

# NOREF Policy Brief

## The nature of a friendship: making sense of Sino-Pakistani relations

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### Executive summary

The May 2nd 2011 Abbottabad raid that resulted in the death of Osama bin Laden heightened long-standing tensions between America and Pakistan. What little trust still existed between the establishments of the two countries almost completely disappeared. It is in this context that Pakistan made immediately clear that it was not dependent on Washington's benevolence and that it could turn at any time to its "all-weather friend" China for assistance that is free of criticism. Originating more than 60 years earlier, the Sino-Pakistani relationship until then had gone relatively unnoticed by most observers. After Abbottabad, while American policymakers were busy questioning the reliability of the Pakistani state and suspending some of the huge flows of military aid that had been poured into that country since 2001, Islamabad was swiftly taking countermeasures.

Relations with China were vigorously revamped, with their extensive corollary of official visits, and presented to Pakistan's (former) ally in the global war on terror as a warning that the American-Pakistani strategic alliance could not be taken for granted. State propaganda about

the depth and solidity of the Sino-Pakistani friendship is again in full swing. Generally, Pakistan's resentment towards America has grown significantly in recent years, especially after the intensification of the drone campaign in mid-2008, and is concomitant with a more pronounced shift towards China as a strategic counterweight.

This policy brief outlines a complex set of interactions between China and Pakistan. Some of them relate to stable factors, such as military cooperation and the rivalry with India, but some involve issues that in the long term could damage the relationship if not properly dealt with, such as Sino-Pakistani economic and counter-terrorism cooperation.

Ultimately, for China, Pakistan today is just one of many players in its regional geostrategic arena, and not the one holding the best cards. The destiny of Pakistan's relationship with China, and also of its positioning in such a regional arena, will eventually depend on its capacity to restore a state that is functional and that can exert legitimate power in the South Asian subcontinent.

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## Introduction

The announcement by White House chief of staff William M. Daley on July 10th 2011 that the Obama administration would suspend \$800 million in military aid to Pakistan<sup>1</sup> put added pressure on the increasingly strained tactical alliance between the two countries. Since the intensification of the drone campaign in July 2008,<sup>2</sup> this relationship has been constantly tested by growing enmity towards America among the Pakistani public, by reciprocal distrust, and by the seemingly divergent long-term state-building and geopolitical objectives of the two governments. The May 2nd 2011 Abbottabad raid was the event that brought these tensions into sharp focus and dramatically increased the suspicions that had long undermined relations between the two countries.

With other Western donors likely to fall in line with the American position by becoming more careful and demanding with regard to Pakistan's performance in the fight against international and domestic terrorism, the country's "all-weather friend", China, is thus likely to assume a dominant position in Pakistan's international relations.

But precisely what are the main pillars of this friendship that dates back to 1950? And how truly solid are they? How are they expected to evolve in the near future? And, finally, does this latest turn of events represent a long-term shift of Pakistan's geostrategic priorities and alliances? This policy brief will address these key questions.<sup>3</sup>

## Evolution of a friendship

Sino-Pakistani relations were formally launched in 1950, when Pakistan became one of the first countries to establish diplomatic relations with the People's Republic of China. From the onset,

common enmity and border disputes with India brought the two countries together, at a time when Pakistan's "fair-weather friend", America, was mainly concerned with the containment of Soviet expansion. With this strategic priority in mind, America actively looked for opportunities to strengthen its cooperation with India, thereby leaving the door wide open for China to cultivate ties with its western neighbour, Pakistan. This pattern in quadrilateral relations seems to continue today. As soon as America makes cooperative advances to India, the move is usually countered by a corresponding initiative between China and Pakistan. The 2008 American-Indian nuclear cooperation deal, for instance, was immediately countered by China's offer to supply two new nuclear reactors to Pakistan.

Pakistan's friendship with China grew significantly during the period of Sino-Indian rivalry between 1962 and the late 1980s. At the onset of the Sino-Indian war in 1962, the Kennedy administration "made it clear that American sympathies lay squarely with India",<sup>4</sup> in the hope that Indian cooperation against the Soviets could be secured and that the communist threat could be kept at bay in South Asia. "In the wake of India's defeat, the United States for the first time supplied weapons on a large scale to Pakistan's rival."<sup>5</sup> In Pakistan, the move was regarded as being directed against its own strategic positioning in the region rather than against China's. By default, the American advances towards India encouraged Pakistan to turn to China. The strategic alliance with America then began to parallel a growing friendship with China. It was the first such incident in the troubled relationship between Pakistan and America, which ever since has seen periods of intense engagement alternating with sudden disagreements or reciprocal disenchantment. Due to the precariousness of the linkages between the two countries, Pakistan eventually came to regard America as an unreliable ally, while China secured its position as an "all-weather friend".

The trend was again confirmed when the second war over Kashmir erupted between Pakistan and India

1 The amount equals almost a third of the \$2.74 billion security-related assistance that the Obama administration approved for Pakistan for the year 2010 (see K. Alan Kronstadt, *Pakistan-U.S. Relations: A Summary*, Washington, DC, Congressional Research Service, 2011, p 25).

2 See Bill Roggio and Alexander Mayer, "Charting the data for US airstrikes in Pakistan, 2004-2011", *The Long War Journal*, <http://www.longwarjournal.org/pakistan-strikes.php>.

3 This is one of the two policy briefs that NOREF has produced on the nature and geostrategic impact of Pakistan's evolving friendship with China. The other, written by Robert Matthews, focuses specifically on the effects of this process on Pakistan's relations with America.

4 Isaac B. Kardon, "China and Pakistan: emerging strains in the *Entente Cordiale*", Arlington, Project 2049 Institute, 2011, p 4.

5 Ian Talbot, *Pakistan: A Modern History*, London, Hurst, 2009, p 173.

in 1965. While Washington suspended arms sales to both nations, China stood by Pakistan politically, diplomatically and militarily, mobilising troops along the disputed border with India. As American arms sales were not resumed after the ceasefire, China stepped in as Pakistan's new military partner, becoming an indispensable arms supplier by the end of the 1970s. Furthermore, it accompanied this kind of cooperation with a proportional increase in economic relations. In 1963 the two countries negotiated a trade agreement and in 1966 they started collaborating on the ambitious project of the Karakoram Highway, which was completed in 1978. The highway connected Pakistan's northern areas with China's Xinjiang province and was meant to become the main trade corridor between the two neighbours.

China's growing rivalry with the Soviet Union during the cold war era provided yet another incentive for a further intensification of the Sino-Pakistani friendship. China actively supported Pakistan's operations in Afghanistan during the Soviet occupation.

The post-cold war era witnessed Beijing's attempt to renegotiate its strategic posture towards India in a quest for a less-confrontational stance. In addition, China also became concerned about the risks of a nuclear stand-off between India and Pakistan, which was an increasing possibility at the end of the 1990s. The Kashmir issue thus took a less prominent position in the relations between the two regional powers, and this strategic rapprochement led China to withdraw its support for the Pakistan-sponsored UN plebiscite on the disputed territory. China's hesitant support of Pakistan in its confrontation with India, however, did not immediately trigger a resumption of close relations with America. Once the Soviet occupation of Afghanistan had ended, America lost most of its incentives to maintain intimate and expensive interactions with Pakistan. Most arms sales were frozen again in 1990 "due to concerns about Pakistan's nuclear weapons program".<sup>6</sup> In 1993 America even placed Pakistan on the watch list of potential terrorist states and a few months later it "imposed trade sanctions on both China and Pakistan for alleged violation of the Missile Technology Control regime in supplying

M-11 missiles to Pakistan from China".<sup>7</sup> This was probably one of the lowest points in the history of ties between America and one of its staunchest cold war allies. The relationship simmered on until the September 11th 2001 terrorist attacks on American soil and the resulting American military involvement in the region.

During the first decade of the 21st century, and starting with its conciliatory diplomatic intervention in the 1999 Kargil conflict, China has shown signs of following a more careful line in its military-strategic alignment with Pakistan. Rather than standing by its partner unconditionally and regardless of Pakistan's military posture, China seems to have opted for caution in supporting Pakistani initiatives that may have destabilising consequences for the region. Despite a steady flow in arms and nuclear technology transfers throughout the 1990s, China's engagement has recently focused primarily on economic cooperation and internal security matters.

### **The four main pillars of the Sino-Pakistani relationship**

As pointed out in the previous section, with the exception of a few episodes of "hesitation", Pakistan has come to regard China as a steadfast and reliable friend in a very volatile region. The strategic value of this relationship has been appreciated over the years by both civilian politicians and the military leadership, especially in contrast to Pakistan's alliance with America, which has been subject to the vagaries of Washington's shifting politics and policy priorities.

The importance of maintaining close relations with China can be considered as one of the three issues around which there is unanimous consensus within Pakistani society. The other two are the necessity of pursuing an independent nuclear policy and the non-negotiable status of Kashmir.<sup>8</sup>

Pakistan's relationship with China has been characterised by a stark contrast between the public prominence that it enjoys domestically and the seeming secretiveness that surrounds the

<sup>7</sup> Talbot, *Pakistan*, p 317.

<sup>8</sup> Interview with Mushahid Hussain, chairman of the Pakistan China Institute, August 9th 2011.

<sup>6</sup> Kardon, "China and Pakistan", p 7.

core of its negotiations internationally. Most of the deals involving the two countries have a strict bilateral nature and often little is revealed about their detailed contents.

Based on publicly available information, however, it can be assumed that the relationship currently hinges on four main pillars:

1. economic cooperation;
2. energy security concerns;
3. internal security concerns; and
4. geostrategic concerns.

### **Economic cooperation**

China has long been a major investor in Pakistan, but the flow of goods and investments between the two countries has grown particularly since 2000. While China's regional trade centres on countries that guarantee larger exchange volumes, such as India and Iran, China remains Pakistan's most important partner as far as imports are concerned, accounting for almost 15% of the total volume. Regarding exports, China is Pakistan's fourth-largest partner, coming after America, Afghanistan and the United Arab Emirates, and accounting for almost 7% of the total volume of Pakistan's exports. The balance of trade between the two countries is highly distorted, however: the ratio between Pakistan's imports from and exports to China for 2011 was four to one. Recent figures indicate that Pakistan's trade with China is worth almost \$9 billion per year.<sup>9</sup>

The significant trade deficit is for the most part explained by China's export of commodities and technologies that are essential for Pakistan's existence and advancement in both the military and civilian fields. China is Pakistan's top arms supplier and it has also heavily invested in areas such as telecommunications, natural resources, transportation and energy infrastructure. Estimates put the total value of these investments in 2009 at approximately \$15 billion. While China may in the long term reap some strategic benefits by opening alternative supply routes for its energy needs and obtain badly needed minerals such as gold, copper and zinc, its current investments in nuclear and

hydropower projects are likely to provide Pakistan with an essential lifeline for its industry.

### **Energy security concerns**

Pakistan and China share common concerns with regard to their energy security challenges. In the last few years Pakistan has been facing severe energy crises that have often paralysed industrial production in the country and caused widespread protests among the public. Growing demand for energy, fueled by increasing urbanisation, industrial production and steady population growth,<sup>10</sup> which has made Pakistan the sixth-most-populous country in the world, combined with a faltering electricity generation and distribution system, has led the country to the edge of an energy collapse. Blackouts, whether deliberate or not, have been a common occurrence in Pakistan, and the prospects for the future remain extremely bleak, as domestic energy resources keep shrinking, while the country "is projected to see a seven-fold increase in its energy demand by 2030".<sup>11</sup>

When the national Energy Security Plan (ESP 2005-2030) was formulated in 2005, the Pakistani government "had planned five major initiatives to meet these energy requirements".<sup>12</sup> These included the installation of three gas importation pipelines, the transformation of Gwadar port as an energy hub and the importation of liquefied natural gas. To date, there has been only slow progress on the pipeline projects, with the signing only in December 2010 of an inter-governmental agreement pledging to construct a 1,735-kilometre Turkmenistan-Afghanistan-Pakistan-India natural gas pipeline, which would supply 33 billion cubic metres of Turkmen gas a year to Pakistan and India via Afghanistan's volatile southern provinces. In addition, despite the heavy financial involvement of Chinese companies, which have contributed 70% of total investments in the Gwadar port project, the constant security threat deriving from Baluchi separatism has prevented the port and its connected infrastructures from becoming fully operational.

<sup>10</sup> Currently estimated at about 1.6% per year.

<sup>11</sup> Roman Muzalevsky, "Enhancing Pakistan's energy security", *ISN Insights*, July 18th 2011.

<sup>12</sup> Khaleeq Kiani, "Major energy crisis feared", *Dawn*, July 29th 2006.

<sup>9</sup> For more information about Pakistan's external trade statistics, see the website of the Federal Bureau of Statistics, <http://www.statpak.gov.pk/fbs/content/external-trade-statistics>.

On the other hand, “between 2000 and 2008, China’s demand for energy grew so quickly that it single-handedly accounted for 51 per cent”<sup>13</sup> of the growth in world demand during that period. While it was still self-sufficient in oil until 1993, “China became the world’s second largest consumer of oil behind the United States in 2003”,<sup>14</sup> and its blistering energy needs are projected to raise the share of oil imports to 60-80% of China’s oil consumption by 2020. Caught in this rising spiral of economic growth and energy consumption, China has come to consider access to adequate energy supplies as an increasingly important priority for its future.

China has thus been looking at Pakistan as a potential link in a regional grid of energy suppliers. Having excluded the possibility of becoming a net energy exporter, Pakistan has tried to convince China of its strategic position as an alternative energy corridor to the Gulf states and even to Iran. The Gwadar port was supposed to become the main entry point for oil coming from the Arabian Peninsula, but the unstable situation in the province of Baluchistan has prevented this plan from materialising. The same security problems may in the short term also affect any plans to build a pipeline that would run parallel to the Karakoram Highway.

In the meantime, Pakistan is counting on China’s technological and financial cooperation to diversify its energy resources. Instead of the current situation, where gas accounts for 50% and oil for 30% of its total energy needs, Pakistan would like to see a relevant increase in the contribution of other energy resources to the total energy mix. Cooperation has already been particularly strong in the nuclear energy sector and to a lesser extent in the hydroelectric sector, but many in Pakistan are looking to China for the needed technology, expertise and cash to develop the use of renewable energy sources such as wind and sun.

### **Internal security concerns**

The two countries also share common concerns with regard to the growing threat of domestic militancy, primarily, but not exclusively, of Islamist origin. The Xinjiang Uighur Autonomous Region

(together with Tibet) has long been China’s soft southern underbelly, and Pakistan’s cooperation in controlling cross-border movements has thus been actively sought. Beijing has been particularly wary of the risk that Islamic terrorism could spread from Pakistan into Xinjiang and establish transnational ideological and operational linkages with militants there. In this regard, Chinese authorities have even suspected operatives living in Pakistan of providing guidance to members of the East Turkestan Islamic Movement (ETIM). However, over the years Pakistan “has killed and handed over to Beijing hundreds of Uighur rebels”.<sup>15</sup> In particular, in October 2003 the Pakistani army killed the leader of the separatist movement. Joined by the same counter-terrorism interests, China can count on Pakistan’s support in multilateral settings for its territorial claims on Xinjiang and Tibet and for the right to intervene forcefully if necessary in order to maintain ethnic stability in these areas.

For its part, China has provided Pakistan with significant support to strengthen its capacity to tackle internal militancy, mainly through counter-terrorism exercises. In 2004, for instance, joint Sino-Pakistani counter-terrorism drills were conducted in Xinjiang, and the year after, the two countries signed an anti-terrorism cooperation agreement. This was followed by other joint exercises in Abbottabad in 2006 and in the predominantly Muslim Ningxia Hui Autonomous Region of China in July 2010. In 2007 the Chinese minister of public security promised Pakistan cash and assistance for policing and police equipment, as well as a police officer exchange programme. Chinese efforts to prop up Pakistan’s counter-terrorism capabilities continued in 2008 with contributions to the police force in Islamabad and in the volatile frontier regions worth \$290 million. In the following year, the Pakistani government established “a high level committee headed by the National Crises Management Cell director general with representation from the Chinese embassy and other stakeholders to ensure foolproof security arrangements”<sup>16</sup> for Chinese nationals working in Pakistan.

13 Andrew Kennedy, “Rethinking energy security in China”, *East Asia Forum*, June 6th 2010.

14 Erica Downs, “China”, Energy Security Series, Brookings Institution, December 2006, p 1.

15 Muhammad Amir Rana, “Tricky balance”, *Dawn*, June 20th 2011.

16 *Daily Times*, “Committee formed to ensure added security for Chinese workers”, May 31st 2009.

This support has also been motivated by concerns about the personal security of the estimated 13,000 Chinese citizens working throughout Pakistan. The first prominent incident that drew attention to these otherwise inconspicuous foreign workers was the May 2004 killing by a car bomb of three Chinese engineers working on the development of the Gwadar port. But the event that induced Chinese authorities to solicit Pakistan's resolute intervention against domestic militants was the 2007 siege of the Red Mosque in Islamabad. The confrontation between the Pakistani security forces and the Islamic radicals supporting the leadership of the mosque was in fact triggered by the abduction of six Chinese women accused of working as prostitutes in a nearby massage parlour. In the following years, attacks continued against Chinese engineers working for the approximately "60 different Chinese companies engaged in over 120 economic projects, primarily in heavy engineering, power generation, mining, and telecommunications sectors".<sup>17</sup>

Both countries' concerns about domestic terrorism found a particularly relevant arena in Pakistan's province of Baluchistan. After the deadly attack in May 2004, a series of other attacks against Chinese engineers took place in the following years in the restive province. Pakistani military authorities were swift in pointing to separatist groups such as the Baloch Liberation Front and the Baluchistan Liberation Army as the main culprits behind these violent incidents and carried out additional crackdowns on them.

### **Geostrategic concerns**

Pakistani and Chinese geostrategic concerns have historically converged around their common rivalry with India. Their behaviour towards India has been mainly motivated by a shared interest in containing its power and influence in the region. More recently, however, China has started to diversify its overall approach to India. Aside from its ongoing security concerns, China has developed broader economic interests in bilateral relations with its traditional enemy. While Beijing still views India's growing economy as a threat to China's regional and global projection, it now also

recognises India as a source of new opportunities for trade and investments. "China's annual exports to India (\$29.6 billion in 2009) easily outstripped its \$5.5 billion in exports to Pakistan the same year."<sup>18</sup>

## **Unfolding scenarios**

### ***The weak economic link***

The economic cooperation pillar may be regarded as the weakest among the four pillars indicated above. Despite much discussion about the extent of this economic intercourse and about expanding trade and investment flows, relations between the two countries are characterised by a series of issues that tend to reduce their likely importance.

First, in spite of a 28% increase in Pakistani exports to China during the first half of 2011, the trade balance between the two countries remains disproportionately tilted in favour of China. In the long term, this may become an unsustainable trend for Pakistan's shaky economy.

Pakistani authorities have recently attempted to renegotiate the terms of the second phase of the existing free trade agreement<sup>19</sup> in order to obtain improved access to the Chinese market for Pakistani products such as textiles, leather, fish and marble. At the same time, they are faced with excessive importation of Chinese consumer goods, which risks nipping in the bud any Pakistani attempt to establish national industries in branches as diverse as high-tech products, chemicals, plastic products and household appliances.

Warmer economic relations between the two countries may also suffer a setback around the widely debated business venture to upgrade the Gwadar port. Officially opened in 2008, this facility has not yet handled any commercial cargo. "The petrochemical plants, oil, and gas refineries planned in the vicinity of the port as part of a grander scheme to create a tax-free industrial hub have also

18 Kerry B. Dumbaugh, *Exploring the China-Pakistan Relationship*, Roundtable Report, CNA China Studies, 2010, p 5, <http://www.cna.org/research/2010/exploring-china-pakistan-relationship>.

19 Signed in 2006, the free trade agreement with Pakistan was the third such agreement that China concluded. It followed previous agreements with ASEAN and Chile.

17 Kardon, "China and Pakistan", p 16.

fallen behind schedule due to persistent security risks posed by Balochi attacks on construction workers and sites.”<sup>20</sup>

### ***The Indian front and the American unknown***

Notwithstanding recent efforts by China and India to establish economic linkages, India is set to remain a common strategic rival for both China and Pakistan. In December 2010 India and China “agreed to a \$100 billion target in bilateral trade by 2015”. They have also concluded many joint ventures “in areas such as power generation, consumer goods, steel, chemicals, minerals, mining, transport, IT and telecommunications”. And since 2006 they have been cooperating in the energy sector and in energy exploration activities “both within the two countries and across the globe”.<sup>21</sup> A strategic rivalry for regional and global military prominence, however, remains the leading feature in their mutual relationship. And in this context, Pakistan fulfils a key role, as most of the tensions playing out between the two regional giants converge in that country.

The Kashmir dispute, for instance, is often regarded as a purely bilateral affair between India and Pakistan, although China is definitely an interested party. Its control of the Aksai Chin territory remains a contested result of the 1962 Sino-Indian war and a formal settlement of this issue would have profound consequences for the Pakistani-Indian dispute around the rest of Kashmir. To make matters more complicated, reports that China has dispatched up to 11,000 People’s Liberation Army troops to the autonomous territory of Gilgit-Baltistan<sup>22</sup> have further reinforced India’s belief that any resolution of its dispute with Pakistan will necessarily have to obtain Beijing’s approval. Indian strategists are convinced that China is building up its presence in these areas in order to protect its economic corridor, opened through the completion of the Karakoram Highway, to the rest of Pakistan and to the energy supply routes leading to West Asia and the Arabian Peninsula.

Furthermore, India has repeatedly pointed to China’s attempts to encircle it through the establishment of a so-called “string of pearls” across the Indian Ocean, i.e. a network of naval bases and other facilities in Pakistan, Sri Lanka, Bangladesh, Thailand, Cambodia and Myanmar. The Pakistani base would be the deep-sea port of Gwadar, from which the Chinese could monitor American and Indian naval activity in the Persian Gulf, the Arabian Sea and across the Indian Ocean.

China and India have also been playing hard on the nuclear technology front. The 2008 American-Indian civilian nuclear energy cooperation pact was considered by both Pakistan and China as a potential spoiler of the regional balance of power. For this reason, China was quick in deciding “to allow its state entities to supply two new nuclear reactors to Pakistan ... at the Chashma site – Chashma III and Chashma IV – in addition to the two it is already working on in Pakistan”.<sup>23</sup> And in November 2010 Pakistani government officials even reported Chinese “plans to supply Pakistan with a fifth nuclear energy reactor”.<sup>24</sup>

Finally, some Pakistani commentators have insinuated that Taliban groups among Federally Administered Tribal Areas (FATA) and Baluchi separatists may have enjoyed the covert support of India. Besides the usual allegation that such support was aimed at destabilising Pakistan, it was also argued that these groups were “used for spoiling Pakistan’s relations with its neighbors. Kidnapping and killing of several Chinese officials working on development projects in Balochistan and in FATA were undertaken at the behest of India”.<sup>25</sup> While this allegation may be exaggerated, it reveals an additional component of the Sino-Indian rivalry around the issue of terrorism (and its sponsors) and implies a possible competition for influence playing out in Afghanistan.

Although the traditional bilateral friendship between Pakistan and China, based on a common front against India, is still solid and relevant, their relationship can be fully understood only by placing

20 Kardon, “China and Pakistan”, p 17.

21 Rupakjyoti Borah, “Sino-Indian relations: a thaw in the offing?”, *ISN Insights*, August 3rd 2011.

22 Selig S. Harrison, “China’s direct hold on Pakistan’s northern borderlands”, *New York Times*, August 26th 2010.

23 Harsh V. Pant, “China and India: a rivalry takes place”, *E-Notes*, Foreign Policy Research Institute, June 2011.

24 Farhan Bokhari, “China plans fifth nuclear reactor for Pakistan”, *Financial Times*, November 8th 2010.

25 Asif Haroon Raja, “Role of Tehrik-e-Taliban-Pakistan and Afghan Taliban”, *Asian Tribune*, February 27th 2010.

it within a quadrilateral context, with America as the other key player. To date, Pakistan has been able to maintain a strategic alliance with America while simultaneously cultivating a long-term friendship with China. Changing global dynamics may soon force a more clear-cut decision by the Pakistani leadership regarding which of the two countries to keep within its circle of trust. Much will depend on the way America decides to deal with the China factor: either through containment or an engagement approach (or a combination of both). It will also depend on the kind of alliance Pakistan and America eventually agree upon in terms of reciprocal expectations.

Despite conflicting signals coming from Washington, Pakistani analysts seem to converge around the containment theory. Adding weight to their assumption is the Pentagon's public opinion campaign aiming to brand China as America's future strategic competitor.<sup>26</sup> Pakistanis thus identify a clear strategy of regional encirclement by Washington, which includes traditional allies such as Taiwan, Japan and South Korea, as well as new partners such as India and Vietnam. Until recently, the dominant assumption in American circles was probably that Pakistan would by default become part of such a "containing-China" coalition. The latest events on different fronts, however, seem to have generated significant doubts as to which side Pakistan will eventually be on.

### ***The terrorism breaking point***

Despite China's tendency to play down its concerns with regard to an internal Islamic terrorist threat, the country has gradually become more attentive to the rapidly evolving situation in neighbouring Pakistan. China's worries that an increasingly effective and powerful Islamic militancy from that country may reach out to extremist elements among the Muslim Uighur community have definitely grown and found confirmation in several recent events. Reports have circulated signalling the enrolment of Chinese students from Xinjiang in Pakistani religious schools, with some of them subsequently being recruited by Taliban groups or by ETIM. Recently, other unconfirmed media

reports have even alleged "that Abdullah Shakuer, an East Turkistan Islamic Party ... militant known to be present in Pakistan's tribal areas, could be nominated as the potential successor to Osama bin Laden".<sup>27</sup>

The May 2nd American operation that killed Osama bin Laden caused a further worsening of the relations between Pakistan and America. On the other hand, this situation has strengthened the ties between Pakistan and China and has provided the latter with additional leverage to solicit Islamabad's cooperation in eliminating the presence of Uighur rebels in the tribal areas of Pakistan. Among others, this renewed pressure produced an early June 2011 visit to China by the chief of Pakistan's Intelligence Bureau specifically intended to assure Chinese authorities of the full intelligence cooperation of Pakistan on the issue of the presence of Uighurs in that country.

The outbreak of violence that occurred in the ancient Silk Road city of Kashgar in China's Xinjiang region at the end of July 2011, when ten people were killed by knife-wielding attackers, provided Beijing with yet another reason to worry about the alleged links between Pakistan and the spreading ethnic Uighur rebellion. Authorities from this province in fact "alleged that a prominent Uighur separatist they captured had received terrorist training in Pakistan".<sup>28</sup> While the news caused much clamour among Western and Indian media, the subsequent official statement of China's foreign ministry preferred to avoid any mention of it and instead focused on the ongoing efforts of "continued close anti-terror cooperation between Pakistan and China".<sup>29</sup> Furthermore, the two countries seem more keen to concentrate on China's recent announcement about the establishment of a special economic zone in Kashgar,<sup>30</sup> which is expected to become a new hub for energy, economic and trade cooperation between them, rather than emphasising possible cross-border movements of extremists.

27 Muhammad Amir Rana, "Tricky balance".

28 Brahma Chellaney, "Cracks in the Chinese wall", *Japan Times*, August 6th 2011.

29 Mushahid Hussain, "Kashgar must not mar ties", *Dawn*, August 9th 2011.

30 Rup Narayan Das, "China's footprints in PoK: the implications for India", *Tribune*, April 12th 2011.

26 This campaign was set in motion by the release in 2001 of a Pentagon strategic study called "Asia 2025".



Chinese authorities are also increasingly concerned about the security of thousands of their citizens working in Pakistan who in the last few years have clearly become the target of terrorist actions. Some of these attacks can be linked to Baluchi separatists and their frustrations about economic opportunities being awarded to and exploited by foreign enterprises with the consent of Islamabad. However, many of them are attributed to Taliban elements elsewhere in the country. There are concrete indications that various Taliban groups in Pakistan are increasingly turning against Chinese interests for diverse reasons: to comply with a global jihadist call (in support of their fellow Muslims in Xinjiang province); to weaken further and discredit the Pakistani state in the eyes of the international community and, above all, of its most valued partner; to issue an indirect warning to China and punish that country for its increasing counter-terrorism cooperation with Pakistan; and, finally, to raise money through kidnapping for ransom.

China has thus been reacting to this increased militant threat linked strongly to Pakistan by exerting growing pressure on Islamabad to keep the situation at home under tighter control. Failure on the part of the Pakistani government and military to act on this call in a satisfactory way may produce unusual tensions in a bilateral relationship that is otherwise always defined as truly harmonious.

## Conclusions

Pakistan and China have been extremely active in portraying their relationship as an unshakable friendship. High-level meetings between officials of the two countries have taken place regularly and at short intervals. For instance, President Asif Ali Zardari has already visited China on five occasions since assuming office in 2008, and a sixth visit was in the making in August 2011, together with Gilgit-Baltistan's chief minister, Syed Mehdi Shah.

Cooperation between the two countries has taken place at all possible levels. Besides widely debated ties in the military and nuclear energy sectors, linkages have been built around various industries, energy needs, transportation projects, counter-terrorism activities and cultural exchanges. And as is its custom in conducting foreign policy,

China has not interfered in Pakistan's internal affairs, aside from encouraging Pakistan to deal more decisively with the plagues of militancy and terrorism.

China's dependable and growing engagement in Pakistan, combined with an unassuming attitude towards its partner, has contributed to making their relationship one of the few undisputed issues in Pakistan's public debate. In spite of all these signs of strength, and considering the current strains affecting Pakistan's other key relationship – that with America – there are elements in the “all-weather friendship” that may cause sudden ruptures in the near future.

First of all, there is the unbalanced economic relationship. China has been penetrating Pakistan's economy at all levels, and while this trend may bring about positive effects in the short term, its long-term effects on the development perspectives of Pakistan's national industries should be questioned. Further, it should be kept in mind that at a certain point Pakistan may have to settle its debts with China, as shifting geopolitical dynamics may render the alliance less of a priority for China. In such an eventuality, Pakistan will face enormous problems in trying to do so with only raw or slightly processed natural resources to offer.

The spreading threat of terrorism represents another potentially disrupting factor for the relationship. The recent effects of Islamic militancy on the stability of China's peripheral territories have already made the country's central authorities particularly uncomfortable about possible linkages to players across its border with Pakistan. Meanwhile, the growing presence of Chinese businesses and citizens in Pakistan has not gone unnoticed inside Pakistan, and the increasing number of attacks against them from a variety of sources has finally induced Beijing to exhort Pakistani authorities to guarantee an acceptable level of legality and order in the country. Should this call go unheeded, Beijing may consider a serious restructuring of its overall engagement in Pakistan.

Finally, the development of new geopolitical scenarios may impact the solidity of the anti-India bond. The emergence of both China and India as

two regional and global powers could introduce additional nuances to their traditional rivalry. A confrontational posture on border disputes and security concerns may be mitigated by a growing reciprocal engagement in terms of economic and environmental matters. In a similar context, Pakistan's monolithic enmity towards India may seem profoundly out of place and inconvenient for Chinese interests and power projections.

The Sino-Pakistani friendship will also be tested through the kinds of relations that both countries develop with America. An escalation of the strategic rivalry between China and America will most likely encourage Pakistan to take sides. At present, it appears obvious that Pakistan would

favour China, but the economic lifeline that Washington has provided since 2001 to Pakistan's military and civilian administrations should not be underestimated. Its decade-long effects could represent an unexpected factor for resilience in Pakistani-American relations.

Most likely, however, it will be Pakistan's capacity to secure good governance and the rule of law that will eventually determine the destiny of its relationship with China. If Pakistan continues with its descent into chaos, it may either become a satellite state of China or be uncoupled by its friend in order to escape the dangers of a common derailment.

#### Further reading

**Kerry B. Dumbaugh**, *Exploring the China-Pakistan Relationship*, Roundtable Report, CNA China Studies, 2010, <http://www.cna.org/research/2010/exploring-china-pakistan-relationship>.

**Isaac B. Kardon**, "China and Pakistan: emerging strains in the *Entente Cordiale*", Arlington, Project 2049 Institute, 2011.

**Bruce Riedel and Pavneet Singh**, "U.S.-China relations: seeking strategic convergence in Pakistan", Policy Paper no. 18, Brookings Institution, 2010.