

ONE-DAY NATIONAL SEMINAR

PAK-CHINA RELATIONS BEYOND CPEC



23 AUGUST 2017

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POST SEMINAR REPORT

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Foreword

In the backdrop of fast changing international and regional dynamics, the subject of '*Jointly Build the Belt and Road*' and push forward China - Pakistan Relations continuously' is indeed significant. The Belt and Road Initiative (BRI) has quickly gained momentum in a short span of four years since President Xi Jinping proposed it in 2013. The success owes to adherence to core principles of peace and cooperation, openness and inclusiveness alongside mutual learning and benefit. CPEC, as the flagship project of the BRI, has perfectly demonstrated these principles and has shown great vitality and potential that BRI may bring to China-Pakistan relations and the region.

The scope of China-Pakistan relations indeed goes beyond CPEC. As all weather strategic cooperative partners, China and Pakistan relations are time-tested. With CPEC as a catalyst to our all-round cooperation, it is enthralling to note that bilateral cooperation has expanded profoundly in the fields of trade , investment, culture, education, science and technology, medical care, health and defence, etc, which has brought more benefits to the people of both countries, and contributed towards regional stability and prosperity. This seminar provided fruitful intellectual results for furthering China-Pakistan relations. On behalf of the Chinese Embassy in Pakistan, I would like to thank the National Defence University and the Institute for Strategic Studies Research and Analysis for organizing this seminar and shall look forward to valuable suggestions for enhancing them further. I wish for a brighter future for China-Pakistan all-weather strategic relations.

H.E Sun Weidong
Chinese Ambassador to Pakistan



Preface

The dynamism of Pakistan and China bilateral relations indeed transcends corporeal boundaries. Connected through geography and integrated through history, both the countries recognize the potential and significance of further strengthening the ties in almost every domain including economic, political, military and strategic. Within this ambit lies the phenomenal Chinese vision of the Belt Road Initiative (BRI) for which the China-Pakistan Economic Corridor is indeed the lynchpin. Hence, Pakistan termed as the 'Zipper of the Region', remains committed towards the vision of a connected region which promises a better tomorrow for us all!

In this regard, this One-day National Seminar was a timely endeavor to revisit the zeal and commitment between Pakistan and China for achieving newer heights in their ties, and reinstating sustainability in bilateral growth. The thematic sessions of the seminar provided the participants an open forum for linking the greater vision of connectivity and growth with the key idea of rejuvenating Pakistan's standing in the comity of nations alongside facilitating China's phenomenal rise as an economic giant. Hence, I would like to commend the quality of presentations by our learned speakers and the constructive discussions of the participants. Furthermore, I also extend my profound gratitude to the Honorable Ambassador of China to Pakistan- H.E Sun Weidong and his team for participating in the seminar, which re-establishes the commitment of mutual, growth and development between both the countries. Overall it was a commendable effort by Director General ISSRA, Maj Gen Muhammad Samrez Salik HI(M) and his dedicated team for organizing this event and to provide an open forum to the participants for deliberating on key issues that come underway our commitment to grow together. Long Live Pak-China friendship!

Lt Gen Rizwan Akhtar, H.St, HI (M)
President National Defence University



Foreword

The year 2017 marks the 66th anniversary of Pakistan-China diplomatic relations. They are indeed constantly moving on an ascending trajectory and gaining strength with the passage of time. The friendly relationship has been described over the years by the leaderships of the two countries as all-weather, time-tested, deeper than the oceans and higher than Himalayas, sweeter than honey, and lately, as strategic and stronger than steel. These expressions are not simple clichés but truly reflect the strength, depth and maturity of the relationship constructed over the past decades. Evolution of this extraordinary relationship owes its genesis to the vision of the leadership of the two countries, who based the relationship on the principles of peaceful co-existence, commonality of interests, and shared perceptions on regional and global developments. In this regard, the China-Pakistan Economic Corridor and the activity generated through it is in fact a precursor to the further enhanced relations in the days ahead.

It was with this spirit that the national seminar was organized by ISSRA-NDU. This activity indeed forms part of a larger vision of materializing the goal of close coordination and deliberation on bilateral as well as regional compulsions faced by both China and Pakistan. It has been our pleasure to organize this event and hope that the exceptional presentations and discussion generated at the seminar will act as a benchmark for events such as these in the future.

Maj Gen Muhammad Samrez Salik, HI (M)
Director General, Institute for Strategic Studies; Research and Analysis

Overview of the Seminar

Introduction

The relationship between Pakistan and China has qualitatively evolved amidst the changing geo-political realities of the region. Over the years, this unique friendship has transformed into a strong strategic partnership, aspiring to have robust economic cooperation and increased people-to-people contact. Generations of leaders and people of both the countries have nurtured the relationship and are also enthralled to take up their ties to a higher pedestal given the activities generated by the \$56 billion worth of CPEC project. The enthusiasm, as reflected through the phenomenal successes achieved by the signing of agreements within the ambit of CPEC, also forms part of the vision of a strengthened Pak-China relationship. Without doubt, this bond will provide avenues of mutual growth and development both for China and Pakistan and also benefit the region at large.

However, to move forward and to un-tap opportunities that lie ahead of CPEC, there is a need to understand the challenges that come underway the ideals of improved relations. In order to envision these relations for the future, it is vital to understand the regional and extra-regional compulsions for both the rise of China and its vision of the Belt Road Initiative (BRI). Particularly, the reality of a turbulent neighborhood and long standing issues between India and Pakistan and instability in Afghanistan, are hiccups in the way of materializing the goal of development for all. Concurrently, the US strategic interest in the region and its attempts of using India as its face against the rise of China inject uneasiness in the regional scenario.

Amidst these challenges, the relations between Pakistan and China remain on a forward trajectory. They are described over the years as all weather and time tested. These expressions are not simple clichés but truly reflect the strength, depth and maturity constructed over the past 66 years. It is worth mentioning that both the countries base their relations on principles of co-existence, commonality of interest and shared perception on regional and global issues on the diplomatic front; China firmly supports Pakistan in safeguarding its independence, sovereignty and territorial integrity. While Pakistan supports China on numerous domestic issues. Furthermore, economically, China has become Pakistan's second largest trading partner, while Pakistan has become China's largest investment destination in South Asia, with total worth of \$18 billion investment. In the field of defence, China has extended invaluable cooperation that extends to three services. While China has remained a strong supporter of Pakistan's nuclear power generation for peaceful purposes, both the states also have given importance to cultural relations to increase people-to-people contact and cooperation.

It was within this spirit that the seminar was organized by ISSRA-NDU. This one-day endeavor may be qualitatively gauged with a range of speakers including: Mr Zhao Lijian- the Deputy Chief of Mission, Embassy of China, Mr. Mushahid Hussain Syed, Dr Ashfaq Hussain Khan, Dr Salman Shah and Dr. Nazir Hussain, while it was participated by scholars, academicians, representatives from Pakistan Armed Forces, Pakistan Institute of Developmental Economics and others Altogether, the sessions allowed participants to deliberate on the significance of CPEC and avenues of mutual growth for both countries and the region. *The major take away from the seminar remained the importance of strengthening Pak- China relations in every domain, for materializing the goal of development through CPEC and to rejuvenate Pakistan's standing in the comity of nations.*

PAK-CHINA RELATIONS BEYOND CPEC

Concept Note

The China- Pakistan Economic Corridor has the potential to strengthen Pakistan-China relationship to almost symbiotic proportions. Connected through geography and integrated through history, both the countries deem the corridor as a lynchpin in China's overall Belt and Road Initiative (BRI) vision. Considerably, viewing the flagship project in isolation of the relationship between both the countries is indeed delusional. The idea rests on the notion of enhancing cooperation for mutual growth and development in the backdrop of the strategic compulsions of both the countries. Particularly, the underlying opportunities in the socio-economic, security and political domains need a revisit in milieu of the phenomenal economic activities of the CPEC. This is critical for Pakistan in order to rejuvenate its standing in the international arena and reap benefits from the opportunities that lay ahead.



Findings and Recommendations

Main themes of the seminar allowed a revisit of the potential avenues of mutual growth and development for Pakistan and China. The idea rests on the notion of invigorating cooperation in trade and enhancing people-to-people contact. Within this backdrop, major findings and recommendations as ascertained during the course of seminar are as following:

Sr. No	Findings	Recommendations
1.	Trajectory of Pak-China strategic relations go beyond CPEC. Particularly, in the economic, social, political and cultural domains	In order to diversify the relations, China should also invest in revamping Pakistan's industrial base and take initiatives in capacity building of local industry in Pakistan.
2.	Pakistan exports a very narrow range of products to China like cotton and cereals; while imports include heavy machinery and other wide range of individual commodities.	Government of Pakistan should with the help of local Government machinery deliberate on the commodities that could be manufactured locally and exported to China. Particularly, after FATA reforms, China can invest in the cottage industry in the tribal areas and facilitate export not only to Central Asia but also to the Middle East.
3.	Despite Pakistan's position as the 'zipper' of the region, it is the least connected regional country due to hostility with India.	As a zipper, Pakistan can diversify stakeholders in CPEC. UK has taken keen interest; in addition, other European countries like Germany ought to be invited. This will act as a counterweight to the hostility generated by India.
4.	Through CPEC, relations between China and Pakistan will strengthen in economic, political and other sectors including education etc.	Currently, numerous scholarships are offered to Pakistani students in China. In this regard, employment opportunities should also be diversified. Alongside, scholarships should also be extended for mid- career officers, academicians and technocrats.

5.	China's vision of CPEC entails the eradication of poverty from western China by targeting poverty stricken households and providing them the right industries	Pakistan should learn from China's policy of poverty eradication. Cottage industry was taken over by International NGO'S in Pakistan. Hence, through CPEC, a greater governmental role in promoting this industry is crucial. The local government machinery can play a role in this regard. To begin with, dialogue process on SDG's (Sustainable Development Goals) should be initiated as a regular feature, in coordination with Ministry of Planning, Development and Reform.
6.	Meanwhile, CPEC faces propaganda, in terms of lack of transparency, and security issues in the country.	Pakistan should be vocal against negative propaganda, both internally and externally. Perception building is the key in order to deal with the gaps developed due to the negativity. Local media should be used to project positivity internally and externally.

An abstract geometric composition on the left side of the page, featuring a variety of overlapping triangles and polygons in shades of red, purple, blue, green, and yellow. A small red circle is positioned near the top left, and a larger green circle is located within the lower blue section. The shapes are layered, creating a sense of depth and movement.

OPENING SESSION

Introduction

The national seminar was inaugurated with an enthusiastic opening session, which entailed a welcome speech by Maj Gen Muhammad Samrez Salik, HI(M) - DG ISSRA and opening address by Chief Guest–H.E. Sun Weidong - Chinese Ambassador to Pakistan. It reinstated the commitment and zeal of both countries in gearing up processes that would revitalize their ties to higher pedestal.

The in scripts of their addresses are compiled in subsequent paragraphs:

Opening Remarks by Maj Gen Muhammad Samrez Salik HI (M)- DG ISSRA



Amidst the 'Dawn of Asia', and shift of power axis from the 'West to the East', CPEC holds the promise of a connected world with the opportunities of development for all. Undoubtedly, this hinges upon the steady rise of China as global economic 'giant' and underlying opportunities of economic development for countries in the region and its periphery. In this regard, Pakistan as a major stakeholder can seize the moment and reinterpret its relations with China. Particularly, where these relations enjoy a unique continuity in terms of convergence of interests and cooperation that has weathered changes in the arena. The relationship which is indeed rich and multidimensional, is often categorized as 'strategic'. However, in the contemporary scenario, there is a growing urge to move this bilateral relationship beyond stereotypes and if so needed, reinterpret its strategic dimensions in keeping with new realities on the ground. Pakistan and China have come to the best possible practical manifestations of the phrases indicating the relations between the two countries as *'higher than Himalayas, deeper than oceans and sweeter than honey'*.

China's spectacular rise and Pakistan's challenges in the wake of global war on terror provide a 'raison d'être', complementarities for the future direction of

bilateral cooperation. A revisit of their relationship at this stage would indeed provide an opportunity to revamp Pakistan's economic growth. By that token, it would also enable it to refurbish its capacity to deal with issues in the domain of governance. Currently, in the backdrop of Pakistan's security situation, the relations remain restricted to certain sectors i.e. defence and other domains of pressing importance including capacity building are not upheld. In this regard, as China emerges to the status of a major economic power, Pakistan has an opportunity to act as a gateway to this rise and in turn, benefit in every domain.

However, the furtherance of Pak-China relations will not go unchallenged. Enemies of both the countries are drawing new alliances as a counterweight. The recent US call to Pakistan 'to do more', was countered through a befitting diplomatic response by China as a defense of Pakistan, which depicts the strength of Pak-China relationship. Hence, this one-Day national seminar was designed to allow in depth deliberations on the very aspect of moving ahead in the relationship beyond stereotypes and rejuvenate Pakistan's standing in the comity of nations. Pakistan and China enjoy a time-tested friendship and have a long history of working in a collaborative environment. Hence, it is indeed the right time to gather and deliberate on avenues for moving forward for a peaceful co-existence in the region.

Address by H.E. Sun Weidong - Chinese Ambassador to Pakistan

The scope of China-Pakistan relations go beyond the China Pakistan Economic Corridor. Both the countries are all weather strategic partners with homogeneity in intentions for furthering the bilateral



ties. They regularly cooperate at different levels, starting from the top-tiers of political and military leadership exchanges, down to trade, commerce, education, health, economics, cultural exchanges and people-to-people contact. Particularly, they are working together for materializing China's vision of the Belt Road Initiative (BRI) by investing in CPEC, as it is its lynchpin. This has indeed injected strong impetus in the bilateral relations. The BRI aims to promote mutual development by providing avenues of growth for countries situated within ambit of the route. This makes it an important public route that China provides to the international community.

International cooperation under this project has been progressing steadily and has achieved great

momentum. China hosted the first belt and road forum for international cooperation in Beijing attracting heads of states and governments from 29 countries including Pakistan and more than 1500 representatives from almost 130 countries and over 70 international organizations all over the world. Chinese President Xi pointed out the future direction of the belt and road initiative designed as a road to peace, prosperity, opening up, innovation and a connection between different civilizations. The core objectives of the BRI include openness, inclusiveness, mutual learning and benefit.

In this backdrop, it is pertinent to re-establish that, Pak-China relations should not be dependent on tangibles. They should be stable and not affected by the evolving regional dynamics. This is imperative in order to provide new opportunities to the people of both the countries and to enhance their well-being. For this, institutionalizing a system that promotes cooperation and development for peaceful coexistence is indeed necessary. Concurrently, the core values of the Belt and Road initiative is peace and cooperation along with friendship rather than forging alliances. This cooperation should not go for political alliances neither should direct it against any third party. The initiative is inclusive and participatory in nature and not a solo project of China as it involves a common course shared by all. Its geographic coverage goes beyond the region and it is in this spirit that China aims to confer with all the regional countries, particularly Pakistan. Pakistan and China should remain resolute to work on principles of consultation.

China's effort for establishment of the Asian Infrastructure Investment Bank (AIIB) and the Silk Road fund are an example of the structures invigorated

for enhancing cooperation machinery in Asia. Without disturbing the existent regional mechanisms, it shall promote development of the coordinating countries along the route. Hence, the BRI is a win-win initiative. As the largest shareholder in AIDB, China's share accounts for 30% of the total equity capital. China has contributed \$40 billion in establishing Silk Road fund to help silk route projects. It does not aim towards the pursuit of unilateral benefit and gains on part of China, but provides avenues of wholesome cooperation amongst the regional countries for maximizing the benefits. CPEC as well as the BRI will never aim at zero-sum game, as it was in the Cold War era instead it has chosen a new path for mutual benefit and shared prosperity. Within this purview, over the past three years, China and Pakistan jointly initiated the 1+ 4 cooperative layout and opened all dimension cooperation under the umbrella of CPEC. Four major areas namely energy, infrastructure construction, Gwadar port and industrial cooperation are underway. Nineteen early harvest projects are underway construction alongside investment worth of \$18.5 billion. The CPEC can be regarded as an early harvest project as the completion of the major projects is indicating early gains economically for both countries.

The China- Pakistan friendship can be described as 'All- weather strategic cooperative partners' as the friendship has withstood the changes in the international arena and also the domestic situations of the two countries. It is a time-tested friendship. The relationship is 'All- rounder' in a sense that both countries have comprehensively promoted exchanges in the fields like politics, trade, culture, security, defense, and coordination in major international and regional affairs. In fact, it can be emphasized that Pakistan and China are "Iron Brothers". In history when China faced problems,

Pakistan extended help in every field, which were reciprocated by China in the long run. This is the reflection of sincere feelings among the people of both the countries. This relation is based on mutual respect, trust, understanding and support. Pak-China friendship has become model of state-to-state relations. In return, this is cross regional, cross party and cross ethnic will of Pakistani people.

Along with Pakistani people and government, Pakistan military has been a firm supporter of this

cooperation. Pakistan military has also promoted effective cooperation in defence and counter terrorism. China appreciates the efforts and sacrifices of Pakistani military in combating terrorism and supports Pakistan's counter terrorism strategy, which is in line with its national considerations. China hopes for Pakistan's peace, prosperity, stability, economic growth and national harmony. In coming years, this relation will remain smooth and Pak-China friendship will reach a higher pedestal. Long live Pak-China friendship!





SESSION 1

**CPEC: A Game Changer
of the Region**



Introduction

The first session facilitated deliberation on the significance of CPEC within the overall vision of Belt Road Initiative (BRI). It had three speakers: Mr Zhao Lijian, Mr. Mushahid Hussain and Dr. Nazir Hussain. It was followed by an interactive discussion with Mr. Mushahid Hussain as moderator. A detailed account of presentations by speakers and later discussion is as follows:

OBOR: CPEC as a Lynchpin - Mr. Zhao Lijian Deputy Chief of Mission, Embassy of China

CPEC is often termed as a game changer of the region and is broadly hedged on four dimensions. Firstly, *CPEC as a Lynchpin for BRI*. In 2013, the corridor was often termed as a pilot and major project of BRI. Being a road initiative, many major projects were in experimental stages. However, until recently due to its significance, the project was elevated to the status of a flagship project.

Secondly, *the strategic partnership between China and Pakistan*. This bond has helped boost bilateral economic ties thus making them comprehensive partners. The friendly and close relation based on trust makes both countries economically compatible. This is illustrated by the fact that Pakistan has always been the first option for

investment not only by the Chinese traders, but also for the Chinese government and as a result, since 2014, not only China is the country's largest trade partner but also the FDI from China has been the largest in Pakistan. Hence, the story of their friendship extends beyond CPEC, as apart from projects under the corridor, more than 300 developmental plans act as an engine of enhancing economic partnership.



Meanwhile, it needs to be understood that CPEC is a win-win project for both the countries, as it will facilitate their companies and investors. In addition, the corridor has the potential to transform Pakistan, owing to distinct nature of partnership, which transcends political and economic sectors. Particularly, the education sector is receiving special attention in recent times, where both countries have developed a student exchange and scholarship program, under which 5000 students from Pakistan are studying in China.

Thirdly, *globalization*. This process provides considerable opportunities to share the benefits of the industrial and technological processes. With a 6.9% growth rate, China is the second largest economy after being able to maintain a stable 9% growth rate for 40 years since 1979. The transforming industrial complex of the world has shifted due to labor extensive costs thus prompting developing countries to work faster towards development. The most widely adopted method is to gauge and analyze policies in terms of their index for development, both in terms of human and economic resources. CPEC covers 19 projects under the energy sector, from which 5 have been completed and 11 are under construction. These projects will contribute 11,000 MW to the power sector of Pakistan and will provide the country with enough electricity. These projects will create state of the art infrastructure for Pakistan including industrial parks and labor-intensive markets.

Last but not the least, CPEC caters to the underdeveloped and backward areas of Pakistan with 15 projects in Baluchistan and 8 in Khyber Pakhtunkhwa. China is to bring in investment and create job opportunities for both the developed and underdeveloped areas of Pakistan. China itself is fighting to eradicate poverty internally and has set the deadline of 2020 to make the country poverty-free and help its 14 million impoverished people. To achieve this goal, China has identified 14 most impoverished zones and is targeting to eliminate poverty from every household of the area. For this, the Chinese are using a policy of targeting people, industries and adopting the right measures to achieve results. Pakistan also has a large society of marginalized people and according to the figures, Pakistan's current per capita GDP is 13 years behind that of China. With CPEC and the high pace of development happening, Pakistan is listed amongst the 11 most promising countries of the future and its growth rate is projected to increase. Therefore, using the rightful tools and policies, Pakistan can follow China's footsteps and work on eliminating poverty and using its workforce to emerge as one of the largest economies.



Irritants in way of CPEC- Dr. Nazir Hussain

It is without doubt that CPEC would be a game changer not only for Pakistan but also for the region at large, as it is a harbinger of regional economic activity. However, being the focal point of economic activity CPEC faces numerous challenges and obstacles, out of which three are of utmost importance namely lack of transparency, security issues and threats along with the lack of political consensus.

Firstly, lack of transparency has been of much concern. Since most CPEC related agreements and MOUs have not been made public and the nation is not aware of the actual cost of the project. Financing the creation of special economic zones and the economic concessions that have been given to the Chinese have not been made available for public knowledge which is why it is often speculated amongst various spheres of the intellectuals that the costs may exceed the benefits. It is said that the Chinese investment in Pakistan to the tune of \$52 billion may have the concessions of \$100 billion. The importance of this needs to be understood as concessions, the tax holidays, etc. are also involved which can undermine the benefits of the project. All the

investment that has been made by the Chinese to Pakistan is in the form of direct investment and has not been done through the government, despite which Pakistan's government has given the Chinese sovereign guarantees. CPEC was started without a cost-benefit analysis and a lot of land is being acquired by the Chinese about which an average Pakistani is not aware.

Secondly, CPEC consists of more than 3000 km routes from Gwadar to Khunjerab, which will be active round the clock, the security of which will prove to be a gigantic task. The terrain along the routes consists of mountainous regions to open fields. This poses threats of landslides and security concerns. The route being 3000 km long will be difficult to secure completely. Although efforts are made at all fronts to ensure the security of the environment, however, the feasibility of the security policies can only be gauged once the routes become operational. In addition to security, other issues such as water scarcity, the Indian role to destabilize Pakistan, Chabahar factor, loss of local industry and environmental issues are also under much scrutiny. It should be borne in view that Pakistan is a signatory of the Kyoto protocol and the energy projects are coal based. The high emissions of carbon dioxide from these projects will have heavy financial impediments for Pakistan and the energy policy needs to be analyzed and revisited.

Thirdly, it is no secret that political parties and provincial governments have had reservations regarding the political and cultural impacts of CPEC on the local community. Barriers in the form of culture, language and religion pose serious challenges to the viability of the project. Therefore, the political resolve and commitment of all segments of Pakistan's society and the ruling

parties to do and make CPEC successful and it will become successful if all challenges are overcome.

Strategic Outlook of CPEC – Mr. Mushahid Hussain

In order to understand the strategic outlook of CPEC, it is important to analyze the changing global and regional trends, which directly impinge Pakistan and Pakistan-China relations.

Currently it is observed that the balance of political and economic power is shifting from West to East. A rising China marks this alongside a Resurgent Russia and one can safely argue that the role of US and Western powers has considerably diminished post 9/11. Therefore, the twenty-first century is the Asian century. In this regard, Trump's new strategy of South Asia is no different from that of his predecessors and will thus prove to be as futile as the ones before.

Meanwhile, China's transition from a regional power to a global one has positioned it to take the seat of the world's second largest economy after the US. Figures indicate that in the next 10-15 years, China



will overtake the US to become the world's largest economy. China is leading the cause of climate change and the protection of the environment and is deemed as the champion of climate change. The emergence of a greater South Asia as geo-economic concept is driven by economics, ports, energy, railway, roads and pipelines with CPEC as the centerpiece. The greater South Asia not only means the South Asian subcontinent and countries like Nepal, Myanmar, Bhutan, Sri Lanka, Bangladesh and Maldives but also China, Iran Afghanistan, Myanmar, Kirgizstan, Kazakhstan and Uzbekistan. The whole region will be connected via pipelines, energy, economics, diplomacy, defense and other projects.

Within this ambit Pak-China relation is unique and has been reinforced via CPEC. Both countries protect each other's interests and there has always been a neutrality in interests and relations of both countries. This neutrality binds them together as earlier no country was ready to invest in Pakistan and the country was economically sidelined in the pre-CPEC world.. CPEC has given strategic outlook to Pakistan, which has allowed Pakistan to maneuver its foreign policy. Pakistan is the only country, which is connected to China via both sea and road. This gives Pakistan an advantage, making CPEC the center of OBOR initiative, which includes 65 countries. This will make Pakistan the hub of economic activity thus binding both nations through mutual interests.

Today, an attempt is being made to foment a new cold war and Indians have a 'bully on the bullock' mentality. Pakistan for the first time is on the right side of history and with the right choices. It will be able to counter India effectively and grow peacefully. To counter security threats and the role of nefarious



designs of other countries, each province is raising its own security divisions and efforts are being made to bridge the gaps between the provincial and federal government.

Interactive Session

In the interactive discussion, the participants were keen in deliberating on issues of Indian role to sabotage CPEC, Afghanistan's peace process and CPEC as a regional 'game changer'. It was opined that every country in the region and periphery are convinced with the significance of CPEC. Hence, the Indian attempts to sabotage CPEC would in turn isolate India and will be counterproductive. On the part of Afghanistan, the country has an important role to play both in ensuring regional peace and to be a useful part of OBOR. The best approach to ensure regional peace and stability would be through diplomacy in which following actions should be considered: the Quadrilateral Cooperation Group should be used to play an active role in ensuring dialogue and stronger ties, and all neighbors of Afghanistan along with Russia, China and the US

should be brought on board by discussing differences and promoting convergences.

It therefore needs to be understood that CPEC entails immense opportunities both for Pakistan and other regional and global players. To make it a success it is important that all regional and global players are engaged in a process of comprehensive dialogue so that the countries in the region and periphery undergo unhindered development



SESSION 2

**Reinterpreting
Pak-China Relations**

Introduction

The second thematic session focused on reinterpreting Pak-China relationship amidst the phenomenal rise of China and its vision of OBOR. It entailed two presentations by Dr Salman Shah and Dr Ashfaq Hassan. Alongside an interactive discussion, with Dr Salman Shah as moderator transcripts of presentations by the speakers are as following:

Regional Fissures and Impact on Relations- Dr. Ashfaq Hassan Khan

In order to revamp the economy, a strong linkage across the business community at regional and global level is indeed crucial. Pak-China strategic alliance has been one of the defining features of the relations between the two countries since the early 1960s. The relationship is time tested for which has now blossomed into an “all-weather strategic partnership, or more recently to “Tie Ge Men”, which means “Real Iron Brother”. However, the economic relationship did not evolve consistent with the otherwise strong relations.

It was long felt by the leadership of both the countries that their economic relations should also grow in consonance with the strategic relations. It is in

this perspective, a step was initiated during the visit of President Pervez Musharraf to China on January 17, 2000. The journey that began in January 2000 culminated with the ultimate launch of China-Pakistan Economic Corridor (CPEC) in April 2015. It took 15 years to cement these economic relations with China, which were consistent with strategic relations of the two countries. Consequently, through CPEC both economic and strategic relations between the two countries have moved to an even higher pedestal.

CPEC has the potential to benefit Pakistan in multiple ways. If implemented properly with Leadership, Policy and Reforms(LPR) it can contribute to 3-4% additional economic growth by 2030, may create jobs, strengthen country's physical infrastructure, remove energy constraints, and also help in balanced development of Pakistani territory, particularly Balochistan. In this regard, Gwadar Port will emerge as the most significant port in the world. Gwadar alone will ensure considerable economic activity, particularly in Balochistan and also benefit the rest of the country. Pakistan will benefit through the relocation of Chinese industries in the industrial zones.



Meanwhile, Pakistan China bilateral trade has increased since 2000. A cursory look suggests that since the implementation of the FTA in 2007 until 2016, the volume of trade increased from \$4 billion to roughly \$14 billion – an increase of 250%. Pakistan's exports to China increased \$600 million to \$2.6 billion in 2012-13 but then declined to \$1.7 billion in 2015-16. However, Pakistan's imports from China surged from \$3.5 billion to \$12.0 billion during the same period – an increase of 242%. It is worth mentioning that Pakistan is exporting an extremely narrow range of products to China, prominent among those are cotton, cereals etc. Pakistan is importing mainly those commodities that deal with industrial development – major among those are electrical machinery and equipment, machinery, mechanical appliances, nuclear reactor, boilers, iron and steel etc.

Hence, it is the need of the hour to review Pak-China FTA and find out reasons for the decline of exports to China, investigate what are the items that China was producing at home but became expensive because of the rising wage cost in China and produce those commodities in Pakistan with quality. Pakistan is exporting few commodities to China whose demand may not grow much with rising income in China. It must involve private sector/chambers in enhancing trade with China. Both countries must take measures to enhance people to people contact for the promotion of trade between the two countries. Pakistan should make urgent effort to set up industrial zones to attract relocation of Chinese industries as it is competing with Bangladesh, Sri Lanka, Vietnam, Laos and Cambodia in gauging the dislocated industries of China.

China is setting up special Industrial zone in Chittagong (Bangladesh). Agreement between the two countries has already been signed. Similar initiative must be undertaken by Pakistan. These industries will



produce goods in Special Economic Zones (SEZs) and will export to China. This model has potential to increase exports of Pakistan to China. Imports from China will continue to rise because of the CPEC related projects and balance of trade will remain in favor of China. Hence, the FTA will benefit Pakistan if we produce those goods, which are in high demand in China. There is enormous potential for Pakistan to benefit from CPEC by linking it with CAREC member countries.

On the other hand, Pakistan could enhance its regional connectivity through CPEC. The 11 members of Central Asia Regional Economic Cooperation consisting of Afghanistan, Azerbaijan, China, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan has immense potential for cooperation with CPEC. The common factor between CPEC and CAREC is Pakistan and China. Benefits of CPEC can spill over to the entire CAREC member states and Pakistan can serve as a bridge between CPEC and CAREC. CPEC will complement CAREC's regional connectivity initiatives and would prove to be a milestone in regional development and connectivity. These abundant reserves of natural resources in the region entails a great opportunity for regional cooperation and the establishment of a regional energy market with a view to achieve energy security and energy efficiency by optimal expansion of integrated transmission and

generation infrastructure.

TAP (Turkmenistan-Afghanistan-Pakistan) Gas Pipeline project is expected to export up to 33 billion cubic meters of natural gas per year. CASA 1000 Power Transmission Line expected to supply up to 1300 MW of electricity trade between Central and South Asia. TUTAP Power Transmission Project intends to use existing and planned energy assets in Afghanistan to connect Turkmenistan, Uzbekistan, Tajikistan and Pakistan to the Afghanistan power grid. Thus, CPEC and CAREC can promote trade and investment and contribute immensely in sustainable higher economic growth. This will help reduce poverty and improve the living standards of approximately 2.0 billion people in the region.

It is necessary to inspect the Indian concerns over CPEC. India is not against China's OBOR Initiative but it is against CPEC. India has vehemently opposed CPEC and accordingly did not participate in China's biggest diplomatic events – the BRI Forum, held on May 14 and 15 in Beijing. There are three reasons for India opposing CPEC and taking risks of its isolation. Firstly, Sovereignty Issue, CPEC passes through the so called “Pak – occupied Kashmir” that is, it passes through Indian Territory currently occupied by Pakistan. India fears that accepting CPEC means solidifying and legitimizing the occupation of Kashmir by Pakistan. Secondly, militarization of Gwadar, In the event of India-Pakistan war, both Pakistani and Chinese Navy can block Strait of Hormuz and strangle Indian economy. Thirdly, and most importantly, India fears of China coming to her neighbors. China also rejected reported US concerns that China plans to turn Gwadar into a Chinese naval base. The Chairman Joint Chiefs of Staff Committee General Zubair Mahmood Hayat has recently stated that rapid development of CPEC and Gwadar as its pivot; maritime security all along the coast has

assumed added significances. It is in this perspective that Pakistan Navy has raised Task Force – 88 for maritime security for Gwadar Port to address conventional as well as sub-conventional threats.

Pakistan must respond to these reasons in rational way. Firstly, sovereignty issue, Karakorum Highway was built during the 1960s and put in use by end of the 1970s or early 1980s. India, then never objected to the construction of KKH which passes through the disputed territory. CPEC is not a new phenomenon. The same KKH will be used in CPEC. No International law prevent the people of disputed territory to not to benefit from the developmental activity. Secondly, militarization of Gwadar is a mere excuse. CPEC is a development project to benefit the people. It has no military design. Forces are there for the security of the project. Pakistan-China Agreement of 1963 regarding the boundary between China's Xinjiang and contiguous areas. This Agreement has formally accommodated India's major concern. Article 6 of the Agreement says that once the issue of Kashmir is settled, the sovereign authority issue will reopen negotiation with China on the boundary as described in Article 2 of the Agreement so as to sign a formal boundary treaty to replace the present. Pakistan can use this argument to calm down Indian people provided China do not oppose India's bid for joining NSG.

India is not going to benefit by CPEC in near future but Afghanistan can be a major beneficiary of CPEC. It can serve as bridge between CPEC and CAREC. We hope that economic sense will prevail and Afghanistan will join hands with Pakistan to gain enormously by being a gateway to CAREC region. Iran has also expressed is strong desire to join OBOR and benefit from CPEC. CPEC – CAREC Cooperation can be a game changer for approximately 2 billion people in the region.

Rejuvenating Pakistan's Economy: A Revisit of Challenges and Opportunities from the Prism of Pak-China Relations- Dr. Salman Shah



CPEC is being hailed as an economic game changer by the Government of Pakistan. The initial \$46 billion plan envisaged to link Pakistan's Gwadar port with China's Xinjiang province. It also included \$33 billion investment in Pakistan's Power sector. This project firmly embeds Pakistan in the Chinese strategic "Belt and Road" initiative. This link will provide China with a direct access to western Indian Ocean, while it provides opportunity to Pakistan to become a logistics hub for Central Asia, western Asia and Western China. However, it becomes a game changer for Pakistan or not is dependent on future integration of both countries.

An Economic Corridor generally connects regional economic centers in the most efficient and convenient manner. This requires an integrated Logistics System of Hardware and Software. It is backed up by economic and logistics agreements that boost regional economic growth through free trade and bilateral investment agreements that promote regional economic cooperation economies of scale in regional

financial, production, distribution and marketing systems. These logistics system requires huge amount of investment, conducive regulatory environment and specialist expertise to manage 'transport and logistics' as a system designed to facilitate production and promote trade flows. The return on investment on logistics in turn depends on economic reforms that expand the volume of trade that flows through the logistics hub on a sustainable commercial basis.

It is important to focus on geopolitical environment with emergence of China as an economic super power. China is now one of the world's largest economies with GDP on PPP basis of \$18 trillion. It also has the largest foreign currency reserves of \$3.6 trillion, largest exporter \$2.34t and 3rd largest importer \$1.96t. It is becoming the largest trading partner with more countries than compared to USA, increasingly it is becoming the largest donor for developing countries and it has the highest savings rate and is the largest holder of American debt. Talking about the emergence of China, she is switching from an investment driven growth strategy to a consumption driven growth strategy with major opportunities for neighboring Pakistan. China can be a big source of investment capital, and is capable of generating growth of 8 to 10 % per annum, boosting exports and generating economic prosperity over the next 30 years.

China's view on CPEC can be summarized as, transformation of China-Pakistan friendship into new motivation and carrier of economic development. The construction of China-Pakistan economic corridor will get through the economic belt of Silk Road and Maritime Silk Road, to build three-dimensional and

integrated combination transport network of land and sea. Such transport network will promote Chinese enterprises to go out and to invest in Pakistan. At the same time, it also will bring Pakistan with valuable investment opportunities, pushing Pakistan into the part of global value chain, in order to throw off poverty.

For Pakistan, it is a great opportunity to leverage on CPEC and propel itself into a new Global Export Powerhouse. It is also an economic imperative for China and Pakistan to increase and fortify their economic integration as the basis of increasing their regional economic power and to face the competition presented by the other regional economic blocks. The ultimate goal should be to transform Pakistan's pivotal geography and its strategic relationship with China into a sustainable process of economic integration between the two countries and leading ultimately to a huge trading bloc encompassing Africa, Middle East, West Asia, Central Asia, Pakistan, China and Russia.

To ensure a successful road map of CPEC, there is need of competitive national strategy and multidimensional policies. There is a need of expansion strategies, modernization and transforming the wealth creating production sectors. Particularly, increasing productivity and competitiveness through technology induction and costs reduction in agriculture, engineering, electronics, and consumer goods, value added textile industry and boosting and modernizing infrastructure , construction and contracting industry., 500 top Chinese multinationals establishing bases in Pakistan, hundred flights a day between Chinese and Pakistani cities, creating thousands of job opportunities should be the visionary target of 2025. CPEC creates economic and trade

connectivity within Pakistan creating a single integrated Pakistan economy, it will facilitate and cater to a percentage of exports of China as well as imports (\$2 trillion a year). It will provide a single supply chain network. This is possible with cooperation of both governments and coordinated work.

Concisely, Pakistan and China collaboration is needed for game changing environment. This might and could be in the form of coastal development strategies, inland development strategies, border development strategies, cross border strategies, urbanization strategies and infrastructures, industrialization strategies, S&T transfer strategies, defence production and higher technologies sharing strategies, agro business strategies, mining sector, services sector, education sector, skills development, energy sector last but not the least Indus river system development strategy. To achieve this all concerned organizations need to work in collaboration.

Interactive Session

During the interactive discussion, key issues of concern were deliberated upon by the participants, which included regional countries and CPEC, domestic political instability, communication gap between china and Pakistan. It was deliberated upon that there is no hesitation in linking CPEC with Iran, Turkey and so on. China is also working on Northern route to Europe. Therefore, it will be a good thing to idealize the future prospects for linking CPEC beyond the region. It was augmented that CPEC is not so fragile that could be totally dismantled when it comes to political instability. Initially, there were some reservations from provinces but this was because of lack of awareness or communication gap between the institutions. Communication gap is coupled with inaction in certain places. If every region has to connect with CPEC, then everyone has to have a strategy of connecting Pakistan and has to become organizationally strong to have fruitful implementation of CPEC. There is a need of flawless implementation through organizational setup. CPEC was conceived originally in 2000, only formally launched in 2015. It belongs to everybody and exit of one person does not sabotage the whole project. It does not complete in one month whilst it would take decades to become operational.. When we talk about communication gap then we have to look at the state of higher education commission and what values it is incorporating. Project like CPEC requires manpower. China has produced over 1000 PHDs with different aspects regarding CPEC between 2000-2012 only. The role of think tanks in this aspect is also very important. Pakistan does not have enough think tanks and not enough ideas tossed around which can propel us in the 21st century. The public lacks the basis idea of CPEC as they are not involved in this. Pakistani educational institutes have to take the lead, cutting across various segments of Pakistan. Pakistan's public needs to be aware and contribute towards the development of Pakistan giving us a direction for next 50 years.



CLOSING SESSION

Introduction

The seminar concluded on a positive note of need for recognizing the intrinsic potential of growing in every domain of the Pak-China relationship. The closing session entailed remarks of Mr. Mushahid Hussain, Chief Guest of closing session and Vote of Thanks by DG ISSRA.

Remarks by Mr. Mushahid Hussain

In 1979, there were three major developments in the South Asian region which impacted Pakistan; Revolution in Iran, Soviet invasion and occupation of Afghanistan. US announced the establishment of the Rapid Deployment Force, which was the forerunner to CENTCOM, and China decided to open up to the outside world. When countries feel they are on the wrong track, they do the course correction and it was the achievement of Den Xiaoping, who did that course



correction for China. He is regarded as the founder of China's journey towards becoming a global economic giant Earlier, China was a centralized command economy without any role of market forces or private sector as everything was state-owned. It was Den Xiaoping's vision, his LPR (Leadership, Policy and



Reform) which transformed China into a vibrant, robust and living economic giant. It was his resilience in the face of hardships, setbacks and the quality of bouncing back once he came to power for the third time to change China's fortune around. He held the notion that Singapore, though a small island state with 500 million people, without any oil or resources had attained growth and prosperity, hence China should also learn from the experience. In this regard, Deng Xiaoping established first Singapore-China Industrial Park. In the same way, the first Pakistani Prime Minister Liaquat Ali Khan envisioned Pakistan as the heart of Asia, and its potential to be pivot to all activities and developments in the region. This is how great leaders put forth their vision well before time as if visualizing future through their inward eye.

CPEC and endeavors akin to these are processes where successive governments have played a very important role. Chinese has established six corridors so far – the RCD being the first, the Karakoram Highway which connected Pakistan with China over fifty years ago being the second, then China-Eurasia Corridor, China-Russia Magnolia Corridor, and Bangladesh – Sri Lanka – Myanmar - India Corridor. Among all these, the only bilateral corridor is China - Pakistan Economic Corridor. When there is talk of One Belt One Road project then, it may be opined that world's 25% trade is going to take place there and \$ 5 trillion will be spent on infrastructure in Asia in the next five years. The Chinese President Xi Jinping talks of his vision for the next 40 or 50 years. Chinese have two major anniversaries coming up; by 2021 they want to eliminate poverty which is the hundred years of the foundation of Communist Party of China; the second in 2049 marking hundred years of the founding of the

People's Republic of China. Pakistan is fortunate for having China as its neighbor and the best has yet to come from CPEC. The entirely new world is opening up, given Pakistan's location and its role providing Pakistan with greater room to maneuver. Pakistan has the history of engagement, however it is also part of a globalised world and will continue to be engaged with USA and others countries of the world though on terms which are in its own interest and are based on reciprocity where its interests are protected, promoted and preserved. NDU has again proved itself a forerunner in generating discussions on matters of national importance and by providing apt platform for Khaki - Mufti harmony and consensus on key issues of national thinking.

Vote of Thanks by Maj Gen Muhammad Samrez Salik, HI(M) - DG ISSRA

Concisely, the seminar has been able to generate optimism countering successfully all negative propaganda about CPEC, which propound this epic project as being a debt trap for Pakistan. It is popularly believed that Indian Ocean is going to be the central stage of rivalry in 21st century. To that end, it could be said that while CPEC is a project of China whereas BCIM (The Bangladesh–China–India–Myanmar Forum) is that of India. Gawadar is in the interest of China and Chabahar is the pursuance of India. These developments indicate moves and counter moves leading to rivalry in South Asia. Pakistan has played as the front line state twice in its history; the first as winning war for the U.S. in the Cold War Era and the

second to win War on Terror for the U.S. in recent times. This front line status has led Pakistan to destruction so far. However, thanks to the strategic location Pakistan may now lead to perform the front line state status again, but in the mode of construction as compared to the previous times which played havoc with Pakistan's social fabric. To rectify Pakistani social structure, the attributes of peace, harmony, tolerance, wisdom and philosophy are inevitable and these all are available in abundance in China. Pakistan needs to learn these virtues from its time-tested friend in order to rise up economically and socially.



An abstract geometric composition on the left side of the page, featuring a variety of overlapping triangles and polygons in shades of red, purple, blue, green, and yellow. The shapes are arranged in a dynamic, layered fashion, creating a sense of depth and movement. A small red circle is visible near the top left, and a larger green circle is positioned within the lower blue section.

ANNEXURE

Opening Session		
Time (Hrs)	Activity	Remarks
0830-0900	Registration	
0900-0905	Recitation of Holy Quran	
0905-0915	Welcome Remarks by DG ISSRA	
0915-0930	Address by Chief Guest	
0930-0945	Tea	Mess Lounge
0950	Group Photo	VIP Entrance
0955	Chief Guest Departs	VIP Entrance
Session-I (CPEC: A Game Changer of the Region)		
Time (Hrs)	Activity	Guest Speaker
1000-1005	Introduction of Panelists	RA Beenish Sultan
1005 -1025	OBOR: CPEC as a Lynchpin	Rep from Chinese Embassy
1025-1045	Strategic Outlook of CPEC	Mr. Mushahid Hussain
1045-1105	Irritants in way of CPEC	Dr. Nazir Hussain
1105-1135	Interactive Session	
1135-1145	Wrap up by Chair	Mr. Mushahid Hussain
1145-1155	Stretch Break	
Session-II (Reinterpreting Pakistan- China Relations)		
Time (Hrs)	Activity	Guest Speaker
1155-1200	Introduction of Panelists	RA Beenish Sultan
1200-1230	Regional Fissures and Impact on Relations	Dr. Ashfaq Hassan Khan
1230-1300	Rejuvenating Pakistan's Economy: A Revisit of Challenges and Opportunities from the Prism of Pak-China Relations	Dr. Salman Shah
1300-1330	Interactive Session	Dr. Salman Shah
1330- 1340	Wrap up by Chair	
1340-1350	Stretch Break	
Closing Session		
1350-1355	Summary of the Proceedings	RA Beenish Sultan
1355-1410	Remarks by Chief Guest	Mr. Mushahid Hussain
1410-1420	Vote of Thanks by DG ISSRA	Maj Gen Samrez Salik, HI(M)
1420	Lunch at Banquet Hall followed by Group Photograph in front of VIP Entrance	

PICTURE GALLERY





OPENING SESSION











CLOSING SESSION

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