Phased withdrawal of U.S. troops from Afghanistan sharpens focus on CPEC

China, Pakistan engaged in firmly pegging Afghanistan with CPEC, say analysts

China, Pakistan engaged in firmly pegging Afghanistan with CPEC, say analysts

The impending withdrawal of U.S. troops from Afghanistan is sharpening the focus on the second phase of the China Pakistan Economic Corridor (CPEC), which appears to have been fused with a larger regional plan involving Afghanistan and Central Asia. Analysts point out that while working together on the second phase, China and Pakistan are engaged in more firmly pegging Afghanistan — the gateway to Central Asia — with CPEC. The first visible sign that CPEC had been rebooted emerged in November when the 300-megawatt Gwadar coal-fired power plant was inaugurated.

Imp Points

- The Pakistani military’s stewardship has gelled with the decision that a large number of phase-2 projects would be rooted in Baluchistan — a strife-torn arid zone in the cross-hairs of an insurgency marshalled by groups such as the Afghanistan-based Balochistan Liberation Army (BLA).
- Pakistani says that phase-2 CPEC undertakings are likely to include the $9.2 billion Peshawar to Karachi railway project.
- Besides, three Special Economic Zones (SEZs) — Rashakai, Allama Iqbal Industrial City and Dhabeji — would be at the heart of the phase-2 rollout meant to attract foreign investment and reverse Pakistan’s de-industrialisation.
- In 2018, China and Pakistan had announced their intent to extend CPEC to resource-rich Afghanistan — a move that would link the landlocked country with Gwadar port, the starting point of the project, which terminates in Kashgar in China.
- “China has a larger vision of its engagement with Afghanistan, which is also driven by strong geoeconomic considerations. Afghanistan’s huge reserves of copper, and rare earths, including lithium — the feedstock of the batteries and new energy vehicles, is a major driver of China’s long-term engagement with Afghanistan.
- China has already made modest investments in Afghanistan, which includes the Aynak copper mine project in 2008 and Amu Darya oil exploration in 2011.
- Afghanistan’s access to Gwadar has already been tested. In the third week of January, Diyala, a cargo ship carrying chemical fertilizer, docked in Gwadar. From there, the consignment was moved across by trucks to the Chaman border crossing between Pakistan and Afghanistan.

This was done under the Afghanistan-Pakistan Transit Trade Agreement (APTTA),
- In tune with its long-term geo-economic pursuits, China has already experimented with running trains to Afghanistan, linking the city of Nantong with Mazar-e-Sharif, in northern Afghanistan.

China strategy:

“The killing of Osama bin Laden was a benchmark, as it marked the Obama administration’s policy to scale down American presence in Afghanistan. Ever since, China has given more and more importance to its bilateral ties with Afghanistan. China has to plug the resulting
vacuum because no one else would. This is necessary to secure the One Belt One Road. Then there are compulsions of safeguarding the China Pakistan Economic Corridor (CPEC). Xinjiang’s stability is another big concern.

In view of strengthening the logistical infrastructure along CPEC, Chinese state media announced late last month the construction of a high-altitude airport at Taxkorgan — a county that falls within the Shaksgam valley that Pakistan had ceded to China in 1963. “It will create a new ‘air passage’ leading to Central Asia and South Asia. But the Afghans are not putting all their eggs in one basket. Last month, they also received a 75,000-tonne wheat shipment from India, which was routed through Chabahar — an India-run Iranian port on the Gulf of Oman, signalling their intent to diversify usage of trade routes.

What is OBOR

- One Belt One Road (OBOR) is an ambitious project that focuses on connectivity and cooperation among countries spread across the continents of Asia, Africa and Europe. OBOR spans about 78 countries.
- Initially announced in the year 2013, the project involves building networks of roadways, railways, power grids, oil and gas pipelines and associated infrastructure projects.
- The project covers two parts.
  - **Silk Road Economic Belt:** It is land-based and is expected to connect China with Central, Eastern Europe and Western Europe.
  - **21st Century Maritime Silk Road:** It is sea-based and is expected to connect China’s southern coast to the Mediterranean, Africa, South-East Asia and Central Asia.

Stated Official Benefits

- China continues to pitch OBOR as project for regional development involving Infrastructure development to enhance transnational and cross-regional connectivity as a priority area for cooperation.
- Economic and trade cooperation among OBOR countries.
- Expansion of production capacity and investment cooperation among the OBOR countries.
- Cooperation and exchanges in cultural, social and other fields.

Advantages of OBOR for China

- It will help China in developing its western region, ensuring safe navigation over sea and improving economic relations with neighbouring and far-west countries.
- It will help China secure access to energy and mineral supplies allowing China to overcome the “Malacca Dilemma” through access to maritime facilities in the Indian Ocean, granting it an important strategic advantage.
- OBOR will strengthen China’s presence in the Eurasian region and puts it in a commanding position over Asia’s heartland.

Potential Advantages to India

- It will help India’s border and outlying areas to develop infrastructure that it presently lacks.
- Funds from financial institutions may be more easily available and support from China and its infrastructure construction companies may also then be readily available.
- This project will help improve connectivity with India’s neighbours improving economic, diplomatic and strategic relationship.

Issues with OBOR
Implementation of this project will take many years to complete and also carries risks of failure.

OBOR’s financing is through loans extended to member countries. Chinese Loans for infrastructure projects are made with understanding that the developing countries award construction contracts to Chinese companies. China benefits from both financing and construction of infrastructure projects, while developing countries bear the financial risk.

The Centre for Global Development in Washington reckons that eight belt-and-road countries are at risk of debt distress; among them are Laos, Mongolia and Pakistan.

China will acquire controlling interests in the ports if member countries fail to repay the loans. This situation can prove strategically disadvantageous to member countries.

CPEC

The CPEC is the flagship project of the multi-billion dollar Belt and Road Initiative (BRI), a pet project of Chinese President Xi Jinping, aimed at enhancing Beijing’s influence around the world through China-funded infrastructure projects. The 3,000 km-long China–Pakistan Economic Corridor (CPEC) consisting of highways and pipelines is the latest irritant in the India–China relationship.

CPEC eventually aims at linking the city of Gwadar in South Western Pakistan to China’s Northern Xinjiang through a vast network of highways and railways. The proposed project will be financed by heavily-subsidised loans, that will be disbursed to the Government of Pakistan by Chinese banking giants such as Exim Bank of China, China Development Bank, and the Industrial and Commercial Bank of China.

The CPEC is bilateral project between Pakistan and China, intended to promote connectivity across a network of highways, railways, and pipelines accompanied by energy, industrial, and other infrastructure projects linking the Western part of China to the Gwadar Port in Balochistan, Pakistan running some 3,000 km from Xinjiang to Balochistan via Khunjerab Pass in the Northern Parts of Pakistan.

It will pave the way for China to access the Middle East and Africa from Gwadar Port, enabling China to access the Indian Ocean and in return China will support development projects in Pakistan to overcome the latter’s energy crisis and stabilizing its faltering economy. CPEC is a part of OBOR.

Issues with CPEC

- CPEC Passes through Pakistan-occupied Kashmir (PoK) and Baluchistan, both of which are running insurgency where it faces terrorism and security risks.
- China would also disseminate its ideology and culture in Pakistan through terrestrial distribution which will cooperate with Chinese media in the “dissemination of Chinese culture”. A similar Sinification is visible in the Mandalay town of Myanmar which has impacted local architecture and culture.
- CPEC project’s lack of transparency and accountability is a cause of concern, as it may be skewed in favour of China economically and strategically.
- Chinese approach of not partnering with local companies will not help Pakistan create job opportunities.
- The project may undermine Pakistan’s sovereignty as its foreign policy, especially with India matters to China, complicating the already estranged relations and create political instability in the South Asia.
- The political tension in Afghanistan also may severely impede the benefits of transit corridors in South Asia.

India’s Objections to OBOR-CPEC

- India has not supported OBOR. China’s insistence on establishing the CPEC project through PoK is seen as infringing its sovereignty.
China is building roads and infrastructure in the disputed territory of Gilgit-Balistan, which is under Pakistan's control but which India claims as a part of Jammu and Kashmir. If CPEC project gets implemented successfully, this would hamper India's strategic interests in the region. It will serve Beijing's strategic ambition to encircle India. CPEC can aid Pakistan's legitimacy in the Kashmir dispute. China’s increasing footprints in the South Asian region is detrimental to India’s strategic hold e.g. the Hambantota Port in Sri Lanka provided China critical strategic location in Indian Ocean.

Conclusion

- India’s future strategy thrust on CPEC must be based on a careful reassessment of the potential benefits and disadvantages from OBOR project.
- India should speed up work on development of its own strategic projects like, Bangladesh, Myanmar Economic Corridor (BCIM) and Chabahar Port.
- The Asia-Africa Growth Corridor is an India-Japan economic cooperation agreement, it can provide India great strategic benefits and counter China’s OBOR project.