CHINA’S TWOFOLD CPEC STRATEGY IN PAKISTAN:
Present security challenges and future prospects

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1 Introduction

On August 11, 2018 eighteen Chinese workers on a bus were approaching Dalbandin, city just 340 km away from the provincial capital Quetta, which has been repeatedly attacked by local terrorists. As they got closer to the site, workers from Saindak Copper Gold Mine, controlled by Chinese state-owned enterprise Metallurgical Corporation of China (MCC), were attacked by a suicide bomber.¹ A local separatist militant group the Baloch Liberation Army (BLA)² claimed responsibility for the attack which is only one example of the recent terrorist attacks committed against Chinese nationals in Pakistan working on infrastructure projects.

These projects usually fall under the China-Pakistan Economic Corridor (CPEC), a crucial part in China’s Belt and Road Initiative project (BRI). While this series of energy projects are to transform Pakistan’s economy into the next economic success story, there are many security challenges as well as doubts in regards to CPEC’s financial viability and its geopolitical influence in the region.

This paper analyzes the CPEC’s geopolitical implications for both China and Pakistan by looking at and evaluating most recent events and developments in this regard. It also discusses current challenges posed by the rising presence of the Islamic State (IS) and the Baloch Liberation Army (BLA) in Balochistan accompanied by mounting local opposition.

² The group has been for years attacking the state of Pakistan fighting so for self-determination of the Baloch people (members of the old tribal organization), in Pakistan.
2 History and the imbalance of relationship

2.1 A ’sweeter than honey’ relationship

Friendly relations between Beijing and Islamabad are often described by means of poetic expressions meant to demonstrate its unique nature and strength. However, the history of the relationship has been complex, sometimes demonstrating its limits. Nonetheless, throughout the years of mutual cooperation, Pakistan has become ‘the battleground for China’s encounters with Islamic militancy’.³

Despite never being treaty allies, China backed Pakistan’s nuclear ambitions and almost intervened on Pakistan’s behalf during the Indo-Pakistani war in 1965. The mutual relationship, even though experiencing troubles at the onset, was quickly redefined on the basis of shared enmity towards India. China fought its own war with India in 1962, leading to further support for Pakistan in the following Indo-Pakistani disputes, turning China into Pakistan’s supplier.⁴

However, the relationship refrains from being described as an “alliance”. The Treaty of Friendship, Cooperation and Good Neighbourly Relations between the People’s Republic of China and the Islamic Republic of Pakistan signed in 2005 gives a basis for mutual military cooperation, but provides no obligations.⁵

In the 1983 Special National Intelligence Estimate by the Director of Central Intelligence, Beijing’s cooperation with Pakistan and support for Pakistan’s nuclear program was described as “an outgrowth of their close and longstanding bilateral relationship”.⁶ It also identified a mutual suspicion of India by both Pakistan and China as their main shared security concern, forming “a primary bond”⁷ between the two. However, as identified later in the report, the primary component of their alliance is a “geostrategic factor,”⁸ something which would become apparent in upcoming years when the primary interest of China in Pakistan shifted from ensuring Pakistan’s role as a balancer in South Asia to ensuring Pakistan’s partnership in containing terrorism and religious extremism which could jeopardize stability in China’s northern region of Xinjiang.

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⁴ Ibid.
⁷ Ibid.
2.2 China’s war on terror in Pakistan

China’s interests in containing Islamic militancy in Pakistan are closely connected with problems in its own territory of Xinjiang. Calls for greater autonomy or independence have been a part of Xinjiang’s political landscape for decades. However, the resistance movements underwent an important shift in 1990s when largely secular pan-Turkic separatist movements became more religiously aware and started to be incorporated into transnational Islamist groups. Since then, Beijing has sought to tackle the problem by maintaining close relationship with one of the most crucial players to the problem– Pakistan.

Beijing’s increasing worry about rising jihadi militancy motivated Chinese to approach Pakistani parties on more personal level. The communication between Beijing authorities and groups like Jamiat Ulema-i-Islam (JUI) and Taliban, led to cooperation on monitoring of the supply of arms and training to organized groups and to maintenance of Xinjiang’s low importance in the priorities of popular Pakistani religious movements. At the same time, the growing links between East Turkistan Islamic Movement (ETIM) and other regional groups led to the Strike Hard campaign, pushing regional governments especially in Central Asia to crack down on terrorism and separatism. All this led to quite successful outcomes until 2008 when Turkistan Islamic Party (TIP) carried out number of terrorist attacks across the region after which violence became more wide-spread causing 2008-2009 to be “the most difficult period in Sino-Pakistani relations”.

All the developments eventually pushed Chinese government to a different strategy when tackling the issue of Xinjiang: double up on restrictions and integrate the region by means of massive economic investment (e.g. via the CPEC) which aim is to connect the China’s troubling province with Arabian sea through Pakistan, while bringing stability to the region.

## 3 Twofold CPEC strategy: Geopolitical and economic implications

The China-Pakistan Economic Corridor is a multibillion-dollar project which connects China’s northern province of Xinjiang to Gwadar in the province of Balochistan via a 2,700 kilometer route of investments throughout Pakistan. The CPEC is a vital part of China’s Belt and Road Initiative (BRI) which aims to develop trade and infrastructure with China’s neighboring countries and is said to provide countries with ‘mutual benefit’ and ‘win-win outcome’.

In case of Pakistan, CPEC is seen as an opportunity to develop stronger ties with China in order to upgrade its underdeveloped economy. Pakistan has been continuously struggling with number of challenges including energy crisis (mainly supply of energy and power distribution) and low levels of foreign investments caused by challenging security environment. China’s pledge to pump $54 billion into the project seems like an attractive option for Pakistan of how to revive its economy and at the same time, offset mounting U.S. economic pressure aimed at ending Pakistan’s support to Afghan militant proxies.

One of the China’s main projects in Pakistan is Gwadar port, which is set to become one of the world’s biggest transit cargo facilities and in effect provides China with the alternative economic route. The route is a way for China to avoid Malacca dilemma by diversifying energy routes and thus reducing its current dependence on the Strait of Malacca. It could also serve as a future solution for a potential naval blockade in the South China Sea, where China’s growing assertiveness in recent years has caused exacerbating tensions between China and the US. In this sense, the CPEC has both economic and geopolitical implications for the region.

While the BRI has been often analyzed as a China’s way of generating alternative export markets as its economy seeks to transit from a low-value manufacturing economy to higher value-added manufacturing services and consumption driven economy, it is also an opportunity for China to project its power in the region since it provides it with many geopolitical advantages. In case of CPEC, one of the most important aspects is security.

China has been so far successful in containing insurgencies in Xinjiang, but it has done so by means of heavy deployment of armed forces and strict restrictions on religious freedoms.

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corridor might be seen as a second step in securing stability and security in Xinjiang while trying to solve the Uyghur conflict.

In fact, China’s development activities can be analyzed as an ‘effort to proactively limit the spread of transnational terrorism within China and on its borders’.¹⁴ Pakistan’s persistent problem with terrorism and militant networks combined with China’s previous attempts to contain it through consultations, hint at the possibility that the CPEC project might present a new Chinese strategy of containing the Balochistan region and avoiding spillover of instability into Afghanistan in a similar manner. This is important as the worsening security situation in Afghanistan has been a growing concern for China’s security. Despite China being reluctant to make any military commitments, it believes it can improve Afghanistan’s economy through development and thus weaken the influence of terrorist networks not only in Afghanistan, but also on China’s Muslim minority in its border regions.

4 Growing challenges

4.1 Local opposition

In the period leading to the Imran Khan’s election as the country’s new Prime Minister, many outlets focused on discussing Pakistan’s bilateral ties with China and the future of the CPEC project. One of the reasons could have been the discussions over Pakistan being on the ‘brink of economic disaster’ partly caused by Chinese debt obligations and mounting backlash to the CPEC by local oppositions in Pakistan.

Among the most discussed issues by the locals are the government’s plans to expropriate land and resettle residents which would only add to the ongoing displacement that is already happening on a smaller scale, push-out of domestic firms which are unable to compete with the production of Chinese business which are coming to Pakistan, preference for importing labor from China rather than employing local population, and neglect of environmental issues connected to the projects.

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16 Nyshka Chandran, “Whether Pakistan accepts money from the IMF or China, its economy is still heavily in trouble”, CNBC, August 9, 2018.


20 Ibid.
4.2 Increasing presence of the Islamic State and the Baloch Liberation Army

While all of the previous concerns are brought up by local opposition, they’ve been also attributed to militant jihadists who have been often identified as standing behind the targeted attacks on Chinese nationals in Pakistan. In fact, attacks on workers at key Chinese projects and targeted killing of Chinese nationals make Pakistan the most dangerous place to be an overseas Chinese worker. The Special Security Division (SSD) was set up by Pakistan to provide security to the CPEC’s routes, Gwadar port and the workforce employed on the projects. The special security measures and increasing security personnel are caused by the rising number of terrorist attacks in Balochistan province and targeted killings of Chinese national in Pakistan. In fact, according to Esri terrorist attacks data the provincial capital Quetta has experienced more terrorist attacks (20) from January-August 2018 than during the whole 2017 (19).

The Pakistan’s resource-rich southern province of Balochistan is strategically the most important province in Pakistan given its nature as one of the last strongholds of Taliban and Al Qaeda militants in Pakistan, especially after the Osama bin Laden’s death in 2011. The province has been home to the decades-long insurgency led by Baloch nationalists, the Baloch Liberation Army (BLA). One of the main goals of BLA is to gain independence for Balochistan while seizing control over resources the province. Baloch insurgents have a history of attacking Chinese facilities in Balochistan (fuel tankers attacked in 2013) and are suggested to be behind the attack on oil tankers in 2015. In 2017, the BLA claimed to be responsible for the attack in Balochistan’s Gwadar where a gunman killed 10 laborers. BLA spokesperson Jeander Baloch stated the “conspirational plan” (CPEC) to be one of the motives behind the attack.

The recent attack from August, 2018 demonstrates how China’s development

ambitions have become a target of the BLA. After the attack, the BLA released a video claiming responsibility for the attack and calling on China to “refrain from becoming part of any Pakistani designs” and to “shun plundering Baloch resources.”

In July 2018, Pakistan has experienced its second deadliest terror attack which killed 149 people in the province of Balochistan. The attack was claimed by the Islamic State (IS), which has been trying to establish a permanent foothold in the region. Few days after, Islamic State strikes again, this time targeting a polling station in Quetta, killing at least 32. In fact, the number of terrorist attacks claimed by the IS has almost doubled in first 8 months of 2018 (15 attacks) in respect to whole 2017 (8 attacks). Since 2017, the Pakistani army has been carrying out intelligence-based operations in order to deny the IS an opportunity to establish covert sanctuaries in Balochistan and to disrupt communication between Lashkar-e-Jhangvi Al Alami (LeJ) and IS. LeJ al-Alami has been labeled as a “Pakistani Partner for Islamic State” after it claimed joint responsibility with IS for three terrorist attacks in Balochistan. LeJ is similarly to the IS a Sunni organization which aims to transform Pakistan into a Sunni caliphate. While LeJ hasn’t pledged formal alliance to the IS, it remains in a “working relationship” with the group.

Despite IS’s presence in the country being categorically denied by Pakistani officials, the rising evidence and number of terrorist attack pledged by the group in Af-Pak region hints at the possibility that the group has found a new escape route in Pakistani region after being pushed out of the Middle East.

The rising influence of the IS in Pakistan, increasing number of terrorist attacks committed by the BLA and IS’s informal links with LeJ embody the most significant challenge for the CPEC. The BLA has a history of targeted killings of Chinese nationals which they often see as being justified by their claims over the territory and its resources. As the IS is trying to find a new safe heaven and establish stronghold in the region, the cooperation with other militant groups would only strengthen its position and created political vacuum in which organization can flourish, while the BLA would benefit from the newly created


Pakistan, with the foreign exchange reserves at four-year lows and a devalued currency, might need another IMF bailout of $10-$12bn. Despite the US made clear it doesn't want the IMF bailout to provide funds to pay off Chinese loans to Pakistan, the IMF remains the most likely option for Islamabad. Further loans from China provide an alternative, but many worry it could lead Pakistan further into China’s “debt trap diplomacy”. At the same time, any fund that would limit public spending could undermine Imran Khan’s policy platform.

Another worry which is being voiced predominantly in Gilgit-Baltistan (G-B), a disputed territory in Kashmir which has a strategic value given its location, is a threat to its unique culture and danger of sectarian conflict in the region. While China states that the CPEC does not affect its position on the Kashmir issue, the history of sectarian conflict in the G-B and Pakistan’s difficulty to fully integrate the region might lead to backlash from the local population which has been raising its concerns over the environmental impact (glaciers melting) of the CPEC in the G-B.

5 Conclusion

While the overall terror incidents in Pakistan are on a decline, the Balochistan has been experiencing number of terrorist attacks in recent months which only add up to the already unstable region.\textsuperscript{42} With the weak service provision and insufficient state control, non-state actors in Pakistan have become increasingly important and could use this position to undermine the local authorities while increasing their criminal activity in the region. The BLA successfully carrying out targeted attacks on Chinese nationals and CPEC combined with the rising presence of IS, the two groups could find a shared goal in carrying out further attacks while also establishing informal cooperation as with the LeJ.

While the IS and LeJ share similar ideology, BLA could on the other hand profit from destabilization of the region. At the same time, the groups also share claims with the local opposition which has voiced its concerns over the CPEC. If the groups find themselves supported by locals, these actions could have further political impact and create serious problems for the CPEC if it lost the support of domestic population.

If managed properly, the CPEC symbolises an opportunity for Pakistan’s struggling economy by providing it with further loans and investments, which can improve country’s connectivity and infrastructure. However, without proper implementation and local involvement, CPEC projects might backlash, creating further divisions and tensions within provinces.

The worsening security situation in Pakistan increases possibility of sabotage by various militant groups in the region, which makes security the most important challenge for the CPEC. According to the recent reports, there seem to be increasing efforts by Beijing to fill out the security vacuum by Private Security Companies (PSCs).\textsuperscript{43} Despite there being no public evidence of Chinese PSCs being involved in conflict-scenario in Pakistan, this strategy would require a support from the Pakistan’s government given strict national and regional laws and could create further complications given the unregulated nature of this market.

The recent election of Imran Khan has been an important milestone for Pakistan and upcoming months will demonstrate how the government will approach public debate and shape the discussion around the CPEC.

The rising presence of the IS and other militant groups will require a strong government and support from the military. While Khan’s history of defending


Taliban might be upsetting for Beijing, much will depend on how he approaches foreign policy once being safely in power. IMF bailout might push him to further transparency regarding the CPEC projects, some of them Mr. Khan’s party Pakistan Tehreek-e-Insaf (PTI) has denounced in the past. Nonetheless, Mr. Khan seems to be planning to take Pakistan in an alternative direction, shifting away from the US while reaffirming its support for the CPEC. Whether he has enough power to stabilize Pakistan after decades-long insurgencies by local militants will be crucial in deciding CPEC’s future.
About the author

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