

## **Economic Connectivity: Pakistan, China, West Asia and Central Asia**

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### **Abstract**

*Pakistan is situated at the convergence of three geo-economically significant regions of South Asia, Central Asia and West Asia. It offers shortest route to the sea for all landlocked countries of Central Asia alongside the Western China and figures significantly, in this connectivity, due to Karachi port, Qasim port, and Gwadar port along the Arabian Sea. This is recognised by most of the Central Asian governments which consider Pakistan as a rapidly emerging connection for several corridors of cooperation among all the three regions in the fields of energy, trade, transportation and tourism. In addition to it, Pakistan's largest province Balochistan, is very rich in natural resources particularly hydrocarbons. Pakistan improved its relations with the Central Asian States when the charter of Economic Cooperation Organisation (ECO) was signed on November 28, 1992 for the sustainable economic development of member states among the Central Asian states, Pakistan, Iran and Turkey. In this era of globalisation, extensive developments and communication links are required to integrate the Central and South Asian regions. In this connection, Pakistan is located at the crossroads and can play an important role in the integration of the region. This paper will deal with two main questions i.e., What prospects are there for the ongoing projects of regional economic connectivity? How successful will they be to counter parochial political narratives on geopolitics and geostrategic issues, which have increasingly made the world a reservoir of arms and ammunitions?*

**Keywords:** Economic Connectivity, Pakistan, China, West Asia, Central Asia, Afghanistan.

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## Introduction

Located at vital geostrategic crossroads, Pakistan connects South Asia, Central Asia, West Asia and Western China. It provides the shortest access to the warm waters of the Arabian Sea for Central Asia as well as the Western China. To bear the best fruits, the connectivity must be developed.<sup>1</sup>

Afghanistan is strategically located in landlocked Central Asia and South Asia, since it is located in the southern neighbourhood of Tajikistan and Turkmenistan. Pakistan, therefore, needs to ensure the completion of its trans-border projects to guarantee its connectivity to Afghanistan, Iran, Turkey and Central Asia. This would help speedy movement of personnel, goods and services between these countries. Coupled with China Pakistan Economic Corridor (CPEC), the resultant qualitative up-gradation of Pakistan's land connectivity related to infrastructure could be improved significantly.

There lies a unique opportunity in the form of CPEC for Pakistan. It will help improve its strategic and economic position. Gwadar port will provide an economical route to all the regions of Asia and adjacent countries mainly Western China to the growing consumer markets of Asia and the rest of the world.<sup>2</sup> The projects and associated economic development ventures are expected to generate millions of direct and indirect jobs. Consequently, this will bring a positive transformation in the trade patterns and economic profiles of the mentioned regions within a decade.

With a better security and an improved communication, Afghanistan could transport natural gas and electricity from the Central Asia to South Asia, export mineral resources to China, and serve as an international centre for overland trade from ports in Iran and Pakistan. These developments have a better potential to transform Afghanistan's economy than any direct international aid or domestic investments.

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<sup>1</sup> Ambassador Masood Khan, "Pakistan a Vital Lynchpin Connection to South, Central, West Asia and Western China," *Associated Press of Pakistan (Islamabad)*, November 10, 2015.

<sup>2</sup> Iqra Shahnaz, "Gwadar Port: Challenges and Opportunities," *INC Pak*, February 17, 2015, <http://www.incpak.com/editorial/gwadar-port-challenges-opportunities/>

Afghanistan's borders with Iran and the Central Asia are relatively peaceful. Although Iran, Tajikistan, and Uzbekistan all have had connections with specific political groups in Afghanistan, each wants a more secure Afghanistan for their own national interest.

Iran shares a 900km border with western Afghanistan and has business, religious, familial, and historical ties with the people there. Although Iran and Afghanistan currently have good diplomatic relations and growing economic ties, some issues hinder their affiliation. On Tehran's side, these include Iran's old enmity toward the United States (US), the unsure status of almost two million Afghans living in Iran, and the security threat presented by the uncontrolled drug trade across its border with Afghanistan.<sup>3</sup> Kabul's concerns are more unclear, but include the difficulty of maintaining the US support without isolating Iran and fears of Iranian cultural imperialism. Important ethnic and regional considerations also come into play for Kabul. Iran shares the closest ties with groups like Shiite Hazaras and Persian-speaking Sunnis and regions like Herat and western Afghanistan that have opposed Pashtun-dominated governments in the past. The legacy of the Soviet Union has affected Afghanistan's dealings with the Central Asian states in three major ways. First, the cultural inconsistency left the people on both sides of the border separated from each other. Secondly, the previous Soviet regime association remained integral even after these states got freedom from the Soviet Union. Their statesmen were afraid of any political change perceived after the Central Asian Republics (CARs) disintegrated from the Soviet Union. Third, the fiscal formation of the newly autonomous states maintained the controlled economic features of the previous government. They opposed its restructuring even when such resistance thwarted their economic growth.<sup>4</sup> The likelihood of exporting hydroelectric and natural gas power from Central Asia to South Asia via Afghanistan holds huge possible prospects. New bridges and road connections also guarantee economic opportunities for the area that is even more landlocked than Afghanistan. Visit of the Iranian President Rouhani in June 2014 to Turkey proved out to be a watershed

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<sup>3</sup> Dr. Kamoludin Abdullaev, Paper presented in the two day conference on "Afghanistan's Other Neighbours: Iran, Central Asia and China by The American Institute of Afghanistan Studies, Hollings Centre for International Dialogue, Istanbul on July 24-26, 2008.

<sup>4</sup> Ibid.

in the economic relations of the two countries. It was the first ever visit to Turkey by any Iranian President in 18 years. The extensive trade and energy deals between the two countries highlight the dynamics of the cooperation. In an answer to the question asked from the Iranian President, after his meeting with the Turkish President, Abdullah Gul about his stance on Syrian crisis, he said, “What is important to us [is that] Turkey and Iran is to limit the bloodshed and see the popular vote as determinative in these countries. In the past, we had a common viewpoint on this issue and our foreign ministries worked on it.”<sup>5</sup> Similarly, Gul also remarked that, “We have already close relations in terms of politics and we all want to ease the pains in the region.”<sup>6</sup> The strategic cooperation treaty signed between the two historical opponents, Iran and Turkey, also determines the maintenance of the discussions about regional progress besides global politics while summarising some theoretical assumptions. Due to the fact that Turkey remains deeply reliant on costly gas imports from Iran, and has restricted its choice in shipping its natural gas to importers in Europe without using Turkey as a transportation route, maintaining friendly relations hold vital strategic importance. Iran and Turkey might not be on the same page when it comes to controversial problems of the region, for instance, the Syria’s chaos, the cost of the failure to discard geopolitical differences in order to maintain the security and harmony in the Middle East will be far better.

On the other hand, Pakistan and Turkey have also agreed upon economic integration. There is a decision made between the two on the increment of mutual trade and investment by the provision of improved railways and road connectivity.<sup>7</sup> Pakistan has a special affiliation with Turkey. An attempt has also been made to build up mutual collaboration particularly in the trade and energy segments through the platform of high level Strategic Cooperation Council.<sup>8</sup> The number of commercial

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<sup>5</sup> Gul meets with Rohani, “Calls for cooperation to end Syrian crisis,” *Todays Zaman*, Istanbul, September 25, 2013, [www.todayszaman.com/anasayfa\\_irans-rohani-pays-long-awaited-visit-to-discuss-syri](http://www.todayszaman.com/anasayfa_irans-rohani-pays-long-awaited-visit-to-discuss-syri).

<sup>6</sup> Ibid.

<sup>7</sup> “Pakistan, Turkey to work on economic integration through rail connectivity,” *Associated Press of Pakistan* Islamabad, July 21, 2011.

<sup>8</sup> <http://issi.org.pk/?p=3868>

flights between both the countries has also been more than doubled in recent years. Similarly, Turkey and Iran will also be making Free Trade Agreements soon. CPEC would provide new avenues to the relationship. This would help Pakistan to connect with the West Asia and Turkey. With Turkey's distinctive geo-economic strength, connectivity with several states can be accessed from its natural platform. China Pakistan Economic Corridor (CPEC) would continue through Iraq and Turkey. We already have the road and rail network, which has to be developed further.<sup>9</sup>

Pakistan and Iran have decided to boost a bilateral trade from US\$1 billion to US\$5 billion as a project of the common vision of both the Prime Minister Nawaz Sharif of Pakistan and President Rouhani of Iran. This is a timely revival of affiliation. These two states have the capacity to deal with the demands of each other and do business in the products which they import from other countries of the world. Iran and Pakistan have signed eight MoU's during the Prime Minister of Pakistan Nawaz Sharif's visit to Iran on May 11, 2014. They have agreed to mutually cooperate in the energy pipelines sector. It will comprise on two spheres; gas and electricity. Iran has also decided in principle to supply electricity for Gwadar and the rest of Balochistan.<sup>10</sup> Pakistan should take full advantage of these offers.<sup>11</sup> Gwadar to Nawabshah gas pipeline is part of Pak-China Trade Corridor and was scheduled for early completion. Pakistan is required to construct the remaining segment of gas pipeline from Gwadar to Iran border pipeline. It will pave the way for Pakistan to import gas Iran.<sup>12</sup>

Likewise, Iran and Pakistan have signed a Preferential Trade Agreement (PTA) in Islamabad on March 4, 2004. According to the PTA agreement both countries decided to decrease custom duty on 647 tradable items.<sup>13</sup> Pakistan would give special concession on 338 items to

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<sup>9</sup> <http://issi.org.pk/?p=3868>

<sup>10</sup> Javaid Hussain, "Nawaz Sharif Visit To Iran, *Nation* (Islamabad), May 13, 2014, <http://nation.com.pk/columns/13-May-2014/nawaz-sharif-s-visit-to-iran>

<sup>11</sup> Ibid.

<sup>12</sup> "Pakistan, Iran to achieve shared prosperity through economic integration," *Daily Times*, Islamabad, April 22, 2015.

<sup>13</sup> Centre for Pakistan and Gulf Studies, "Pakistan-Iran relations: Challenges and Prospects," Round table report, June 2014.

Iran. In return, Tehran will give duty concession on 309 items to Islamabad. It is expected that the agreement finally be renewed into a Free Trade Agreement (FTA). The political and economic relations between two countries are expected to be revamped as a consequence of the agreement signed. The safer environment will be secured for sustainable trade. Joint trade would help in exploring new avenues of collaboration. However, mega development projects like the Noushki-Dalbandin sector of the Quetta-Taftan National Highway, Iran-Pakistan gas pipeline, up-gradation of Quetta-Taftan Railway Line, Taftan-Quetta power transmission line, and increased import of electricity from Iran, are moving relatively slowly.

### **Pakistan-Central Asia Linkages**

CPEC offers an enormous opportunity for connectivity among Central Asia, the Middle East and Africa. It is bound to play a defining role in economic development of the mentioned regions. The imperatives of globalisation necessitate a comprehensive concept of connectivity, international relations and trade. In order to make best use of the flow of borders, it is essential to settle the political and territorial conflicts and make them free of any obstruction.<sup>14</sup> Connectivity and mobility facilitate prosperity and the well being of the people. Pakistan has realised it well and is already under process to make better linkages within its own region and with other regions. Since the Central Asian states were a part of erstwhile USSR, their economy had been shattered. They are land locked countries. Their geographic access to the rest of the world is also limited. New vistas of development with the introduction of new economic avenues and connectivity in the form of CPEC are opened for the resources rich Central Asian states. They are now open to a wide range of infrastructure encompassing almost the entire globe. Their geo-economic significance has become hugely significant in the international development.<sup>15</sup> Pakistan, on October 25, 2016 hosted the 15th meeting of the Central Asia Regional Economic Cooperation (CAREC), a body working for the collective benefit of the region by promoting economic collaboration. Pakistan is progressively looking at the Central Asia in an attempt to build trade connections and give a boost to its declining

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<sup>14</sup> "Pakistan's Connectivity Ventures," *Nation (Islamabad)*, June 22, 2015.

<sup>15</sup> S. M. Hali, "Regional and Global Scenarios of the China Pakistan Economic Corridor," *Institute of Strategic studies, Islamabad*, October 30, 2016.

exports. Both South Asia and Central Asia have not been able to tap their full trade potential because of lack of infrastructure required for connectivity.<sup>16</sup>

An appropriate and sustained relationship between the two regions is possible only through a suitable communication network. This should be made accessible and affordable for people from all walks of life. Infrastructural connectivity, trade relations, transport and energy projects, and economic corridors between the countries of Central and South Asia can help bring prosperity and long-term dependability in both the regions. It will also re-establish historical, cultural and commercial ties between the two regions.

### **Afghanistan: A Significant Bridge**

The land-locked countries of Central Asia and Afghanistan are all dependent upon their neighbours. They would benefit considerably from growing connections with each other under CPEC. For instance, Pakistan and Afghanistan from South Asia can have consistent supplies of electricity from power-surplus countries in Central Asia.<sup>17</sup>

The location of Pakistan offers suitable and modern network of rail and roadways. The distance would also be shorter. Pakistan shares a border of approximately 2500 km with Afghanistan. There are trade facilities available also. Trade volume between Afghanistan and Pakistan has consistently increased. Tajikistan, Afghanistan and Pakistan have agreed to construct a key 20 km long road through Wakhan border jointly. This will facilitate trilateral trade. An electricity line parallel to the road will allow Pakistan to import electricity from Tajikistan.<sup>18</sup> The Almaty-Karachi road via the Karakoram Mountains (the Almaty-Bishkek-Kashgar-Karakoram-Islamabad-Karachi network) is already functioning. Although it transports a low volume of trade, it is expected that the trade capacity will increase once the construction of the Gwadar port is complete. Pakistan and Central Asia are main cotton producers.

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<sup>16</sup> Zafar Bhutta, "CAREC offers Pakistan overseas for deeper economic links," *Express Tribune*, November 1, 2016, <http://tribune.com.pk/story/1215393/regional-cooperation-forum-carec-offers-avenues-deeper-economic-links/>

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

They are recommended to initiate joint projects in cotton and textiles for their benefit.<sup>19</sup> Facilitating transportation inside Pakistan and Afghanistan may finally push Pakistan, Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan to form a world cotton union, either bilaterally or under Economic Corporation Organisation (ECO) or all other frameworks. New transportation routes through Pakistan and consequent economic developments will also help stabilise political process all over Central and South Asia. Improved transportation infrastructures and the reopening of Central Asia's conventional southern communication alignment are likely to support Foreign Direct Investment (FDI), and would contribute to the peace and stability in Afghanistan, Pakistan, and throughout the region. The regional connectivity would lead to economic development and prosperity of the region. In this connection, Pakistan is working on energy projects such as the Central Asia-South Asia 1,000-megawatt (CASA-1,000) power import project and the TAPI gas pipeline that will start from Turkmenistan.<sup>20</sup> Afghanistan is working to restore a protected atmosphere for its people and to re-establish a new Silk Road. The hope and potential for these new silk roads is that they will allow Central Asia once more to collaborate with South Asia and China to re-engage with Europe and beyond.<sup>21</sup>

Future trade estimates foresee wide-ranging freight from China, the Central Asian states, and Afghanistan. Gwadar will be the closest and most feasible port for the western China, Kyrgyzstan, eastern Kazakhstan and central Russia and Mongolia. This will be probable by using the Karakorum Highway, Indus Highway, and proposed linkages via Western and Eastern alignments, as well as links to Uzbekistan, Tajikistan and eastern Turkmenistan via Afghanistan.

Understanding the significance of CPEC for Central Asian region, the President of Turkmenistan Gurbanguly Berdimuhamedov paid official visit to Pakistan in March 16-17, 2016 emphasising on strengthened bilateral relationship with Pakistan covering broad areas of cooperation

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<sup>19</sup> Ibid.

<sup>20</sup> Zafar Bhutta, "CAREC offers Pakistan overseas for deeper economic links," *Express Tribune*, November 1, 2016, <http://tribune.com.pk/story/1215393/regional-cooperation-forum-carec-offers-avenues-deeper-economic-links/>

<sup>21</sup> <http://www.silkroadstudies.org/resources/pdf/Monographs/GCAPUB-02.pdf>



ranging from trade, energy sharing, and tourism. To explore the possible economic options, it was decided to expedite the connecting Dushanbe through CPEC and establishing air, road and railway links between both countries having exceptional geostrategic and geo-economic significance. The Silk Road Economic Belt network brings together China with Central Asia, Russia and Europe through an overland link with the regions of Persian Gulf and the Mediterranean Sea. The Central and West Asian region connects with the South East Asia, South Asia and the Indian Ocean.<sup>22</sup>

## Gwadar Port

Gwadar deep-sea port, located in the south of Pakistan, to be built under CPEC will not only double the capacity of Pakistani maritime trade, it will also open a window to the sea for the landlocked countries in the Central Eurasia. Rehabilitation of roads to Afghanistan from the Gwadar port will also give Afghan products greater export possibilities and shipping options.<sup>23</sup> Gwadar is closer to Xinjiang than any other seawater ports in China, and will decrease much of the trade deals cost to and from Xinjiang. The Central Asian states will get advantage extensively as well, as the port opens the possibilities for promoting their oil trade worldwide. Pakistan is by far Afghanistan's most important trading partner in this region which is also called Greater Central Asia. Today, 85 per cent of Afghanistan's exports are sent to Pakistan, while Pakistani exports to Afghanistan represent 15 per cent of Afghan total imports.<sup>24</sup> This strong mutual trade results mainly from the improved political situation in Afghanistan, macro-economic stabilisation in Pakistan, and a rush of Pakistani investment in Afghanistan. The construction of Gwadar port and related connecting routes with Afghanistan actually decrease these distances by approximately 500 km for Pakistan-Central Asia traffic.<sup>25</sup> Pakistan, China, Kazakhstan and Kyrgyzstan have agreed to initiate a bus service that would not only improve trade but will also be an important connection to promote

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<sup>22</sup> Nasrullah Brohi, "CPEC: The real game changer for Central Asia," *Independent*, August 8, 2016, <http://www.theindependentbd.com/home/printnews/54880>

<sup>23</sup> Zahid Anwar, "Development of Infrastructure linkages between and Pakistan Central Asia," *South Asian Studies*, vol. 26, no. 1, (January-June 2011): 103-115.

<sup>24</sup> Ibid.

<sup>25</sup> Ibid.

people-to-people contacts between the four countries. Pakistani roads carry 89 per cent of the country's passenger traffic and 96 per cent of all inbound and outbound freight traffic; approximately 87 per cent of this revival is now complete. The traffic on Pakistani national highways has almost doubled since the independence of the Central Asian states and the start of reconstruction in Afghanistan.<sup>26</sup>

China would be a major beneficiary of the Gwadar port. Its western region is far less developed as compared to its eastern region. Linking the western region, where China has developed its major economic zones, with the water ways of the Indian Ocean would have substantial prospects of assisting the economic development in this region while bringing in the harmony within China itself. Furthermore, the Xinjiang province of western China is almost 400 km away from main coastal cities of China. While using Gwadar route, the distance and the cost would be considerably cut down.

The Central Asian states are also likely to adopt the shortest route via Gwadar. This would be beneficial for Pakistan. Estimated production of dry cargo is more than liquid cargo. Gwadar will also provide the shortest route to Kazakhstan and Kyrgystan, which produce more dry cargo.

The development of Gwadar port would help Pakistan to achieve massive economic development. China also feels that stability in Pakistan could be achieved through mega development projects. Located at the top position of North Arabian Sea, Gwadar helps Pakistan connects with four important and resource rich regions of the world: South Asia, China, Central Asia and Iran. Even Russia and Mongolia connected by this geographic proximity.<sup>27</sup>

### **Economic Connectivity between China and Central Asia**

China has extensively expanded its trade and investment in Central Asia in the 21st century.

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<sup>26</sup> Niklas Swanstrom, "China and Greater Central Asia: New Frontiers?," Central Asia Caucasus Institute Silk Road Studies Programs, December 2011.

<sup>27</sup> Dr. Azhar Ahmad, "Gwadar port: Potentials and Prospects," Report, Pakistan Institute for Conflict and Security Studies Islamabad, n.d

It has exceeded Russia as Central Asia's top trader and is a main trade partner of the Central Asian states. Russia's trade with the Central Asian states in 2011 reached \$27.3 billion, whereas China's commerce with the Central Asian states in 2012 was US\$46 billion.<sup>28</sup>

However, in terms of FDI in the region, while China's share has been increasing, it has never exceeded 10 per cent of the region's total FDI. It tends to be dominated by the US and Europe. The major share of this investment is concentrated on Kazakhstan (80-90 per cent of all FDI flowing into the whole region in each year from 1999-2008).<sup>29</sup> Quoting from the International Monetary Fund (IMF), in 2009, the US and the Netherlands together accounted for just over 50 per cent of the total foreign investment in Kazakhstan. In Kyrgyzstan, China and Russia remain major foreign investors, although the amount of total FDI in Kyrgyzstan is a part of the FDI in Kazakhstan. Although China's fiscal existence is largely appreciated by the individual countries, but there are some worries about the implications. It is, therefore, the growing trade and increasing investments are welcomed. However, the concern is manifested on the trends and their benefits to the economic development of Central Asia. Almost all of China's imports from Central Asia are raw materials whereas its exports to the region are inexpensive manufactured goods. China's main imports from Kazakhstan is oil and metals such as steel, copper, and aluminium as well as crude oil, whereas, China's main exports are clothing, electronics, and household appliances. China imports natural gas and cotton from Uzbekistan.<sup>30</sup>

Despite the slow expansion of economic ties, China has become an important business partner with some of the Central Asian states, notably Kazakhstan and Kyrgyzstan while giving vigour to its gain in the Central Asian economy. China has been a major player for the infrastructural

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<sup>28</sup> "The Struggle For Central Asia: Russia VS China," *Al Jazeera*, March 12, 2014, <http://www.aljazeera.com/indepth/opinion/2014/02/struggle-central-asia-russia-vs-201422585652677510.html>

<sup>29</sup> Andrew Scobell, Ely Ratre and Michel Berkley, "China's Strategy toward South and Central Asia," Rand Corporation, (Santa Monica, California 2014), 61-64.

<sup>30</sup> "Trade in South and Central Asia," EABS, September 2015, [https://idea.usaid.gov/prepared/Analytical%20Briefers/eabs\\_analytical\\_brief\\_02.pdf](https://idea.usaid.gov/prepared/Analytical%20Briefers/eabs_analytical_brief_02.pdf)

and economic development by establishing roads, tunnels, railway tracks, power lines and oil refineries in the Central Asian states. China has also been involved in development of the two most important Central Asian road connections of Osh-Sarytash-Irkeshtam and Bishkek-Naryn-Torugart in Kyrgyzstan and Tajikistan respectively. The Irkeshtam Pass crosses through the Osh-Sary Tash of Kyrgyzstan to the Kashgar in China. Whereas, the Bishkek-Naryn-Torugart road is the other most significant transportation link road connecting the Kyrgyzstan with parts of Europe-East Asia and the CAREC Transport Corridor and serves as a key regional economic hub by connecting the landlocked CAREC countries with the Eurasian and global markets.<sup>31</sup>

It is Beijing's desire to make the Shanghai Cooperation Organisation (SCO) an economic organisation more than a security organisation by expanding its infrastructural connectivity. Although, the economic cooperation was explicitly mentioned in the organisation's founding declaration, virtually all of China's efforts are bilateral and only loosely linked to the SCO.

There is an ostensible competition going on between Russia and China in the size of trade with the Central Asian States since 2008. The official trade balance is over US\$25 billion. This already surpasses the Russian trade and also does not include the shuttle trade with the border states. Most of Chinese trade (almost 80 per cent) is dependent on its trade relationship with Kazakhstan. This would keep the trade of China mainly dependent on China's relationship with Kazakhstan.

Turkmenistan is yet another major trade partner of China. There is a gas pipeline which connects both China and Turkmenistan. The gas pipeline was formally inaugurated in December 2009. It was set to attain full capability of 40 billion cubic meters per year by 2013. In the recent past, China has grown its trade links with both Uzbekistan and comparatively lower in size, Tajikistan. Nonetheless, China's trade with Tajikistan is less but it is providing some fiscal support to Tajikistan.

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<sup>31</sup> Nasrullah Brohi, "CPEC: The real game changer for Central Asia," *Independent*, August 8, 2016, <http://www.theindependentbd.com/home/printnews/54880>

Similarly, China is vital to Kyrgyzstan, as almost 90.5 per cent of Kyrgyz trade is dependent on Kyrgyz imports from China.<sup>32</sup>

Today, the Chinese business leaders are the biggest promoters of the relationship between the Central Asian States and China. However, the public discussions in Kazakhstan and Kyrgyzstan reflect otherwise. There is also a likelihood that the discontent might increase in Tajikistan, and possibly even in Uzbekistan and Turkmenistan. Russia has also shown apprehensions on the growing Chinese role in the Central Asian region.<sup>33</sup>

Chinese Premier Wen Jiabao recommended the founding of a free trade accord at the 2003 Shanghai Cooperation Organisation Head of States Summit in Beijing,<sup>34</sup> but some Central Asian states declined these proposals. In well-off states like Kazakhstan and Uzbekistan, this factor is significant in their resistance to the SCO free trade zone.

On the contrary, Kyrgyzstan and Tajikistan, which are dependent on imports from China, do not contest the free trade zone. There is a continuous rise seen in energy imports of China in order to meet the requirements of economic growth. China has been a net importer (value of imported goods is higher than its value of exported goods) of oil from 1993 and also the net importer of coal and natural gas [from both the states]. In 2011, China imported 192,499 thousand short tons of coal while exporting 18,165 thousand. The same year, it imported 1,108 billion cubic feet of natural gas while exporting 113 billion. The consumption of coal in China in 2011 was 3,826,869 thousand tons, which made up 69.4 per cent of its entire energy utilization that year, and 4,624 billion cubic feet of natural gas, which composed of 4.4 per cent of overall use.<sup>35</sup>

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<sup>32</sup> Ibid.

<sup>33</sup> [Virginia MarantidouRalph A. Cossa](http://nationalinterest.org/blog/the-buzz/china-russias-great-game-central-asia-11385), "China and Russia's Great Game in Central Asia," *The National Interest*, October 1, 2014, <http://nationalinterest.org/blog/the-buzz/china-russias-great-game-central-asia-11385>

<sup>34</sup> China Proposes Free Trade Zone Between SCO Members, *China Daily*, September 24, 2003, <http://www.china.org.cn/english/international/75771.htm>

<sup>35</sup> Ibid.

In order to access energy assets in energy rich Asia Pacific countries, China has worked very hard. This has put China and the US corporations in competition on several occasions, for instance, in the oilfield expansion rights, pipelines, and oil provisions. But the development had been less due to weak communication and poor transportation links. This also includes efforts in Russia and Central Asia. Problems had mainly been in Russia in particular reference to closeness of the gas and oil fields in Siberia and the Russian Far East. China has also denied taking the same cost from Russia as is done by the Russians for their energy supply to Europe. This has restrained contracts and prohibited pipeline pacts to completion. Besides, Russia still finds it a larger, more beneficial and a securer market in Europe for its energy resources in comparison to China. So far, the only achievement to date has been the completion of an oil pipeline from Russia to China's Daqing oilfield in Heilongjiang Province in 2010. The results for China had been unsatisfactory in Russia, but the progress in Central Asia had come slowly. To tap the hydroelectric power potential of Kyrgyzstan and Tajikistan is also in the pipeline. The China National Petroleum Corporation (CNPC) has also bought a mass stake in the Aktyubinski and Petro Kazakhstan oilfields. In June 1997, CNPC and the governments of China and Kazakhstan agreed to build an oil pipeline. But, until September 2004, the construction could not begin. It is therefore the delivery of crude oil from the Chinese-financed pipeline did not begin from central Kazakhstan to Western China along its 650-mile length until May 2006.

The distance of the provision of liquified natural gas to China's Xinjiang province is more than 1000 miles hard terrain from Turkmenistan across Kazakhstan and Uzbekistan in December 2009.

The then Chinese President Jintao along with the head of states of Kazakhstan, Uzbekistan and Turkmenistan attended the official inauguration ceremony.

Only recently, in September 2013, Chinese President Xi Jinping and his Turkmen counterpart have signed contracts to increase energy cooperation between their two countries. This also includes a contract to construct a new gas pipeline, informally known as Route D. It is scheduled to be completed by 2016. Once finished, the pipeline will

broaden some 850 km through Turkmenistan, Uzbekistan, and Kyrgyzstan.

China had also been expanding its soft power in the region along with its hard power economic ventures. The Chinese model of economic development and its education system have an increasing appeal. For example, as of 2010, more Central Asian students study in China than in Russia.

## Conclusion

Economic connectivity is an effective instrument to counter parochial political narratives, which have increasingly made the world a reservoir of arms and ammunitions. In the wake of emerging world order, the emphasis is laid more on economic and trade relationship instead of political alliances. Pakistan, located at the cross roads of Central and West Asia has attained significant tilt of trade relations both at the international as well as regional level. It is at the neighbourhood of two richest world powers.

Gwadar, located at the mouth of Gulf oil route, is a vital port for, China's 'One Belt One Road' policy. It provides access to the maritime route for West Asia and land-locked Central Asian states. The prospects of maritime linkages and deep-sea connectivity through Gwadar port place Pakistan's sea routes at a strategic pedestal. The success of Pakistan in its counter-terrorism policies has made it an investment-friendly state. This has helped Pakistan to improve its relations at the regional level. For example, Russia and Pakistan have conducted joint military exercises in the recent past. Similarly, Russia has shown its interests in making use of CPEC. Iran has also assured that the port of Chahbahar will not be used as a business rival to Gwadar port. The signing of CPEC — a more than US\$46 billion economic project is an opportunity for its development sector as well.

The role of CPEC is not only confined to the economic development of Pakistan, it equally provides opportunities to the neighbouring countries such as Iran, Afghanistan and India, apart from Central Asia. Economic connectivity would certainly help to resolve outstanding conflicts and issues among the South, West and Central Asia.

The construction of Gwadar commercial port is yet another milestone in China-Pakistan relations, built to initiate a collective regional economic activity. The regional countries must bear the responsibility of ensuring the security of the port as a collective measure against the non-state actors regardless of their clash of interests. Addressing the sufferings of the poor living in South Asia is perhaps the most effective counter-measure against terrorism which has engulfed the world since long. In this connectivity CPEC is definitely an opportunity in terms of human development and addressing the deep rooted issues of poverty, terrorism and human security.



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