ChinaTradeCorridor.pdf>

This strait is so narrow that any such power adverse to China can seize it by using even with the artillery. During the Second World War the United States has already used this strategy against Japan which was highly dependent on the import of energy and the other raw material from the world. In the present scenario, the skepticism about the strait being seized by any adverse country swells from the United States to India; and perhaps Indonesia and Malaysia also.

Domestically, China can only produce 3.8 million barrels of oil per day while the Chinese oil import was 5.62 million barrels of crude oil per day in 2013. Its total oil import in 2001 was nearly 4 million barrels per day while the domestic production of the oil was almost 3 million barrels per day. The rapid economic and the infrastructure development in China in these 17 years, has changed the scenario. Now, in 2017 the total consumption of liquid fuel and the petroleum in China has risen up to 13 million barrels per day whereas the domestic production of crude oil was only 4 million barrels per day (Sarma 2013).

The Petro-China imports are mainly dependent on North African and the West Asian countries. China’s daily crude oil import from Saudi Arabia is 80.6 million barrels; from Iran 47.4 million barrels; from Iraq 14.4 million barrels; from Kuwait 14.6 million barrels. In addition, due to the instability of the security situation in West Asia, North Africa, and Indian Ocean - Malacca Strait - South China Sea region, the oil transport safety factor is a concern for China (Xu 2015).

Figure 4.1 – Total Petroleum and Liquid Fuel Production and Consumption in China, 2000-2018



Source: Centre for Strategic and International Study

<https://www.csis.org/analysis/energy-fact-opinion-chinas-net-oil-import-problem>

Nearly 80% of the total oil till 2014 used to be transferred through this strait while rest of 20% passed through the pipelines or other modes of transportation. After the new energy agreements between China and Russia now 70% of the total energy passes through this way. Most of the energy of South Korea and Japan also passes through this way. Due to this, 15 million barrels of oil pass through the strait out of which 90% is the crude oil. The blockade or seize of this strait would mean a setback to the Chinese economy because the blockade of this strait means disturbing two-thirds of oil supply to China.

Thus, China had to look for the other alternatives for the secure passage of energy sources to China. First, there was also a proposal to build a canal in the area of Thailand's Isthmus of Kra investing 20 billion US dollars in it. Though, it was a good initiative which could reduce the route of oil import and ships traveling by 1500 nautical miles. This alternative could not succeed because of Thailand's local opposition was very high and it could not get proper support. Another alternative which could succeed is the pipelines which passes through Myanmar to China. This 2.5 billion US dollar project would carry 440000 barrels of crude oil with one pipeline but the other would carry natural gas to China. Still, the problem of Chinese import of oil cannot be completely solved through these pipelines. China looked for one more alternative as a pipeline, starting from Iran passing through Pakistan and India. China wanted to extend this pipeline to Chinese territory but this project couldn't materialize because of the very high length of the pipeline. This pipeline could be more than 2800 kilometers long, which is why this option did not materialize (Sarma 2013).

Now the only option left for China was the corridor through Pakistan. As a result, China started investing 62 billion US dollars in Pakistan on the China-Pakistan Economic Corridor. Initially, the amount for this project was fixed at 46 billion US dollars in the 13<sup>th</sup> Five Year plan of China. It was further increased to 55 billion US dollars and finally 62 billion US dollar was allocated. This corridor aims to develop infrastructure, ports, and the railway lines. Various agreements such as energy and other development projects have been signed by the two countries. According to Xi Jinping, "China is looking forward to the progress of this corridor to push the bilateral relations to a higher level".

This is the highest ever investment in Pakistan. This investment is also higher than the total foreign aid given by the United States to Pakistan since 2001.

This corridor between China-Pakistan is a flagship programme of One Belt One Road (OBOR) for the actual realization of Xi Jinping's plan of 'China's Dream'. This OBOR has two parts Maritime Silk Route (MSR) and the Silk Road Economic Belt (SREB). The SREB was first time discussed on September 7<sup>th</sup>, 2013 by the president of China Xi Jinping at Nazarbayev University of Kazakhstan. During his speech, he glorified the ancient Silk Road. He also asked Kazakhstan to take part and build a modern Silk Road Economic Belt (SREB) with China.

The Maritime Silk Route (MSR) was discussed for the first time by President XI Jinping on 3<sup>rd</sup> October 2013 in his speech in the Parliament of Indonesia wherein he mentioned the importance of Indonesia in the ancient Maritime Silk Route of China. He also elaborated China's plan to strengthen its foreign relations especially maritime relations with ASEAN countries including Indonesia (Gan and Mao 2016). The SREB travels to Europe through the countries in Central Asia, MSR passes through South China Sea, Malacca Strait, Bay of Bengal, Arabian Sea and finally to the Suez Canal. It joins Kyaukphyu in Myanmar, Chittagong in Bangladesh, Hambantota in Srilanka, Gwadar port in Pakistan and finally Djibouti military base of China.

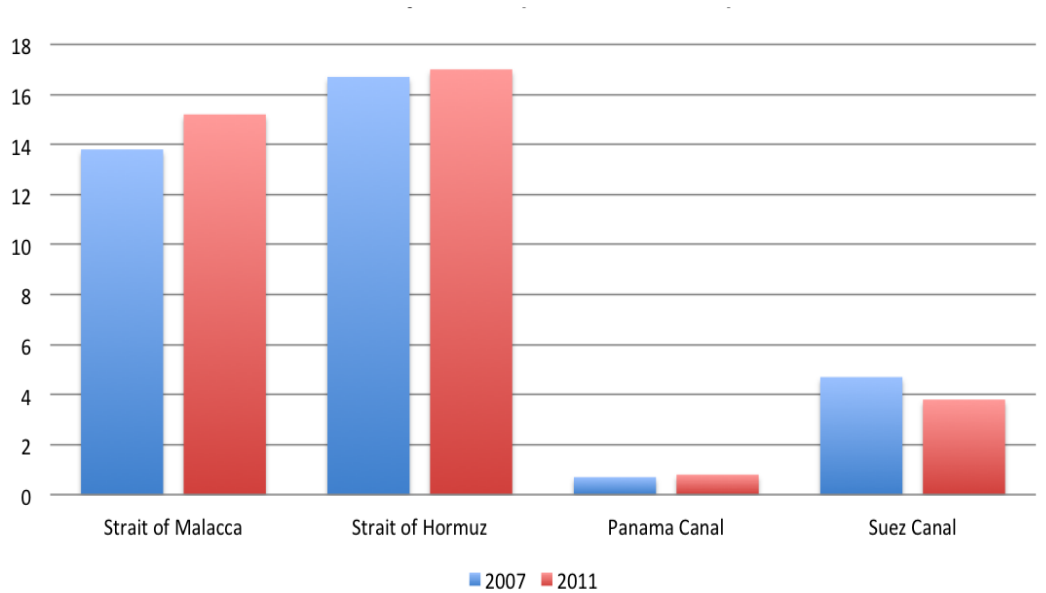
#### *Strategic Location of Pakistan*

Pakistan is located at the intersection of West Asia, South Asia, and southern Arabian Peninsula. Gwadar port of China-Pakistan Economic Corridor is at the west end of the Arabian Sea, at the east of the Strait of Hormuz. East, north and west sides, respectively, with India, China, which borders Afghanistan and Iran, is the hub of West Asia, South Asia and the Middle East.

Pakistan is situated at a very important area from the trade perspective and has close trade relations with Central Asian countries and more importantly with the West Asian Countries. This determines the strategic importance of the location of the corridor for China. The figure 4.2 shows the crude oil and the petroleum is transported through major routes of the world during 2007 and 2011.



Figure 4.2- Volume of Crude Oil and Petroleum Products Transported (million bbl/d)



Source: World Economic Forum

<https://www.weforum.org/agenda/2014/05/world-most-important-trade-route/>

Meanwhile, the Gwadar Port is at the intersection of the "Silk Road Economic Belt" and the "Maritime Silk Road". After the completion of this corridor, the traditional oil transportation route via the Arabian Sea and the Straits of Malacca can be diverted from the direct delivery pipeline Gwadar to Kashgar and Urumqi, Xinjiang. This route would shorten China's transportation routes by more than 9600 kilometers. Therefore, the corridor is a strategic compulsion for China.

Zhang Chaozhe (2014) analyzed that CPEC as an extension of China's "opening to the West" strategy to promote the Chinese border region into a major force. Yuan Jianmin (2015) pointed out that this corridor would become an important channel of oil, minerals, and other products, and the corridor would play a key role in boosting of Regional Economic Development.

#### **4.4 Comprehensive Cooperation between China and Pakistan**

The strategic compulsion of China with all its challenges has forced China to make a paradigm shift to comprehensive cooperation. This cooperation has been extended to various sectors of infrastructure and development. From military cooperation to the economic cooperation, from railways infrastructure to roadways, from science and technology to research and development, both the countries are cooperating with each other.

##### *Cooperation through High-Level Visits*

The regular and frequent high-level visits from both the states have always been a backbone in the relationship between the two countries. In 2002-03, both the countries had new leadership. In Pakistan, Mir Zafarullah Khan Jamali became the Prime Minister of Pakistan while in China, Wen Jiabao became the Premier and Hu Jintao became the President of China. Prime Minister of Pakistan Mr. Khan paid his visit to China in 2003. He was the first foreign dignitary to be received by the newly appointed leaders of China. During the first visit of Prime Minister Jamali to China, four major agreements were signed between the two countries i.e tourism, railways, nuclear energy and the economic cooperation. China provided 9 million USD to Pakistan under the agreement of economic and technological cooperation as well as it also agreed to set up another nuclear plant in Karachi. Again in November 2003, President of Pakistan Pervez Musharraf visited China. Both the countries signed a preferential trade agreement and a joint declaration on the Direction of Bilateral Relations. This agreement was a comprehensive agreement under which some of the major areas of cooperation between the two countries were identified. During this visit, Musharraf also attended the annual conference of Boao Forum for Asia (Ali 2017: 164).

Chinese President Hu Jintao shared friendly and cordial talks with the President of Pakistan Pervez Musharraf on the occasion of Africa-Asia conference in Jakarta, Indonesia, in 2005. President Hu praised Pakistan and said that it has made a great contribution for organizing and making the same conference successful 50 years back. He added that Pakistan adopted the ten principles of the Bandung principles. Though it

was Africa and Asia conference, Hu Jintao asserted that it was very significant for him to meet the President of Pakistan to look forward and to discuss how to strengthen the strategic partnership between China and Pakistan (Ministry of the Foreign Affairs 2005).

President Hu Jintao also accepted the 'all-round cooperation' between the two countries, during the welcoming remarks at the banquet hosted by the President of Pakistan in November 2006. He admired Pakistan for maintaining social stability and ethnic harmony. He also pointed out that China hails Pakistan's achievements and wished the people of Pakistan for the progress of their country. He asserted that the 'all-round cooperation' between the two countries is based on mutual respect, mutual trust, mutual understanding and the support (Hu 2006 a). He was conferred 'Nishan-i-Pakistan' medal which is the highest civil award of Pakistan (Embassy of the People's Republic of China in the Islamic Republic of Pakistan 2006).

During the speech in the inauguration ceremony of Islamabad Convention Centre, he underlined the five basic factors to strengthen this cooperation. First, he advocated to deepen the strategic cooperation between the two countries and to consolidate the traditional friendship. He proposed close contacts between the political parties and the leaders of both the countries. He also emphasized the need for cooperation between their government and the legislature. Second, he underscored the need for win-win economic cooperation. He also underlined that the leading Chinese companies are being encouraged by the Chinese government to invest in Pakistan as a priority destination in the world.

According to him, China adheres to strengthen its cooperation with Pakistan in various sectors such as information technology, energy sector, agriculture and the infrastructure development. Third, he encouraged to expand the cultural links and the social exchanges to strengthen the base of their friendship. He announced 500 scholarships to the people of Pakistan to study in China to promote people to people contacts. He supported collaboration in sports, health and the tourism and pointed out to accelerate the air links and the road links to carry forward the cooperation. Fourth, he mentioned that it is very

essential to cooperate in international affairs to uphold mutual interests. He also hoped that Pakistan would play a significant role in international and the regional issues. He also promised to co-operate with Pakistan in various regional organizations such as Shanghai Cooperation Organization, ASEAN Regional Forum, Asia Cooperation Dialogue and the other international organizations. Lastly, he proposed regular exchange among the civilizations. This proposal was to highlight the importance of world harmony. He declared that China would work with Pakistan to promote harmony in the world (Hu 2006 b).

Another major official visit from China to Pakistan was the visit of Chinese Premier Wen Jiabao in December 2010. During this visit, he met various leaders of Pakistan. He held the talks with the Prime Minister of Pakistan Yousuf Raza Gilani. He met with the President of Pakistan Asif Ali Zardari, the National Assembly speaker of Pakistan Fehmida Mirza and the Chairman of its Senate, Farooq Hamid Naek. He not only met with the leaders in the government but also met with the Chief of Pakistan Muslim League (Nawaz), Nawaz Sharif and the various military officials of Pakistan. He addressed China-Pakistan Business Summit and also delivered a speech in the Parliament of Pakistan.

During his address in China-Pakistan Business Summit in Islamabad, He mentioned that the two countries have been cooperating comprehensively. He stressed that the economic cooperation has always been the key factor in deepening the relations between the two countries. He also expected to establish a free trade area with Pakistan and to establish a forum as a platform for the entrepreneurs of China and Pakistan to do business and to work together. He also hoped that the entrepreneurs of both the counties would join hands to create a better future for economic relations (Wen 2010).

In May 2013, Pakistan elected Nawaz Sharif as its Prime Minister again. In the same month, newly appointed Premier of China Li Keqiang visited Pakistan. This visit was very significant in terms of the comprehensive partnership because the foundation for China-Pakistan Economic Corridor was laid during this visit. In July same year, Nawaz

Sharif visited China. Both the countries signed various agreements including technical cooperation, economic cooperation, disaster management, food relief as well as the training courses on the textiles. An agreement on the cooperation between the Communist Party of China and Pakistan Muslim League-Nawaz was also signed. Nawaz Sharif also visited Guangzhou and Shanghai by train. During this visit, he explored the future prospects of the high-speed railways in Pakistan. He also addressed the China-Pakistan Energy Forum attended by many heads of the prominent companies of China.

The ties between the two countries were further strengthened during the visit of the President of China Xi Jinping in April 2015. (Ali 2017: 176-177). He signed 51 agreements worth 46 billion US dollar for China-Pakistan Economic Corridor and also discussed to speed up the second round talks for the free trade agreement.

#### *Economic Cooperation*

The economic cooperation between China and Pakistan was further strengthened after 2001. Early Harvest Programme, the Free Trade Agreement and the China Pakistan Economic Corridor are some of the best examples of economic cooperation between the two countries. China committed to invest 800 million US dollars in the new projects. Moreover, China also supported Pakistan with 500 million US dollars to roll over the balance of payments of Pakistan during the period of 2000-02. During this time, the trade between the two countries was 2 billion US dollars while the investment and the cumulative loans from China to Pakistan was 4 billion. Recently in 2017, trade volume has increased to 18 billion US dollars.

The Pak-China Investment Agency was also registered under the Security and Exchange Commission of Pakistan. This agency was established as part of the agreement between China Development Bank and the Ministry of Finance of Pakistan. Various agreements of the financial departments of the two countries such as Shanghai Stock Exchange with Karachi Stock Exchange and Bank of Pakistan with China Development Bank were also signed. Some Chinese banks opened their branches in Pakistan and in 2011, Industrial and the Commercial Bank of China opened its two branches in Karachi and Islamabad.

Habib Bank of Pakistan also signed an agreement with the City Bank of Urumqi. China also signed agreements with the Chamber of Commerce and Industry of Pakistan to boost the economic ties between the two countries. In 2008, China promised to encourage the state-owned companies of China to invest in Pakistan during the visit of Pervez Musharraf to China (Ali 2017: 189). Recently, Pakistan has become the largest destiny for Chinese investment in the South Asia region (Sun 2016).

With 62 billion US dollar investment in Pakistan as part of CPEC, it is becoming a new platform for deeper economic cooperation. The construction of this corridor involved various key areas such as port, energy pipelines, transportation infrastructure, industrial cooperation, with a strong demonstration effect, would have a significant impact on the relationship between the two countries in the years to come.

#### *Defence and Security Cooperation*

In 2004, the United States granted the status of a ‘major non-NATO ally’ to Pakistan for opening its military base and sharing the military information with the US. Pakistan supported the United States and accepted the demands of the US. Pakistan’s embassy in the US was also granting visas to the citizens of the United States in very large numbers and most of them were said to be intelligence personnel. This became a very major concern for China. It was also well aware of the situation and the vulnerability of Pakistan because it was heavily dependent on the United States and the other institutions dominated by the US such as International Monetary Fund, World Bank, and Asian Development Bank. China evolved a clear strategy to deal with this problem.

On April 5<sup>th</sup> 2005, Wen Jiabao visited Pakistan during his trip to the South Asian Countries. This trip was very significant in terms of defence and diplomacy. He signed ten more agreements with Pakistan relating to defence and cooperation on fight against the separatism, radicalism and the terrorism. Moreover, just a few days after the killing of Osama-Bin-Laden by the US, in Abbottabad, Pakistan, the Prime Minister of Pakistan visited China and discussed the issue with China. China also supported Pakistan and the spokesperson of the Ministry of Foreign Affairs of China reiterated that ‘the sovereignty

and territorial integrity of Pakistan must be respected'. During this visit, China also promised to deliver 50 JF-17 fighter planes within the six months at the request of Prime Minister Yusuf Raza Gilani. These fighter planes were given to strengthen Pakistan's military against India and the United States. According to Pakistan's sources, China also cleared that any attack on the Pakistan territory would be treated as the attack on the territory of China (Makhdoom 2014). On the same day in April 2005, He signed 22 agreements in various fields and a very important 'Treaty of Friendship, Cooperation, and Good Neighbourly Relations'. This treaty was very significant because Article 4 of this treaty says:

“Neither signatory should join any alliance or bloc detrimental to the other side's sovereignty, security, and territorial integrity; or take any action of this nature, including signing any treaty of this nature with a third country. Neither signatory shall permit any third country to use its territory to impair the other signatory's sovereignty, security, and territorial integrity. Neither signatory shall permit the establishment in its territory of any organization or body that can impair the other signatory's sovereignty, security, and territorial integrity.”

With this article, China ensured its security, and bounded Pakistan not to go beyond the boundaries in forging robust relations with other countries including the United States. This treaty also restricts that neither signatory would allow any establishment of the foreign organization or any other foreign institution which could harm the security, sovereignty and the territorial integrity of the other (Ali 2017: 166-167).

### *Joint Military Exercises*

Joint military exercise is one of the major elements of the comprehensive partnership between the two countries. The first military exercise was held in August 2004 in Xinjiang province of China. The name of this drill was 'Friendship 2004'. The main objective of this three-day drill was reported as 'to enhance the capabilities of anti-terrorist activities.' It is also important to note that it was the first time when any foreign army participated in the exercise in the Chinese territory. Almost 200 soldiers took part in this event. The second joint military exercise named 'Friendship-2006' took place in

December 2006, in Abbottabad city of Pakistan (Ali 2017: 184). This city is the same place where the chief of Al-Qaeda was shot dead by the Navy-SEAL commandos in the ‘Operation Neptune Spear’ on 2<sup>nd</sup> May 2011 (Sherwell 2011). This time 400 soldiers participated in the eight-day exercise. Again, it was the first time when the Chinese People’s Liberation Army participated inside Pakistan’s territory.

The third exercise took place in Ningxia Hui Autonomous Region of China in July 2010 while the fourth took place in the capital of Pakistan, Islamabad in November 2011. This exercise was quite large and the objective was ‘to counter terrorism and the environment of the low-intensity conflict.’ Not only the military exercise but also the naval exercises between the two countries are very significant in promoting the comprehensive partnership with each other. The first naval exercise was held in 2003. This was again the first time when the Chinese navy held the joint exercise with any foreign country. Other two multinational naval exercises in which China participated in the Arabian Sea was ‘AMAN-2007’ and ‘AMAN-2011’ held in March 2007 and March 2011 respectively. Both of these multinational naval exercises were organized by Pakistan. The ships of the two countries also participated in a joint military exercise near the Somali coast in the anti-piracy duty (Ali 2017: 184).

The air forces of the two countries also participated in the joint exercises. The first exercise between the People’s Liberation Army Air Force (PLAAF) of China and Pakistan Air Force in Pakistan was held in March 2011. Again in 2013, 2014, 2016, and in 2017, both the air forces participated in the joint exercises (Gady 2016).

### *Nuclear and Energy Cooperation*

The nuclear power plant at Chashma in Pakistan is an excellent example of the nuclear cooperation. China also started constructing a Hydropower Project of 96 Megawatts at the Jinnah Barrage near Chashma. China is also negotiating with Pakistan to set up eight nuclear power reactors at the cost of 10 billion US dollars. These nuclear power plants can add 4800 Megawatts electricity in Pakistan. Chashma Nuclear Power Plant II was also launched by the Prime Minister of Pakistan in 2005 with the help of China as it is



the biggest investor in this Project. Again in 2010, China agreed to build a new power plant in Chashma during the visit of President Zardari. This project was completed in 2011 (Makhdoom 2014).

The two countries have started working on two more projects, Chashma III and Chashma IV nuclear power projects. Each of these projects has the capacity of 300 Megawatt. Moreover, two new nuclear power projects KNUPP-2 and KNUPP-3 have also been agreed by China to set up in Karachi. An agreement between China National Nuclear Corporation (CNNC) and Pakistan Atomic Energy Commission also planned to conduct a joint study for the design and the modification of the project. In addition to this, China also wants to construct many more nuclear power plants in Pakistan.

China is a member of the Nuclear Suppliers Group (NSG). As a member of this group, China has to take the approval of this group for any further nuclear deal with any country including Pakistan. Whereas China took an official position recently and declared that all the nuclear plants are of the past. At that time Beijing was not a member of this group. As per this position of China on the nuclear power projects in Pakistan, it is not obliged to the NSG for any cooperation on a nuclear project with Pakistan in future. A Memorandum of Understanding (MoU), between China and Pakistan for the construction of the small dams in Pakistan has also been signed in June 2009. It agreed to invest 700 million US dollars in Pakistan under this project. Another MoU was also signed in August same year under which the Three Gorges Project Corporation of China also agreed to provide technical and economic assistance for the construction of Bunji Dam project in Gilgit-Baltistan. The total capacity of this project is 7000 Megawatts (Ali 2017: 192).

CPEC has also been focusing on energy cooperation. It includes coal-fired power ports at Port Qasim, Karachi and Sahiwal, 'Thar Mine Mouth Oracle' power plant and other thermal power projects. China is encouraging its state-owned enterprises and the private companies to invest traditional energy and new energy fields in Pakistan. Chinese private enterprises are also entering the field of wind power in Pakistan (CPEC 2018).

### *Cooperation in Science and Technology*

The two countries are cooperating in science and technology covering basic space, earth sciences, atmospheric and the climate spheres. A memorandum of understanding (MoU) was signed between China Software Industry Association (CSAI) and Pakistan Security Export Board in 2002 for the joint venture of software development (Dolla 2005).

In April 2012, a China-Pakistan Young Scientist Forum was organized by the Chinese Association for Science and Technology, co-sponsored by the Chinese People Association for Friendship with Foreign Countries. More than 100 students studying in Pakistan, young specialists from Pakistan and the science workers of China attended this event. This forum played an important role to strengthen the science and technology cooperation between the two countries as the participants shared their knowledge and the experience in the field of the generation of biomass and the development of the wireless networks (Liu 2012).

The space technology has its implications for both commercial as well as military modernisation. China has also helped Pakistan to launch its television satellite Paksat-1R from its Xinjiang Satellite Launch Center (XSLC) in August 2011. Rocket science and the space technology are closely related to each other. Military applications in the space technology are very significant. Space and Upper Atmosphere Research Commission (SUPARCO) of Pakistan are closely linked with the organization responsible for the missile programme of Pakistan, known as Kahuta Research Laboratories (KRL). Both the organizations have also been cooperating in making Hatif and Shaheen missiles of Pakistan (Ali 2017: 191).

It is also significant to note that China is the only country which has transferred space technology to Pakistan. It has also provided a soft loan of 222 million US dollars to Pakistan to complete the satellite project. The EXIM Bank of China also provided a concessional loan of 86.5 RMB to complete the project.

### *Cooperation with the Extremist Groups of Pakistan*

China has not only strengthened its relations with the political leaders of Pakistan but also with different leaders of the extremist groups of Pakistan. China wants the support of these leaders in its policy vis-à-vis Xinjiang. The Communist Party of China (CPC) had invited the leaders of Jamait-i-Islami extremist group. A delegation led by Qazi Hussain Ahmed paid a visit to China. He is known for his extremist views on Islam. He also opposed the 'War on Terror' by the United States against the Taliban government in Afghanistan. However, he praised China and said that its role was very much necessary for peace and security of the region. The two parties also signed a mutual agreement to enhance the party level exchanges. Another informal agreement between the two parties is believed to have been signed under which Jamat-i-Islami would not support any extremists in Xinjiang. After this meeting, Qazi also urged the President of Pakistan, Asif Ali Zardari to strengthen the ties with China. He also asked the President to make efforts to be free from the clutches of the United States.

The next invitation by the CPC was to Maulana Fazal-ur-Rehman, the chief of Jamiat Ulema-e-Islam (JUI). This is the organization led by the Pashtun Deobandi sect of Sunni Muslims. Its support and structure is similar to the Madrasa network. A delegation led by its chief visited China in April 2010. He also signed an MoU for cooperation with CPC. The delegation also visited Xinjiang province in China. This organization was again invited to China in March 2015. These leaders and their organizations have much influence on militants in Pakistan (Ali 2017: 182).

### *People to People Contacts*

China is also trying to enhance people to people contacts with Pakistan. The on-going construction of the China-Pakistan Economic Corridor has not only increased people to people contacts between the two countries but also fueled the educational, cultural and the media exchanges (Zhang 2014).

According to the Chinese embassy in Islamabad, about 30000 Chinese nationals are residing in Pakistan (Hashim 2017). In addition to this, more than 71000 Chinese visited

China on the short term visa by Pakistan's embassy in China in 2016. A total of 27596 Chinese visitors got visa extension in Pakistan in the same year. The year 2016 witnessed 41% increase compared to 2015. The numbers are increasing very rapidly. The recent agreements under the China-Pakistan Economic Corridor have led to the increase in the numbers of the Chinese visitors and of Chinese restaurants (Khan 2017). Even when the nine students were injured in the terrorist attack on a school in Peshawar during late 2014, China invited all the nine students to come and spend time in its country (Sun 2016).

#### *Cooperation in Multinational Organizations*

China has always supported Pakistan in the multinational forums. It also helped Pakistan for the entry into various international organizations. The membership of Pakistan in the ASEAN Regional Forum (ARF) was supported by China and it became a member of ASEAN Regional Forum in 2003. China supported Pakistan's entry into Shanghai Cooperation Organization (SCO) with the observer status and finally in 2005, Pakistan got the observer status in SCO. Pakistan also supported China for its entry into the South Asian Association for Regional Cooperation (SAARC) and China became an observer of SAARC in 2005. Again with the help of China, Pakistan became the full-fledged member of the Shanghai Cooperation Organization in 2017 (Ali 2017: 194-95).

#### **4.5 Summary**

China-Pakistan relations have been built on a strategic compulsion for quite some time. More recently, they have moved to a paradigm of comprehensive cooperation. International isolation of China forced it to maintain good relations with Pakistan while the heavy military presence of the United States in the region generated security concerns. India- US proximity and the strategic location of Pakistan are also the other factors structuring their bilateral relations.

The strategic compulsion of China has forced it to move towards all-round cooperation. It forced China to invest in Pakistan. Its initiatives for economic cooperation, energy cooperation and the people to people contacts indicate a paradigm shift from strategic compulsion to comprehensive cooperation.

## **Chapter–Five**

### **Conclusion**

The foreign policy of China is increasingly being determined by its recent rise in the global politics. In addition, rapid industrialization, growing consumption of energy, foreign trade, and the efforts for the actualization of its ‘China Dream’ has resulted in a paradigm shift in its foreign policy.

It is in this broad context the bilateral relations between China and Pakistan are examined in the study. Their relations can be best understood in the light of liberal theory. This theory promotes multiculturalism, liberty and the tolerance in the world. The bilateral relations between China and Pakistan are based on two cardinal principles of Deng Xiaoping. First, the South-South cooperation among the Third World countries. Second, development of its economy and those of the other developing countries in the world. Interestingly, Pakistan is the only neighbouring country of China with which it never had any conflict and the relationship has always been ‘deeper than ocean, higher than mountains and the sweeter than honey.’ China has supported Pakistan at different international and the regional forums such as SCO and ARF. Other institutions where the two countries are extending their support to each other include ASEM, SAARC, and the ACD.

The relations between China and Pakistan have been strengthened over the years. They are deeply rooted in various factors such as the United States, India and the strategic location of Pakistan. The presence of the army of the US and conferring Pakistan as ‘Non-NATO’ ally by the United States also impacts the relations between the two countries. The threat to the hegemony of China by the emergence of a strong and stable India has also been a factor in their relations.

The US military presence in the region is perceived as a threat to its security and economic interests. It looks at the world as a bipolar international order in which the US is one pole and China as the other pole. Moreover, the rivalry between China and India over the border dispute made the relations between China and Pakistan stronger. India’s increasing economic and the military might has also been a challenge to the hegemony of

China in the region. It always tries to make Pakistan stronger and powerful against India. Furthermore, the enmity between Pakistan and India makes the former a 'reliable partner' of China. Thus, the Chinese strategy is to maintain its hegemony in the region by using Pakistan against the military and the economic rise of India.

Xinjiang issue, with Uighur separatism at its heart, has also been a major concern for Chinese domestic and the international politics. The increase in the human rights violations in Xinjiang has resulted in an understanding of China as an anti-Islamic country in the world. Therefore, many countries are critical of China. Moreover, Pakistan's close relations with the Arab countries and more particularly with Iran have always forced China to keep the bilateral relations warm.

In addition to this, the strategic location of Pakistan and the 'Malacca dilemma' are also major determinants of their bilateral relations. A major part of the Chinese trade passes through Malacca Strait which is too narrow. The lesson from the World War II has also forced China to emphasize on the exploration of different options. The location of Pakistan near the Strait of Hormuz is seen as a plausible option. All the aforementioned factors were integral to the strategic compulsion for China to maintain its cordial relations with Pakistan.

The China-Pakistan bilateral relations besides being based on 'mutual interests', are witnessing a paradigm shift from strategic compulsion to comprehensive cooperation. Trade and economic relations, science and technology, power generation projects, and infrastructure development, cooperation in multinational forums, people to people contacts are gaining a central place in their bilateral relations.

Since the establishment of the diplomatic relations between China and Pakistan, the bilateral relations were limited to defence and the nuclear cooperation. Though the economic relations commenced in 1963 with the granting of the status of 'most-favoured nation' to each other, they were more focused on military aid than trade. They began to accelerate after signing six agreements and one MoU in 2001. These agreements centered around the economic interests of China.

More recently, economic interests came to occupy a central place in China-Pakistan relations. Yan Xuedong posited it as the primary national interest for the country. Dai Binggao confirmed that the economic interests are the national interests of China. Trade, technology and foreign direct investments are at the core of these interests. The 2011 White Paper on *China's Peaceful Development* also advocated economic globalization and comprehensive economic development. FDI and FTA are two important tools in China's comprehensive national power framework to accomplish its economic interests.

Chinese foreign economic relations with Pakistan were also strengthened more significantly after the signing of Free Trade Agreement (FTA) in 2006. In 2009, this agreement was extended to the service sector also. The total trade between the two countries was nearly two billion US dollar in 2001 which doubled to 4.26 billion US dollar in 2005. This agreement benefitted China resulting in trade surplus of 3.97 billion US dollar by the end of the first phase of five years in 2013. China and Pakistan reduced tariffs on 6418 and 6711 products respectively. Thereafter, they reduced tariffs on more than 90% of products in the second phase starting in July 2013.

Other important factors for the development of the economic relations between the two states are the agreements between various economic institutions such as Export-Import Bank of China, Economic Affairs Division of Ministry of Economic Affairs and Statistics, CFPD and the BISP. Apart from this, various Chinese companies are also present in Pakistan. The construction of the Industrial Zones in Pakistan by China and the cooperation in various industries including infrastructure development, cement and the steel industries, roadways and the railways are some of the components of comprehensive cooperation between the two countries.

Nuclear energy cooperation between the two states has been identified as a key area of cooperation since the very beginning of the bilateral relations. Chashma nuclear project is a significant example of the nuclear cooperation between the two. Even the 'Nuclear Supplier Group' has also been sidelined by China to support Pakistan. This was described as the 'grandfather agreement' between China and Pakistan. There has been a significant cooperation between the two countries in the space sector as well. China is the only country to transfer space technology to Pakistan. It has allowed Pakistan to launch

its television satellite from China's Xinjiang Space Launch Centre. A concessional loan was also provided to Pakistan by the EXIM bank of China. This cooperation is also helping the space military applications of Pakistan.

A number of other factors indicate that Pakistan is a very important country for China. The analysis of the United State's military, access to Arab countries and African countries, access to the European market, growing energy consumption in China and the Malacca dilemma form the basis for the relations between China and Pakistan. More recently, cooperation in the realms of economy, defence, joint military exercises and science and technology and the people to people contacts prove that China-Pakistan relations are structured and driven by both strategic and economic factors thus unfolding a paradigm shift from strategic compulsion to comprehensive cooperation. Hence, the first hypothesis is verified. Recently, China has agreed to invest about 62 billion US dollars under CPEC. Infrastructure development, energy, port development and the industrial cooperation are some of the projects undertaken as part of this corridor. It is at the core of the cooperation between the two countries. Chinese growing dependency on the import of oil for its consumption and speculation of the foreign threat in the Malacca Strait has resulted in CPEC gaining more prominence in China's calculus. Its necessity to explore an alternative route for its imports and exports gave CPEC a pride of place in the bilateral relations.

Energy cooperation has also become a major factor in the comprehensive cooperation between China and Pakistan. Transmission of various energy resources from West Asia, North Africa and the other oil and the gas generating countries to China via Gwadar port in Pakistan is also possible very easily through the agreements signed under CPEC. The corridor will also reduce the security dilemma faced by China. This corridor would not only secure the Chinese foreign trade including oil, but also would reduce the actual length of the route of its foreign trade. This corridor would shorten 9535 miles from its present route of foreign trade. This corridor is crucial for China. It would act as a link between the Silk Road Economic Belt (SREB) and the Maritime Silk Route (MSR) under 'One Belt One Road' project of China. It would join the three billion population of the



world. Moreover, the corridor would provide China an easy access to natural resources and markets of the African and the European continents.

Cultural exchanges, promotion of education and the visits of the political leaders and parties of both the states to cement their relations are also justified under the liberal theory of international politics. It is also significant to note that the promotion of the Chinese television channels in Pakistan is a major factor in the exchange of socio-economic and cultural components. China is very keen to promote its soft power in Pakistan through the news channels and other entertainment channels. Moreover, it is also extending its cooperation with the other institutions of Pakistan such as judiciary.

At the same time, Xinjiang problem has forced China to develop its relations with the religious extremists of Pakistan as well. Invitation to the chief of Jamait-i-Islami, Qazi Hussain Ahmed and the chief of Jamait Ulema-e-Islam, Maulana Fazal-ur-Rehman by the Communist Party of China (CPC) are some of the evidences for comprehensive cooperation between the two states. It has even signed an agreement with Jamait-i-Islami for party level exchange apart from an MoU with Jamait Ulema-e-Islam for cooperation.

Some challenges are also being faced by this corridor. Recently, China had to veto Maulana Masood Azhar against the Indian resolution to declare him as a global terrorist. The reason for China's veto in support of Maulana Masood Azhar was more economic than strategic. This corridor passes through Gilgit-Baltistan, Punjab and Balochistan as Maulana Masood Azhar is very active in this region. Voting against him, would create problems for the corridor.

In addition to this, there has been an increase in the incidences of attacks on the Chinese nationals working on the project. Many are being kidnapped also. The killing of the Chinese nationals has two reasons, first is religious and the second is economic. Basically two militant groups, Takfiri Islamic Group and the Baloch separatists are responsible for the killing of the Chinese citizens in Pakistan. As the Chinese visitors in Pakistan are of different religious faith, the Takfiri Islamic militants attack them to maintain the Islamic religious fervor in Pakistan. Baloch separatists attack them for economic reasons. The perception of the Chinese exploitation of the natural resources from the Balochistan region of Pakistan is behind these killings.

Other concerns for the construction of this corridor include the conflict between religion and politics in Pakistan, the non-governmental organizations, the Kashmir dispute and the people's disagreements over the corridor when their lands are being acquired for the construction of various projects. Equally importantly, the promulgation of the new National Intelligence Law by the People's Republic of China for its security and to investigate the foreigners, seizing their vehicles, raiding premises and the jurisdiction of this law beyond its boundaries for securing its national interests are complicating the bilateral relations.

China is also trying its best to avoid and reduce conflicts between the two countries which may become security concern for the construction of the corridor. It has been providing training for its own citizens and the engineers who are working in various projects under the China-Pakistan Economic Corridor. They have been advised to be sensitive about the religious beliefs of the host country to minimize the possibilities of confrontation. The presence of a significant number of Chinese military personnel in Pakistan for the security of the economic corridor and the construction of naval ports, over exploitation of the natural resources of Balochistan, the extra jurisdiction of the Chinese law are posing a major threat to the sovereignty of Pakistan.

Thus a number of factors, as delineated above, do make it clear that Pakistan is a very important country for China. The analysis of the United State's military, access to Arab countries and African countries, access to the European market, growing energy consumption in China and the Malacca dilemma form the basis for the relations between China and Pakistan. More recently, cooperation in the realms of economy, defence and science and technology and the people to people contacts prove that China-Pakistan relations are structured and driven by both strategic and economic factors thus unfolding a paradigm shift from strategic compulsion to comprehensive cooperation. It remains to be seen how the Sino-Pakistan relations would unfold in the foreseeable future.

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