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Impacts of CPEC on Pakistan's Relationship with the Neighboring Countries

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Abstract

The CPEC is the southern corridor (one of six corridors) of the initiative on the construction of the Silk Road Economic Belt and the 21st Century Maritime Silk Road, which will pass through Pakistan, and will link China with the Middle East, Africa and beyond both by land and sea. The CPEC offer Pakistan a new opportunity to play a key role in the region as its relations with China have entered into a new phase following the launch of the multi-billion Dollar project (CPEC). Pakistan wanted to make the CPEC a source for establishing brotherly ties with other countries on equality basis in a peaceful atmosphere. This study is designed under the liberal theory of economic interdependence according to which, when economic stakes of more countries are interdependent or interlinked, it not only reduces the prospect of conflict among them but also enhance the scope for progress and prosperity for all the stakeholders. Many countries are keen to join CPEC and have their own interests and may extract/share benefits from this gigantic project. However, the counter forces are also at work due to changing geo-political situation in the region. This research will focus how can CPEC benefit or challenge the relationship of Pakistan with the neighboring countries?

Keywords: Economic interdependence, regional integration, geo-political conditions, multi-billion-dollar project, CARs, Indian Ocean (IO).

Introduction:

The One Belt One Road initiative (OBOR) taken by China has two global trade connections, 'Silk Road Economic Belt' through land whereas '21st -Century Maritime Silk Road, is ocean going. The Pakistan and China Economic Corridor (CPEC) is the important part of the previous one. CPEC multibillion dollar corridor is a network of railway tracks, highways, link roads, bridges, bypasses, airports, seaports, and economic zones, fiber optics for communication and oil & gas pipelines. The project is actually aimed to connect the economically deprived western part of China to Pakistan's Gwadar seaport located in Baluchistan through shortest land route of around 300 km (Kumar, 2007).

Research Question

The aim of this research is to analyze, how can CPEC benefit or challenge the relationship of Pakistan with the neighboring countries?

Research methodology

It is a qualitative research and exploratory approach has been adopted. The study is an attempt to explore the politico-economic and strategic dynamics of the region critically to answer the designated research question. Available and existing literature in forms of books, journals, articles, reports, editorials, electronic and print media coverage are critically evaluated to make the study more representative and purposeful

During the study we have conducted short and unstructured interviews with the renowned analyst of Pakistan Mr. Rahim Ulla Yousafzai, an expert on Pak-China relations Dr. Ghulam Ali, senior analyst and Professor from Quaid-eAzam University (QAU) Dr. Riffat Hussain, Iranian ambassador to Pakistan, His Excellency Mehdi Honardoost and former Chief of Sri Lanka Navy & Director of Pathfinder Colombo, Sri Lanka, Admiral Dr. Jayanath Colambage personally and electronically. Few

parts of their opinion are used in this paper as direct quotes as well.

Literature review

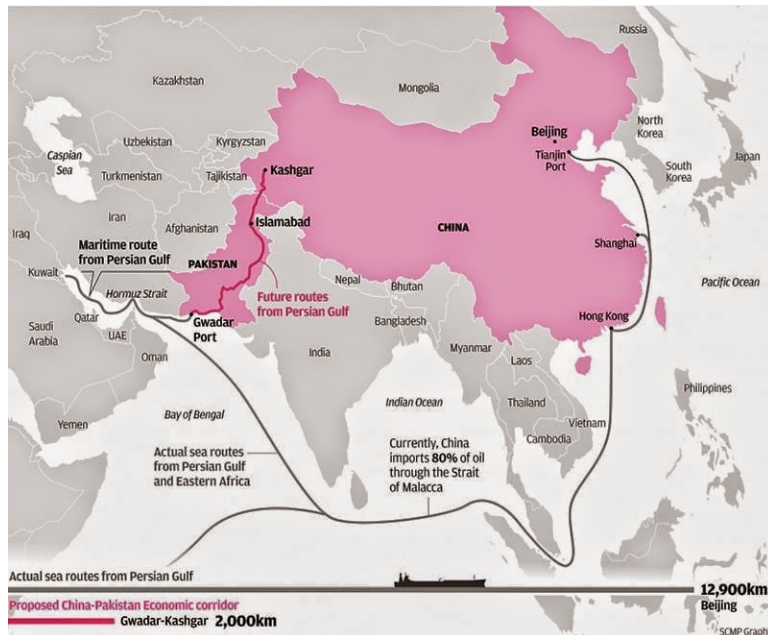
So far lot has been said and written on CPEC not only in Pakistan and china but also in India, Iran, Europe and around the world. Dr Ghulam Ali in his book “China- Pakistan Relations: A Historical Analysis” discussed in detail the formative phase as well as the strengthening phase between Pakistan and China in detail. He further discussed China’s policy of balance and stability along with the changing dynamics of relations in post 9/11 scenario. However, he focused more on impacts of CPEC on Pakistan and China while gave least consideration to the impacts on Pakistan’ relationship with the neighboring countries. So this research has been designed to focus more on impacts of CPEC on Pakistan’s relationship with the neighboring countries. In “The China-Pakistan Economic Corridor: Regional Cooperation and Socio-Economic Development” by Dr. Hassan Askari Rizvi. The political and strategic implications of the CPEC project are examined along with the benefits for both the countries. Research discussed the Historical Evolution of the Economic Corridor, Economic Connectivity and Regional Cooperation, CPEC and way forward, however didn’t focus on its impacts on neighboring states in relation with Pakistan.

China – Pakistan Economic Corridor (CPEC)

After the launch of CPEC between Pakistan and China in April, 2015 by the Chinese President Xi Jinping (Boni, 2017), the project got an enormous nationwide prominence, nationalistic enthusiasm in the public as well as in the political discourses in Pakistan and commonly named as “game changer” and “fate changer” (Zaidi, 2016). Political elite as well as the masses are highly hopeful and enthusiastic regarding CPEC and believe that their previous dependence on U.S, IMF and World Bank remained failed to facilitate and transform Pakistan into a developed country as the nation is still facing massive and worst economic and energy crisis (with more than 40% of the total population living under poverty line). However, Foreign

Direct Investment (FDI) into the country has registered 15 % growth during first nine months of the year 2015-16, owing to the inflows for projects under CPEC (Akhter, 2016).

Chinese seaports are invaluable driver in the skyrocketing growth rates of the country but are limited to its eastern coasts and also present a great degree of challenges that endangers China's national, energy and fiscal security. China shares the South China Sea with number of countries with which it also shares fiercely contested maritime boundaries and vies for control of the various small islands that dot the otherwise contiguous expanse of sea. Most significant among these countries are Japan, Taiwan, Vietnam and Philippines. It is also noteworthy though that China is perhaps most threatened by the presence of the US Navy in that area where the "Malacca Dilemma" rears its head and 80% of its oil imports through strait of Malacca (Colombage, 2018).



Secondly CPEC will cut down the time, cost and distance. Ships carrying cargo cover almost 19230 km from Felixstowe, UK and finally reach Shanghai in 50 days. Whereas, the distance remains only 11250 km in 29 days when it comes to Felixstowe, UK and Port Qasim route and cargo can be moved

through CPEC connected roads and rail network to reach Khunjerab pass which takes almost 36 hours reduces 34% distance compared to the previous maritime route (Colombage, 2018).

According to the statistics CPEC will reduce the cost of transporting cargo significantly as the cost from Felixstowe, UK to Shanghai, PRC by sea comes to around USD 1192.26/tonne and if the sea route taken by Pakistan then same cargo will be minimized to USD 1055.38/tonne, indicates the decrease of 12.5% costs over every single tonne of cargo over a kilometre transportation. By keeping the fact in mind that railway option can further minimize the cost of transportation china has planned a grand project with the cost of 3.7 billion, for spreading 2965 km railway track along with the up gradation of 3001 km of old track in Pakistan from 2018-22 (Kumar, 2007). These are the major factors among the extended list of probable benefits for china due to which Beijing is overwhelmed to develop CPEC as an alternative supply route.

Though both Pakistan and China share a long history of cordial relations, named all-weather friendship claimed as sweeter than honey, higher than Himalayas and deeper than oceans. Pakistan is the second largest trading partner of China in South Asia; the trade volume stands at US \$ 19 billion (Khan, 2016). It is a general perception that CPEC will further strengthen the relationship and will be more focused on economic investment, bilateral trade, more cooperative in energy sector, along with tremendous increase in people to people contact, rather than merely military-oriented as it was in the past decades (Ali, 2017).

However, this shortest possible land route, from China to the Indian ocean via Pakistan has influenced the geopolitics of the region and triggered concerns for few of the countries specially India (Masood, 2016). Whereas many have welcome this project and view it as a golden opportunity for economic cooperation and integration for the entire region, as the region remained the least economically integrated region of the world constitute hardly 5% of the total trade volume (Barber, 2014)

despite of its tremendous potential and rich economic and human resources yet facing worst energy crisis with the adverse impacts on the economies (Rahman, Brunner, & Khatri, 2012).

On the other hand, there are some regional countries with extraordinary natural resources, yet facing crisis either due to their landlocked geography (CARS, Afghanistan), or due to international embargoes or sanctions (Iran), or severely affected due to international war against terrorism (Pakistan & Afghanistan) and desperately need foreign investment and continuous economic activity. According to the analysts, CPEC may not only open new avenues for the two countries but can also foster regional and cross regional economic integration between West Asia, East Asia, Central Asia and South Asia. According to Dr. Riffat Hussein,

Due to nuclearization, demographic weight, diffusion of modern technology, high economic growth, south Asia has become more assertive and autonomous and is no longer a subordinate system and this economic integration will lead to facilitation of resolving decades old conflicts among the regional countries.

Similarly, according to the liberal theory of complex interdependence, economically more interdependent nations have less chances of going into the wars and conflicts due to their interlinked and interconnected stakes. According to Dr. Hassan Askari Rizvi,

“The more a state is connected with other states in a positive and mutually rewarding manner in economic and technological domains, the better for the state as well as the people. The states are expected to pursue pragmatic considerations with a view to benefiting the state and society as the guiding principles rather than a strict adherence to abstract ideological formulations” (Rizvi, 2015).

China’s growing economic footprint across the globe, including in south Asia adds to existing complexities, creating both

challenges and opportunities. An analysis of CPEC cannot be complete without consideration of its regional geopolitical dynamics and Pakistan's foreign policy preferences in the region. Let's discuss one by one how CPEC can benefit or challenge the relationship of Pakistan with its neighboring countries.

Islamic Republic of Iran

Iran a major player on the regional chessboard has a long history of brotherly relationship with Pakistan since its independence in 1947. However, Post 9/11 regional political dynamics have enhanced but sensitized the nature of relationship between the two Islamic neighbors. As serious challenges stirred up for Pakistan on complex western border with Afghanistan whereas the long eastern border of Pakistan with India was already highly violent for last seven decades. The situation proved extremely complex for Islamabad yet left the only clarity for Pakistan that it has no choice of spoiling its relations with Iran.

Being the largest trading partner of China, Iran has been perceived as a major country along the OBOR by China as well. According to Weidong, Chinese Ambassador to Pakistan, *"we are really looking forward to enhance our cooperation with Iran through OBOR initiatives"*.

Iran is the only country in the region which has shown its explicit interest to become a part of CPEC and is warmly welcomed by both Islamabad and Beijing. According to the estimates, 40% of world's oil passes through "Strait of Hormuz" (which is also a dispute between coalition of countries and Iran since 2011 when Iran threatened to close strait of Hormuz), almost 60% of China's oil comes from the Gulf through the same path. The ships carrying goods and oil for China travel over 16,000 kilometers passing through 'strait of Hormuz', 'Indian ocean' and 'strait of Malacca' and the route is dominated by pirates and Indian as well as U.S navies. The disruption at any stage before its final destination to Shanghai Port could affect China's entire chain of energy imports (Ali, 2017)

Chahbahar and Gwadar Seaports: Iranian Chahbahar seaport is comparatively a smaller seaport (compared to Gwadar) financed by India to find out a dependable access to Afghanistan and Central Asian Republics for trade and economic activity just 364 km away from Gwadar seaport. A perception was developed that Chahbahar and Gwadar are competing seaports, where India is financing Chahbahar to counter China and Pakistan (Haider, 2015). Secondly Chahbahar will diminish or at least minimize the prospects of Gwadar. However, the Iran rejected such accusations and not only called the ports as sister ports but showed its explicit interest in connecting both the ports through CPEC.

The connectivity between the two ports has tremendous potential to foster the new economic trade era between West Asia and South Asia. Secondly more economic interdependence between Pakistan and Iran can minimize the prospects of border conflicts in the coming times which have been a source of tension between the two in recent years. Thirdly Pakistan became a chessboard for the sectarian proxies in last two decades and faced worst sectarian crisis, killed hundreds of Pakistani and irreparable losses were faced by Pakistan on national and international fronts.

IPI: India, Pakistan and Iran gas pipeline signed between the three countries however, the project was left by India later, due to U.S pressure after signing nuclear deal with U.S, now same pressure has been faced by Pakistan as well. Whereas Iran has shown lot of commitment regarding the project and have completed the ground work relevant to them. The reluctance on Pakistan side has created a natural anger and anxiety in Tehran and according to the recent reports the government of Tehran is considering to take the matter in the International Court of Justice (Falahi, 2018). If situation will not be handled proactively by the Islamabad, Pakistan may face tougher situation in the near future.

Iran has proposed to link IPI gas pipeline project with CPEC, which is a solid and doable suggestion as china is already among the major trading partner of Iran even in the tough times when sanctions and embargoes were imposed on Iran by U.S

and European countries, china didn't stop importing oil and gas from Iran (Stewart, 2018).

The recent developments regarding the Turkmenistan, Afghanistan, Pakistan and India gas pipeline (TAPI) project has been inaugurated with U.S backing, may threaten the prospects of IP. However according to Iranian ambassador to Pakistan, His Excellency Mehdi Honardoost, *the need and prospects of IP are not diminished as TAPI has to go through war trodden Afghanistan where U.S and NATO forces are still struggling to create stability whereas IP has no such strategic and political threats.*

For the strategic analysts, under Beijing's auspices, there is more probability for increase of cooperation between Tehran and Islamabad. More importantly India and China are the major trading partners of Iran and during the last crucial decade both continued to export oil and gas from Iran when international sanctions and embargoes were imposed on Iran, this legacy of relations and trust between Iran - India and Iran – china along with close strategic and economic based relationship with Pakistan can facilitate all the involved countries to extract benefits to make this project a win-win project rather than a zero-sum-game (Haider, 2015).

Afghanistan

Afghanistan being located on the western side shares almost 7400 km complex border with Pakistan is among the biggest regional security concerns for CPEC and Pakistan. Because such a big investment can only be fruitful if there is peace and stability in Afghanistan as it can directly affect the security conditions in Pakistan due to its complex geographical, ethno-linguistic bondage. For almost one and a half decade Pakistan is facing an extremely challenging situation in its relationship with Afghanistan. Islamabad found it extremely difficult to balance its role as a crucial non-NATO ally and peaceful neighbor of Kabul resulted in tensed relationship, though Pakistan faced more human and material loses in war against terror more than anyone else in the world. Beside the visible complexities, many analysts believe that Landlocked

Afghanistan can be a major beneficiary of CPEC project in geo-strategic sense and even modest involvement of Afghanistan in CPEC can be proved not only as major confidence building measure for Pak-Afghan relations but it can also put the brittle Afghanistan economy on sound footing.

The major aspect of CPEC is its connectivity through several road and railway links and Afghanistan can be connected to this project by constructing 265 km Peshawar to Kabul road or motorways, from Chaman to Kandahar and from Mazar Shareef to Termez near the borders of Central countries. This is 600 km shorter and easier transit route as compared to currently existing routes for Afghanistan to approach Indian Ocean (Munir, 2018).

Though Pakistan has taken several initiatives to improve connectivity with Afghanistan by starting the construction of Peshawar - Torkham and Torkham - Jalalabad roads however, the projects are facing serious challenges in completion. According to Pakistan, a feasibility study or plan has just been completed for a railway link from Chaman to Kandahar which is a part of proposed link from Pakistan to Afghanistan and then to Turkmenistan.

Similarly, Afghanistan is a country full of untapped natural reservoirs and a great source of attraction for Chinese companies and extension of CPEC will not only provide a transit route to Kabul, but china can also invest in power sector or in tapping out the resources. As Badakhshan province of Afghanistan is supposed to have large scale resources like gold, diamond, Ruby, copper and iron.

Extension of CPEC can bring foreign direct investment (FDI) to cash-strapped Afghanistan. According to Chinese foreign minister, “as an important neighbor of Pakistan and China, Afghanistan has an urgent desire to develop its economy and improve people’s livelihood and it is willing to integrate itself into the process of regional interconnection” (Munir, 2018).

Situation in Afghanistan has a strong tendency to influence beyond its borders and current strategic interests of China in Afghanistan are adding anxiety with a series of negative

outcomes that it wishes to avoid. If Kabul becomes a safe haven for Chinese Uighur militant groups again, (as it was in the late 1990s) that uncertainty there may destabilize Pakistan (its most important partner in the region), that insecurity there has tendency to destabilize Central Asia states, and the rise of extremist forces there may exercise ideological influence across the region and potentially in Chinese western province Xinjiang itself (Small, 2015).

Furthermore, proxy battles in Afghanistan between India and Pakistan escalate tension in entire South Asia. Keeping this ground reality in mind china has strictly monitored its comparatively smaller borders with Afghanistan and took strict measures within Xinjiang to avoid any uprising by changing the demographics. Prime minister of Pakistan, Nawaz Sharif during his visit to Turkmenistan in 2016 said, *I will convince the region, of the incredible benefits of harmonizing the TAPI with the CPEC, as harmonization of these two mega projects will change the lives of the world's half of the population living in South Asia and Central Asia* (Bokhari, 2016).

The recent inauguration of TAPI gas pipeline has provided a bleak hope as TAPI gas pipeline has to go through Afghanistan not only in the areas under the control of NATO forces but also the areas which are under the Taliban control. Taliban have ensured the security and safety of gas pipeline by claiming that they will support and secure all the projects of public interests including TAPI (Ahmadzai, 2018).

However, the clash of interest between Iran- U.S and India-Pakistan regarding CPEC, TAPI and IPI has to play a crucial role in the coming months and years. U.S (Saudi Arabia as well according to some media reports) has used its influence on India not to be the part of IP (previously IPI) and exerted same pressure over Pakistan and has played a major role in the inauguration of TAPI to provide alternative source to this energy starved region. There is another serious concern on part of U.S, that Iran has developed a cordial relationship with Afghan Taliban in last one and half decade due to their common enmity with U.S. Who are controlling more than 60% area of Afghanistan and still posing a real threat to NATO and

U.S allies and TAPI pipeline has to pass through the areas under control of Taliban. Iran has been accused by U.S and NATO allies for harboring Afghan Taliban and providing military training and weapons in the recent years. Strategic analysts warned that Iran can and Iran may use a Taliban card to sabotage TAPI. As TAPI gas pipeline has to pass through the vast area under Taliban control in Afghanistan, enters in Pakistan and finally reaches India. This project will further enhance and strengthened Afghanistan role as a regional hub for connecting various regions and countries.

According to The diplomat, TAPI may minimize the role and importance of Iran in the region and Tehran didn't want the project to pass through Afghanistan and rather tried to get the project pass through Iran or want obstruction of TAPI to make the IP project more feasible and successful. In 2016, the former governor of Farah province, Asif Nang also accused Iran for supporting Taliban fighters (Ahmadzai, 2018). On the day of inauguration, ten insurgents were arrested by Afghan Security Forces, who later admitted that they were trained in Iran and were given the task to attack the inauguration ceremony of the TAPI project (Ahmadzai, 2018). According to the political analysts, there are fair chances that Iran may use this leverage over Afghan Taliban to obstruct U.S backed TAPI at any crucial stage though Taliban has assured the safety of TAPI. After the possible withdrawal of NATO forces in the coming years, security condition in Afghanistan may face more adversaries which is a great challenge for both China and Pakistan.

India has been considered as one of the major foreign policy threat in Afghanistan for Pakistan. Being the world's biggest investor and second largest donor to Afghanistan, India is vigorously working in infrastructure development in the war trodden country and trying to develop an alternative route via Iran to Afghanistan and central Asian states parallel to CPEC. The pro-active Indian policy of isolating Pakistan in the region seems strong, persistent and well planned. The incident of Torkham gate has aroused new geo-political as well as geo-strategic shift in Pak-Afghan relations and may create serious

obstacles for Pakistan's interests regarding TAPI, CPEC and CASA directly and indirectly (Rahim, 2016).

For last more than one and half decade, China was largely sitting on the sidelines and tried to avoid being seen to be actively cooperating with the United States or NATO forces, minimized its political exposure, and carefully balanced its relations with different actors and factors involved. Beside Pakistan's perspective, it seems as China has also realized that peaceful and stable Afghanistan is important for smooth regional connectivity of CPEC. Beijing has decided to play an active and crucial role in Afghanistan at least diplomatically for security and economic outcomes. Recently, to bring Pakistan and Afghanistan close to each other China has initiated first ever foreign minister's dialogue between Pakistan, china and Afghanistan in December, 2017 in Beijing and showed its willingness to play constructive role in the extension of CPEC to Afghanistan (Munir, 2018). Just more recently according to The News sources, china has shown its eagerness to invest in TAPI project. The chief executive officer of Pakistan state-owned Inter State Gas Systems (ISGS) told Reuters that Chinese officials have shown great interest in building a spur from Pakistan and the line could act as an alternative to Beijing's plans to build a fourth China to Turkmenistan pipeline. According to him,

“With this channel, there is a possibility they don't have to do another line and they can off – take from this pipeline which is passing through Pakistan and it would be cheaper as well as easier for china build a pipeline from Pakistan territory to its western region”.

These recent developments have provided a golden opportunity for Pakistan to re-organize and re-arrange its relationship with Afghanistan on mutual trust for common benefits. Though the turf of Afghanistan has become a complex chessboard of conflicting interests among regional and international powers yet the room for Pakistan to play positive and constructive role is still not over. The completion of TAPI and its possible connectivity with CPEC and CASA will surely lead to

economic interdependence and minimize the prospects of conflicts.

Central Asian Republics (CARs)

Geopolitical and strategic location of Pakistan is the most favorable and suitable transit and trade route to connect central Asia, West Asia and South Asia, though Pakistan remained badly failed to extract benefits out of it. However, CPEC has provided a unique and ample opportunity for the resource rich CARs to come out of their isolation and landlocked dilemma (Ali, 2017).

China's relationships in Central Asia have, since the 1990s, played an important role in ensuring that China can contain security threats emanating from Afghanistan and Pakistan—flows of narcotics, weapons, and Uighur extremists have typically passed through Central Asian states, rather than directly crossing the borders. More recently, these relationships have also been important to China's efforts to build cross-border economic and energy routes, through the Shanghai Cooperation Organization, as well as bilaterally.

Though none of these republics have shown any formal interest in joining CPEC so far, yet these republics remained always keen to get access to the regional as well as international market (Ziauddin, 2016). Chinese president has already shown his vision to extend the economic corridor further to CARs to integrate the region economically during his visit to Pakistan in April, 2015. Keeping in view the changing trends around the globe, where the world is shifting from geo-politics to geo-economics. Pakistan is also trying to rethink, revise and redesign its strategies. As Pakistan desperately needs to increase its exports and is in search of new markets for the export of its products within its own region or neighboring regions rather than relying on the far away trading partners like EU and Africa to boost its economy.

India

In Pak – China relationship, anti-India factor remained dominant however this traditional approach has been replaced

by new realities and this traditional factor is gradually losing its significance and China's trade volume has reached up to \$ 84.44 billion with India (Paigude, 2018). The China Pakistan Economic Corridor CPEC has unnerved some nations and come under scrutiny. Regionally, CPEC has worsened the already fragile Pakistan's relationship with India. Due to Indian claims that CPEC is going through the disputed territory (Gilgit Baltistan) between India and Pakistan. Secondly India believe that Chinese control over the Gwadar port can be turned into a permanent naval port and can be used against India in the coming times and consider it a greatest threat for the Indian strategic interests. Thirdly according to Indian accusations, china has encircled them from all sides (Joshi, 2013). So far the only option India seems working on is to contain China and CPEC.

Knowing the fact that peace and stability along with secure conditions are highly required for economic activity, Indian policy seems very loud and clear to isolate Pakistan diplomatically on regional and international fronts and by using fourth and fifth generation warfare tactics by arousing the domestic differences. According to Pakistan, India has continuously been involved in financing, harboring, or pushing the elements within Pakistan, to widened political, ethnic, and sectarian differences to create political instability especially in Baluchistan (development deprived province where Gwadar is located). In 2015, Pakistan captured an Indian spy Kulbushan Yadav who is supposed to be entered in Pakistan's province Baluchistan (via Iran), with Indian passport (while keeping Iranian visa also threatened the relationship of Pakistan and Iran) has been presented by Pakistan side as a strong instance of Indian involvement in anti-Pakistan and anti-CPEC activities.

Though India always wished to have a transit route via Pakistan to Afghanistan and CARs however, the severe trust deficit between the two traditional rivals and nuclear neighbors never let things happen. Same trust deficient prompted India to finance Chahbahar port of Iran for developing alternative route to reach Afghanistan and CARs bypassing Pakistan. However,

Tehran made it clear that Chahbahar is not a zero-sum-game for Pakistan and CPEC. Further added that both the ports have potential to facilitate each other and can be interlinked and interconnected through CPEC. Keeping the more realistic view in mind by Tehran, that china is the bigger power than India and investment (\$ 40 Billion) on Gwadar is many folds greater than Indian investment on Chahbahar and the geostrategic and economic potential of CPEC has no comparison with trilateral agreement between India-Iran-Afghanistan. Current abhorrence between both India and Pakistan as well as trust deficit between Sino-India has stopped India to be the part of CPEC. China invited India in Beijing conference held in May 2017, which India refused to attend. Although the conference was attended by 29 heads of the states, government representatives from more than 60 countries and 70 international organizations were present in the conference (Sharma, 2017). Chinese top power elite made it clear on number of occasions that CPEC is neither a threat for anyone nor will be used for military purposes at any stage.

However, Indian inclusion at any stage in the project will reduce Indian fear of using the Gwadar port for military purpose by China and decrease the anxiety of being encircled by china from all sides through string of pearl strategy. It will further enhance the prospects of progress and prosperity for the region and economic interdependence will not only help the resolution of conflicts between India and Pakistan but also between India and China. According to Dr. Ghulam Ali, *Pakistan and India have better space and ground for economic ties as both nations have more cultural and geographical affinity with least socio-linguistic barriers.*

Conclusion

Economic, political as well as strategic implications of CPEC are not only for Pakistan but for the whole region. However sustainable, prosperous and peaceful transformation of Pakistan and South Asia will require greater attention on regional connectivity and integration. CPEC presents a radical break and opportunity to steer South Asia in the direction of cooperation through economic inter-linkages, amid seemingly intensifying

geopolitics. Yet there are lots of regional and international threats and complexities involved which Pakistan and China have to manage by hook or by crook. These threats and complexities have strong tendency to sabotage Pakistan's relations with the neighboring states. The episode of Kulbushan Yadev and attack on Iranian guards (10 guards were killed) from Pakistan's territory by Jaish-ul-Adl were the provoking incidents. Though restraint was observed by both sides and same restraint is required along with effective control over such incidents must be ensured to avoid reoccurrences. Bringing all the groups including Taliban on the negotiating table is the urgent need of the time for china, Pakistan, and NATO allies, as any negligence at any domestic or foreign policy levels can sabotage this ample opportunity for regional integration.

Sri Lankan seaport of Hambantota (which is now under control of China, as Sri Lanka failed to pay its debt back) has provided lot of space for the propaganda campaign against the project and suspicions have been aroused regarding the intentions of Pakistan and China in general and China in particular. According to The Washington Post,

“Chinese-owned, Chinese financed, and Chinese built ports are start of new type of colonialism. It serves as a warning about the hazards of China's global infrastructure push, which could make small economies dependent even while helping them develop” (Hillman, 2018).

However, interconnection of CPEC, TAPI and CASA, extension of CPEC to Afghanistan and Central Asian states and inclusions of Iran and India at any stage in the project will not only silenced these assumptions and acquisitions but will also ensure and guarantee the economic interdependence within the whole region among all the states. This interdependence will minimize the prospects of conflicts or war and peaceful resolution of differences among the regional countries in general and the control of arms race in particular (Pakistan and India collectively are importing 20% of the total world's arms). It would be highly beneficial for the region where one third of

the world population reside, out of which more than 50% of the total population is living under poverty line.

However, warning issued to the nations of the world by U.S to stop buying crude oil from Iran by 4th November 2018, otherwise sanctions will be imposed on buyers (China, India, & Russia are the largest importers of crude oil from Iran). Iran in response to this warning threatened that if they cannot export oil, nobody in the Persian Gulf will be able to export either because they will close the Strait of Hormuz and in case of use of force by U.S naval forces, Iran will attack the Persian Gulf fleet. This tentative situation may further add to the complexities yet it may enhance the prospects for the CPEC and regional countries around CPEC. In the prevailing conditions Islamabad has to walk on tight rope perhaps the only viable option for Pakistan to make CPEC successful is, to maintain regional economic cooperation, peace, and security through coordination with all neighboring nations, by sharing the prospects of prosperity, involving the stakes of more and more nations of the region and by minimizing the threat of security dilemma, though it is going to be an extremely challenging task.

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