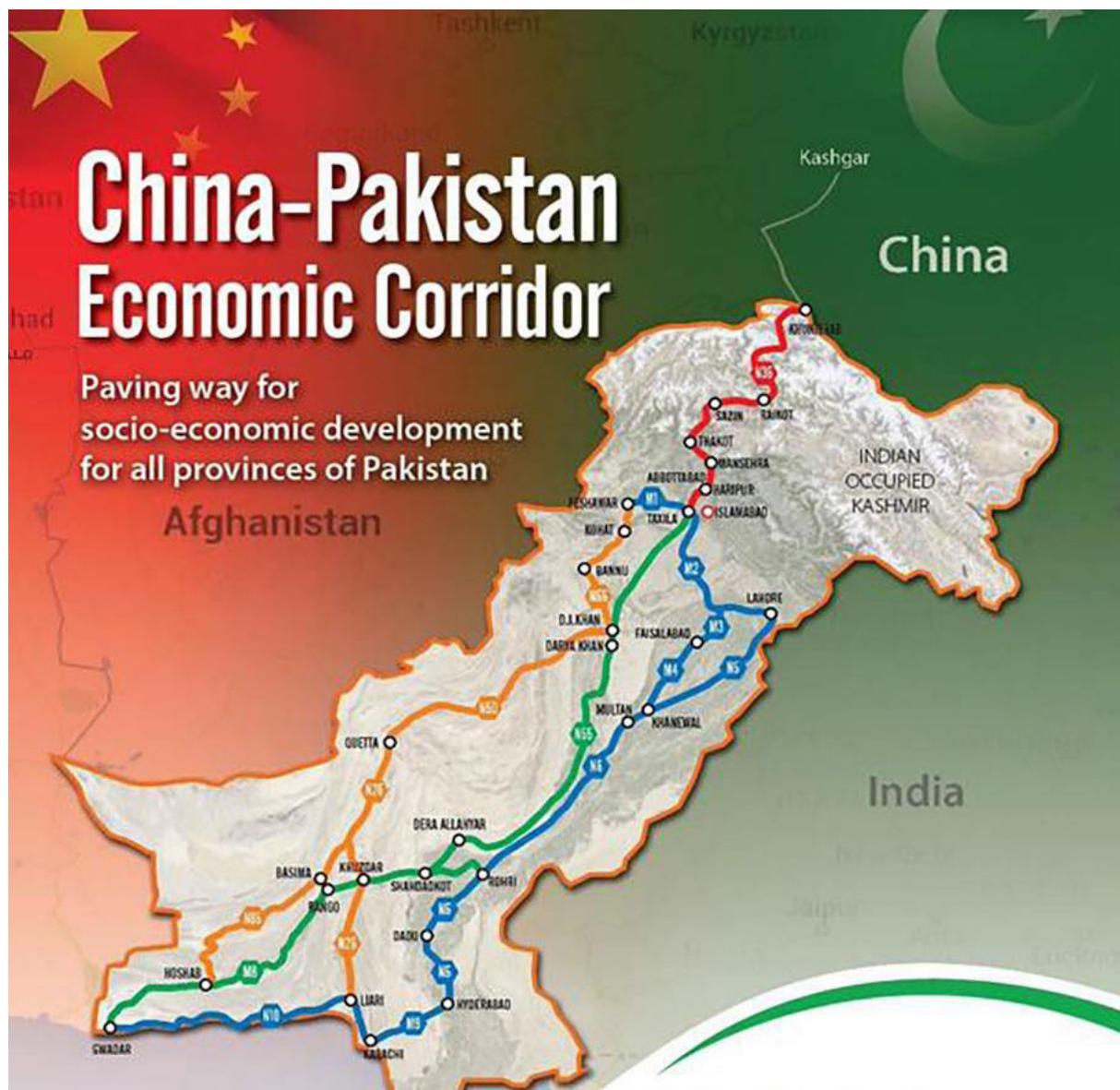


Can China, India and Pakistan be a part of CPEC?



The China-Pakistan Economic Corridor (CPEC) has been attracting a lot of attention lately. Pakistan has reportedly rejected China's offer of assistance for the \$14 billion Diamer-Bhasha Dam, asking Beijing to take the shell out of the \$60 billion CPEC so that Pakistan can build the dam on its own. China was keen to step in but Pakistan realized that the tough conditions being imposed by Beijing pertaining to the ownership of the project, operation and maintenance costs, and security of the dam would make the project politically and economically untenable.

This was followed by differences on the use of the Chinese Yuan in Pakistan along the lines of the US Dollar. Pakistan had to reject this demand as well, arguing that common use of the Yuan in any part of Pakistan, exchangeable like the Dollar, has to be on a reciprocal basis.

Both Beijing and Islamabad seem to be reassessing the terms of their engagement. While China is demanding greater autonomy and security in operationalizing the project, Pakistan is

finding it difficult to accede to most of these demands. There are growing voices in Pakistan that China seems to be a bigger beneficiary from CPEC than Pakistan, with its modus operandi of importing goods and labour for the projects at the expense of the local market and Islamabad carrying the burden of paying interest on loans to Chinese banks way into the future.

China is investing over \$62 billion in the China-Pakistan Economic Corridor (CPEC), which has been deemed the “flagship” initiative of Chinese President Xi Jinping’s One Belt, One Road project, which envisions enhancing connectivity between China, Europe, and the Middle East through a network of trade and transport corridors. While CPEC intends to bolster the Pakistani economy by modernizing its infrastructure, China is concerned about the security risks terrorism poses to its investments. Further, China is concerned for the safety of its nationals in Pakistan. Despite a Special Security Division of 9,000 Pakistan Army soldiers and 6,000 paramilitary forces dedicated to the security of individuals working on CPEC, the kidnapping and killing of a Chinese couple in Quetta by Islamic State affiliates in June highlights the limitations of the state’s ability to protect Chinese nationals in Pakistan. The influx of Chinese nationals in Pakistan since the launch of CPEC in 2015 shows no signs of slowing down, given that the number of Chinese residents in Pakistan has now tripled.

China has been constructing 2442 km corridor stretches from the Chinese border to Pakistan's Gwadar port on the Arabian Sea named China-Pakistan Economic Corridor (CPEC). The critics in Pakistan have argued that China is investing in the CPEC project to explore new vistas of trade with different countries from India to Central Asian states as well as Europe. It strengthens their claims as China has inked \$100 billion trade agreements with India last year. A top Pakistani General has invited India to join the China-Pakistan Economic Corridor, saying New Delhi should “shun enmity” with Islamabad and jointly reap the benefit of the multi-billion dollar project. India has expressed concern over the CPEC project that passes through Pakistan-occupied Kashmir (PoK). Both China and India should do some positive work in enhancing relations between Afghanistan and Pakistan. There is an endless demand for investment in Pakistan, and although it is possible that Chinese investment in the economic corridor will increase, funding from just one country is unlikely to satisfy Pakistan's appetite. Hence, to broaden the scope of investment, China should have an open mind about inviting third parties to join the CPEC (China-Pakistan Economic Corridor). The project could also benefit countries such as Afghanistan.

The Chinese Think-Tank will adhere to their basic principles and might talk to India on CPEC. If China wants stability in the Afghan-Pakistan region, India would most likely to welcome such thoughts. However, the warning is of the unwanted part of the sunk costs. Peace and stability in this region including Pakistan, China and India is of utmost importance, just as the convergence of the two emerging superpowers in this region of Asia Pacific. Both China and India needs to understand that stability is of prime importance, and not just OBOR or CPEC. With UN mandates getting important, will India support China to help build CPEC?



The two Asian think-tanks will definitely think for sure. CPEC might be a concept if proper utilization of resources does not take place. I am sure that there will be a win-win situation for all. The above shot is of the port of Pakistan in a shot.

A focus on establishing “soft borders” between India and Pakistan, rather than a final settlement of boundaries in Kashmir, can lead to New Delhi’s rapid integration into an expanded China-Pakistan Economic Corridor (CPEC). An endorsement of “soft border” by New Delhi and Islamabad would address India’s core objection to the CPEC – its passage through Pakistan occupied Kashmir (PoK). If Kashmir has a soft border, I think CPEC could unlock Kashmir and make it a part of a much grander regional transportation network, with Srinagar as one of its important nodes. Remember, in earlier times Kashmir used to be the terminal of the Silk Road - it was part of the route pursued by diplomats, connecting Central Asia, Kashgar, Ladak and Delhi. Both China and India should do some positive work in enhancing relations between Afghanistan and Pakistan. There is much talk, especially from businessmen about developing a port on Dubai model, which would be inclusive and open. That is why the Karachi port will be an international hub not only for China, India and Pakistan but also for the other countries which has historically felt the need for warm water ports.