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### **'CPEC and Challenges for Pakistan'**

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China's 'One Belt, One Road', which was first proposed in September 2013 and combines the twin initiatives of the Silk Road Economic Belt and 21st Century Maritime Silk Road, is a grand concept that envisions China girdling the globe. Potentially covering 55 per cent of the world GNP, 70 per cent of the global population, and 75 per cent of known energy reserves, it is essentially a plan for a China-built land and sea transportation artery to link China's production centres with markets and natural resource centres around the world. At the same time it will harness much of China's hitherto idle economy, manpower and infrastructure-technology reserves to get much needed returns. The initiative blends geopolitical and diplomatic objectives and has a strong domestic agenda.

The 'Belt Corridors' run along the major Eurasian Land Bridges, through China-Mongolia-Russia, China-Central and West Asia, China-Indochina Peninsula, China-Pakistan, Bangladesh-China-India-Myanmar. The Maritime Silk Route or "Road" is the maritime equivalent of the 'Belt Corridors' and comprises a network of planned ports and other coastal infrastructure projects that dot the map from South and Southeast Asia to East Africa and the northern Mediterranean Sea.

While Chinese officials and academics emphasise the economic aspects and commercial advantages of OBOR, it includes geopolitical and diplomatic objectives. Implementation of OBOR will augment China's economic influence in the participating countries. The strategy of disbursing them large sums as loans and aid will enhance the financial power that China already exercises through its trading relationships.

Huang Yiping, a Professor of Economics at Peking University's National School of Development, assessed in February 2015, that OBOR represents a sea change in China's international profile. According to him, OBOR has ended the phase of low-profile diplomacy based on Deng Xiaoping's advice to "hide your capabilities and bide your time" and transformed China into "a new great power" which "is trying to supplement the international economic order". Huang Yiping sought to justify China's more active role as an attempt to redress the limited role given to developing countries in international institutions and in line with US President Barack Obama's demand that China take on more responsibility for providing international public goods. A Renmin University report similarly asserted the need to "supplement, not challenge" the existing order because of the "zero-sum thinking" which ensured that OBOR projects were greeted with scepticism including in China's immediate neighbourhood. Taking note of the challenges ahead, Huang Yiping conceded that: "One Belt, One Road is a good international economic strategy, but for now it is certainly not an easy one".

The most publicised bilateral commitment to OBOR was the investment pledged for the China-Pakistan Economic Corridor (CPEC) by Xi Jinping during his two-day visit to Pakistan in April 2015. The CPEC is the first leg of OBOR to be operationalised and is China's flagship venture. It traverses a distance of approximately 2,000km from Kashgar in China's Xinjiang region till the port of Gwadar in Balochistan. When launched it was a \$45 billion economic and development package that could grow to around \$60 billion. Of the \$45 billion, energy sector projects were around \$34bn whereas the infrastructure sector accounted for approximately \$10bn.

CPEC will include the construction of industrial parks, agricultural farms, railways, airports, roads, a fibre-optic network, energy-generating projects including one of the world's largest solar farms, and a high-speed train between Karachi and Peshawar that will travel over 160 km per hour. All these projects

will be built according to Chinese plans with Chinese labour and connected to Chinese businesses. The project will also build a new telecommunications network linking Pakistan with China and, through China to Europe.

CPEC includes a number of initiatives in Pakistan that are not only economic in nature, but have cultural and civic implications. The Safe Cities initiative, for instance, is primarily designed to safeguard Chinese workers from Pakistani terrorists, but will also transform many of Pakistan's cities. The Safe Cities project includes building new, safer buildings in urban centers, training local police and military in anti-terrorist and bomb detection techniques, and the use of lighting and cameras to create safe zones in all Pakistani cities. It is also preparing to protect the CPEC inside Pakistan. A secure fibre-optic link has been laid connecting Kashgar, headquarters of China's People's Liberation Army (PLA)'s South Xinjiang Military District with the Pak Army GHQ at Rawalpindi, highlighting the close military coordination between Pakistan and China. The PLA's Western Theatre Command established in 2016 is also tasked to safeguard Chinese workers, investments and projects in the CPEC in addition to protecting China's land frontiers. China at the same time informed Islamabad that it is creating a Division-strength "private army" for deployment in the areas covered by the CPEC. Chinese security organisations have begun functioning in Pakistan. China has already put in place a domestic legal basis for the deployment of Chinese troops and security personnel to protect Chinese investments and workers abroad. The operational tasks assigned to the PLA's Western Theatre Command represent the first of such arrangements.

While this project will no doubt create safer cities, many are concerned that much of the traditional areas of some of these historic cities will be destroyed to build newer, albeit safer, neighbourhoods<sup>1</sup>.

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<sup>1</sup> Corr, A. (2017), *China Will Suppress Terrorism, Diversity, and Democracy in Pakistan*. (Online) Forbes, Available at: <https://www.forbes.com/sites/anderscorr/2017/05/15/china-will-suppress-terrorism-diversity-and-democracy-in-pakistan/> – 662cb4db5cd6. Accessed 20, April, 2019)

## **Disadvantages to Pakistan**

Assessments of the CPEC's benefits to Pakistan vary considerably, but a study by DeLoitte<sup>2</sup> is interesting. Pointing out that the volume of trade between Pakistan and China had increased to US\$ 16 billion by 2014–15, the study alluded to impending benefits. It estimated that if all planned projects were implemented, their value would exceed all foreign direct investment in Pakistan since 1970 and would be equivalent to 17 per cent of Pakistan's gross domestic product (GDP) in 2015. It further estimated that the CPEC will create some 700,000 direct jobs during 2015–2030 adding up to 2.5 percentage points to the country's growth. Importantly, it noted that the Karakoram Highway between Rawalpindi and the Chinese border will be completely reconstructed and overhauled and Pakistan's railway network will be extended to eventually connect to China's Southern Xinjiang Railway in Kashgar. Almost 80 per cent of China's oil is currently transported over 16,000 kms from the Strait of Malacca to Shanghai, but once Gwadar becomes operational this distance would reduce to less than 5,000 km. The CPEC will simultaneously open immense economic opportunities for Pakistan and physically connect China to its markets in Asia, Europe and beyond. According to China Daily, the energy projects would provide up to 16,400 MW of energy altogether with over 10,400 MW of energy generating capacity developed between 2018 and 2020 as part of the corridor's fast-tracked "Early Harvest" project.

The assessment of the Deloitte study is not mirrored in the numerous comments and articles by Pakistani politicians, journalists and academics. While they are appreciative that the CPEC has brought a massive influx of much needed infrastructure aid and investment to Pakistan, they are very apprehensive that Pakistan risks losing sovereignty to China. The study fails to take into account the high energy production cost of these power plants. With fuel mandated to be

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<sup>2</sup> How will CPEC boost Pakistan economy? <https://www2.deloitte.com/pk/en.html>

imported from China's Xinjiang Autonomous Region, the cost per unit of electricity generated by the new power plants would be double the present, imposing a very high burden on the consumers. Early indicators suggest the time and production estimates are exaggerated. Politicians in Pakistan's provinces have complained for the past year that locals are not getting employment in CPEC projects and are not even being allowed access as the sites are 'protected' by 10-foot high perimeter walls. Pakistan media reports claim around 9,800 locals were hired for the construction of the 392km highway from Multan in Punjab to Sukkur in Sindh. Similarly, the Suki-Kinari hydropower project in Khyber Pakhtunkhwa is expected to create more than 4,000 jobs. In terms of jobs actually created, it is reported that the China Machinery Engineering Corporation (CMEC)'s Thar lignite mining and coal-fired power plant in Sind has created over 1,000 jobs so far, while the Sahiwal power plant, southwest of Lahore in Punjab province 'hired 3,000 locals'. The actual figures of employment are at great variance with the predicted figure of 700,000.

On the other hand, there has been a huge influx of Chinese labour. Chinese restaurants, grocery stores, guesthouses and language centres have opened across Pakistan, aimed mainly at the country's growing population of Chinese citizens. The supermarket shelves are lined with products manufactured in China<sup>3</sup>: everything from noodles to hardhat construction helmets, sea kelp to stationery, spice mixes to industrial meat grinders. Consequently, there has been no benefit to Pakistan's economy as no money is coming in through the service sectors as well.

Politicians, academicians and journalists have voiced serious concerns about Pakistan's mounting debt to China and the anticipated high cost of electricity from the new energy projects. Expressing concern about the viability of the

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<sup>3</sup> Asad Hashim, 'Pakistan: A slice of China in Islamabad' accessed at <https://www.aljazeera.com/indepth/features/2017/08/pakistan-slice-china-islamabad-170830081303813.html> on 25 April, 2019

CPEC, Ali Malik, a researcher at the South Asia Program at the Hudson Institute in Washington DC, on 4 January 2017, pointed out that “most of Pakistan’s urban centres are located in the east, not the west and that inter-provincial resentment and differences have flared, with the western provinces accusing the centre of being partial to the country’s eastern portion, where majority of Pakistan’s economic bases are located”.

There are other questions about the economic viability of the CPEC, for which the bulk of financing has come in the form of loan based financing, and not unconditional grants from the Chinese government. Though the loans are given to individual construction companies involved with the projects, there are significant risks to the government. Many of the power projects are under sovereign guarantees, thus making the Pakistani government responsible if these companies fail to meet their debt obligations. Pakistan’s current liabilities (debt), both private and public, have reached a staggering 75 per cent of GDP (Rs. 22.5 trillion).

According to a Financial Times report, Pakistani officials feel that lending money to Pakistan also favours China, as it does not wish to disclose details of the loans that are part of the CPEC project<sup>4</sup>. “The Chinese are not keen on western institutions learning the minute details of [financing of] CPEC projects,” an unnamed official in Islamabad was quoted as saying. “An IMF programme will require Pakistan to disclose the financial terms to its officials.” According to the *FT* report, prior to April 2018 loan of \$1bn, Pakistan had borrowed almost \$1.2bn from Chinese banks since April 2017. Pakistani Prime Minister Imran Khan and Chinese Premier Li Keqiang met in November 2018 after which China agreed to provide aid for Pakistan’s deteriorating economic situation. On the other hand, some people have alleged that China’s generosity may worsen Pakistan’s financial difficulties.

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<sup>4</sup> Pakistan seeks more loans from China to avert currency crisis accessed at <https://www.ft.com/content/1256ceaa-802c-11e8-bc55-50daf11b720d> on 24 April, 2019

Additional worries are that the CPEC's success depends entirely on Pakistan's ability to export goods and services and show a strong rise in exports. Pakistani analysts warned that these sectors of the economy would have to compete with the influx of cheaper Chinese imports that have the potential ability to strangle the domestic market. Chinese imports have, incidentally, already grown from 4 per cent in 2010 to 9 per cent in 2015. Economists say that if this downward trend of exports and increase in imports continues, Pakistan will face a serious balance of payments crisis. Others suggest that Pakistan is already on the verge of experiencing a crisis, as debt servicing will increase to between 30 per cent and 60 per cent by 2020 because of the CPEC and Pakistan's purchase of Eurobonds. There is a general view that in order to safeguard its economic future Pakistan must be cautious in how it implements and administers completion of the CPEC. More importantly, they assert that the central government must be honest about the nature of Chinese investment as Pakistan risks losing its sovereignty and being beholden to China and exploited by it for its natural resources and geostrategic location.

For China, however, the centre-pieces of the CPEC are the Gwadar Port and area of the Karakoram in the north. It has eyed Gwadar for years and agreed to fund its development only after Pakistan agreed to grant it "sovereign guarantees to the port facilities" in 2007. Gwadar is important for China's maritime ambitions. As China enlarges its Navy and retains a permanent presence in the Indian Ocean, its aircraft carriers, other surface warships and submarines will require a base. The importance of Gwadar for China is emphasized by the inclusion of Gwadar International Airport and other major development works of Gwadar Port in the CPEC's first phase with completion targeted for 2017. A total of 9 projects valued at approx US\$ 1 billion, each intended to augment China's commercial and military capacity, are planned in and around Gwadar. China is reported to have established electronic eavesdropping posts at Gwadar.

The CPEC's first phase also includes expansion of the Karakoram Highway, connecting Pakistan's railway network to China's Southern Xinjiang Railway to Kashgar, and placing of a secure fibreoptic line between Kashgar and Rawalpindi, all projects of military significance. What is really interesting is that when tensions rose early last year because of Pakistani complaints about the rising costs and the slow pace of work, China sought to assuage Pakistan and said many of the projects around Gwadar would be grants! The security of Gwadar is a source of continued concern for the Chinese and has imposed a heavy financial burden on Pakistan. In January 2016, the Pakistan Navy decided to deploy two additional Marine Battalions to provide around the clock security at Gwadar. On 21 September 2016, in the wake of the deterioration in Indo-Pakistan relations over Kashmir, Chinese Premier Li Keqiang publicly expressed reservations and told Pakistan's former Prime Minister Nawaz Sharif that he "hoped" Pakistan could continue to provide protection to the CPEC and Chinese personnel in Pakistan. The official Chinese newspaper Global Times similarly warned that "the increasing cost of security is becoming a big problem in efficiently pushing forward the project." In November 2016, during the inaugural Kashgar-Gwadar cargo run and subsequent transfer of the containers to waiting vessels at Gwadar port, Pakistani officials went to great lengths to allay Chinese concerns and the Pakistan Navy deployed ships and aircraft to provide security cover to ensure safe and secure transit.

Since Gwadar became operational, the role of Pakistan's maritime forces has increased and the Pakistan Navy has been assigned special responsibility to protect the Gwadar seaport project and the more than 500 Chinese nationals working there from offshore threats. Pakistan has set up a Special Security Division (SSD) under a Major General solely for protecting CPEC construction sites. With China refusing to provide any financial assistance towards security expenses of the CPEC, the Pakistan government on 24 September 2016, decided to meet such expenses by adding 1 per cent more to the cost of all central energy projects and recovering it from consumers through the National

Electric Power Regulatory Authority. This cess is to help the Pakistan Army meet expenses incurred on the SSD. The Senate Standing Committee on Planning Development and Reform has protested over the billing of Pakistani citizens for providing security to Chinese nationals in Pakistan.

Pakistani politicians are already complaining about the US\$ 12 million a year expenditure on the SSD, which is now expected to double. Success of the CPEC and Gwadar Port depends on having a safe and secure maritime environment in the Arabian Sea and Indian Ocean region in general. Envisaging attacks by militant groups or insurgents on seaports and vessels, and use of the container vessels to smuggle weapons, drugs etc., Pakistan has strengthened maritime security capabilities. This includes: intensifying security patrols and coastal exercises; creation of Coastal Watch Stations; establishing a Joint Maritime Information Coordination Centre (JMICC); establishment of the Force Protection Battalion of the Pakistan Marines; and more robust maritime security activities jointly by Pakistan and China. Collaboration in building navy craft has been stepped up. China and Pakistan have agreed to jointly construct the F-22P frigate in addition to the Azmat and Jalalat class fast-attack craft and corvettes for the Pakistan Maritime Security Agency.

In June 2015, Pakistan's Ministry of Defence Production signed a contract with M/s China Ship Trading Company for construction of seven Maritime Patrol Ships, four of which are being built in China and the others at the Karachi Shipyard and Engineering Works. The China Shipbuilding Industry Corporation (CSIC) is to also provide Pakistan's Navy with eight attack submarines. Pakistan has to pay for these vessels. Other serious issues threatening the development of Gwadar have surfaced with Pakistani analysts implying that China has undue interest in Gwadar port. Gwadar is described as an "island isolated in an arid landscape with roads and railways linking it to the rest of the nation." The city's water-supply dam has dried up following three years of drought. The existing desalination plant does not work and there is no more water. Unless Gwadar

gets its full road and rail connectivity, the port cannot flourish. Gwadar additionally symbolizes the sense of alienation felt by many in Balochistan, who suspect that most of the benefits of the CPEC are going to outsiders.

However, the non-flexible and strict terms and conditions imposed by Beijing have led to unsuccessful negotiations on some projects between Islamabad and the Chinese government. In November 2017, Pakistan backed away from the Diamer-Basha Dam project due to its “unrealistic” terms and conditions and as China taking ownership of the entire project was stated to be unacceptable by the former Prime Minister Shahid Khaqan Abbasi. The Diamer-Basha Dam is excluded from the list of CPEC Projects and the Pakistan government is now funding the project on its own after some changes in the project’s design. The new Pakistani government has also rejected China’s proposal to build a 60 billion US dollar coal-fired power plant under the “China-Pakistan Economic Corridor”. The Pakistan newspaper ‘Dawn’ reported that Prime Minister Imran Khan, who took office in August 2018, officially informed Beijing that the country is not interested in building the Rahim Yar Khan power plant.

Besides this the Chinese influx is creating fissures in the feudal Pakistani society. A recent scandal in Pakistan was unearthed where Chinese men, with the help of collaborators in Pakistan, married young Pakistani women after making cash payments to their families and brought them to China. The human trafficking issue gained widespread attention in April, 2019 when Pakistani television broadcaster ARY News raided a compound in Lahore, where several Chinese men were discovered with six Pakistani wives, two of whom are 13 years old. ARY News reported the men paid 400,000 rupees (\$2,820) to each of the women's families, who were also promised 40,000 rupees in monthly payments and a Chinese vis`a to a male relative of the bride. Some of the women entered into forced marriages, and one contacted the broadcaster, which led to the expose. The Chinese embassy in Pakistan issued a statement on 13 April 2019 conceding that while some unlawful matchmaking centers earned illegal profits

from brokering cross-national marriages by victimising Pakistani and Chinese youth, it termed the reports of organ sales as "misleading and groundless."

### **Challenges for CPEC in Pakistan**

The major problems that the CPEC faces in Pakistan are the regional and ethnic differences and conflicts. Created in 1947 as a country for the Muslims of the Indian sub-continent, Pakistan is in fact composed of several, not always friendly, ethnic enclaves. Pakistan's four provinces and two autonomous areas generally, but not perfectly, represent these groups. These ethnic groups include the Punjabis, who make up almost 45 per cent of the national population and dominate the national government; the Pashtun, a conservative tribal group who live in the Khyber Pakhtunkhwa Province and make up about 17 per cent of Pakistan's population; the Sindhis who live in large feudal estates in Sindh Province including the city of Karachi, and constitute about 14 percent of the country's population; the Baluch who live in the relatively poor area of Baluchistan and make up less than 4 per cent of Pakistan's population; and the Muhajirs, who are the descendants of the refugees who fled India in 1947 and do not have a province of their own, but reside in Karachi and areas around that city and make up about 8 per cent of the country's population. Other groups include the Kashmiris, the Brahuis, and the Saraikis from Multan.

Regional and ethnic rivalries and feuds have played a major role in Pakistan's short history. For instance, although the official language of Pakistan is Urdu, (and English), Urdu is only spoken as a native language by about 8 percent of the population. Urdu, in fact, was the language spoken by the Muslims in the Indian Subcontinent, but not by the people who lived in the area that is now Pakistan.

These ethnic and regional rivalries do not just represent differences in culture or language, but also represent bitter rivalries for national political and economic

dominance. This clash of cultures is particularly exhibited in the tension between the military, dominated by the Pashtun, and the Punjabis who control the apparatus of the national government. The military has stepped in several times since 1947, declaring martial law and replacing incompetent and corrupt national governments.

Baluchistan, which has a potentially pivotal role in the CPEC, is another province in ethnic turmoil. Baluchistan is the largest province and has many natural resources. However, the Baluch have the lowest standard of living of any ethnic group in Pakistan and feel alienated from the Pakistani power structure. Because of this, in part, a number of militant Baluch separatist groups have emerged and have been causing trouble.

The fear among many Pakistanis is that CPEC will only enrich the Punjabis (some have suggested that the “P” in CPEC stands for Punjab), since the Punjabis control the national government, while leaving the rest of Pakistan relatively poor. This is especially a concern of the Baluch and the Pashtun, who have already seen many of the CPEC programs directed away from their provinces and towards the Punjab or Sindh Provinces. The obvious case is of the new highway being built as part of the initiative between Kashgar and Gwadar. One of the routes in the original plan, referred to as the Western Route, was to go through the Khyber Pakhtunkhwa Province. However, the route was changed by Islamabad to avoid that province. The route is now planned to run largely through the Punjab and Sindh provinces. True, a large section of the route will be through Baluchistan, but largely in the remote areas of the southern section of the province, and will therefore not benefit Baluchistan much. Both the provincial governments of the Khyber Pakhtunkhwa and Baluchistan have voted against the CPEC and have petitioned the national government in Islamabad to include more projects in provinces other than the Punjab<sup>5</sup>.

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<sup>5</sup> Shah, R. (2017), *China's Trouble with Pakistan's Turbulent Democracy* (online) The Diplomat, (<http://thediplomat.com/2017/01/chinas-trouble-with-pakistans-turbulent-democracy/>) Accessed 20, April 2019

The fate of the project in Baluchistan is key to the ultimate success of CPEC since the use of the Port of Gwadar is one of the project's key elements. Increasing calls in Baluchistan for the creation of a separate state and ensuing armed conflict pose an enormous challenge to the corridor. Baluch nationalists oppose the project as the demographic balance could ultimately turn against them making them a minority in their own province as other ethnic groups move into the province. Even presently, the Baluch people only make up about 55 percent of the population of Baluchistan. This anger towards the CPEC has increased to the point that Chinese citizens have been kidnapped and killed by Baluch militant groups.

On 13<sup>th</sup> May 2017, gunmen killed 10 Chinese labourers working on the CPEC project in Gwadar. The attack was carried out by the Baluch Liberation Army (BLA) a group reportedly fighting for an independent homeland for the Baluch. A spokesperson for the BLA said <sup>6</sup> “This conspiratorial plan, CPEC, is not acceptable to the Baluch people under any circumstances.”

In addition, the CPEC and with it China's cultural and economic incursion into Pakistan is reminiscent to many of when the British ruled the Indian subcontinent from 1858 to 1947. China's influence in Pakistan is not of the same nature – China does not officially claim to govern the country – but there are similarities which many in Pakistan have noticed and this could trigger considerable ethnic and regional pushback against the projects.

### Militant Islam

Pakistan was created in 1947 as an avowedly Muslim country. As a result Islamic doctrines, laws, and institutions have been a part of Pakistan since the

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<sup>6</sup> Gunmen kill 10 labourers in Balochistan's Gwadar (<https://www.aljazeera.com/news/2017/05/gunmen-kill-10-labourers-balochistan-gwadar-170513111330168.html>) accessed on 21 April, 2019

beginning. However, though Islamic political parties have always been active, in the last couple of decades a new kind of Islamic militancy has emerged. These orthodox militant parties include homegrown groups such as the Tehreek-e Taliban and the Lashkar-e Jhangvi, which are local or regionally based organizations with specific agendas internal to Pakistan. One target of these groups is the religious minorities in Pakistan, including the small Christian minority and the Shia Muslims whom they consider heretics and idol-worshippers. These groups strongly oppose foreign intervention, including by the Chinese, and will constitute a challenge to the CPEC.

Other militant Islamic groups are connected to or supported by trans-national Islamic movements. These include the Lashkar-e Tayeba and the Harkat-ul Mujahideen. Also, increasingly active in Pakistan are elements of the Islamic State, al-Qaeda, and the Afghan Taliban. These groups have been responsible for a number of terrorist attacks in Pakistan. Militant Islamic movements have deep roots and can be traced back to the beginning of Pakistan. They received a fillip in the 1980's when the United States and Saudi Arabia, among others, poured considerable amounts of money into creating Madrasahs on the Afghan-Pakistan border to recruit and train Afghan Mujahedeen to fight the Soviets. The Pakistani military and powerful Inter-Services Intelligence participated in this effort and continue to retain their links and nurture them. These Islamic militant groups are useful to the Pakistan military establishment in many ways and especially to wage the low-intensity conflict against India in Kashmir. But these militant Islamic groups also harbour a profound and deep hatred of the West, and especially the United States and favour orthodox Islam.

These militant Islamic groups would, therefore, potentially be particularly dangerous for the Chinese projects in Pakistan. China does not have a good image in the Islamic world and its treatment especially of the Uyghurs in Xinjiang province has generated resentment. An indication was when Hafez Syed of the Lashkar-e-Tayeba (LeT) warned then Prime Minister Nawaz Sharief against

Pakistan's "new best friend" and asked him to enquire as to their treatment of Muslims in Xinjiang during Ramzan. This resentment will fester. The presence of thousands of Chinese workers and their habits and customs will offend the orthodox Muslims residing in rural Pakistan where the CPEC projects are sited. Attacks on Chinese citizens in Pakistan have already taken place and will continue. Although the Chinese will create safe places for their workers, there will be a continual threat of violence against its citizens in Pakistan.

In conclusion, it is clear that the CPEC will confront many problems in Pakistan. These will include the threat to Chinese workers and personnel from the rural Muslim population of Pakistan and the Baluchis who apprehend being marginalised in their home province. Other difficulties will centre on Pakistani reappraisal of the CPEC and China's financial agreements on CPEC projects. Allegations that they are heavily skewed in China's favour are gaining ground. The IMF and World Bank too at US instance have insisted that Pakistan provide detailed accounts for CPEC projects. A Pakistan whose economy is in dire straits and is seeking loans from them will have fewer alternatives. The accusation that Pakistan risks losing sovereignty to China is emotive and has the potential to spread. It could get aggravated with the presence of Chinese security personnel in Pakistan, which has already triggered local tensions and fights. China will, however, not want to jeopardise its huge strategic investment in Pakistan and will want to keep the relationship in good repair. It additionally has important military ambitions of acquiring Gwadar port and securing a large chunk of Pakistan occupied Kashmir and adjacent areas.

Difficult for China and Pakistan in the longer term will be to resolve their widely differing objectives. Their objectives are quite different and almost at cross-purposes -- while China has a larger strategic objective and views the corridor more as an essential stepping stone towards global leadership, Pakistan sees it just as a solution for its economic difficulties.

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