

Pakistan-China Relations

CPEC and Beyond*

Sun Weidong et.al

The Context*

Khalid Rahman

The exemplary nature and contours of bilateral relationship between Pakistan and China are well-known and well-discussed both in the two countries and elsewhere at regional and global level. It is a fact, and needs little mention that the bond has withstood the ups and downs of time for more than six and half decades and continues to grow from strength to strength. The relationship, beyond any doubt, serves as a model for ties between any two states in the contemporary world.

While political and strategic aspects have been the hallmark of bilateral exchanges since very beginning of the diplomatic relations in 1951 – continuing and strengthening throughout the following decades of 60s thru 90s – we see a transformation towards closer and dynamic economic ties as well as robust people-to-people exchanges in the post 2000 scenario, the first 17 years of the 21st century. Free-Trade Area (FTA) Agreement, Currency Swap Agreement, framework agreements for economic and energy cooperation, and several initiatives for exchanges of academia, professionals, youth and students, media-persons and artists are among the key developments on this front, during this period.

The advent of China-Pakistan Economic Corridor (CPEC) in 2013, and the formal inauguration of CPEC projects during the visit of President Xi in April 2015, has steered the ties between two countries into a new era of vitality. It goes without saying that both the countries stand to gain a lot from this mega initiative – having wide-ranging economic, socio-

* This contribution is based on the proceedings of a session on the same title organized by the Institute of Policy Studies (IPS), Islamabad on August 10, 2017. The highlight of the event, as is recorded in this article, was the exclusive talk of H.E. Sun Weidong, Chinese ambassador to Pakistan while the opening and concluding remarks by Khalid Rahman, Executive President of IPS and Senator Raja Zafar-ul-Haq, Leader of the House in the Senate of Pakistan, respectively, are also part of the article. Pleasantries have been edited for the purpose of brevity and consistency.

* Opening remarks by Khalid Rahman, Executive President, Institute of Policy Studies (IPS), Islamabad.

economic as well as political and strategic dividends – especially in the long run.

The idea behind today's session titled as "Pakistan-China Relations: CPEC and Beyond" is to highlight that while the CPEC has rightly gained a symbolic status in China-Pakistan ties, it represents only one aspect of mutual relations. Bilateral ties, in reality, go well beyond the CPEC as they encompass many other important dimensions, including political and strategic ones, which are set to have a greater impact on contemporary regional and global dynamics. Thus, though CPEC has taken a center stage in the discourse at almost all the levels, China-Pakistan relations should be viewed in a much broader perspective.

Bringing focus to this dimension leads to the key element of Sino-Pak relationship which is the mutual trust and respect that the two nations have enjoyed throughout the period of past more than 66 years, and which makes the very foundation for an initiative like CPEC. It would not be wrong to say that it is this mutual trust that has encouraged the two nations to embark upon an initiative of the scale of CPEC – the only bilateral corridor among the six (or several) corridors being pursued under China's 'One Belt, One Road' (OBOR) strategy.

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themes. Some of the developments which otherwise should be seen as a natural corollary of an increased economic engagement, are being used as excuses. The trade imbalance, terms of investment, increased flow of Chinese workers to work in Pakistan, costs of the projects involved and their security, and strategic dynamics of the infrastructure being built as part of CPEC and other than CPEC are some of the issues discussed in this regard. Prime motive of focusing the discourse on negativity, while discussing these issues, seems targeting the spirit of mutual trust and understanding between the two people by creating doubts and raising questions.

This, though not unexpected in this age of perception management, necessitates a continuous emphasis on the elements which

have led to the strong bond of relationship between the two countries and a prerequisite to take it to new heights.

In this backdrop, it is indeed a rare opportunity to listen to the first-hand account of the state-of-affairs from Excellency, Ambassador Sun Weidong, someone who is involved at the highest-level of decision making related to bilateral cooperation. I hope that the presentation would help all to better understand the overall present situation not only in terms of CPEC but also beyond this mega-initiative; the challenges that are faced at national, regional and global levels, and the counter strategies being adopted by the two countries.

Sino-Pak Relations: CPEC and Beyond*

Sun Weidong

In my opinion, Pak-China relationship has three keywords. The first one is "all-weather". Since the establishment of diplomatic ties 66 years ago, China-Pakistan friendship has always been unshakable, time-tested, stood against the changes in the international situation and the domestic situation of the two countries. It has grown from strength to strength, and is expanding by leaps and bounds. In April 2015, the Chinese President Xi Jinping paid a historic state visit to Pakistan. Both leaders agreed to lift our bilateral relations to all-weather strategic cooperative partnership. This is a unique example in China's foreign relations.

The second keyword is "all-round". In the two years since Chinese President Xi Jinping's visit to Pakistan, the two sides have clearly focused our work on implementing the outcomes of the visit as the main mandate of bilateral cooperation. We have comprehensively promoted the exchanges and cooperation in political, trade and investment, culture and education, science and technology, security and defense, as well as on international and regional affairs. With our joint efforts, most of the outcomes of this visit have been materialized. The breadth and depth of cooperation between the two countries have been on expansion.

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* The main speech by H.E. Sun Weidong, Chinese Ambassador to Pakistan, in the seminar.

The third keyword is "Iron Brothers". Netizens in China kindly refer to Pakistan as "Iron Brother", which reflects the sincere and close feelings between the ordinary people, man and woman, old and young. Pakistan has provided valuable support to China at the critical moment of breaking external blockade to the new China and China's restoration of legitimate seat in the United Nations. Pakistan also gives us full support in a series of issues concerning China's national interests, including issues concerning Taiwan, Xinjiang, Xizang [Tibet], and the South China Sea. Similarly, China has always firmly supported Pakistan's independence, sovereignty and national dignity, and sincerely supports Pakistan to achieve economic and social development.

By firmly adhering to the Five Principles of Peaceful Coexistence, upholding the principle of mutual respect, mutual understanding, mutual trust, and mutual support, the development of relationship between China and Pakistan can be as solid as hardrock and the friendly cooperation between two countries have become a model of state-to-state relations. As time goes on, China-Pakistan friendship will deepen in the hearts of the two peoples, and our cooperation will bring more benefit to both countries and the region.

The CPEC is one of the important achievements of President Xi's visit to Pakistan. It becomes the flagship project of the Belt and Road Initiative and the main platform for China-Pakistan cooperation. In 2013, the two countries reached consensus on building China and Pakistan Economic Corridor. In 2015, blueprint for CPEC construction was formulated. During President Xi's visit to Pakistan, the two countries reached agreement on the "1+4" layout of cooperation, with the corridor construction as the center and the Gwadar port, energy, infrastructure construction, industrial cooperation as 4 major areas. The comprehensive construction of CPEC was officially initiated. In 2016, the CPEC moves ahead with its full implementation. A number of projects were started in various parts of Pakistan. In 2017, CPEC begins to enter the stage of Early Harvest. At present, 19 projects are under construction or completed, with a total investment of \$ 18.5 billion. The cooperation between the two sides have been progressing smoothly with visualized results. It is reflected in the following three aspects.

First, energy projects are moving ahead rapidly. The shortage of energy is the severe bottleneck constraining Pakistan's economic development, which also affects the livelihoods of millions of people. To meet the most urgent desire of Pakistani people, China puts energy as priority in CPEC cooperation. At present, 11 out of the 19 CPEC projects are energy projects, 5 of which have already been built. The Sahiwal Coal Power project is completed in only 22 months, which makes a new record

of Pakistan Speed. About 11000 megawatts of electricity could be added to Pakistan's grid after the completion of all CPEC energy projects in the coming years, which will greatly alleviate the energy shortage in Pakistan and inject strong impetus into its economic development. While working on these projects, China adopts internationally advanced standards and technologies, which will not affect the Pakistani environment.

Second, road connections are being built. As an old Chinese saying goes, "To become rich, build the roads first". Only with the roads ready, the flow of people and logistics can be freed, which could effectively stimulate economic vitality, and bring the regional connectivity into a reality. After the completion of major projects such as the second-phase upgrading of the Karakoram Highway and the highway from Peshawar to Karachi, the artery in Pakistan will be unlocked to improve the traffic linkage from north to south. The Gwadar port has been restored to designed capacity. In last November, a ceremony marking the opening of trade activities by the China-Pakistan Joint Pilot Trade Convoy was successfully held, and it is the first time for the containers from China to be shipped overseas through the Gwadar port on a large scale. The construction of the eastern and western routes of CPEC will provide an impetus to the economic development of Pakistan.

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Third, social effects are beginning to emerge. According to an initial statistics, Chinese enterprises have employed about 60,000 Pakistani workers under and outside the umbrella of CPEC. For example, during the completion ceremony of the Sahiwal power station, I visited the central control room of the power station. In the spacious and bright room, I saw young Pakistani technicians were skilled in operating equipment and monitoring power stations, with their enthusiasm for work on their faces. The Chinese companies not only bring investment and tax revenue, but also train local people into skilled workers in order to get higher-level jobs, especially young people. At Gwadar, Chinese are investing in a large seafood processing base. After its completion, it will promote the development of complete industrial chain from the seafood aquaculture, fishing to processing, and effectively improve added value of products, and create a large number of job opportunities for local people. In addition, China has completed the establishment of China-Pakistan friendship primary school, first-aid medical center and

plans to construct the vocational technical college and other projects concerning local people's livelihood in Gwadar.

Recently, we are pleased to see that a number of new projects have been completed, including the Sachal Wind Farm, Dawood Wind Farm, the Jhimpir UEP Wind Farm and Linyi Trade City in Gwadar. At the same time, China and Pakistan are actively exploring the major cooperation projects for next phase. The two sides have reached consensus on the ML1 railway up-gradation project which is under discussions on financing and technical solutions. The 1800-kilometer railway will greatly facilitate the movement of people and goods from north to south in Pakistan, making the economic artery of Pakistan stronger. The two governments are also cooperating on industrial parks with a target of promoting the development of local labor-intensive industries. I am convinced that CPEC is like a treasure with new potentials continuously being exploited.

The success of CPEC has embodied the endeavor and efforts of our two countries. It comes with a solid foundation.

Firstly, CPEC is a win-win cooperative initiative featuring mutual benefit. By putting forward the "Belt and Road" Initiative, what we [China] pursue is not the benefit of one single country. Nor is it unilateral assistance from China, but it is to jointly mobilize the enthusiasm of all parties to bring advantages of finance, and technology to local demand. The principle of "Belt and Road" Initiative is achieving shared growth through joint discussion and collaboration, which embodies all the participants as beneficiaries. Both local people and the region will benefit from this Initiative. CPEC will never re-take the road of plundering [as was done] by the colonialists, and the zero-sum thinking in cold war era. Instead, CPEC has chosen a new path of mutual benefit and shared prosperity.

Secondly, CPEC embodies the spirit of sincere assistance between the two countries. In order to meet Pakistani emergency needs, thousands of Chinese workers are away from their homeland and loved ones. They are working hard over time for completion of the power plants, roads and port projects with high quality. There is no other country in the world that wishes to see a more developed and prosperous Pakistan than China does. Our cooperation mainly focuses on introducing advanced technology and management experience, improving Pakistani production technology and industrial system and enhancing the competitiveness of Pakistani products in international market. In 4 years of CPEC construction, Pakistan has enjoyed a fast momentum of economic development. People have become more confident about the

future of the country. Pakistan has been the first ones to benefit from the win-win cooperation under "Belt and Road" Initiative.

Third, CPEC is an open and inclusive cooperative initiative. President Xi Jinping points out that the development of China benefits from the international community and China is willing to provide more public goods in return. We believe that only openness and cooperation will bring us vitality and progress. The Karakoram Highway not only connects China and Pakistan but may also promote the connectivity between Pakistan and other regional countries. The CPEC has been advanced in a comprehensive and balanced manner with openness and transparency. Our cooperation is not against any third party. The CPEC is beneficial to the prosperity of the region, and aims at promoting the well-beings of the people. We are opposed to any attempt to undermine CPEC. We are confident that under our joint efforts, cooperation on CPEC will go steadily, and far, with broader prospects.

The all-round pragmatic cooperation between China and Pakistan is not only reflected in CPEC but in many other fields.

In terms of trade and investment, China has become the largest trade partner of Pakistan and the largest source of investment in the past three years. In 2016, the total amount of our bilateral trade was recorded at 19.14 billion USD. The stock of investment from China reached 4.13 billion USD, with an obvious upward trend. Some Pakistani friends may pay attention to Pakistan's trade deficit. Here, I want to emphasize that China does not pursue the trade surplus policy with Pakistan. Instead, China will support Pakistan to export more products which could meet the requirements of Chinese markets. China would like to help Pakistan accelerate the industrialization process and enhance the international competitiveness of Pakistani products.¹

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In the field of science and technology, a few weeks ago, the Ministers of Science and Technology of both countries co-chaired the 18th

¹ The ambassador also announced that a signing ceremony for purchase of Pakistani products worth \$ 325 million by Chinese buyers was being held on the same day [August 10, 2017] in Islamabad and China will continuously make [further] efforts in this respect.

joint committee meeting on science and technology cooperation in Islamabad. The Chinese side will carry out more cooperation with the Pakistani side in the fields of research on new energy, environmental protection, disaster reduction, training and exchange of scientists, so as to help Pakistan transforming technological achievements into productive forces.

In cultural exchanges, in 2015 and 2016, the two countries have organized a series of activities marking the Year of China-Pakistan Friendship Exchange and the 65th Anniversary of the establishment of diplomatic relations between China and Pakistan. Nearly 200,000 people visited each other's country last year. 14 pairs of friendly provinces or cities are established. There are around 18,000 Pakistani students studying in China. The number of Pakistani students enjoying Chinese government scholarships ranks first in the world, accounting for nearly 10% of the total amount of government scholarships provided by the Chinese government.

In defense exchanges and cooperation, the relations between our two armed forces have been the pillar of bilateral relations. The two sides have frequently conducted various types of joint activities including maritime search and rescue, anti-terrorism joint training. Bilateral cooperation on personnel training, equipment, anti-terrorism have reached a new height. On March 23 this year, the honor guards of the Chinese People's Liberation Army (PLA) made their debut in the Pakistan National Day parade. On July 31, Pakistan's Chief of Army Staff, General Qamar Bajwa attended the Reception marking the 90th anniversary of the founding of the Chinese PLA. These are reflections of the special relationship between our two armies.

On major international and regional issues, we have always cooperated with each other, upheld justice and jointly safeguarded the common interests of both sides and the developing countries at large. In this June, Pakistan successfully joined the Shanghai Cooperation Organization (SCO). China is willing to further strengthen cooperation with Pakistan in the framework of the United Nations, the SCO, etc, and continues to maintain close communication and coordination on the Afghan peace process, so as to jointly promote regional peace, stability and prosperity.

Recently, there are some changes in the political situation of Pakistan. Many friends want to know about its impact on the development of China-Pakistan relations and CPEC. On August 3, I had the privilege of calling on the new Prime Minister Shahid Khaqan Abbasi. I told His Excellency that China Pakistan all weather friendship is time

tested. Developing relations with Pakistan is the priority of China's diplomacy. I believe that under his leadership, the Pakistani government would be committed to safeguarding national unity and stability, and promoting economic and social development. China is willing to work with Pakistan to maintain good momentum of development in bilateral relations, jointly promote CPEC construction and push forward the all-weather strategic partnership between China and Pakistan.

We are full of confidence in Pakistan's development and in the future of China-Pakistan relations. Since its independence 70 years ago, the Pakistani people is very resilient and has always held high spirits though experiencing toughness and hardships. Over the years, through the continuous efforts of the Pakistani people, the security situation in the country has been improving and with a trend in the acceleration of the economy growth is remarkable. Pakistan has been playing an increasingly important role in promoting regional peace, stability and prosperity. I believe that in the next 70 years, Pakistan will enjoy a better growth.

China-Pakistan relationship is a cross-regional, cross-party, cross-ethnic consensus for Pakistani people. China has always attached great importance to China-Pakistan relations. We appreciate the continuity of policy adopted by the new Pakistani government. I believe that there will be no way to shake our confidence in and commitment to developing China-Pakistan relations, and the momentum of the development of bilateral relations will not change.

Concluding Remarks

Muhammad Zafar-ul-Haq

Pakistan and China share common interests and aspirations, and as such our strategic partnership is a factor for global peace, stability and progress. Pakistan accords special importance to collaboration with China. Especially, in recent years, trade and economic relationship has become the centre-piece of our bilateral relations.

Pakistan is greatly indebted to China for its cooperation and assistance that fueled progress and growth in many important areas including energy, infrastructure, manufacturing, electronics, computer

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hardware and software, transport and construction equipment, and mining.

Pakistani government is keen to share with our Chinese friends the advantages accruing from our strategic position at the crossroads of Central Asia, South Asia, West Asia and China. We envision a peaceful, prosperous and integrated Asia, just like China as per its "One Belt, One Road" vision. The CPEC is the torch bearer of this shared vision and common objectives.

Allow me to say that CPEC is not just a trade route between two countries. Its significance goes far and beyond. More than anything, it is a pivot of regional connectivity, and mutual and shared development. Aiming economic regionalization in the globalized world, CPEC envisages combining the growth engines of South Asia, China and Central Asia into a massive powerhouse driving socio-economic uplift of three billion people of the region.

As for Pakistan, the fruits of CPEC have already started bearing some of the cherished dividends with reduced electricity shortages and improved connectivity between underdeveloped and developed areas. It has also opened up the possibility of funneling investment into resource-strapped energy and infrastructure sectors, as well as under-developed areas. This will help accrue twin-pronged benefits, such as sustained economic growth and improved socio-economic uplift for all based on equity and equality.

Pak-China cooperation is vital to the protection and promotion of international peace and security in a multi-polar system confronted with serious challenges such as terrorism, regional conflicts, energy crisis, and environmental degradation. So let's join hands, combine synergies and forge wide-ranging, stronger and sustainable partnerships by harnessing the full energy of our masses and turn shared ideals of peace, development and prosperity into a reality.