

China-Pakistan Economic Corridor: China's Advantages and Geostrategic Considerations*

Lee, Jae-seung**

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I. Introduction

China's president Xi Jinping introduced the Belt and Road Initiative (BRI), including six economic corridors, one of them is the China-Pakistan Economic Corridor (CPEC). The CPEC is a concept that goes beyond economic cooperation between China and Pakistan. China can enjoy many benefits through this, and Pakistan can seek domestic developments, which are the establishment of irrigation facilities and infrastructures. China also can make inroads into the

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** Ph.D. Candidate, Graduate School of International Studies, Pusan National University.

Indian Ocean as the nearest route via Pakistan. Also, Pakistan is a country adjacent to the Middle East. With China's capital and Pakistan's location, the former can take advantage of being able to secure oil easily.

There are also great economic profits as China can make inroads into the Indian Ocean in earnest, avoiding travel through the South China Sea and the Strait of Malacca. Asia is distressed by a remarkable lack of connectivity (Wolf 2019). However, China-Pakistan relations was arisen in 2013, when the two countries decided to build up their ties for connecting through a network infrastructures. Chinese President Xi visited Islamabad in April 2015, the plan was officially launched (Ahmar 2014, 35-49).

According to Aoyama (2016), Beeson (2015, 2018) suggests a number of points are especially important when thinking about the Chinese experience—and the prospects for and significance of the BRI, in particular. Some Pakistani scholars have a positive outlook on CPEC. Umbreen Javaid and Rameesha Javaid (2016), noted Pakistan should use China, which has become the largest economy in the region, to assess its rival, India, and start developing its economy. Furthermore, Khalid Manzoor Butt and Anam Abid Butt (2015) stated that the corridor provides strategic connectivity to both countries but have not missed any mention of pessimism. On the other hands, Ali (2019) proposed weak point of view on CPEC launching, especially economic ties with Chinese capital. Hence, CPEC is an undeniable risk for the economy. Besides, a few countries have suffered debt crises because of capital of China.

If the CPEC is formally launched between China and Pakistan, it would influence China and other regional countries. Therefore, the study aims to research about internal development and external strategies that China is expected to have after the opening of CPEC, and to look at the reactions of South Asian countries from a diplomatic point of view. China's benefits are expected to be significant in terms of logistics and trade, moreover, there are many implications for countries with high economic ties with China.

The composition of this paper is as follows: Chapter 2 cares basic information of CPEC, one of the six corridors of the Belt and Road Initiatives, and can guess China's intentions. Chapter 3 covers geopolitical landscape surrounded the corridor engaged by regional powers in South Asia, and explains China's engagement correlated regional politics. Chapter 4 considers geoeconomic

interests and domestic solutions in China. Finally, Chapter 5 concludes this research.

<Figure 1> Map of China-Pakistan Economic Corridor



Economist.com

II. Brief of the China-Pakistan Economic Corridor

The CPEC will be a challenging laboratory for the tactic of two countries (Rahman & Zhao 2017). The planned economic channel will strategically link the two economies by becoming an advanced base of shipping millions of tons of goods from China to the Middle East, Africa, and Europe through Gwadar Port. Furthermore, it will act as a nexus among East Asia, South Asia, and the Middle East (Ahmar 2014).

In 2015, When President Xi visited in Pakistan, China and Pakistan harmonised to a project for creating infrastructures, which are roads, railways, oil and natural gas pipelines, and optical fibre networks from Kashgar, Xinjiang Uyghur Autonomous Region, to Gwadar Port, Pakistan. The corridor expenses to \$46 billion in scale. During the April meeting, they agreed to 51 cooperative projects and \$28 billion in investment. And, in December, the China Export-Import Bank decided to finance \$2.89 billion (Aoyama 2016, 3-22; Ali 2019).

Briefly, CPEC is a key stone of the BRI on China. The initiative consists of the Silk Road Economic Belt, which is the continental way using transnational trains, and the 21st century Maritime Silk Road Initiative, which is the maritime route by vessels. On the grand designs, CPEC is an only cooperative bloc with a single country under the Belt and Road. The corridor exemplifies how China applies geoeconomic intervention on a large scale. Through the multi-dimensional investments of CPEC, China is establishing Sino-centric regional and global affairs (Forough 2019, 275-281).

III. Geopolitical Landscape and China's purposes

Multi-dimensional initiatives have significant influence over country and regional relations. In other words, CPEC is interpreted the corridor through geographical framework as well as China and Pakistan should take a look at (Wolf 2019). Geostrategically, CPEC is important for securing resources and security stability through the Indian Ocean, and China puts great priority on the concept of "historical heritage" of Silk Road, using it as a medium of development. By

encouraging Sino-Pak economic ties, regarding trade volume, relations between China and Pakistan have developed over the years, and as China's foreign relations and maritime expansion strategies have combined, their relations have grown beyond the economic scale. There are two main purposes to Beijing building up the CPEC.

Table 1. Selective China-Pakistan Bilateral Mechanism on CPEC Compiled by author

Mechanisms	Year	Levels
Chinese Premier Li Keqiang first visit to Pakistan as a Chinese leader	2013. 5	Premier
Chinese President Xi Jinping visit to Pakistan	2015. 4	President
China-Afghanistan-Pakistan Trilateral Practical Cooperation Dialogue	2018. 5	Director-General
Pakistani Prime Minister Imran Khan visit to China	2018. 11	President
Shanghai Cooperation Organization Summit	2019. 6	President
China-Afghanistan-Pakistan Trilateral Foreign Ministers Dialogue	2019. 8	Minister
China-Pakistan Bilateral summit in Beijing	2019. 10	President
9 th Joint Cooperation Committee Meeting	2019. 11	Minister
President Xi spoke with PM Khan on the phone	2020. 2	President

Compiled by author

First, it is aimed at India, an empire that has effectively divided Asia with China since modern times. However, due to geographical constraints, each had fewer collisions. Just as India was divided into India and Pakistan after Britain's colonial rule, improving ties with Pakistan—which can keep sensitive India in check—could broaden China's international political reach. China has already encountered several problems with India, including a border dispute. Although India is a member of the BRICS (Brazil, Russia, India, China and South Africa), it is no different from China's 'symbiotic relationship' with India, as it is already considered 'Post China'. Even if it is difficult to directly contain India, attracting India and Pakistan to China's allies will serve as an opportunity to expand China's scope of foreign relations (Ali 2019).

Second, it will secure a bridge to advance into the Indian Ocean. China has restrictions on entering the ocean, except for the Yellow Sea, East China Sea, and the South China Sea. It is located directly near the Pacific Ocean, but it must pass through the Malacca Strait in order to head towards the Indian Ocean. If, however, China passes through Pakistan, it is not only

substitution for trade, logistics, and commerce decrease its Malacca Dilemma but also economic consequence and geostrategic future (Ali 2019). it will not only be able to enter the Indian Ocean immediately but will also come close to the Arabian Peninsula. The Indian Ocean is a crucial determinant of the future direction of international politics.

China has advantage to decline a role of the US and India in both Eurasia and the Indo-Pacific. The BRI will inevitably be curbed by the Indo-Pacific strategy. China's admission into Indian Ocean should not be constrained to China's relations with India, but also to the hegemonic rivalry between the US and China, which circuit break the Indian Ocean, should be looked at from various angle. If China achieves perfect economic cooperation through the corridor, China and Pakistan would get an occasion to enhance their naval drills against counter piracy at high seas (Butt & Butt 2015), China will make it easier to join the Indian Ocean. Some analysts, like Robert Kaplan, predicted that the Indian Ocean would be the world's dominant point in the twenty-first century (Kaplan 2010, 4-6).

On the contrary, in the tradition of International Relations, the Indian Ocean has not been viewed to be as important as the Pacific Ocean or Atlantic Ocean, yet doubted whether its unique political formation exists (Yu & Bai 2017, 91). The Indian Ocean has four hubs for demanding resources that take the world's largest economies. Almost 68 per cent of India's, 80 per cent of China's, and 25 per cent of the US' oil is shipped from the Indian Ocean region (McDaniel 2012, 3). China has been the world's biggest maritime trader for quite some time, without contributing much to the security of international trade.¹⁾

IV. Geoeconomic Pragmatism and Domestic Reasons

Through the CPEC, Beijing has three economic advantages: (1) solution of regional gaps in

1) According to the statistics released by the Australian Trade and Investment Commission for the year 2014, Chinese imports and exports were the world's highest—at US \$4.3 trillion—and the second place was claimed by the US, with \$4.0 trillion dollars in trade. China must be well prepared to secure Sea Lanes of Communications (SLOCs) in the Indian Ocean from traditional and non-traditional threats (Rahman & Zhao 2017).

Mainland China, (2) ease energy through diversification of logistics, and (3) access of the global market. Economic corridors can enlarge country's economy in establishing for investments, employments, etc. With the increase of urbanization, industrialization, and technological innovation, the nation's competitiveness can be boosted. (Ahmar 2014).

First, through the CPEC, China is easy to secure logistics inland, which can reduce China's regional disparities owing to link between western in China and Pakistan (Ali 2019). The CPEC will allow China to dilute the shortcomings of the port's inability to locate in the inland region. Through an oil and gas pipeline, along with planned high-speed railways and highways, the project would connect the Western Chinese province of Xinjiang with Gwadar Port in the Indian Ocean. China imports nearly 52 per cent of its oil supplies from the Middle East (Rahman & Zhao 2017, 3). Beijing can speed up the movement of various goods and resources to inland areas of China. In previous cases, they must pass through the Strait of Malacca. With this, there is the hassle of moving supplies inland through ports on the coast and inland railways. However, through the CPEC, supplies can be transferred directly to inland China. As a result, China's internal problems can contribute to resolving regional gaps between the maritime and continental regions.

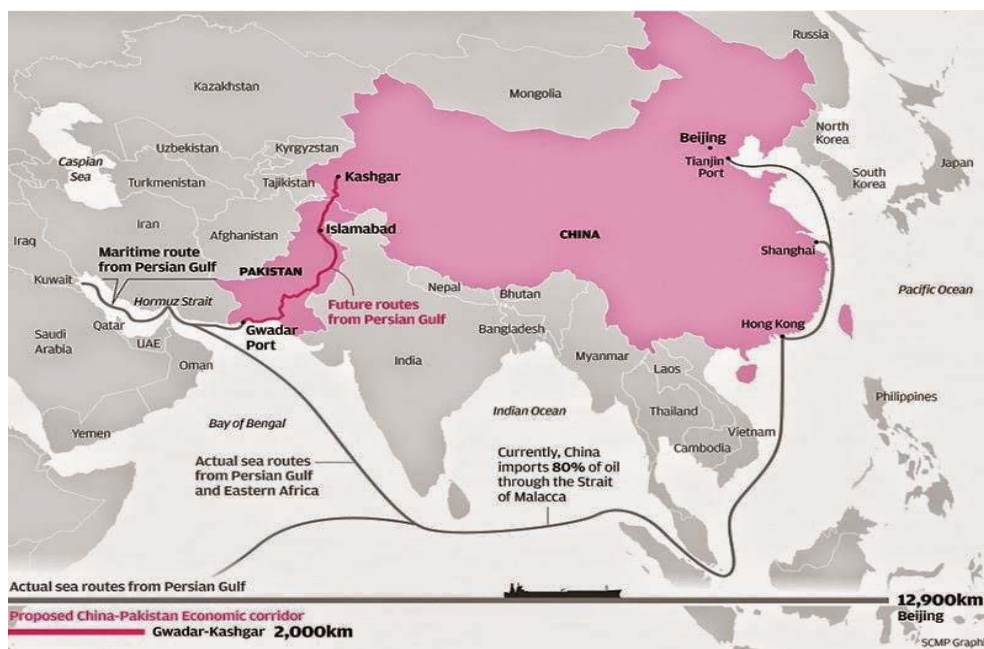
In China, major industries were set up in coastal cities. China, in the late 1990s, sketched a major uplift strategy for its western region. The CPEC will initiate more economic activities in Xinjiang province and help China implement its Western Development Strategy (Butt & Butt 2015). As per the report of 2013, the per capita income of the eastern provinces of Guangdong, Fujian, and Zhejiang were three times bigger than the per capita income among the western provinces of Xinjiang, Gansu, Guizhou, and Qinghai. As of 2015, continental China needed about 30-50 years to follow the maritime China (Rahman & Zhao 2017).

Second, China will expect to have numerous paths to obtain oil. China's current greatest anxiety is energy procurement (Javaid 2016). If petroleum imports directly through the CPEC are initiated, China can reduce more distance and time than they can deliver only through the Strait of Malacca, expecting to secure oil fast and diversify import. Most of all, Gwadar Port, which was handed over to a Chinese company for a lease of forty years, is located on the Gulf of Oman for one-third of world's energy supplies (Rahman & Zhao 2017). Further, oil can be

retained in the Malacca Strait without the threat of pirates. The opening of the Kra Canal may also be an option, but, ultimately, traversing via the South China Sea takes a considerable amount of time. Seventy per cent of the total traffic of petroleum products pass through the Indian Ocean. by 2020, China is expected to import 7.3 million barrels of crude per day—half of Saudi Arabia's planned output. More than 85 per cent of the oil and oil products bound for China cross the Indian Ocean and pass through the Strait of Malacca (Kaplan 2009).

China's economic growth rate has surpassed its energy availability which has led to a resource shortage. At the same time, securing oil is a big challenge for China, even if it is to maintain growth. More than half of them are imported from the Middle East and a quarter from Africa (Wolf 2019). For China, where oil consumption is bound to be high, it is necessary to import oil while reducing uncertainty and CPEC is a key Chinese alternative.

<Figure 2> Comparison of Trade Route



Source_ Daily Times (2018). China-Pakistan Economic Corridor : An insight. 16-02-2018

Third, China can move closer to the Middle East and African markets. The project will shorten the way for China's energy imports from the Middle East (Javaid 2016). Entry transportation through the Strait of Malacca takes around 45 days, while less than 10 days were abridged via Gwadar port (Butt & Butt 2015). China will be close to the Central Asian countries (Ali 2019) and Middle Eastern market, also possible to acquire market access with Africa. China is already investing a large amount of money in Africa. In 2018, Chinese President Xi decided to invest an additional \$60 billion in Africa (Washington Post 2018). China will be able to politically align Africa on its side and economically expand its market. China is pursuing to multiply the growing African market because China is expected a slowdown of economy. In sum, CPEC will suggest new motivation to China as a key stone towards their economic building and promoting regional supremacy.

V. Conclusion

CPEC will conclude the future of BRI and China's dominance in South Asian affairs. Also, it will bring the coast of the Indian Ocean to the Chinese authority, opening up new phase. Beside, the corridor will profound impact on China's economic growth, and will ensure the mutual benefits of strategic partnership between Beijing and Islamabad (Rahman & Zhao 2017). This blueprint will promote friendship between two countries and it will be a major backbone for China to finalize its influence as far as the region against the US (Ahmar 2014).

The installation of the corridor, alter the whole geostrategic landscape (Butt & Butt 2015), will provides not only to expand geoeconomic influential power but also to increase diplomatic providences. And, it will be a rear base of boot the newly tributary system in South Asia (Beeson 2018). Also, CPEC will suggest China with contiguity to other regional countries, such as Afghanistan and Iran, which has abundant mineral and oil resources, respectively (Javaid 2016). It means that China's expansion of its influence in South Asia for the first time in history, and at the same time, the initiative converted as an interconnection into a Sino-centric order, the tributary system. (Reeves 2018). With the merger between China and Pakistan, China enables to

quell India's ambitions to take a regional power, due to China's enhance, the circumstance in South Asia has been largely distributed into two camps, such as Indo-America partnership and Sino-Pakistan ties (Javaid 2016). Diversifying oil and gas import routes and simplifying the trading time with the opening the corridor, there is much room to be relatively free from containments implemented from the US and Japan.

the CPEC is an escalator for China to move into the Indian Ocean, and the ocean is expected to provide China with new opportunities. China hopes to play a position as a regional supremacy —not only in Northeast Asia but also in South Asia. The mega-project is the other main pillar through which petroleum and other energy sources can be imported from the Middle East to China. China is aggressively pursuing national development along with regional interest intervention by establishing both internal development and external strategies through this, and the internal issues are even balanced advancement of the East and West in mainland China. Therefore, research on CPEC needs to be conducted from various angles on numerous issues. However, this study looked at China's internal overcoming plan and external expansion strategies through China's plan, but there are limitations that they are not detailed studies in each field. In the future, more detailed research on logistics, commerce and trade is needed.

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<Abstract>

China-Pakistan Economic Corridor (CPEC) is a key project, which is a highly typical cooperation between big economy and under-developed country. Through the corridor, China is able to pursue numerous geoeconomic profits, such as domestic regional disparities, over-capacity, and securing oil easily, and Pakistan get foreign investments by China. So, This passage is receiving a lot of attention, and as China has many advantages. In addition, as the opening of CPEC suggests China's entry into South Asia, regional problems surrounding the Indian Ocean are expected to develop fiercely.

Keywords : CPEC, Belt and Road Initiative, China, Pakistan, Indian Ocean, Oil Supply

<국문초록>

중국-파키스탄 경제회랑: 중국의 이점과 지전략적 요소

이 재 승

중국-파키스탄 경제회랑(CPEC)은 중국과 파키스탄 모두에게 중요한 계획이다. 중국은 이를 통해 대내외적인 문제 해결에 다가설 수 있다. 지경학적인 관점에서 보면, 지역 격차, 과잉 생산, 유류 확보 등 중국에 산재되어 있는 사안을 해결할 수 있어 중국이 많은 이익을 도모할 수 있다. 파키스탄은 개발이 필요하나 자본이 부족하다. 이를 중국발 자본을 통해 해결할 수 있다. 단점도 존재하지만, 중국은 인도양 진출이 용이하고, 파키스탄은 대내 개발에 박차를 가할 수 있어 양국의 이해관계가 잘 어우러진 결과물이다. 또한, 중국은 이 기회에 인도양 진출로 남아시아 정세의 주된 국가로 역할을 할 기회까지 얻게 됐다.

주제어 : 중국-파키스탄 경제회랑, 일대일로, 중국, 파키스탄, 인도양, 석유 확보