CPEC and Regional Integration


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Abstract  
China-Pakistan Economic Corridor is an emerging debate. This project called a ‘game-changer’ for Pakistan-China and for whole region. The main argument based on the phenomena of economic interdependence established peace and integration in the region. The new world order revolves around economic power rather than nuclear power. The economic strength is playing a significant role in regional integration and peace. The CPEC project based on both economic and strategic aspects. This project deals the growing economic interdependence and the phenomena of power politics in South Asia. The CPEC is important part of China’s Marshall plan OBOR and providing a win-win situation for all states of region. This study contributes that how growing economic interdependence through CPEC established peace and integration for whole region. This study based on field survey and discourse analysis.

Key Words: Regional Integration, Economic Corridor, Power Politics, OBOR

Introduction

In 2013, China announced to the world its dream of reviving the Great Silk Route which was once the only known trading route in the world and was especially known for trading goods during the times of ancient Chinese empire (Gorshkov & Bagaturia, 2001). The dream is to revive the Silk Route by implementing massive infrastructure and adding new ports around ancient Silk Route. The Chinese termed it as “One Belt One Road” initiative. It basically covers two areas: One is overland area, known as Silk Road economic belt, it is for land to land trade and exchange of goods, and the other is termed as Maritime Silk Route, which basically covers the maritime trading (Lim, Chan, Tseng, & Lim, 2016). In map 1 clearly shows both routes.

Map.1 (Source: China council on foreign Relations/maps)

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Chinese President Xi Jinping takes initiative for the revival of ancient Silk Route as a One Belt One Road project which connects around 60 countries of Asia, Europe and Africa for economic activities. This project has the potential to boost Chinese economy and overall world economic activities. OBOR project based on seven corridors which are described below

(1) China-Mongolia-Russia Economic Corridor
Includes two economic corridors. One economic corridor starts in Northern China, extends through Hohhot, Inner Mongolia, and reaches Mongolia and Russia. Another corridor starts in Northeast China, extends through Manzhouli, and reaches Chita, Russia. Both rely on the Trans-Siberian Railway to connect China with Europe.

(2) New Eurasia Land Bridge (Second Eurasia Land Bridge) Economic Corridor
A route divided into three parts that connects Lianyungang, Jiangsu Province with the Port of Rotterdam in the Netherlands Said to also be possible to connect to Japan. South Korea, and Europe through Lianyungang. Can also reach from Iran and Russia to Hungary by way of Kazakhstan. Covers over 30 nations.

(3) China-Central Asia-West Asia Economic Corridor
Starts in the Xinjiang Uyghur Autonomous Region, extends through the Persian Gulf, and reaches the coast of the Mediterranean Sea and the Arabian Peninsula. Connects Central Asian nations such as Kazakhstan, Kyrgyzstan, and Tajikistan as well as Iran and Turkey, includes regions that are rich in oil and various mineral resources, and would serve as a resource/energy source for China.

(4) China-Indochina Peninsula Economic Corridor
Starts in Nanning, Guangxi Zhuang Autonomous Region and Kunming, Yunnan Province and ends in Singapore. China has established an FTA with ASEAN and cooperated in developing the Greater Mekong Subregion, but there are also tensions in the South China Sea, and establishment of this economic corridor faces great difficulties.

(5) China-Pakistan Economic Corridor
A 3000 km route connecting Kashgar, Xinjiang Uyghur Autonomous Region with Gwadar Port in Pakistan. Has the role of connecting the "One Belt" with the "One Road". An agreement between China and Pakistan to cooperate broadly in areas such as energy, infrastructure, and industry in addition to developing Gwadar Port.

(6) BCIM Economic Corridor
To be established together with Bangladesh, India, and Myanmar. Through this economic corridor, China can promote ties with Bangladesh and India, with which it historically did not have close ties.

(7) 21st-Century Maritime Silk Road
Consists of routes from the South China Sea and the Indian Ocean to Europe and Africa, and routes from the South China Sea to the South Pacific. In order to establish the Maritime Silk Road, China would concentrate its investment in 15 harbor cities including Shanghai, Tianjin, Ningbo, and Zhoushan.
(Source: "One Belt, One Road": China's New Global Strategy by Rumi AOYAMA)
It points out that CPEC is one of the corridors. It implies that through OBOR, the trading will take place via road as well as sea, and the major seaports for this will be Karachi and deep-sea port of Pakistan, as called Gwadar port. It is said, and it is quite evident that this venture will have immense effect on the countries on its way, resulting in alleviation of areas economy and infrastructural progress(Aoyama, 2016).

The OBOR initiative will open ways for trade and connect Central, South, East, West Asia with Africa and Europe through road and sea. This project cannot be complete without the China Pakistan Economic Corridor (CPEC) which includes number of projects that are under construction in Pakistan under the supervision of a Joint Cooperation Committee (JCC). Originally the project starts with an investment of 46 billion US dollars but knows the worth of CPEC project extended around 62 billion US dollars(Hali, Shukui, & Iqbal, 2015).
Regional Integration: A Theoretical Debate

From a theoretical perspective, the liberal school of thought argued that trade and economic interdependence enhanced peace and reduced the fear of war. One of the most renowned theories of ‘Complex Interdependence’ by Joseph Nye and Robert Keohane presented that states are integrated into the principles of interdependence (Keohane & Nye, 1987). In the recent scenario, no country can survive separately without establishing its relations with other countries of the globe. In the post-modern era, no country in the world can be completely self-reliant. At the global level, each country cooperates with other states for the growth and maintenance of economic development. In the era of globalization, countries have tried to enhance their economic relations and dependency upon one another (Brown, 1972).

The patterns of interaction regarding Chinese policies towards the South Asia region can be discussed through the lens of complex interdependence. Therefore, Robert Keohane and Joseph S. Nye examined these state relations from the perspective of cooperation, which negates the basic philosophy of Realism and advocates the system of interdependence among states. ‘Interdependence’ is a fundamentally mutual dependence of two or more than two states economically as well as politically. Overall, the term interdependence is not restricted to mutual profits and interests. The dependence is, however, linked with mutual interests and benefits of all the states characterized by competition and cooperation (Keohane & Nye, 1977).

In the era of modernization, advancement in technology, telecommunication, and transportation has resulted in the globalization of the world. The world has become a global village as events, for example, in the USA have different impacts on the entire world. An event like 9/11 changed the relationship pattern and policies of almost all the states. Every country, in the quest for peace and progress, has turned to economic development and interdependence. Thus, it is an attempt to create a world without borders.

However, the components of power politics do not rely on the proponents of global village scenario. The Traditionalist school of thought rejected the concept of interdependence and analyzed that world political phenomenon is very complex. Growing economic relations and development cannot ignore the reality of military conflict. Interdependence basically tries to contain both the course of power politics and economic development; it accepts the dynamics of mutual costs and benefits. Complex interdependence has adopted the middle way and thus differentiated itself from both the traditionalist and the modernist school of thought (Rana, 2015).

On the other way, the terminology of regional integration can be discussed through ‘Neo-Functionalism’ theory which explains the pattern of European integration like European Union advancement towards regional integration (Schmitter, 2004). Theory mainly argues that mutual cooperation in one area increases cooperation in other sectors as well. It also believes that growing economic interdependence among states can develop integration. This theory also faced criticism for assuming some level of automaticity in integration procedures while fails to discuss growing protectionism and constraints to integration put up by member states at times.

Both theories ‘complex interdependence’ and ‘neo-functionalism theory’ applicable in case of CPEC project potential for regional integration. South Asian states basically divided into different regional, territorial, internal disputes and challenges. These states also have a low trade volume and mutual economic activities. The phenomena of economic interdependence can contribute to reduce tension and enhance development. In the meanwhile, economic integration once established a degree of political integration vis-a-vis peace and stability in the region.

China Pakistan Economic Corridor Project

China Pakistan Economic Corridor (CPEC) considered as a ‘game-changer’ or ‘flagship’ project not only for China-Pakistan but also for whole region (Malik, 2018). This corridor brings opportunities for regional landlocked states like Afghanistan, Central Asian Republics (CAR’s) and decreases Chinese dependence on South China Sea as well as Malacca Strait and provides a secure and shortest route to China. Like other economic corridors the prime objective of CPEC is to increase the phenomena of interdependence towards nearest states for business, trade, industrial development, and overall societal growth. China gives incentives to Pakistan for infrastructural developments, energy development, and development of the Gwadar port. China plays an important role to connect whole region for economic activities on the principles of win-win situation (Wolf, 2018).
China is an emerging economy of the world with increasing energy demands. As compared to other corridors CPEC only based on one country Pakistan and it reduced 13000 km to 2500 km distance for China towards oil-rich middle eastern countries. Also provides secure route and reduces ‘Malacca dilemma’ because currently 70 percent of China’s energy supply passed through strait of Malacca which is under the influence of Indian and American naval forces that become a permanent threat for China (Lanteigne, 2008). Major projects under CPEC were indicating in Map.2.

Globalism versus Regionalism

The concept of globalism presented by Joseph Nye during the post World War II scenario. According to this the whole world becomes global village countries cannot survive without social and economic interactions. Globalism promotes trade liberalism, free trade, investment, social and cultural exchanges. During post WWII globalism introduces the concept of ‘world market’ under the influence of multi-national companies. Globalism increased the role of World Bank, IMF, GATT and later, WTO in socio-economic and political fields. Basically, principles of globalism based on capitalism.

Joseph Nye also defined the terminology of regionalism in which a limited number of states linked geographically and having mutual interdependence also formed interstate associations and groups for regional cooperation already discussed (Nye, 1968).

CPEC and Power Politics

In International Relations this terminology can be defined to increase the power for personal benefits and interests. China is continuously increasing its power by increasing its money-based development rather than by military connections. For this objective, China took different political steps. The major part of the GDP of China is because of the exports. To import oil from gulf countries to China, there is long sea route from Shanghai to Middle East, Africa and then to Europe via South China Sea. Indonesia, Japan, Philippines, and Vietnam are claiming that they individually have the right on South China Sea. And this is only the major trade route for China. China finds an alternative for this upsetting situation by doing investment in Pakistan. By the connection of Kashgar city to Gwadar port through CPEC, China finds an alternative, short and continuous way for the purpose of trade. Because of this political act, China is continuously increasing its power by increasing its economic development.

Power politics is defined as “political activity by an individual or group which utilizes or is planned to increase their power or influence” (Mearsheimer, 2001). Power politics is a theory in international relations that is concerned with the concept that when power and interest are distributed, or changes are made to those
distributions, then they basically cause of both stability and war. Stability as in national, inner stability and war refers to protecting sovereign interest of country at all costs, even if that leads to disturbed or war-like scenario with other counties, this could include threatening each other with military, economic or political aggression to shield one nation’s own interest (Morgenthau, 1978).

China influences the world in last 15 years, China being visible presence economically diplomatically people to people and in some cases, militarily in many different parts of word. For China to seek resources elsewhere is a natural part of being a global power what they are trying to do is to play little bit differently than United States doesn’t do things through alliances or military interconnection but it does through deep economic development and phenomena of interdependence. China has stretched its influence around the different parts of world through improvement of infrastructure to the enhancement of trade and business activities.

Regional Integration

Regional integration terminology deals with regional connectivity with growing infrastructure, regional communication, cooperation and interdependence for a successful growing economy globally. According to the theory of economic integration basically it’s a process to abolish tariff and other restrictions for growing trade activities. The regional integration process basically deals both political as well as economic motives. In post-WWII emergence of liberalism school of thought mainly focus on economic integration. Its example is EFTA (European Free Trade Association) which abolishes and mainly decreases tariff and other restrictions between its member states. Although every state collects its own tariffs from non-member states. While customs union is another form of regional integration in which they abolished tariffs among member states and adopted a uniformity for tariff collection from non-member states. Open markets free movement of labor, capital transformation, and currency union are the major examples and steps for regional integration. These things facilitate regional integration through common currency, uniform economic policies and elimination of tariffs and other restrictions (Schiff & Winters, 2003).

The European Union model for regional integration is a good example for Central and South Asian states for peace and economic prosperity. But it is only possible when each country plays its positive role for integration reduces personal grievances for common interests and adopted the phenomena of interdependence through infrastructural development on following a European model and create a win-win situation for all regional states (Mattli, 1999). CPEC is a positive step to integrate South Asia, Central Asian landlocked states, less develop western China, Iran and Middles eastern states. Basically, it provides economic connectivity between resource starving to resource full regions. This kind of regional integration enhances peace tranquillity and economic prosperity for whole region. Regional integration can be achieved only when whole region improved infrastructure, transport connectivity and increase trading activities in the region. In figure 1 shows the interest of regional countries to become a part of CPEC.

![Regional Countries Interest](image)

**Figure 1**
This survey mainly targets neighboring regional countries e.g., Afghanistan, Central Asian Republics (CARs), Iran. These all welcome CPEC project and shows positive response to join this forum for regional economic connectivity.

CPEC and Regional Integration

Since CPEC has evolved to be important for Pakistan and brought revolutionary advancements in various fields. CPEC not only provides a chance for Pakistan to improve its standards in various fields yet it also provides an opportunity for other countries. World Bank report also clearly indicated that many countries participated in CPEC can help to achieve greater regional integration. Also, recommended steps should be taken for major integration in the region for liberalization of trade and improvement of infrastructure. The report titled ‘Pakistan@ 100: shaping the Future’ stated that CPEC can be utilized to better relations with other states including Afghanistan, Central Asia, and Iran. In figure 2 the survey indicated that most people assumed that this project established regional integration.

Potential Benefits for China and Pakistan

CPEC is an important part of China's OBOR vision. China can connect through this corridor to the region of Middle East, Central Asia, and Afghanistan. CPEC connects Gwadar a warm water port with China western region less develop part of Xingjian. It also provides an alternative, shortest and secure route to the straits of Malacca for energy supply which will secure time and cost. Because 'Strait of Malacca' controlled by American or Indian Navy, they can create hurdle for China. China is emerging economic superpower so it needs the hour for China to search alternate routs for its energy security. This route not only reduces Chinese time and cost but also link China with the region of Central Asia, Middle East, and Africa and open new markets for its products. China also develops special economic zones (SEZ) for the prosperity of its western part. According to ‘Obama’s 2012 regional strategy-Pivot to East Asia’ consider CPEC is a strategy of China to reduce American influence in South East Asia and bears many implications for China-America strategic competition(Abid & Ashfaq, 2015).

In the case of Pakistan which faces much economic and political crisis. CPEC project improves its infrastructure provides opportunities for its economic prosperity and develop Gwadar as a trade and economic center for the region. For Pakistan CPEC project focused on four dimensions development of Gwadar port city, construction of railway and road overall improvement of infrastructure, energy development for the development of SEZ. CPEC also enhances security cooperation between China and Pakistan to reduce the problem of terrorism, separatism, and extremism in Pakistan’s Balochistan and Xinjiang region of China. They also start naval cooperation and maintain strategic cooperation along with improvement of economic ties for regional balance of power(Esteban, 2016).
CPEC and India

CPEC is a bilateral initiative of China-Pakistan. This project considers an economic boost for both states. Indian external affairs minister said that ‘economically prosperous Pakistan is much dangerous than nuclear Pakistan’. India-China both were the emerging economies of Asia both states have a race of cooperation and competition. This corridor counters Indian dominance in Arabian sea and Indian Ocean. This corridor also connects China with Afghanistan, Iran, CARs, UAE and Saudi Arabia which India does not have (Joshi, Abidi, & Rai, 2017).

India, China’s competitor, and nuclear power have almost world most of the population, sharing its border with both Pakistan and China. India is most likely not to join CPEC on basically two perspectives, first Chinese naval presence at Gwadar is not liked by India because it bounds Indian economic and strategical options being a competitor of China. Secondly its road passes through Gilgit Baltistan Jurisdiction which is a part of disputed Kashmir state (Ikram & Rashid, 2017).

This survey which basically taken by different universities’ students on international relations. They agreed that India plays negative role and creating hurdles in the way of CPEC development. India also tries to counter OBOR through similar development called North-South Transport Corridor bypassing Pakistan and boost better relations with Iran and Afghanistan (Ahmad, Sohail, & Rizwan, 2018).

CPEC and Afghanistan

Afghanistan being a landlocked country, sharing its borders with Pakistan, Tajikistan, Turkmenistan, Uzbekistan, Iran, and China has a population of approximately 32.5 million. Being largely dependent on agriculture it exports lumps to Pakistan, India, Turkey, and Russia.

It carries its majority trade of imports and exports through Karachi port and Gwadar making it a strong competitor to support CPEC. Through CPEC Afghanistan can access Gwadar through CPEC nearly saving 600km as related to its earlier trade route. Pakistan being Afghan largest trade-dependent hopes to increase its trade nearly 3 billion US dollars in upcoming years which would strengthen its relations as well (K. M. Butt & A. A. Butt, 2015).

Moreover, Afghanistan is more keenly want to join Pakistan for this purpose Pakistan pledged to build 265 km motorway Kabul to Peshawar for connecting Afghanistan with CPEC. This motorway not only connects Pakistan with Afghanistan but also links with whole region and becomes part of China’s Marshall Plan OBOR. In addition to link with western and eastern alignments of the CPEC will further link Pakistan and Afghanistan with better infrastructure for trade and commercial activities. Overall, Afghanistan link with many opportunities with the help of CPEC project (K. Butt & A. Butt, 2015).
CPEC and Iran

Iran having Pakistan and other countries as its neighboring states situated beside the Persian Gulf and Gulf of Oman. Initially Iran started resistance for CPEC project. India also joined hands with Iran and provide financial assistance to build Chahbahar port to counter Gwadar port of Pakistan. Later, Iran realized the importance of CPEC and also decided to join this mega project to improve its connectivity and develop trade as well as commercial linkages with Pakistan, Korea, UAE, China and Japan (Ali, 2015).

After Iran supported CPEC and decided to join this major project various agreements were made between Pakistan and Iran. Due to these agreements various good term relations are being laid in between Pakistan and Iran. A positive development for Iran is that Pakistan and China will be built a terminal of Liquid natural gas (LNG) at Gwadar port and connect this with China after the construction of around 700 km long pipelines for the import of LNG and which can be connected with Pakistan-Iran gas pipeline. In this way Pakistan has to connect Gwadar with Iran which is only 80 km away and becomes the transit country for Iran and China gas pipeline. Another major benefit of joining CPEC with Iran is that peace could be maintained in Afghanistan. Pakistan Iran and Turkey project that is still to be complete link will strengthen their friendly relations (Amir, 2017).

CPEC and Central Asian Republics

CPEC after its accomplishment would provide a way for Central Asian Republics to access warm water. Therefore Uzbekistan, Tajikistan, Azerbaijan, Kyrgyzstan, and Kazakhstan would have the shortest route to access warm water. One of the benefits linking Central Asian Republics with CPEC is that Turkmenistan, Kazakhstan, and Uzbekistan are rich in oil and gas, therefore, their petroleum products are exported to China or Russia mostly by pipeline through Russia land routes. CPEC would also provide Pakistan an opportunity to strengthen its relations with Central Asian Republic but would also import oil and gas to Pakistan at much cheaper rates (Rashid, 2017). The survey result shows that new world order or bloc will be established, and CARs states will be the major focused. In figure 5 mostly people remain neutral and agreed on this aspect.
Potential Benefits from CPEC
The area would get more peace, prosperity, and business through CPEC. Pakistan army would be deployed to protect the travelers on Karakoram Highway and the tourists visiting northern areas to ensure their security. China has security concerns especially about its disputed western region of Xinjiang located near Gilgit. So, it has expanded security presence in the region through CPEC. It also provides security on the Pakistan Afghan border keeping a check on the terrorist activities of Al-Qaeda and the Taliban.

People to People Contact
People-to-people contact refers to inter-cultural exchange to appreciate the mutual connections between China and Pakistan as well as for the whole region. The CPEC is significant in ensuring the position of China as a central cohesive force across Asia and the world. Through CPEC we can highlight the value of Pakistani culture and traditions not only to China but also to the World. For example, Gandhara an ancient Buddhist Civilization, located mainly in Peshawar, Swat, Potohar and Taxila is getting introduced to the world through CPEC routes.

Conclusion
This corridor is investing a lot in Pakistan and China and consider as a game-changer and brings economic potential for whole region. In the era of interdependence, the whole world is integrated and China’s OBOR project considers as a ‘Marshall Plan’ and changed the economic order of the world. OBOR cannot be completed without CPEC and it will change the economic future of South Asia and overall a positive step for regional integration.
Reference


