



CPEC UNDER CLOUD: SECURITY AND ECONOMIC CHALLENGES

Gp Capt (Dr) DK Pandey

Senior Fellow, Centre for Air Power Studies



The China-Pakistan Economic Corridor (CPEC) projects were envisaged to enhance the long-standing strategic partnership between China and Pakistan. However, the projects have been criticized by locals and various analysts for crippling Pakistan with loads of debt and allowing China to exploit “debt-trap diplomacy” to gain access to vital assets.

CPEC is being eclipsed with increasing frustration in both the countries due to various dynamics. The timelines of the CPEC projects are facing numerous hurdles.

The CPEC project, worth US\$ 62 Billion [as of 2020],¹ was considered as a high-dividend geo-economic initiative. It includes the construction of the Gwadar Port in Baluchistan, modern transportation networks, numerous energy projects, and special economic zones. CPEC is supposed to accelerate Pakistan and China’s economic development. For better trade ties, China is interested in linking with Western Asia. But CPEC is being eclipsed with increasing frustration in both the countries due to various dynamics. The timelines of the CPEC projects are facing numerous hurdles.

With various conflicts of interests and hidden political agendas, numerous groups in Pakistan are targeting these Chinese projects. Jihadi groups such as Tehrik-i-Taliban Pakistan (TTP) and ethnic separatists, particularly from Baluchistan, are among them. There are other groups that do play a vital role in CPEC’s progress. These groups are alleged to have links with the Pakistani Army. The Pakistani Army is looking forward to dividends from the planned infrastructural as well as administrative developments.

Print and electronic media have occasionally exposed corruption links with the Pakistani Army. Lt. Gen. Asim Saleem Bajwa (Retd.) was appointed the chairman of the China-Pakistan Economic Corridor Authority (CPECA), the nodal agency for handling CPEC projects, on November 27, 2017, amid the opposition’s criticism of the formation

of the authority. The basic aim of forming the authority was to ensure coordination among the various concerned departments and timely completion of the CPEC projects.²

Figure 1: CPEC: Connecting Gwadar to Kashgar



Source: tribuneindia, <https://www.tribuneindia.com/news/world/pakistan-signs-new-pact-with-china-to-kick-off-2nd-phase-of-cpec-during-pm-khans-visit-to-beijing-367044>. Accessed on 10 June 2022.

Ahmad Noorani, an investigative journalist, said, “The growth of the Bajwa family’s business empire in the United States and later in Pakistan directly matches the rise in power of retired General Asim Saleem Bajwa, who is now chairman of the country’s massive China-financed infrastructure project and a special assistant to the Prime Minister.”³ Lt Gen Bajwa claimed it to be a “malicious propaganda story” through a tweet on August 27, 2020.⁴

Discontent in Groups

Local populations from POK and Khyber Pakhtunkhwa in the North region and Baluchistan in the South have a feeling of being neglected and marginalised due to alleged biased planning of CPEC projects. The notional inclusion of these provinces in these projects is considered a drop in the ocean.

The seizure of land for the Gwadar port in Baluchistan, the omission of Baloch enterprises, and the dominance of Chinese labour have increased discontent, resulting in violent reactions against Chinese teams. Baloch organisations consider Chinese investments unfair and unjust, with CPEC taking the province’s resources and providing only notional returns.

This discontent among the population has led to numerous attacks on Chinese nationals and assets in Pakistan in recent years. Recently, three Chinese nationals were killed in a suicide bomb attack outside the University of Karachi’s Confucius Institute on April 26, 2022. The Baloch Liberation Army (BLA) has claimed responsibility for the attack. The BLA is a separatist group fighting for the independence of Pakistan’s southwestern Baluchistan province.

According to Niloufer Siddiqui, a Pakistani political science professor at SUNY Albany in the United States, “The use of a female suicide bomber in the attack does potentially indicate that the tactics and strategies of the BLA are evolving.”⁵ It explicitly indicates that violent groups are firm in their approach and they want to derail the CPEC project at any cost.

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The year 2021 saw two major attacks. In April 2021, a suicide attack at a luxury hotel hosting the Chinese ambassador in Quetta killed four people and injured dozens.⁶ In July 2021, in Khyber Pakhtunkhwa, nine Chinese nationals were killed in an attack, with others working on an under-construction tunnel site of the CPEC’s high-value Dasu hydropower project.⁷ Nobody claimed responsibility for these attacks. The Pakistani foreign office initially called it an accident due of mechanical failure. Security teams could not trace the culprits behind the attacks. Later, Pakistani Foreign Minister Shah Mahmood Qureshi indicated that it was planned in Afghanistan, and there were suspicions that TTP affiliates were involved. But nothing concrete was officially established in ‘so-called’ investigations. In May 2017, two Chinese nationals, a man and a woman, were abducted in Quetta, the capital of Pakistan’s Baluchistan province.⁸ As the targeting of Chinese groups by locals has not stopped, Beijing has become more reluctant to hire local workers as it sees them as potential security threats. China has expressed its displeasure with Islamabad for failing to provide adequate protection for the projects.

Islamabad’s Reaction

The Pakistan government is trying to address the bottlenecks at various levels. Pakistan PM Shehbaz Sharif has initiated a few diplomatic measures after forming the new Government, showing concern about the well-being of Chinese workers. The PM has ordered investigations after getting reports of the Chinese exodus from Pakistan. Mr. Bilawal Bhutto-Zardari, the Foreign Minister of the new Pakistan Government, has pledged during a condolence meeting to extend all possible support to the Chinese workers.

The Pakistan Muslim League-Nawaz and Pakistan Peoples’ Party, the opposition political parties, rejected the CPECA when it was constituted, saying it would create bureaucratic hurdles and complications in collaboration between the ministries and departments.⁹

The functioning of the CPECA is also being reviewed by the Ministry of Planning and Development (MPD) to rejuvenate the CPEC projects. Mr. Ahsan Iqbal, the MPD minister, has directed on April 23, 2022, to call for the dissolution of the CPECA, indicating that affairs are not steady. For the CPEC projects, conceived in 2013, several administrative

issues still had to be resolved. Mr. Iqbal's appeal was for the Chinese teams working on the CPEC to be free of obstacles.

Dilemma for Beijing

China is an emerging global power and its economic influence is rapidly expanding. Its domestic natural resources are steadily drying up, which has increased Beijing's dependence on imported energy and gas resources for its eco-digital growth. Beijing is treating CPEC as one of the outreach springboards for the energy resources.

The CPEC aims to connect China's Xinjiang region with Pakistan's Gwadar Port, which strategically connects three commercial areas: the Middle East, West and South Asia, through an exclusive network of highway roads, trains, and oil and gas pipelines.¹⁰ Through the Gwadar Port, China will be able to acquire energy supplies from the Middle East and Africa and trade with the rest of the world (Fig 1). Consequently, China's international trade and markets will be strengthened.

In view of repeated delays in project completion, building up arrears, and deteriorating Pakistan's economy, the progress of CPEC is a grave matter of concern for China. China is known for its debt-trap diplomacy. Nonetheless, Beijing is unlikely to back away from CPEC projects entirely due to heavy Chinese investment and high strategic stakes for China.

Showing concern for the security of their nationals in these projects, Beijing has overstretched Pakistan to focus on providing impregnable security to Chinese citizens. Although Islamabad has beefed up (notionally) the security of Chinese nationals, attacks on them have continued. It indicates the inefficiency of the deployed security personnel.

Pakistan has invested a large amount of money since the commencement of the CPEC project. Several types of security forces have been deployed to protect Chinese workers and improve the security situation for CPEC. According to Mr. Abdul Rehman of the Corvinus University of Budapest, "An estimated 32,000 security personnel force consisting of Frontier Corps, police and Levies would guard over 14,321 Chinese workers in Pakistan. The federal government allocated Rs1.8 billion (US\$ 17 million) for CPEC security in its budget for 2017-18. During the 2019-20 budget, the government proposed to allocate US\$ 1.3 billion for CPEC related projects, especially for its security".¹¹ Pakistan's economic health may not permit adequate spending on the security of the Chinese in the country.

But Pakistan is under an economic fiasco. Poor handling and corruption have resulted in over US\$ 13.033 billion in debt during July-April 2021-22.¹² The Economic Affairs Division (EAD) has shown grave concern about the country's financial health. EAD is responsible for the assessment of requirements, programming and negotiations of

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external economic assistance related to the government of Pakistan and its constituent units from foreign governments and multilateral agencies that have shown concern.

Pakistan is financially stressed but appreciates and exploits the Chinese dilemma. All measures to support the Chinese CPEC team couldn't show 'the announced' objectives. As reported by Pakistani media, various indicators like rising current account and trade deficits, greater external debt payments, drying dollar inflows, no positive signals from the IMF, listing in FATF grey list, heavy corruption, and an unstable political environment are key points for worry for Pakistan. Pakistan desperately needs financial aid to run its routine affairs. Pakistan makes delayed payments to Beijing on such pretexts. The big projects under the CPEC are having problems raising the required funds, and the various projects are being shut down or delayed by being put in cold storage.

Amidst the alarming economic misery and international isolation, the likelihood of scrapping CPEC has been considered in Pakistan. ANI has reported that "Pakistani authorities who remain predisposed to the West have even offered to scrap or side-line the CPEC if Washington could offer similar financial assistance, said Asia Times citing inside sources".¹³

Conclusion

Due to the lucrative dividends from these projects, Beijing overlooks various impediments to the progress of the CPEC program. To rule out any possibility of scrapping of CPEC as well as the entry of the US, Beijing is diplomatically trying to increase the firmness of its grip on Pakistan. Nevertheless, at the same time, Pakistan has to take a few unpopular decisions to untwist and straighten the economic progress to get on track to give impetus to CPEC. Rapidly, Pakistan is heading for a disturbing and unmanageable situation like Sri Lanka. Knee jerk measures need to be taken to help put the country on the right track. Corruption in the system has to be checked at any cost. Financial aid is crucially required to execute these harsh measures and support the Pakistani economy.

Notes:

¹ Anil Kumar Lal, "The CPEC challenge and the India-China standoff: An opportunity for war or peace?", *The Times of India*, August 9, 2020, <https://timesofindia.indiatimes.com/blogs/rakshakindia/the-cpec-challenge-and-the-india-china-standoff-an-opportunity-for-war-or-peace/>. Accessed on May 10, 2022.

² Aamir Yasin, "Asim Bajwa made chairman of newly created CPEC Authority", *Dawn*, November 27, 2019, <https://www.dawn.com/news/1519047/asim-bajwa-made-chairman-of-newly-created-cpec-authority>. Accessed on May 30, 2022.

To rule out any possibility of scrapping of CPEC as well as the entry of the US, Beijing is diplomatically trying to increase the firmness of its grip on Pakistan.

- ³ Ahmad Noorani, “Bajwa family business empire grew in four countries in sync with Asim Bajwa’s rise in military”, *FactFocus.com*, August 27, 2020, <https://factfocus.com/bajwa-family-business-empire-grew-in-four-countries-in-sync-with-asim-bajwas-rise-in-military/>. Accessed on May 30, 2022.
- ⁴ Asim Saleem Bajwa, Tweet @AsimSBajwa, August 27, 2020, <https://twitter.com/AsimSBajwa/status/1299017002091151362?s=20>. Accessed on May 30, 2022.
- ⁵ Haroon Janjua, “Pakistan: Are attacks on Chinese workers jeopardizing Beijing’s CPEC projects?”, *DW.com*, April 28, 2022, <https://www.dw.com/en/pakistan-are-attacks-on-chinese-workers-jeopardizing-beijings-cpec-projects/a-61618631>. Accessed on May 9, 2022.
- ⁶ “Kashghar-Gwadar trade route: KP Assembly passes unanimous resolution against proposed changes”, *Daily Times*, May 15, 2022. Accessed on May 15, 2022.
- ⁷ “Karachi Bombing Was Not First Attack on Chinese People in Pakistan”, *Outlook India*, April 27, 2022, <https://www.outlookindia.com/international/karachi-university-bombing-was-not-first-attack-against-chinese-in-pakistan-read-about-earlier-attacks-news-193523>. Accessed on May 11, 2022.
- ⁸ “Won’t forgive those behind attack on Chinese teachers: Bilawal”, *The News International*, May 15, 2022, Vol.32 No. 40, P1, <https://www.thenews.com.pk/print/957947-won-t-forgive-those-behind-attack-on-chinese-teachers-bilawal>. Accessed on May 15, 2022.
- ⁹ Rahman, Tariq, Hongbo, Jlanwe, Yang, “The implications and Geo-Strategic Dimension of China – Pakistan Economic Corridor and its consequences and benefits overall” *European Academic Research*, Vol. IV, Issue 12, March 2017, https://www.researchgate.net/publication/342330320_The_implications_and_Geo-Strategic_Dimension_of_China_-Pakistan_Economic_Corridor_and_its_consequences_and_benefits_overall. Accessed on May 7, 2022.
- ¹⁰ Abdul Rehman, “CPEC: Security Burden on Pakistan’s Weak Economy?”, *GeoPolitics*, November 1, 2019, <https://thegeopolitics.com/cpec-security-burden-on-pakistans-weak-economy/>. Accessed on May 24, 2022.
- ¹¹ “Pakistan: Over USD 13 billion debt incurred in 10 months”, ANI News, May 25, 2022, <https://www.aninews.in/news/world/asia/pakistan-over-usd-13-billion-debt-incurred-in-10-months20220525103022/>. Accessed on May 25, 2022.
- ¹² “Pakistan ready to scrap CPEC, if US offers similar assistance”, ANI News, February 25, 2022, <https://www.aninews.in/news/world/asia/pakistan-ready-to-scrap-cpec-if-us-offers-similar-assistance-report20220225150508/>. Accessed on May 4, 2022.
- ¹³ Ibid.



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Centre for Air Power Studies

P-284, Arjan Path, Subroto Park, New Delhi 110010

Tel: +91 11 25699130/32, Fax: +91 11 25682533

Editor: Dr Shalini Chawla e-mail: shaluchawla@yahoo.com

Formatting and Assistance: Ms Mahima Duggal, Mr Mohit Sharma and Mr Rohit Singh

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