

New Great Game and the CPEC in Balochistan: Opportunities and Challenges

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Abstract

The New Great Game was initially linked with the resource rich Central Asia but it has now been expanded throughout Asia; the oil-rich Middle East, Southeast Asia and strategically important South Asia. Owing to which it is also known as the Asian Great Game where the South Asian region is considered to be the chessboard for the strategic competition between USA and China. The Chinese establishment has realized the significance of three necessities (strong economy, maritime space and unrestrained energy supply) to be an extra-regional great power. To sustain its fast-growing economy, China has successfully gained access to the abundant hydrocarbon and mineral resources of Central Asia but it needs more energy resources to feed its massive population besides satisfying its geopolitical aspirations. Thus, the CPEC passing through the heartland of Balochistan serves as an alternate route for the Chinese energy. However, with the Chinese strategic manoeuvres towards the Indian Ocean and the US strategic shift from North Atlantic to Asia Pacific region the sub-nationalism in Balochistan has emerged to be relevant in the study of the simmering New Great Game that

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has been experiencing on-again-off-again low-level insurgencies since it joined Pakistan as princely state in 1948. This paper analyses the above arguments empirically and meticulously concludes that the policy makers in Pakistan have to accelerate an already-initiated process of national integration of the alienated province owing to the decades-old manipulative policies of the federal government. The basic objective of this research article is to explore the opportunities and challenges radiating from the geopolitics of Pakistan's largest province vis-à-vis the New Great Game amid South Asia, West Asia and Central Asia.

Introduction

Located in extreme southwest of Pakistan, Balochistan is the largest but least populated province which hooks up South Asia with Central Asia and Middle East. It has more or less 800km coastline that starts from its strategic district of Gwadar and ends in ship breaking coastal city of Gadani and around 400miles away from the geo-strategically important Strait of Hormuz at the mouth of Persian Gulf where one-third of the global oil passes daily from the oil rich Gulf-countries. It's vital geo-strategic position lies at the heart of Pakistan, Afghanistan, Iran and the Arabian Sea that envisions a pivotal role in augmenting regional trade and cooperation among the South Asian Association for Regional Cooperation (SAARC), the Economic Cooperation Organization (ECO), the Central Asian Regional Economic Cooperation (CARCE) and the Shanghai Cooperation Organization (SCO) countries. The geopolitical standing of mineral-rich Balochistan between the hydrocarbon-rich countries of Central Asia and Middle East has enhanced its strategic importance between the two contending powers in an emerging New Great Game. The Middle East and Central Asia are extremely vital for the global energy security.

Balochistan has always remained an epicentre of great power rivalries in this politically unpredictable region. During the Great Game between the expansionist Czarist Russia and the imperial British Empire, the Durand Line and the Goldsmith Line dividing Balochistan into three sub-regions

among British-ruled India, Afghanistan and Iran. After the end of Great Game in 1907, this part of Balochistan remained under the control of British India until the end of colonial rule over subcontinent in 1947. The province of Balochistan could not remain unaffected from superpowers rivalry in the Cold War between USA and Soviet Union. At that time it was widely believed that the Baloch nationalists received ideological and material support from the Soviet Union which desired to reach the warm waters of Indian Ocean through Balochistan. After the conclusion of Cold War and the ensuing collapse of Soviet Union, the sub-nationalist movement in Balochistan remained moribund, it was near-death experience, however with the economic rise of Far East socialist giant People's Republic of China and its interests to construct the lucrative deep-sea port in Gwadar and the arrival of US troops in Afghanistan as an immediate aftermath of earth-shattering 9/11 attacks. Since then it is widely perceived that foreign forces are determinedly shouldering the nationalist rebellion in Balochistan to disturb the Pak-China strategic partnership and their strategic interests in world's largest continent. The herald of CPEC has further enhanced the geopolitics of Pakistan's largest but least developed province since it shares more than 60 percent of the corridor along with the Gwadar deep sea port.

Theoretical Framework

To analyze the changing geopolitical dynamics of South Asian and Asia Pacific regions, the Power Transition Theory of A. F. K Organski has been applied as theoretical base of this study. The power transition theory was outlined by A.F.K Organski in his book *World Politics* (1958) that described the cyclic nature of war, in relation to power in the international politics. According to Professor Douglas Lemke, the end of Cold War does not herald peaceful recognition of the capitalist-dominated liberal international order, likewise, it is not out of question for the new challengers to stand up to the

existing order to emerge.¹ This theoretical framework offers a predictive tool to determine the constant changes in the global and regional politics like the economic rise of China and stagnant position of USA and their impacts on the regional and extra-regional politics:

The power transition paradigm describes the international system in a different way that negates most of the fundamental assumptions of the realist vision. First, the international system is not anarchic but rather hierarchic by which it means a hierarchy of dominant power (satisfied), great powers (satisfied and dissatisfied), middle powers (satisfied and dissatisfied) and small powers (satisfied and dissatisfied). Second, the rules that govern the international system are fundamentally similar to those of domestic laws where nations are like political groups which are in constant competition over the scarce resources in the international order. Third, the international competition is driven by potential net gains of conflicts and cooperation.²

In the contemporary international politics, two revisionist powers, Russia and China dissatisfied with the global configuration of power want to change the *status quo*. When we apply the power transition theory on the New Great Game, it depicts paradoxical illustrations at the regional and international levels. At the international level, China and Russia are dissatisfied powers while USA is a satisfied power, but at the regional level, China and Russia are seemed to be increasingly satisfied powers while the USA appears to be an increasingly dissatisfied power. The premature US withdrawal from Iraq and Afghanistan coupled with the Chinese growing military assertiveness in Asia Pacific and Indian Ocean, revival of the Chinese historic Silk Route in South Asia and Central Asia, increasing strategic partnership between China and Pakistan including the CPEC, Russian military assertiveness in Eurasia, Eastern Europe and Middle East, expansion of the SCO, maturing rapprochement between Pakistan and Russia and Russian

1 Douglas Lemke, "The Continuation of History: Power Transition Theory and the End of the Cold War", *Journal of Peace Research* 34, no.1 (1997): 23.

2 J Kugler, AFK Organski, "The Power Transition: A Retrospective and Prospective Evaluation", in *Handbook of War Studies*, ed., Manus I. Midlarsky (London: Unwin Hyman Ltd., 1989), 172.

emergence as an Afghan mediator closely equates with the above-mentioned hypothesis of this study.³ That's why USA is pushing India and other East Asian and Southeast Asian countries through its pivot to Asian strategy to counter the Chinese inflating influence in Asia. In the four-power Great Game in South Asia, America and India seeking to contain China while Pakistan and China are jointly working to limit the US influence in their geographic space.⁴

In these favouring and unfavouring strategic circumstances, Pakistan's sub-national conflict in Balochistan lies in the center of the Indian regional aspirations. The strategic alliances among different regional and extra-regional satisfied and dissatisfied players have created profound security challenges in Pakistan besides offering unheard-of economic opportunities under the much-discussed CPEC. The policy-makers and decision-makers in Pakistan should turn those security challenges into strategic-cum-economic opportunities through a comprehensive strategy based on dynamics of soft-smart-hard power. If this highly valued CPEC makes headways, it will surely alter the entire regional politics, shattering Indian ambition of regional domination provided that Pakistan's policy-makers address the genuine concerns of the deprived province.

New Great Game

Like its predecessor (Great Game between Russian and British empires), the battle fields of the New Great Game are once again within the boundaries of world's largest continent of Asia. The New Great Game is attributed to the emerging econo-military competition between the USA and its NATO allies against the rising economic superpower, China and its strategic ally Russia in the resource-rich Central Asia, Southeast Asia, South Asia and West Asia. The phrase "New Great Game" was coined by Ahmed Rashid in 1997

3 Robert Kagan, "Backing into World War III", *Foreign Policy*, February 6, 2017. www.foreignpolicy.com

4 Shahid Javed Burki, "Pakistan and the New Great Game", *Express Tribune*, January 16, 2012.

when he authored a cover story for the *Far Eastern Economic Review* on the emerging oil and gas pipeline battle in post-Soviet Middle East.

The scramble for oil and influence by the big powers in the Caspian has been likened to the Middle East in the 1920s. But Central Asia today is an even larger complex quagmire of the competing interests. Big powers such as Russia, China and the USA; the neighbour Iran, Pakistan, Afghanistan and Turkey; the Central Asian states themselves and the most powerful oil companies, compete in what I called in a 1997 seminal magazine article, 'The New Great Game'. The name seemed to stick and was taken by governments, experts and the oil companies.⁵

Later on, the term *New Great Game* was popularised by German journalist Lutz Kleveman in his book *New Great Game: Blood and Oil in Central Asia*, published in 2004. According to him, crude oil is a wealth-creating blessing for mankind but it is turning into the devil's tears. The competition to get the control of world's remaining hydrocarbon reserves, after the depleting energy reserves of Middle East, is increasingly approaching into a bloody conflict which could result in the killings of thousands of innocent civilians, as the war in Iraq is a latest example.⁶

However, the New Great Game has expanded from the eastern shore of the Mediterranean Sea to western Pacific Ocean including most of the countries between Far East and Middle East including Central Asia. It is being played on a wider canvas with different players and rules and the power contest in Asia is largely between China and the USA, and, to a lesser extent, between the USA and Russia where India, Pakistan, Iran and others in subsidiary roles.⁷ On a wider picture, the New Great Game orbits around China's One Belt, One Road, US' Rebalance to Asia and India's Act East Policy whereas the latter two converge against the former.

5 Ahmed Rashid, *Taliban: Militant Islam, Oil and Fundamentalism in Central Asia* (London: I.B. Tauris & Co Ltd, 2009), 145.

6 Lutz Kleveman, *The New Great Game: Blood and Oil in Central Asia* (New York: Grove Press, 2004), 3.

7 Munir Akram, "The New Great Game", *Dawn*, October 06, 2016.

The nucleus of this global game lies in the Indian Ocean where more than half of the global container traffic and one-third of all maritime traffic cross including 80 percent of Chinese crude oil imports, 60 percent of Japan's energy supplies and two-third of South Korean energy supplies passing through the bottlenecked Malacca Strait into the contested South China Sea. In the meantime, 75 percent of Indian energy supplies cross the Indian Ocean.⁸ Apart Chinese disputes with the ASEAN countries over islands in South China Sea, the heavily armed Indian strategic outposts in Andaman and Nicobar Islands at the close proximity of over 500 miles north to south at the western doorway of the Strait of Malacca pose gravest security threats to Chinese maritime trade.

The restive province of Balochistan has remained a source of steady conflicts and low-intensity insurgencies for several decades owing to its geopolitically important deep sea coast city of Gwadar and massive natural resources of hydrocarbon and precious minerals. The exceptional geopolitical standing of Balochistan at the tri-junction of South Asia, Central Asia and the West Asia with a huge coastline along the warm waters of the geopolitically and commercially important Indian Ocean has attracted the strategic-cum-economic attentions vying powers of the New Great Game. The Balochistan province also holds the major military installations of Pakistan. According to a report in *Dawn*, there are seven mega-military garrisons, 52 paramilitary cantonments and four naval bases.⁹ The internationally recognized military institute Command and Staff College is located in Quetta which was shifted to Quetta from Deolali/Mumbai in 1907. Pakistan's second largest maritime base, Jinnah Naval Base, is located in Ormara which is capable of handling warships and submarines. The Pakistan Naval Station Makran is situated

8 Rani D. Mullen and Cody Poplin, "The New Great Game: A Battle for Access and Influence in the Indo-Pacific," *Foreign Affairs*, September 29, 2015. www.foreignaffairs.com

9 "Another Naval Base in Balochistan", *Dawn*, February 23, 2010.

in Pasni which is one of the two active Naval Air Arm's bases, the other one being PNS Mehran, Karachi. According to the security analysts, the highly sensitive geopolitical landscape of the province demands extra military presence.

The port city of Gwadar is extensively expected to be the future regional hub of the energy trade to connect oil-rich Middle East and energy-rich Central Asia to the energy-starved regions. Located in one of the deepest coastlines of the Indian Ocean, the first phase of the sea port was built by the Chinese state-owned "China Harbour Engineering Company Group" as an integral part of the String of Pearls Strategy, Chinese naval doctrine in the India Ocean region which includes a network of Chinese-built military and commercial facilities from the Port Sudan in the Red Sea, Gwadar Port in the Arabian Sea to the Chinese mainland of Asia-Pacific region. To pursue its ambitious naval agenda, China signed an agreement with Pakistan for the construction of deep sea port at Gwadar with a cost of around \$1.2 billion in 2001. Similarly, China also funded the first phase of the Hambantota port in Sri Lanka. In Bangladesh, China is also modernizing the deep-sea ports in Chittagong and it is also investing in the ports of Myanmar.¹⁰ India is highly apprehensive of the Chinese geopolitical theory (String of Pearls) which is perceived to be encircling it from Nepal to Myanmar, Bangladesh to Sri Lanka, and the Seychelles to Pakistan. To counter the Chinese mounting clout, India is looking forward to revitalize its ties with the Maldives, Myanmar, Sri Lanka, Bangladesh, South Korea, Vietnam, Australia, Fiji and Japan, known as its so-called Look/Act East Policy. Initiated by Prime Minister P.V. Narasimha in 1992, the Look East Policy visualizes cultivating wide-ranging economic and strategic relations with the Southeast Asian nations as a strategic

10 Virginia Marantidou, "Revisiting China's String of Pearls Strategy: Places with Chinese Characteristics and their Security Implications", *Center for Strategic and International Studies, Issues & Insights*, 14, no. 7 (June 2004). www.csis.org

counterweight to balance Chinese-centric order in Indo-Pacific Asia.¹¹

Comparatively, China lacks necessary maritime power to manifest its economic superiority but now it has realized the imperativeness of the maritime power which is warranted for enhancing its great power status to a superpower like the USA which controls the two largest oceans (Pacific and Atlantic) with a strong military-cum-commercial presence in the Indian Ocean and Persian Gulf. Hence, China has long time intentions to invest in the maritime sector to comprehend its Indian Ocean naval doctrine by expanding it to the deep sea port of Gwadar. China is also trying to solely control the East and South China Sea that has led it to be at loggerheads with its immediate neighbours. The Chinese militarization of the resource-rich Spratly and Paracel islands in South China Sea has ratcheted up the risk of any expected conflict between China and its neighbouring countries, Vietnam, the Philippines, Brunei, and Malaysia including Taiwan that also endangers the US strategic as well as commercial interests as each year, \$5.3 trillion of trade passes through this contested sea where US trade accounts for \$1.2 trillion of this total.¹² Likewise, China has locked horns with Japan over Senkaku/Dioyu islands in East China Sea by creating an air-defence identification zone which requires any aircraft to comply with the Chinese rules.

The Chinese maritime grand strategy is to secure the energy sea routes in the Indian Ocean where its arch-rivals have considerable sway. Auspiciously, peninsular Gwadar District offers numerous economic and military leverages to China. Militarily, Gwadar is strategic maritime outpost to monitor the naval activities of the unfriendly states in the Gulf region. The USA has vehement military presence in the Indian Ocean as its 5th Naval Fleet is stationed in Bahrain, the island state of the Persian Gulf and China imports

11 Subash Kapila, "India's Look East and Act East Policies Reviewed 2016," *South Asia Analysis Group* (January 18, 2016). www.southasiaanalysis.org

12 Bonnie S. Glaser, "Armed Clash in the South China Sea", *Council on Foreign Relations* (April 2012). www.cfr.org

around 80 percent of its energy from Middle East and African oil producing countries via maritime transport. Since 2010, China is world's largest oil consumer and largest share of the Chinese oil imports comes from the Middle East but Africa's share has increased from 24 percent in 2003 to 30 percent in 2008. The Forum on China-Africa Cooperation is already working to promote trade between China and its African partners since 2000 under which China is investing around \$60 billion in the region. Moreover, it is estimated that Chinese oil demand would reach to around 17 mbpd in 2030.¹³ The Indian Ocean through which 80 percent of global trade passes, is both strategically and commercially imperative for both players of the New Great Game as the prominent naval strategist Alfred Mahan had said, "whosoever controls the Indian Ocean will dominate Asia", and the emerging global market is Asia and Asia Pacific region.¹⁴ However, among the other things, the chronic insurgency in Balochistan, US virtual failure to control of war-torn Afghanistan, the expanding role of the SCO, quest for energy security, oil politics and the Chinese presence in Gwadar are causing too much discomfort among the regional actors including the USA that wants to contain the Sino-Russian sway in South and Central Asia.¹⁵ Over and above, the Trump administration quitting of the Trans Pacific Partnership (TPP) and its indifference towards the Transatlantic Trade and Investment Partnership (TTIP) would give unprecedented space to China to fill the vacuum. China has already expanded its trade with the neighbouring countries through the Regional Comprehensive Economic Partnership (RCEP), launched by the ASEAN and its six Free Trade Area Partners in late 2012 that accounts for 30 percent of the global GDP. Moreover, Australia and several South American countries have shown their interests to join the Chinese proposed Free Trade Area of the Asia Pacific

13 Robert E. Looney, *Handbook of Oil Politics* (London: Routledge, 2012), 25.

14 Suvi Dogra, "US Knocks on Asias Door," *The Financial Express*, October 28, 2012. www.archive.financialexpress.com

15 Sayed Fazl-e-Haider, "Gwadar and Oil Politics", *Dawn*, January 15, 2008.

(FTAAP). The failure of the TTP may pave the way for the Chinese dominance in the regional trade across the Pacific Rim in view of the fact that China has overtaken the USA in 2013 to become the world's largest trading nation with a trading volume of \$4.16 trillion, \$0.25 trillion higher than that of the USA. China is also world's largest exporter. It shipped \$2.282 trillion of exports across the globe in 2015 that accounts for roughly 12.2 percent of total \$18.686 trillion global exports.¹⁶

Unlike the old Great Game, the nature of the New Great Game is more economic rather than military owing to the presence of huge reservoirs of gas and oil in Central Asia and Middle East. According to the US Energy Information Administration (EIA), the Middle East as a whole contains 802 billion barrel oil which is nearly half of the world proven reserves about 1.5 to 1.7 trillion barrel oil. Around 23 billion tonne of oil and 3 trillion cubic meters of gas are estimated to be in the bedrocks of the Central Asian Republics.¹⁷

Media reports of the past few years show that the USA has been taking extraordinary interest in the ongoing insurgency in Balochistan and its several Congressmen have been involved in arranging Congressional hearings through different Congress Committees to highlight the conflict in the turbulent province of Pakistan. The US first official statement over the deteriorating law and order situation appeared in early 2012 when the State Department spokesperson Victoria Nuland issued an official statement through a twitter-asked question, "the United States is extremely worried about the continuing bloodshed in Balochistan particularly disappearances, targeted killings, and other human rights violations."¹⁸ In the February of the same year, the US House of Representatives' sub-committee headed by hawkish Republican Congressman

16 Daniel Workman, "China's Top Trading Partners", January 28, 2017. www.worldstopexports.com

17 Asma Shakir Khawaja, "Pakistan and the New Great Game," *IPRI, Paper 5*, (April 2003).

18 Khawaja, "Pakistan and the New Great Game".

Dana Rohrabacher held a contested hearing and deliberation on the conflict of Balochistan that bluntly supported the call for the self-ruled in the province. The policy makers in Pakistan's corridors of power firmly believe that some regional and extra-regional forces like India, Afghanistan and USA with some leading European countries are behind the decades-surviving insurgency in Balochistan which are apprehensive of the Chinese rising.

Summarily, Pakistan is expecting unheard-of strategic and economic opportunities from the great power' game by dint of its strategic province of Balochistan. Besides its vital deep sea port, the two proposed regional gas pipelines (Iran-Pakistan-India—IPI and Turkmenistan, Afghanistan, Pakistan, and India - TAPI) have to pass through the heartland of Balochistan which carry gas from either Turkmenistan or Iran to Pakistan and India.¹⁹ TAPI is the part of the US policy as an alternative to the New Silk Route, which the US wants to initiate by sidestepping China and Russia. The US version of New Silk Route that includes Turkey, Georgia, Azerbaijan, Turkmenistan, Uzbekistan, Pakistan, India and the Southeast Asian nations, mostly US allies. However, China has deeply entrenched in all these regions and is strengthening its economic ties particularly with the landlocked but resource-abundant Central Asian Republics from where China imports around 15-20 percent of its energy consumptions.²⁰ Russia has its own historical and cultural ties with its former Soviet Republics of Central Asia, and Russian under the jingoistic Vladimir Putin has been asserting muscular foreign policy *vis-à-vis* US-backed NATO expansion in the Eurasian and Central Asian region. The Russian annexation of Crimea and the ensuing Ukrainian crises which all of a sudden stemmed in early 2014 are the sheer manifestation of Russian antagonism

¹⁹ Robert G. Wirsing, *Baloch Nationalism and the Geopolitics of Energy Resources: The Changing Context of Separatism in Pakistan* (Raleigh: lulu.com, 2012), 3.

²⁰ Khawaja, "Pakistan and the New Great Game".

towards the US and NATO expansion in the historical Russian borders.

Subsequently, the multifaceted global politics and extensive politico-economic manoeuvrings in this region have put Pakistan into a severe type of security dilemma. On one hand Pakistan is a frontline non-NATO ally of the USA in the so-called war against terrorism, but on the other hand, China, the longstanding strategic ally of Pakistan has been luring Pakistan towards its sphere of influence which also includes Russia, the Cold War strategic opponent of Pakistan. The official visits of Russian Foreign Minister Sergey Lavrov in October 2012 and the Russian Defence Minister Sergei Shoigu in November 2014 are promising indications that Pakistan is trying to diversify its foreign policy options *vis-à-vis* the unfolding New Great Game. In these circumstances, India is gravely suspicious of the Chinese military manoeuvrings in the Indian Ocean as China has apparently established its first military base in Seychelles, an island nation of the Indian Ocean.²¹ India has time and again expressed its unsubstantiated concerns over the Chinese Silk Route in Pakistan's controlled Kashmir and Gilgit-Baltistan.

China-Pakistan Economic Corridor: Opportunities and Challenges

The China-Pakistan Economic Corridor (CPEC) is the jewel in the crown of New Silk Route which is a 3000-km long regional trade route that vertically passes throughout Pakistan's four provinces including its administrative region of Gilgit-Baltistan, linking China with the resource-rich Middle East and African continent via Gwadar deep sea port and Karakoram Highway, world's highest metalled road at an altitude of 4,693 meters. The CPEC is the integral part of the President Xi Jinping economic-cum-power-politics strategy of "One Belt One Road (OBOR)" through which China eyes to achieve an estimated \$2.5 trillion additional annual trade

21 "Chinese Plans in Seychelles Revive Indian Fears of Encirclement", *The Guardian*, March 22, 2012.

with its immediate and extended neighbours over the next decade. The OBOR is a landmark initiative of infrastructure projects including railways, ports and power grids across Asia, Indian Ocean, Africa and Europe. It consists of a Eurasian Silk Road Economic Belt and a Southeast Asian Maritime Silk Road in which Pakistan is predestined to serve as a confluence for the two routes.²² According to *The Financial Times*, the Chinese-led New Silk Road embraces around 70 percent of the global population, 75 percent of the world proven energy reserves and produces about more than 50 percent of the world GDP.²³ China believes that this project would herald internal harmony and economic stability in Pakistan which in returns also stabilizes former's western restive province of Xinjiang.²⁴ The Chinese authorities have already allocated some \$40 billion for Silk Road Fund which is focused on Central Asian region, \$50 billion for Asian Infrastructure Investment Bank, \$51 billion for the CPEC and 10 \$billion for BRICS-led New Development Bank.²⁵ The New Silk Route along with CPEC depicts the Chinese strategic aspirations to checkmate the Indo-US-Japanese strategic triangle in the region. The US, Japan and India are already engaged in a trilateral Strategic Dialogue that involves economic and security cooperation. The US acts as a pivot to Asia's second and third-largest economies that serves the interests of all three strategic partners against a common competitor, accommodating the Indian 'Act East Policy' that aims at strengthening ties with Asia-Pacific countries. With an annual trade volume of 1,570 yen (2015), Japan and India are also partners in civil nuclear cooperation under the IAEA approved Indo-US nuclear deal. In late 2016, India and Japan signed the "Agreement for Cooperation in

22 Daniel S. Markey and James West, "Behind China's Gambit in Pakistan", *Council on Foreign Relations* (May 12, 2016). www.cfr.org

23 Wolfagang Lehmacher, "What Can the New Silk Road Do for the Global Trade", *World Economic Forum* (22 September, 2015). www.weforum.org

24 Shi Zhiqin, "The Benefits and Risks of the China-Pakistan Economic Corridor", *Carnegie-Tsinghua Center for Global Policy*, (December 21, 2016). www.carnegietsinghua.org

25 Zhiqin, "The Benefits and Risks of the China-Pakistan Economic Corridor".

the Peaceful use of the Nuclear Energy” as part of India and Japan Vision 2025.²⁶

The Xi Initiatives plans six corridors that include China-Mongolia-Russia, China-Indo, China-Central Asia-West Asia, New Eurasian Land, Bangladesh-China-India-Myanmar and China-Pakistan, zigzagging to connect about 65 countries in these regions is the hallmark of rising China that overtook the French economy in 2004, British economy in 2005, German economy in 2006 and the Japanese economy in 2011.²⁷ The Pak-China Economic Corridor provides the shortest land route from oil-rich Mideast to China. The Port of Shanghai (world’s busiest container port) in East China Sea is around 5000km away from northwest Chinese industrial region while Gwadar port is more or less 3000km away from the Chinese industrial zone. Moreover the maritime distance between Gulf of Oman and East China Sea is more than 6000 nautical miles where Chinese imports and exports to and from Middle East take 25 to 30 days, whereas the Chinese imports and exports through CPEC will reach in five days. Located at distance of 250 nautical miles from the Strait of Hormuz, the Gwadar port is operated by the state-owned China Overseas Port Holding Company (COPHC) and it lies at the confluence of the Silk Road Economic Belt and 21st Century Maritime Silk Road which could be an important maritime outpost for China in comparison to the US base at Diego Garcia (coral atoll and British Indian Ocean Territory) in the centre of the Indian Ocean which was signed up by the US on lease from the United Kingdom after the Second World War.²⁸ The US Navy has Naval Support Facility on Diego Garcia which is a large military base laced with sophisticated communication and space-tracking facilities.

26 Prakash Panneerselvam, “Modi’s Trip to Tokyo: Takeaways for India-Japan Relations”, *The Diplomat* (November 17, 2016).

27 Kamran Yousad, “China Striving for New World Order”, *Express Tribune*, December 21, 2016.

28 Brahma Chellaney, “Dragon’s foothold in Gwadar”, *The Asian Age* (June 10, 2009).

The CPEC was unveiled in April 2015 when President Xi Jinping visited Islamabad where the Chinese delegation inked fifty one agreements with their Pakistani counterparts, worth of around \$46 billion which are to be invested on energy, gas pipeline projects, road and cyber infrastructure, roughly accounting for 20 percent of Pakistan's annual GDP. The CPEC has four major areas, namely road networks, Gwadar Port development, industrial cooperation and energy projects which are to be completed in three phases, short term (2020), medium term (2025) and long-term (2030). Under CPEC, \$33.79 billion are being invested on 21 energy projects, \$9.78 billion on four projects of transport infrastructure and 0.79 billion on eight development projects of Gwadar.²⁹ China has also agreed to invest \$5.5 billion for upgrading Pakistan's ailing and dilapidated railway lines to connect Gwadar with Kashgar. With the help of the Asian Development Bank, China has also agreed to upgrade the key railway track between Peshawar and Karachi that accounts for 75 percent of the passenger and cargo traffic.³⁰ It is estimated that the corridor project will generate some 700,000 jobs over the next 10 years and add around 2.5 percent in Pakistan's GDP growth rate by 2030.³¹

Considering the fact that China imports two-thirds of its energy needs from the Middle East, the looming potential maritime and territorial disputes in South China Sea and East China Sea may disturb the Chinese imports and exports but the CPEC would be the shortest alternative route for China in case of such circumstances. The China's Arab Policy Paper released in early 2016 titled, "The Belt and Road Initiative: A great opportunity for deepening China-Arab strategic cooperative relations heralds 1+2+3 formula for China-Arab cooperation where energy cooperation as the

29 "China Pakistan Economic Corridor (CPEC)", *Board of Investment, Government of Pakistan*, www.boi.gov.pk

30 "With a New Chinese loan CPEC is now worth \$51.5bn", *Dawn*, September 30, 2016.

31 Saeed Shah, "Chinese-Pakistani Project Tries to Overcome Jihadists, Droughts and Doubts," *The Wall Street Journal*, (April 10, 2016). www.wsj.com

core infrastructure construction while trade and investment as the two wings and high and new tech in the fields of nuclear energy, aerospace and clean energy as the three breakthroughs. Based on the China-Arab Cooperation Forum established in 2004, China and GCC countries are already negotiating on a Free Trade Agreement. The ancient Silk Route centers in Persia and Arab world are attracting the New Silk Route as Middle East is becoming more important for East than West. According to International Energy Agency, 90 percent of Middle Eastern oil will flow to Asia by 2035. Over the past decade, trade between China and Middle East has increased more than 600 percent, reaching \$230 billion in 2014. China has strong non-oil trade relations with the UAE too and in 2015 it signed an agreement worth of \$10 billion with Egypt where China holds a special economic zone at the Suez Canal.³² Although Egypt is not an oil exporting Arab country but its bilateral trade with China was recorded to be \$11.6 billion in 2015. According to the recent media reports, Egypt has already expressed its interest to join the multi-billion CPEC that would materialise the dream of continental and civilizational connectivities.

The development of Gwadar Port and road infrastructures would provide Pakistan an alternative to its maritime facilities in Karachi which faced Indian blockade in the 1971 War. Other than this, the CPEC also powers up Pakistan since it faces acute energy shortage which has severely strangled Pakistan's rising economy. Currently, Pakistan's generating capacity (thermal, nuclear, and clean energy) is around 20-24 thousand Mega Watt (MW) while it faces shortfalls of over 5000-6000 MW, costing an estimated 2 to 2.5 percent of its annual GDP. Based on the available official data, it is estimated that under the Early Harvest schemes of the CPEC, more than 10,000 MW of electricity would be generated through different sources by 2018 and another 15,000 MW by 2025. The total 21 proposed energy

32 "The Great Wall of China", *The Economist*, June 20, 2015.

projects of CPEC will ultimately produce roughly same as Pakistan's existing generating capacity.³³

With the Chinese strategic alliance, Pakistan anticipates rebalancing the South Asian strategic stability which is already tilted towards India following the India-specific favour by the International Atomic Energy Agency (IAEA) and the Nuclear Suppliers Group (NSG). Consequently, China has played an instrumental role to bridge the barriers in Pak-Russia relations, former Cold War foes. Since 2012, several Russian high officials have visited Pakistan and Russia has been awarded the contract to build \$2 billion worth North-South Gas Pipeline from Karachi to Lahore besides anticipation to buy Russian military hardware. Moreover, the Russian participation in a multi-national naval exercise, Aman 2017, in Arabian Sea by Pakistan's Navy is deemed to be silver lining for any future strategic partnership between the Cold War rivals. Earlier, the armies of Pakistan and Russia have conducted a joint military exercise, codenamed 'Druzhbha-2016' a Russian word meaning "friendship", in Pakistan's north western province bordering Afghanistan under the military cooperation pact signed in 2014. The bilateral defence cooperation agreement was signed between Pakistan and Russia during a visit of Russian Defence Minister Seregy Shoigu that provides for collaboration on international security, counter-terrorism, arms control, education, hydrography, medicine including sharing military experiences.³⁴ Russian Foreign Minister Sergei Lavrov twice visited Pakistan since 2012. Besides, Pakistan also welcomed the Russian involvement in the Afghan issue positively. Pakistan also participated in a trilateral (China, Pakistan and Russia) conference and a six-party summit (Afghanistan, India, Iran, China, Pakistan and Russia) on Afghanistan hosted by Moscow in December 2016 and February 2017 respectively. Russia justifies its

33 Shannon Tiezzi, "China Powers up Pakistan: The Energy Component of the CPEC", *The Diplomat*, January 13, 2016.

34 "Pakistan, Russia Sign Landmark Defence Cooperation Agreement", *Dawn*, November 21, 2014.

active Afghan diplomacy with the rise of Islamic State (IS) in the region as the IS theorized Khorasan Province also includes Central Asia and Caucasus region which ultimately undermines Russian security interests.³⁵ To counter the growing IS network; Russia supports any possible political engagement with the Taliban in Afghanistan. After decades of hostilities, Russia and Pakistan are cautiously attempting to improve their ties as Russia wants Islamabad's support in Afghan imbroglio while Pakistan wants a Russian strategic backing seeing that it is facing increasing isolation spurned by India, Afghanistan and Iran and criticism from the US and NATO countries because of its alleged harbouring of Afghan Taliban.³⁶ In the contemporary regional strategic environment, Pakistan only enjoys the Chinese economic and political support and Russian support would strengthen Pakistan's regional position.

Over and above, the CPEC is the best viable route for Pakistan to link the Central Asian Regional Economic Cooperation (CAREC), a regional organization of the Central Asian Republics including China, Pakistan and Afghanistan. In addition to the Afghanistan-Pakistan Transit Trade Agreement (APTTA), Pakistan has already joined the UNECE-led Customs Convention on the International Transport of Goods (TIR), the ECO Transit Transport Framework Agreement (TTFA), the Quadrilateral Traffic in Transit Agreement (QTTA) along with China, Kyrgyzstan, and, Kazakhstan and the Cross-Border Transport Agreement (CBTA) along with Tajikistan, Afghanistan and Kyrgyzstan through which it can access Central Asia states. Pakistan has long been anticipating extending the Karakoram Highway to Tajikistan and Kyrgyzstan which would ultimately connect those countries to the CPEC and Gwadar Port where Pakistan can increase its existing \$45.3

35 "Russia to Host Wider Regional Conference on Afghanistan", *Voice of America*, February 7, 2017. www.voanews.com

36 Ahmed Rashid, "Russia and Pakistan Slowly Move Towards an Embrace", *Aljazeera*, December 3, 2016. www.aljazeera.com

million annual trade up to \$4 billion a year.³⁷ Recently, Tajikistan has agreed to join the QTTA which connects it with Gwadar port as the trade between the two countries has risen gradually from \$15 million in 2011 to \$90 million in 2016. In the same vein, Pakistan could diversify its energy needs by importing oil and gas from Central Asia. On the other hand, the Chinese growing strategic influence over Taliban in Afghanistan is being watched closely across the concerned capitals. In January 2015, *The Washington Post* reported that Beijing had hosted a Taliban delegation while a second Taliban delegation toured China in July 2016 depicts clearer picture of the Chinese interests in Afghanistan. At the same time, Chinese participation in the Quadrilateral Coordination Group along US, Pakistan and Afghanistan could be a good omen for Pakistan to be the desired gateway to non-coastal Central Asia.

Yet, there is much enthusiasm and exhilaration about the CPEC among mainstream media and academia too but one has to analyze the economic costs especially in the context of Pakistan's poor economy since it is a consumer country while China is a manufacturing country. Other than the cottage industry along with the CPEC road, Pakistan's meagre industries with poor quality products cannot compete with those of China which may lead to further deterioration of the home-grown industries. According to the official statistics, the current bilateral trade volume between the two countries is around \$15 billion which is 70-80 percent in China's favour. Time and again, Pakistani officials have expressed their apprehensions that the China-Pak Free Trade Agreement is annually costing some \$22 billion to Pakistan's economy.³⁸ The China-Pakistan Free Trade Agreement (CPFTA) was implemented in July 2007 that has reduced duty to zero percent on 35 percent products whereas China has reduced duties to zero percent on 40pc

37 Shabbir Ahmad Khan, "Pakistan's Policy towards Central Asia: An Evaluation Since 1991", *Research Journal of Area Study Center*, University of Peshawar no. 65 (Winter 2009). www.asc-centralasia.edu.pk

38 Sara Hassan, "What to Sell?", *BBC* April 21, 2015. www.bbc Urdu.com

products. Although the bilateral trade between the two friendly neighbours has significantly increased but Pakistan has negative balance of trade. The bilateral trade between China and Pakistan was \$4 billion in 2006-2007 that jumped to \$12 billion in 2014-2015 where Pakistan's export increased to \$2.1 billion from \$575 million while Chinese exports increased to \$10.1 billion from \$3.5 billion in 2006-2007.³⁹ So far, Pakistan has utilized only 5 percent of the CPFTA tariff concessions while China has utilized more than 60 percent of it.

Historically, China has been more focused on the strategic importance of Pakistan than the economic or trade links because China's main targets are wealthy and sizeable consumers. Currently, China is Pakistan's largest trading partner and is intending to install its industries in the proposed Economic Zones next to the CPEC which does not bode well for Pakistan's indigenous industries. Some of Pakistan's cognizant chambers of commerce have urged the government to take the business community on board about the Chinese planned industrial units in the country, warning of its severe effects on local manufacturing sector that might turn Pakistan into a purely consumer market.⁴⁰ Over and above, the CPEC may have more merit in strategic proposition than commercial for the reason that it connects Pakistan's (\$284 billion economy) with the \$150 billion economy of Xinjiang province and there is no sense in the argument that China imports oil through Gwadar owing to the much higher cost of the overland transporting across a 16,000-foot mountain pass.⁴¹

Several economists think that massive borrowings under CPEC may sink Pakistan's poor economy into further debt-servicing. By the same token, there is intense controversy among the provinces and political parties over the proposed routes of the CPEC which are Eastern Route, Central Route

39 "Pakistan, China yet to Strike Deal on FTA Phase-II", *Dawn*, July 06, 2016.

40 "Chambers Voice Concern at China's Plan to Set up Industry along CPEC route", *Dawn*, January 2nd, 2017.

41 Khurram Husain, "The Giddy Brigade", *Dawn*, December 1, 2016.

and Western Route. The Eastern Route of CPEC starts near Islamabad passes through Lahore, Multan, Rahim Yar Khan, Sukkar, Hyderabad, Karachi and Lasbela before reaching Gwadar via Makran Coastal Highway.⁴² The Central Route originates near Peshawar and passes through Muzaffargarh-Bakkar and joins Khuzdar by way of Indus Highway and links Gwadar via M-8 through Awaran, Hoshap and Turbat, whereas the Western Route connects Gwadar with Hassanabdal passing through Kohat, Bannu, Dera Ismail Khan, Zhob, Quetta, Kalat, Kharan and Panjgur.⁴³ Severe hullabalos and provincialism have emerged over the Western Route that passes through the northern areas of Balochistan. The Pakhtun nationalists maintain that the Western Route is the shortest route to connect Gwadar with China but the Pakistan Muslim League (N) leadership is adamant to focus on the Eastern Route since it passes through Central Punjab which is the traditional political electorate of the ruling party. According to media reports, around \$37 billion of the CPEC are being directly invested in the Punjab.⁴⁴ The nationalist parties of Balochistan and Khyber Pakhtunkhwa (KPK) have convened several All Parties Conferences to pressurize the federal government to speed up development work on the Western Route. All the same, the federal government has allocated Rs. 110 billion in the PSDP of the fiscal year 2015-2016 whereas a meagre amount of Rs. 20 billion has been allocated for the Western Route.⁴⁵ In the financial year 2016-17, Rs. 1.2 billion has been allocated for the 1,674 km long western alignment while Rs.66 billion has been earmarked for the eastern alignment of the CPEC despite of the fact that Rs. 55 billion

42 "Ahsan Reveals Three Routes of Corridor", *Dawn*, May 15, 2015.

43 "China-Pakistan Economic Corridor: The Route Controversy", *Chief Minister's Policy Reform Unit: Govt. of Balochistan*, May 2015.

44 "CPEC: A Controversial Political Project", *Daily Balochistan Express* Quetta, December 29, 2016.

45 Rafiullah Kakar, "Making Sense of the CPEC Controversy", *Express Tribune*, January 21, 2016.

is required for land acquisition for the former.⁴⁶ The top leadership of the PML-N has time and again accused the incumbent Chief Minister of KP and the Awami National Party (ANP) for politicizing and sabotaging the CPEC. Despite hue and cry, the federal government has assured to develop the Western Route on priority basis. During a recent visit to the Zhob and Dera Ismail Khan, the author has observed massive development work for the upgradation of the Western Route by the National Highway Authority (NHA).

Security related issues are the major obstacles for the full-fledged materialization of the CPEC since it has to pass through the restive, largest and least developed regions of both China and Pakistan. The decades of alienation among Uighur community in northwest province of Xinjiang has resulted to the rise of East Turkestan Islamic Movement (ETIM) which has been fighting the Chinese authorities to pull a separate homeland for the Turkic-speaking ethnic majority. The ETIM has been active in the tribal areas of Pakistan too. China fears that this separatism may gain more support from transnational Muslim fundamentalists that could be a bad omen for the CPEC.⁴⁷ Similarly, the nationalists in Balochistan have initiated a low-level insurgency owing to decades-long marginalization by the federal government who are targeting the CPEC as well. The Baloch insurgents with socialist ideology consider China as an ally of Punjab, Pakistan's largest province in terms of population, which is accused of robbing Balochistan's natural resources and minerals.⁴⁸ The Western Route of the CPEC passes through the areas within the striking range of Pakistani Taliban and Baloch insurgents; therefore, Pakistani authorities have taken extraordinary security measures by establishing a Special Security Division for the CPEC. The

46 "Ministry, NHA Fail to Address Concern over Western Route", *Dawn*, June 28, 2016.

47 Beina Xu, *et al.*, "The East Turkestan Islamic Movement", *Council on Foreign Relations* (September 4, 2014). www.cfr.org

48 "Is China-Pakistan Silk Road a Game-changer?", *BBC*, April 22, 2015. www.bbc.com

Special Security Division for the Pak-China Economic Projects consists of nine army battalions (9000) and six wings (6000) of civil armed forces under the command of a major general. Total 15000 military personnel are divided into Special Security Division and Maritime Security Force. The Economic Coordination Committee (ECC) has decided that the capital cost of all the CPEC energy projects would be raised by one percent to bear the cost of the security arrangements of the CPEC.⁴⁹ The central government is also asking the provinces to allocate around 3 percent of the federal divisible pool to share the burden of the CPEC security costs.⁵⁰ The comprehensive security measures for the CPEC are quite justified since India and its allies are extremely apprehensive of the burgeoning Pak-China strategic-cum-economic partnership. India is already pouring millions of dollars to modernize Chabahar Port in Iran, 76 nautical miles away in the west of Gwadar as a regional competitor of Gwadar port which is intended to be the gateway for India to reach out to the resource-rich Central Asian Republics via Afghanistan. The Chabahar Port has been linked with Afghanistan with Indian funded roads that would enable India to access the Central Asia and Arabian Sea respectively by circumventing Pakistan.⁵¹ Owing to these reasons, India is alleged to have considerable espionage presence in eastern Iran and southern Afghanistan, aiding the Baloch insurgents to disturb and sabotage Chinese investments in the region. The recent statements of Indian Premier Modi to draw attention to the alleged human rights violations in Balochistan clearly validate the theory of Indian involvement in Balochistan.

The moderate nationalists are demanding maximum benefits for Balochistan from the CPEC as out of \$51.5 billion of the project, less than one billion is to be invested in Gwadar District only that includes developing a new

49 Khurram Husain, "Hidden Costs of CPEC", *Dawn*, 29 Sept., 2016.

50 Khurram Husain, "2016: The Year of the CPEC", *Dawn*, January 2, 2017.

51 Ruhollah Osmani, (2016, Feb 5). Chabahar Port: A Win for South Asia, *Foreign Policy*, www.foreignpolicy.com

International Air Port in Gwadar, 300 MW coal power plant, 19km link highway to connect Gwadar port with M-8 and Makran Coastal Highway, a desalination plant, a new 300 bed hospital and a Technical and Vocational Institute.⁵² According to Sana Baloch, former MNA and Senator of Balochistan National Party, the cumulative contribution of Balochistan in the CPEC is 60 percent but it gets only 5 percent of the total benefits of the CPEC. Among the 28.6 billion of Early Harvest projects of the CPEC, Balochistan is to get \$600 million, Punjab \$13 billion, Sindh \$4.6 billion, KP \$1.8 billion and Gilgit-Baltistan \$920 million. Moreover, there is no clear policy on horizontal distribution of the CPEC-revenues.⁵³ The residents of Gwadar face severe water shortage and the imaginary port city still depicts to be a fishing town with ramshackle infrastructure and without required civic services. The Akara River Dam built in 1990s is the only water reservoir for mushrooming population of Gwadar district. The poor inhabitants are compelled to buy expensive water tanker worth of \$115-140 or wait days for the government subsidised water transported from 80km away.⁵⁴ The government's planning to deal with this chronic humanitarian issue seems to be pipe dreams.

Conclusion

The politics of violence has no place in the globalised 21st Century that is discouraged by every civilized nation across the world. Hitherto, the federal government has taken some solemn steps which are contributing indicators of the national integration of the disturbed province: the 7th National Finance Commission (NFC) Award, the Aghaz-e-Haqooq-e-Balochistan Package, the 18th Constitutional Amendment and belatedly, the recent peace initiatives of the PML (N)

52 "CPEC", Directorate General of Public Relations, Government of Balochistan.

53 Sana Baloch, "Legitimate Share of Balochistan in CPEC", Facebook, https://www.facebook.com/permalink.php?story_fbid=10208251504220982&id=1104211701

54 P.M. Baigel, "Gwadar Port Reels under Water Shortages", *Dawn*, February 16, 2016.

government to include the much-ignored moderate nationalist in the provincial and federal governments are appreciable gestures. The CPEC could be another effective indicator of national integration which passes through the breadth of the province starting from Zhob in North ending to Gwadar in Southwest and could be the best strategy to enhance urbanization in Balochistan. Interestingly, the Indian media has dubbed the CPEC as the Great Game of the 21st Century which means that India would go all out to spoil Pakistan's great achievement of the century. Subsequently, Pakistan's arch-rivals would continue to exploit the conflicting past between the federation and the province for which the central government has to take some more concrete steps through constitutional and legislative guarantees to quell the existing anxiety among the local population as reported in mainstream media that Chinese and other economic migrants would outnumber the natives in Balochistan by 2048. The CPEC envision for greater regional connectivity in South Asia too which could ultimately transform the New Great Game into New Great Cooperation. The benefits from the CPEC must be distributed according to an agreed formula based on multiple criteria and people-centric approach to satisfy all stakeholders/provinces of the country. Above all, the Shanghai Cooperation Organization (SCO) and the Sino-Russian Strategic Partnership could serve Pakistan's strategic and economic interests more than those of West. Likewise, Iran and Afghanistan have more common bonds with Pakistan than India.