Keynote Paper:
Gwadar: A Case of South-South Cooperation

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ABSTRACT
China has paved its own developmental path and gained experience along the way. After intense debate, the Chinese government decided in 1978 to open up and embrace the prevailing world economic system. The reform led to massive restructuring involving the closure of tens of thousands of state-owned factories and the retrenchment of millions of workers. It was a huge bet that paid off; the country’s economic success has since surpassed all expectations. Her developmental experience, however, should not be applied uncritically, and Chinese officials admit they have much to learn about how to support recipient states. Each country needs to work out its own developmental path but by putting in place basic infrastructure such as roads, railway, ports and power stations, the Chinese are helping to set the stage in Africa and elsewhere for manufacturing, without which no country has been known to move up the prosperity ladder. As development takes on fresh urgency for poor countries buffeted by global warming, financial crisis or war, South-South cooperation assumes even greater import, and China’s role may become more pivotal especially if Western governments on fiscal and ideological grounds reduce foreign aid.

Keywords: Gwadar, International Cooperation, OBOR

1. Introduction

Gwadar Port is the southern hub of the China-Pakistan Economic Corridor (CPEC) which connects China’s northwestern Xinjiang province to the Arabian Sea. A modern, deep-sea port completed in 2007, Gwadar gives China quick access to ports in the Middle East and Africa. Last year a Chinese state-owned firm signed a 40-year contract to operate the port. By bypassing the South China Sea and the Straits of Malacca, it cuts the distance from China to Europe from 45 days to 10 days. The $62 billion, 3,000-kilometer economic corridor of roads, railways and pipelines will boost trade and development not only in Pakistan and China but also along the entire Eurasian Silk Road. As an outlet to the sea, the CPEC promises to unlock the vast potential of landlocked Central Asia.

However, the corridor crosses Baluchistan – Pakistan’s poorest province. The province is rich in minerals including copper, gold, oil and gas, which the central government has exploited without giving much in return. Having suffered years of marginalization, the Baluchis distrust Islamabad, and therefore securing the corridor could be a challenge. Islamist militants and Baluch insurgents consider the corridor an occupation of Baluch territory and threaten to disrupt the project. The US too regards the port with deep suspicion, seeing it as part of a “string of pearls” or network of Chinese-invested facilities positioned to challenge America in the Indian Ocean.

This paper examines the CPEC as a case study of South-South cooperation. It looks at Pakistan’s developmental challenges and its balancing of relations with China, the US and domestic stakeholders. It also considers the seeming inconsistency between China’s warm relations with Pakistan on the one hand and Muslim Uighur unrest at home on the other. Finally, it addresses the question of China’s role and purpose in South-South cooperation.

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2 Ha-Joon Chang, Kicking Away the Ladder: Development Strategy in Historical Perspective (Anthem Press, 2002).
2. South-South Cooperation

As categories, the Global North and the Global South have nothing to do with geographical location. Instead, countries of the Global South are by definition low-income countries in contrast to the high-income Global North. Since the 1950s, aid has flowed from North to South, but at the turn of the millennium, Latin American and African leaders like Hugo Chávez and Muammar Gaddafi began calling for South-South cooperation to counter Western social, economic and political dominance. The South holds over 25 percent of the world’s energy reserves, and a key goal of the South is to strengthen economic ties within the South including joint investment in oil and gas. The biggest challenge faced by the South, however, was the lack of capital to start an alternative to the IMF and the World Bank. Without a different source of credit, developing countries would remain forever dependent on and subordinate to the North and its priorities. China recently stepped into the breach by launching the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank (NDB). The two banks have not only reiterated China’s commitment to further economic development in the South but also signaled an historic shift in the North-South power balance.

As the world’s biggest economy in real terms, China is the only developing country with sufficient resources to fund a development bank despite her low per capita income (which is equivalent to that of Algeria or Colombia). Equally important, she brings from three decades of development a wealth of expertise in building infrastructure such as power plants, roads, rail, airports and seaports, and her own experience of far-reaching structural reform which she carried out in the 1980s. China has a history of exporting development beginning with such successes as the Karakoram Highway (one of the roads with the highest elevation in the world) and the TanZam Railway (the longest railway in sub-Sahara Africa) in the 1970s. Chinese-style aid offers certain advantages. Because the aid money usually does not leave Chinese hands, there is little chance of it being siphoned off by local politicians or bureaucrats. The Chinese partner maintain control over all stages of the project. Moreover, Chinese companies have gained a reputation for completing projects on time, thus reducing administrative burdens on local bureaucracies.

Chinese solidarity with the South is backed by a century of humiliation at the hands of colonial powers. Since its founding in 1949, the People’s Republic of China continues to share the travails of the South. It supported national liberation movements around the world, and as a part of the Non-Aligned Movement, rendered aid to other developing countries even when it suffered a crippling US-led embargo. The country remained poor and backward well into the 1980s. Per capita income in 1990 was a mere $341 (compared to $8,522 in 2016) when the bicycle, transistor radio and cigarette lighter were luxuries for ordinary Chinese. However, after three decades of dramatic growth, China is in a position to challenge the rules of the game.

She is transforming the world through trade and infrastructure building. From a world history perspective, she is becoming a new agent of change as transportation links promise to open up vast landlocked areas and accelerate development in the Global South.

3. Sino-Pakistan Relations

Unlike its love-hate relationship with the United States, Pakistan’s relationship with her northern

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neighbor has been called a time tested, ‘all weather’ friendship. Pakistan recognized the PRC in 1951 and since settling their 523 km border in 1963, the two neighbors have had no major disputes. Dubbed the ‘eighth wonder of the world,” the Karakoram Highway which runs from Kashgar to Abbottabad, a distance of 1,300 km, is a symbol of enduring Sino-Pakistan friendship. Both countries agree on most world issues and their friendship remains unaffected by changes in government and international politics. Virtually every Chinese and Pakistani leader has exchanged visits, starting with Premier Zhou Enlai and President Ayub Khan in 1964. China kept up economic and military aid to Pakistan even when she herself faced privation at home in the 1960s and 1970s. She helped to build all three of Pakistan’s nuclear power stations, and is said to have shared know-how on making atomic weapons.8 Following the US arms embargo after the 1965 Indo-Pakistan war, China extended military aid to Pakistan, free until 1980 without political strings or conditions.9 China helped Pakistan develop its defense industry, making the country self-sufficient in tanks, artillery, aircraft weapons systems and munitions. Other collaborative projects have included a railway line between Peshawar and Lodhran, water and mineral exploration, and a space program that launched the country’s first satellite. Chinese support to Pakistan at every difficult juncture built a deep reservoir of trust among the Pakistani political elite and people, who describe the friendship as “higher than the mountains, deeper than the oceans, sweeter than honey, and stronger than steel.”10

Trade and cultural exchanges, however, lag behind defense cooperation. China and Pakistan signed a free trade agreement in 2007, and bilateral trade by one estimate grew to $16 billion in 2014.11 However, the volume is slight compared to China’s $102 billion trade with Malaysia, a country with less than one-sixth the population of Pakistan while Sino-Indian trade registered $71 billion the same year. There is also a need to strengthen social and cultural ties; Pakistan’s film industry pales in comparison to Bollywood, and there are few cultural exports for Chinese consumers. Bilateral tourism and educational exchanges remain at a low level.

4. The CPEC Network

As part of China’s One Belt, One Road initiative, the CPEC will expand Pakistani infrastructure and deepen economic links with China. It will connect the port of Gwadar to China’s Xinjiang province via a network of roads and railways. Infrastructure projects totalling $62 billion will be financed by Chinese banks at a concessory rate, and include a highway from Karachi to Lahore, as well as the overhaul of a section of the Karakoram Highway. Pakistan’s railway network will be extended to join the Chinese rail network in Xinjiang, enabling rail travel from the Arabian Sea to the Pacific Ocean, while a network of pipelines will transport liquefied natural gas and oil throughout Pakistan and into China. At Gwadar, the Chinese are building what will be Pakistan’s largest international airport – it will occupy 2,000 acres and is due for completion in three years. Pakistan could emerge as a regional trading hub on account of the reduced shipping distance from China’s eastern coast to the Arabian Sea and Africa. The route will also give Pakistan wider connectivity to Central Asia.

The CPEC promises to bring enormous benefits to Pakistan, but it is important to China too. It has been included in China’s 13th Five-Year Plan (2016-2020). Gwadar allows China to bypass the South China Sea through which eighty percent of Chinese crude oil imports pass.12 Oil tankers from the Persian Gulf take 16 to 25 days to reach China’s eastern coast, but with the CPEC, the journey overland from Gwadar will take just 48 hours. The port has additional strategic importance because it is located close to the

Strait of Hormuz, through which twenty percent of the oil traded worldwide passes.\(^{13}\)

5. The Challenges

The CPEC project faces several important hurdles. First, Pakistan is short of energy. Parts of Karachi have no electricity for 12 hours a day, and in recent years, power shortfalls have approached 50% of national demand. This amounts to over 4.5 gigawatts, shaving 2.5 percent off the GDP. Within a few years, Pakistan’s power demand will exceed its installed capacity by nearly 10 gigawatts. Total demand will nearly double in the next 10 years, and quadruple in the next 60. In order to alleviate chronic energy shortages, the CPEC by 2020 will spend over $33 billion to boost capacity by 10 gigawatts.\(^{14}\) The energy shortage is compounded by fast population growth and urbanization. The country’s population has grown exponentially since 1947 to 191 million people today, but it is expected to increase to 300 million by 2050 making Pakistan the world’s fourth most populous nation. About a third of the population is urban, but by 2025, nearly half will live in cities. Population increase and urbanization will boost demand for energy as well as public services like education, housing, health care and transportation.

The second hurdle is Baluchistan. Baluchistan accounts for nearly half the land mass of Pakistan but only five percent of its population. The province is rich in natural resources, including oil, gas, copper and gold. Despite its mineral wealth, however, it is one of the poorest regions of Pakistan, and the majority of its people lives in woeful conditions with no access to electricity or clean drinking water.\(^{15}\) Since the mid-1970s, Baluchistan’s share of the national GDP has dropped 3.7 percent. It has the highest poverty rate and the lowest literacy rate in the country. Over half of its households are below the poverty line.\(^{16}\) The lack of asset ownership and access to education and health care are the main drivers of poverty in Baluchistan.\(^{17}\) Rising poverty and unemployment fuel a growing militancy.

Baluchistan gained independence from the British on 11 August 1947, three days before Pakistan, but seven months later Pakistan invaded. Under threat of imprisonment, the Baluch leader Mir Ahmed Yar Khan signed a treaty to join Pakistan. This accession was never agreed by the Baluchistan parliament, and for the past six decades since then, the Baluchis have lived under Pakistani political domination, economic exploitation and cultural hegemony.\(^{18}\) The Baluchis are fighting back. Separatist rebels have launched attacks on army convoys and coastal facilities near Gwadar Port. Last year a Chinese state-owned company signed a 40-year contract to operate the port (including 2,300-acre adjoining free trade zone) but the Baluchis say they were never consulted and that the federal government has refused to share the details with them concerning the use and management of the port, not to mention cost and revenue sharing. The provincial government wants reassurances that Baluchi social and economic concerns will be addressed, and that Gwadar will be declared military-free, i.e. no country will be allowed to deploy forces there.\(^{19}\) Taking over the operation of the port will have strategic advantages for China. Firstly, oil and gas from Saudi Arabia and Iran can be transported via Gwadar to Xinjiang through pipelines. Secondly, Gwadar will provide a port of call for Chinese vessels to refit and resupply. Beijing has shown no interest so far in upgrading the port to become a naval base.\(^{20}\)

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17 Arif Naveed and Ali Nazim, “Clustered Deprivation : District Profile of Poverty in Pakistan” (Sustainable Development Policy Institute, 2012).


20 B. Raman, “Pakistan Inducts China into Balochistan to Counter India,” *Indian Strategic Studies,*
The Chinese government knows well the hazards of working in Baluchistan. In 2004, three Chinese engineers were shot dead by Baluch insurgents. Two more were later kidnapped by the Taliban, one of whom was killed in a rescue attempt. In recent years, thousands of militants escaping war in the tribal regions have converged on Karachi. By 2012, there were an estimated 8,000 Taliban fighters in Karachi who were used as new fighters and to raise funds through robberies, extortion and kidnappings. In 2013 terrorist violence in Karachi increased 90 percent. Educated in madrassas, large numbers of Pakistani youths lack qualifications for jobs in the modern economy. Many have fought in Afghanistan, and strongly support an Islamic state. Pakistan’s army leadership has promised to form a special brigade to protect Chinese construction crews. Beijing’s agreement to take over the operations of the port speaks of its confidence that security threats from the Baluch insurgents will be addressed, but whether the confidence is well placed will have to be seen. The Pakistan Army may not be able to guarantee the safety of Chinese workers in Gwadar, and unless the PLA posts its own troops in Gwadar, as it has done to protect its nationals working on the upgrade of the Karakoram Highway in Gilgit-Baltistan, the Chinese in Gwadar will be at risk. Apart from UN peace-keeping duty (China contributes more troops to UN peacekeeping missions than any other permanent member of the UN Security Council), however, the Chinese are reluctant to station troops on foreign soil; sending soldiers overseas can create more problems than it solves.

The third challenge is Pakistan’s internal instability. Its political institutions are not robust, and since its independence in 1947, the country has been ruled alternately by civilian and military governments. Trust in politicians is low, and many see the army as the only guarantor of the state. There is little consensus in Pakistani society on fundamental questions such as the nature of the state and its relations with Islam. Entrenched vested interests engender political disparity between provinces, calling into question the legitimacy of the Punjabi-dominated federal government. At the same time, involvement with the American intervention in Afghanistan has exacerbated ethnic and religious militancy. Pakistanis consider their political parties corrupt, incompetent and nepotistic. Many believe that electoral reforms under the military will produce clean and honest parties, but political parties reflect society; they embody the perverse socio-economic patterns that pervade Pakistani society. Pakistan ranked 138th out of 189 in the World Bank’s Ease of Doing Business 2016 survey which measures regulatory quality and efficiency. To capitalize on CPEC infrastructure and boost growth, Pakistan needs to improve governance and policymaking transparency, and cut red tape. There is a clear need for structural reform alongside physical infrastructure.

The fourth obstacle is Kashmir. The CPEC runs through Gilgit-Baltistan which is claimed by India. India has protested against the project saying that it crosses Indian-claimed territory. Present day Kashmir (officially called “Jammu and Kashmir”) consists of three sectors held separately by Pakistan, India and China. The Chinese sector is largely uninhabited, but Pakistan and India both lay claim to Kashmir in its entirety which is populated mainly by Muslims. The two South Asian neighbors have fought three wars over the territory, the most recent being in 1999. Pakistan-administered Gilgit Baltistan and Azad Kashmir are autonomous states with sovereignty over internal affairs – defense and foreign policy are controlled by Islamabad. Islamabad has insisted all along that the two states have not been formally integrated into the country, but India claims it already has a legal right to the whole of

Kashmir and dismisses any plans for a plebiscite. To provide legal cover for the CPEC, Pakistan is considering elevating the status of Gilgit-Baltistan. Such a move would represent a historic shift in Pakistan’s position on the Kashmir question, and bring Gilgit-Baltistan closer to becoming a full-fledged province of Pakistan. China needs to carefully weigh the risks of building a road through disputed territory and of unilateral changes to the status quo.

In the postwar era, China, supported national liberation movements, and thus backed Pakistan in the struggle for Kashmir, a Muslim-majority region under Indian rule. By the late 1970s, however, Beijing sought better ties with India in order to counter the Soviet Union. It wanted rapprochement with India without jeopardizing relations with Pakistan. The policy called for careful statecraft, and China went to great lengths to reassure Pakistan. Before China’s foreign minister’s visit to India in 1981, Premier Zhao Ziyang traveled to Pakistan to tell President Zia ul-Haq that any improvement in Sino-Indian relations would not affect China’s commitment to Pakistan. Zhao told Zia that China wanted to improve its relationships throughout South Asia, and that the PRC planned to adopt a more neutral stance on South Asian affairs. The Chinese leadership believe that warmer ties with India will moderate Indian attitudes towards Pakistan and foster peace on the subcontinent. Hence, China chose not to intervene in Pakistan’s favor in the 1999 Kargil War, and urged Islamabad to pull its troops back to the Line of Control (the provisional border since 1947). In addition to intractable South Asian political and security risks, the CPEC faces challenges on Chinese soil as well.

6. Challenges on the Chinese Side

The Chinese end of the Karakoram Highway opens into Xinjiang. This region was a protectorate of China as early as 60 BC, during the Han Dynasty (206 BC – 220 AD). Historically, the province consisted of two distinct areas – Dzungaria in the north and the Tarim Basin in the south. They were populated by Indo-European peoples who practiced Buddhism before they were Islamized from the eight century by invading Turkic Muslims. The Xinjiang Uighur Autonomous Region of today is three times the size of France but has a population of only 22 million. Although only 4.3 percent of the region is fit for human habituation, it comprises one-sixth of China’s total landmass, and contains large reserves of oil and gas. Bordering on eight of China’s fourteen neighbors, the province has obvious strategic importance. When Xinjiang was incorporated into the PRC in 1949, it was inhabited mostly by a Turkic Muslim minority, the Uighurs, whose language closely resembles Uzbek. In the early years of the People’s Republic of China, the government called for volunteers to help develop frontier regions and consolidate border defenses. Many PLA veterans answered the call to build towns, settlements and farms. After years of migration, the population today is 45 percent Uighur and 40 percent Han Chinese. The Han Chinese are settled in the north while the Uighurs live mainly in the Tarim Basin in the south. Other minorities include Kazakh, Kyrgyz, Tajik, Hui, Mongol and Russian.

This once agricultural region has developed rapidly since 1949. Oil and petrochemicals now account for 60 percent of its GDP, and the region has become an important pipeline route into Central Asia. The literacy rate has risen steadily from 10 percent to 97 percent, and life expectancy has gone up from 31 to 71 years. Despite the dramatic improvement in human development and living standards, tensions between the Uighurs and the Han authorities flared in 2009 resulting in the death of many people. There has been a sharp rise in violent incidents in recent years, including bus bombings and attacks on police stations and government offices. Although suppression of religious freedom is often cited as the reason behind the unrest, much of the acrimony seems to stem from wealth and income disparity between Han Chinese and Uighurs. Their Confucian values, money management habits and entrepreneurial drive give the Han Chinese an advantage. A tradition of resource pooling through family, friends and civic associations provides informal finance to start businesses, and over time, the Han Chinese rise up the

socio-economic ladder, a pattern observed among Chinese at home and around the world.\textsuperscript{31} To redress the inequality, the government has given special rights to minorities, such as exemption from the one-child policy, relaxed university admission standards, and representation quotas in local governmental bodies.\textsuperscript{32} The government is even encouraging intermarriage by offering annual cash payments of 10,000 yuan (£980) for Han-minority couples during the first five years of marriage, as well as housing, healthcare and education subsidies. However, the uptake in Xinjiang has been slow.\textsuperscript{33}

Much of the violence in Xinjiang began after the Afghan War in the 1980s. Uighur men joined the mujahideen in Afghanistan and returned to China imbued with radical Muslim ideas. Many were trained in Pakistani madrassas which supplied fighters to the Afghan campaign. The Chinese are wary that better transport links with Pakistan over the Karakoram highway could facilitate militant support from Pakistan and the spillover of Islamic radicalism into the province. Yet while some militant groups stand ready to aid the Uighur cause, ordinary Pakistanis do not necessarily sympathize with Uighur separatists. Pakistani traders in Xinjiang, for instance, often prefer to do business with or marry Han Chinese.\textsuperscript{34} Even when Muslims share the same Sunni faith, this common ground does not automatically translate into political, social or economic solidarity, any more than Irish with Italian Catholics.

7. Competition from other Routes

Gwadar is not the only entry point into Central Asia from the Persian Gulf. Some 170 km (105 miles) further west on the Makran coast is the Iranian port of Chabahar which is being developed with Indian aid. The Indian government has earmarked $100 million to upgrade the port, which could service another north-south corridor into central Asia. Goods discharged at Chabahar will travel by rail to Mashhad on Iran’s northern border, then onwards into Azerbaijan and southern Russia, and up the Volga into the Russian heartland. Some see Chabahar as India’s answer to Gwadar but fears of a new ‘Great Game’ may be exaggerated. The British Empire and the Russian Empire once competed for supremacy in Central Asia, and some suggest that a new rivalry is brewing between India and China over the same territory. Geopolitical sensitivities between two Asian giants operating in the same space are unavoidable but that hardly warrants comparison with nineteenth-century European imperialists. India should take her rightful place in the region and contribute to its development, but her leaders understand that Sino-Iranian relations are almost as strong as Sino-Pakistan relations, and it would be futile to try to employ Iran against China. The Chinese supported Iran during Western sanctions, and are Iran’s top customer for oil exports. Chinese oil companies like Sinopec and CNOOC already invest in Iran’s energy sector, and the two countries have pledged deals worth $600 billion over the next ten years (compared to the $46 billion for the CPEC). This is a figure that handily outstrips total Indian investments in Iran. Teheran remembers China’s critical support during the “hard days” of Western economic sanctions.\textsuperscript{35} Iran has joined the AIIB and may soon become a full member of the Shanghai Cooperation Organization.

Concerns about potential incompatibility between the Eurasian Economic Union (EEU) and “One Belt, One Road” are equally misplaced. The former, a customs union of Russia, Belarus, Kazakhstan, Kyrgyzstan and Armenia, comprises a framework on tariffs, regulations and governance whereas the latter consists of physical infrastructure and transport networks aimed at boosting regional connectivity. The two spheres are complementary rather than mutually exclusive. In any case, EEU member states remain divided over the degree of political and economic integration. This division together with the fact that its two biggest economies are sensitive to the fluctuation in oil prices suggests that the future shape of


the union cannot be predicted with certainty. Moreover, the Silk Road is, and always has been, not one but many routes connecting China across the Eurasian heartland to Europe. In Chinese, the word ‘one’ in “One Belt, One Road” 一一带一路 conveys unity rather than exclusivity, and the joining together of Eurasia in one community. The “One Belt, One Road” initiative is inclusive, comprising multiple routes, including the northern Trans-Siberian rail link across Russia and a potential Arctic sea lane in the future. China’s relations with Russia, the biggest of the three EEU states, is on a sound footing and has deepened in the wake of tensions between Russia and the West stemming from Nato’s expansion into Russia’s traditional backyard. Financing for “One Belt, One Road” projects will come mainly from the AIIB, the first Asian-based international development bank independent of the Western-dominated International Monetary Fund (IMF) and World Bank. Businesses from the bank’s member states, including Russia, Kazakhstan, India, Pakistan and Iran, will take part in the infrastructure building. The initiative anticipates wide participation by regional players, although many technology products such as hi-speed elevators, efficient heating and cooling systems, automatic controls, advanced sheet glass and metals used in tall buildings are expected to come from giant American, European and Japanese firms.

Instability in Afghanistan, however, could have an impact on development projects in Pakistan, Afghanistan and Iran. Just as Gwadar is at risk from Baluch insurgency, Chabahar, too, faces unrest from Sunni sectarian-nationalist groups. The borders are porous and while Pakistan combats Baluch insurgents crossing over from Afghanistan, Iran faces Baluch insurgents attacking from safe havens in Pakistan. However, while both Pakistan and Iran face internal security challenges, the latter appears to have a better grip on the situation, and Chabahar could start operating before Gwadar, if pursued earnestly by India and Iran. No discussion of security and Sino-Pakistan partnership is complete, however, without considering America’s involvement in the region.

8. The Sino-Pakistan-US Triangle

Since its founding in 1947, Pakistan, in its confrontation with India, has carefully managed relations with the United States and China. Pakistan mediated Henry Kissinger’s secret 1971 visit to China, and in the 1980s Washington courted both Islamabad and Beijing to counter the Soviet intervention in Afghanistan. Pakistan plays a key role in America’s war on terror but US-Pakistan relations have been confused and ambivalent. The relations revolve around security concerns with few resources and little attention devoted to trade and cultural exchange. US-Pakistan relations are complicated by conflicting security interests, and a deep vein of mistrust runs between American and Pakistani security and intelligence forces. Although the Pakistani Inter-Services Intelligence (ISI) worked closely with the CIA during the Soviet-Afghan War (1979-1989), it also provided strategic and intelligence support to the Afghan Taliban in the subsequent civil war with the Northern Alliance. The Northern Alliance was dominated by Tajiks whereas the Afghan Taliban are mainly Pashtuns, the largest ethnic group in Afghanistan. Pashtuns, however, are even more numerous in Pakistan where they form the second largest ethnic group (15%) after the Punjabis (45%); Islamabad cannot afford to alienate them. The borders between Iran, Afghanistan, Tibet and British India were drawn by the British and the Russians at the beginning of the twentieth century, often in arbitrary fashion, cutting across ethnic and sectarian lines. The mountainous Afghan-Pakistan border is porous, and relations among Pashtuns, Tajiks, Uzbeks, Hazaras and other tribal groups who populate the region are not easily understood by outsiders. While Pakistan readily accepted American support to drive communist troops from Afghanistan, the prospect of joining hands with Western infidels to wage war against indigenous, muslim fighters, many of whom hail from Pakistan, is a wholly different matter.

America’s relations with China have oscillated widely over the course of the last one and half centuries. In the nineteenth century, America supported Chinese territorial and administrative integrity, opposing European and Japanese ambitions to carve China up. After the surprise attack on Pearl Harbor, the United States allied with China in the Pacific War (1941-1945) against Japan. While war ended with Japan’s defeat and occupation by Allied forces, the outbreak of hostilities on the Korean peninsula in 1950 and the onset of the Cold War, led relations with the United States to swing in the other direction;

Washington formed a security alliance with and quickly rearmed Japan to serve as an ally against China. In the 1950s, America stood against the Soviet Union and China until the Sino-Soviet split (beginning in 1960) after which Washington courted Beijing, culminating in President Richard Nixon’s historic visit to China in 1972. For the next two decades, Washington and Beijing collaborated against the Soviet Union; Washington lifted economic sanctions against China and welcomed her into the Western world order. With the fall of the Soviet Union in 1991, however, the pendulum has swung yet again in the opposite direction: China is now seen as the new threat needing to be contained.

Sino-Pakistan relations, however, clearly run wider and deeper than US-Pakistan ties: as one is characterized by warm neighborliness, the other is marked by mistrust. It is inconceivable for Islamabad to side with Washington on virtually any issue concerning China, particularly on an infrastructure project promising to change the game for Pakistan’s ailing economy. Pakistan sits at the intersection of West, South and Central Asia. Geopolitical alignment in the region is shifting as the US re-calibrates its Middle East policies following the long, drawn out intervention in Iraq and Afghanistan. Once functioning states like Iraq, Syria and Libya have descended into anarchy, setting off the worst refugee crisis since the Second World War and prompting the rise of right-wing populist parties and isolationist policies on both sides of the Atlantic. Abundant domestic fossil fuel is also transforming America’s Middle East calculus. As US shale oil production reduces dependence on Mideast oil, Saudi Arabia will become less indispensable in the American scheme of things.37 The Americans can now take note of the Saudi role in the rise of Al-Qaeda, the Islamic State and militant movements across the Muslim world. For years the Saudi government used its resources to promote the Salafi, sometimes called Wahhabi movement, an austere trend in Islam to take a literal interpretation of the Koran.38 To combat the Islamic State, the US may be compelled to improve ties with Iran, and as Iran’s fortunes rise, it will play an increasingly vital role in the Middle East and Central Asia. Notwithstanding the vagaries of Middle East politics and US-China relations, however, trust between Pakistan and China is likely to endure for the following reasons.

9. Determinants of Trust

China’s partnership with Pakistan developed on a foundation of trust. Trust is a crucial factor in human relations, yet it is poorly understood in the realm of international relations. Little has been written about trust in international relations or the factors that determine it. There is an intuitive link between trust and morality but mainstream IR scholars since E. H. Carr dismiss the idea that ethics has a place in international relations. Realism has became the dominant discourse in America since the Second World War. According to this view of the world, relations between states boil down to a contest of strength. Power is paramount, and scant attention is paid to morals and trust-building in the conduct of diplomacy. Sino-Pakistan friendship, however, suggests that trust is essential for harmony and cooperation, and that it grows from a history of mutual support, shared interests and empathy.

When it comes to trust, history matters.39 Trust is based on knowledge about the other’s trustworthiness. Because trust is relational, history plays an important role in distinguishing friend from foe. Betrayal and aggression destroy trust, whereas respect and empathy foster it. Historically, Poland has borne the brunt of wars between her powerful neighbors. Since the seventeenth century the country has suffered partition three times, most recently at the hands of Stalin and Hitler. Although relations with Germany and Russia have improved since the end of the Cold War, Poles have not forgotten this history and remain ambivalent about Germans and Russians. Sino-Pakistan relations, on the other hand, are marked by mutual support. Since the 1960s, China has supplied Pakistan with much needed economic and military aid, even when she herself faced shortages at home. Pakistan, on her part, supported China on issues such as sovereignty over Tibet and Taiwan. The two neighbors share a common stance against India, although China has adopted a more neutral posture since the 1990s. Similarly, China has earned a good deal of trust and goodwill because it stood by Iran during the sanctions era.

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Beyond shared interests and geopolitical calculations, Chinese diplomacy has been characterized by empathy, the ability to put oneself in the other person’s shoes. Few IR scholars recognize the importance of empathy, but it was the single most important lesson of the Vietnam War, according to US Defense Secretary Robert McNamara. “We must try to put ourselves inside their skin and look at us through their eyes,” he urged policymakers later in his career. Having themselves been on the receiving end, the Chinese are arguably more sensitive to the history and the felt needs of other nations, and have earned trust in Pakistan because they empathize and find common cause with the people there. Chinese engagement with the South is often portrayed by the West and even some African commentators as self-seeking neocolonialism. However, a recent international study refutes the assumption that China sends aid predominantly to areas where she seeks to exploit natural resources. According to this study, it is the recipient states that choose the specific locality where the aid should be implemented.

10. Conclusion

Gwadar Port is a story of South-South cooperation. The seaport promises to remake Pakistan by linking its fortunes more closely with that of China through a network of roads, rail and pipelines. It will drastically shorten the distance between China and the Middle East and Africa. Better connectivity promises to boost trade and development throughout the region and fundamentally reshape the global economic landscape. However, the project is fraught with economic, political and security risks. Pakistan faces a severe energy shortage exacerbated by rapid population growth and urbanization. Infrastructure building must take place in parallel with large investments in power generation. Meanwhile, unequal distribution of wealth and resources fuel provincial discontent and undermine nation building. Political institutions are weak and the government is incapable of fully reining in disparate armed groups. The project faces tangible security challenges on three fronts: Baluch insurgents threaten to disrupt the project; India opposes road construction through Kashmir; and Islamic radicalism may spillover into Xinjiang, bolstering Uighur separatist aspirations there.

Why is China taking the risk? Chinese aid to developing countries must be viewed in its historical context. It has its roots in the struggle for national liberation from colonial rule. China emerged from a century of turmoil to become a socialist state in 1949, and set about to rebuild from the devastation of the war of resistance against Japan. Soon it was shackled with a Western embargo that hindered reconstruction. Its own bid to accelerate industrial development and become self-sufficient during the Great Leap Forward (1958-1962) failed tragically, leading to the loss of millions of lives through famine and hunger. When relations with its main ally, the Soviet Union, soured from the 1960s, the country became even more isolated. In spite of shortages at home, however, the Chinese continued to send aid to Africa, mainly in the form of agricultural and technical assistance. In the 1960s Tanzania and Zambia proposed a rail link from the copper-producing region of Zambia to the Tanzanian port of Dar es Salaam in order to bypass white-ruled Rhodesia. The West offered no support and the Soviet Union showed no interest either, but the Chinese took up the cause.

Over five years, some 30,000 Chinese technicians alongside 40,000 Tanzanians and Zambians built the TanZam railway at a cost of $400 million (on a 30-year interest-free loan), an enormous outlay by 1970 standards. Climbing from sea level to a height of 1,800 meters before descending to 1,300 meters, it was considered the greatest engineering feat of its kind since the Second World War. Completed two years ahead of schedule, the project was an expression of

Third World solidarity; the Africans called it the Great Uhuru Railway (uhuru being the Swahili word for freedom).

Chinese development aid was thus born of a common cause against the Western yoke. It was the poor helping the poor. Although China made great strides in the last thirty years, it is still a developing country. Chinese leaders differ from their Western counterparts in one important aspect: most have personally experienced rural hardship. During the Cultural Revolution, 16 million youths were sent down to villages to be remolded by hard labor. President Xi Jinping was sent as a teenager to work in a provincial village for seven years, while Ambassador Zhong Jianhua, China’s special representative on African affairs, comes from a peasant background. The time spent working with villagers was a formative experience for many of China’s leaders, enabling them to better empathize with the needs of low-income countries. History and empathy helped to foster trust.

China has paved its own developmental path and gained experience along the way. After intense debate, the Chinese government decided in 1978 to open up and embrace the prevailing world economic system. The reform led to massive restructuring involving the closure of tens of thousands of state-owned factories and the retrenchment of millions of workers. It was a huge bet that paid off; the country’s economic success has since surpassed all expectations. Her developmental experience, however, should not be applied uncritically, and Chinese officials admit they have much to learn about how to support recipient states.  

Each country needs to work out its own developmental path but by putting in place basic infrastructure such as roads, railway, ports and power stations, the Chinese are helping to set the stage in Africa and elsewhere for manufacturing, without which no country has been known to move up the prosperity ladder. As development takes on fresh urgency for poor countries buffeted by global warming, financial crisis or war, South-South cooperation assumes even greater import, and China’s role may become more pivotal especially if Western governments on fiscal and ideological grounds reduce foreign aid.

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References


Author’s Background

Dr. Michael Tai is an Affiliated Lecturer and Research Associate, Centre of Development Studies, Cambridge University. He holds a BS and M. Eng. in Engineering (Cornell), MA in Theology (Regent), MBA and PhD (Cambridge). Dr Tai comes with a wealth of industry and teaching experience. He worked in consulting and manufacturing before teaching finance in Kyrgyzstan, Belarus and China. Dr Tai’s main research interests include trust between nation-states, US-China relations, Asian history/politics, globalisation and financial reform.

-- Singapore’s China Conundrum, The Diplomat, 13 December 2016