

Haq's Musings

Riaz Haq writes this blog to provide information, express his opinions and make comments on wide ranging topics. The subjects include personal activities, education, South Asia and South Asian community activities, regional and international affairs and US politics to financial markets and beyond. For investors interested in South Asia, Riaz has another blog called South Asia Investor at <http://southasiainvestor.blogspot.com>

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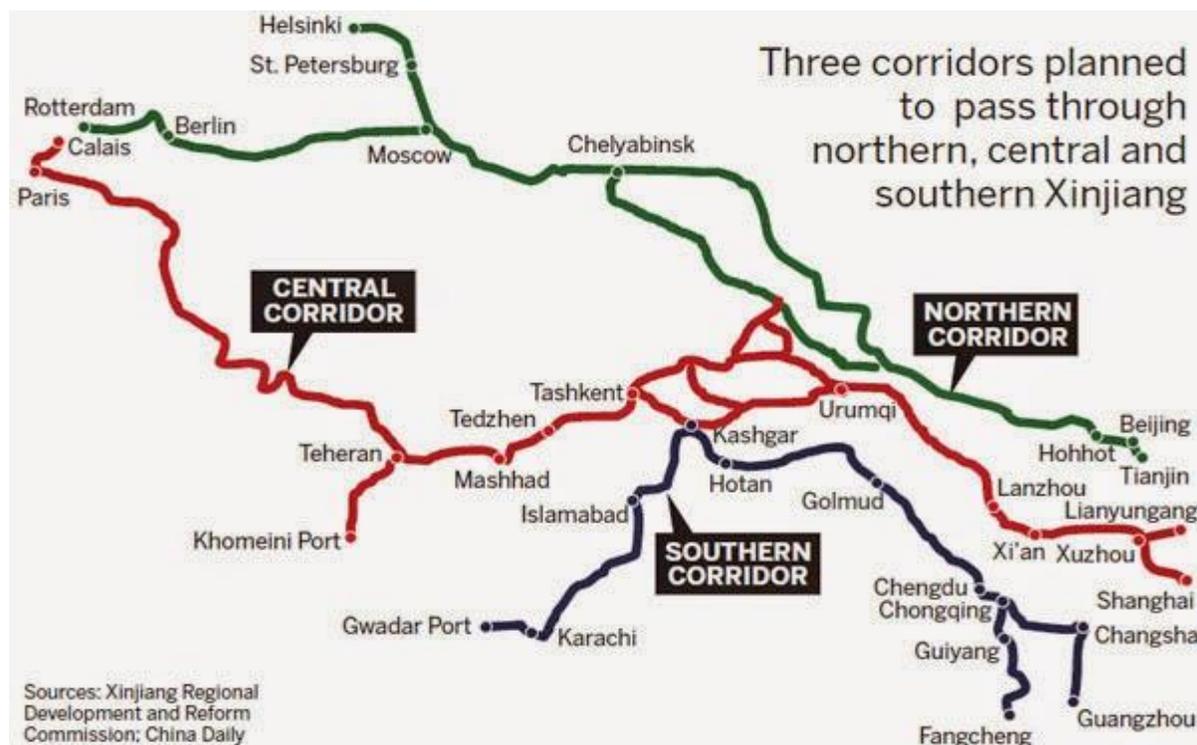
Pakistan Launches \$8.2 Billion Railway Upgrade Project

Pakistan government has approved an \$ 8.2 billion project to upgrade the 1,872 km Karachi - Peshawar rail track, bridges, tunnels, and culverts, according to [International Railway Journal](#).

The new track will support increased axle load of up to 25 tons, up from 22.8 tons which is now the norm in South Asian countries. The higher axle load capacity will allow heavier freight trains carrying more freight per train for greater trade overland.

China will provide 85% of the financing for the project. It will be done in two phases, with the first due for completion in December 2017 and the second in 2021.

It will be part of an [international rail link](#) that will connect [Pakistan with China](#), [Russia](#), Central Asia and Europe. It will extend south from the city of Kashgar in the Xinjiang Uygur autonomous region in [Western China to Pakistan's deep-sea Gwadar Port](#) on the [Arabian Sea](#), according to Zhang Chunlin, director of Xinjiang's regional development and reform commission.



[Source: China Daily](#)

A study for the plans for this international rail link was first presented in 2014 at a two-day International Seminar on the Silk Road Economic Belt in Urumqi, Xinjiang's capital, according to [China Daily](#).

"The 1,800-kilometer China-Pakistan railway is planned to also pass through Pakistan's capital of Islamabad and Karachi," Zhang Chunlin said. "Although the cost of constructing the railway is expected to be high due to the hostile environment and complicated geographic conditions, the study of the (international rail link) project has already started," Zhang said. "China and Pakistan will co-fund the railway construction. Building oil and gas pipelines between Gwadar Port and China is also on the agenda," Zhang added.

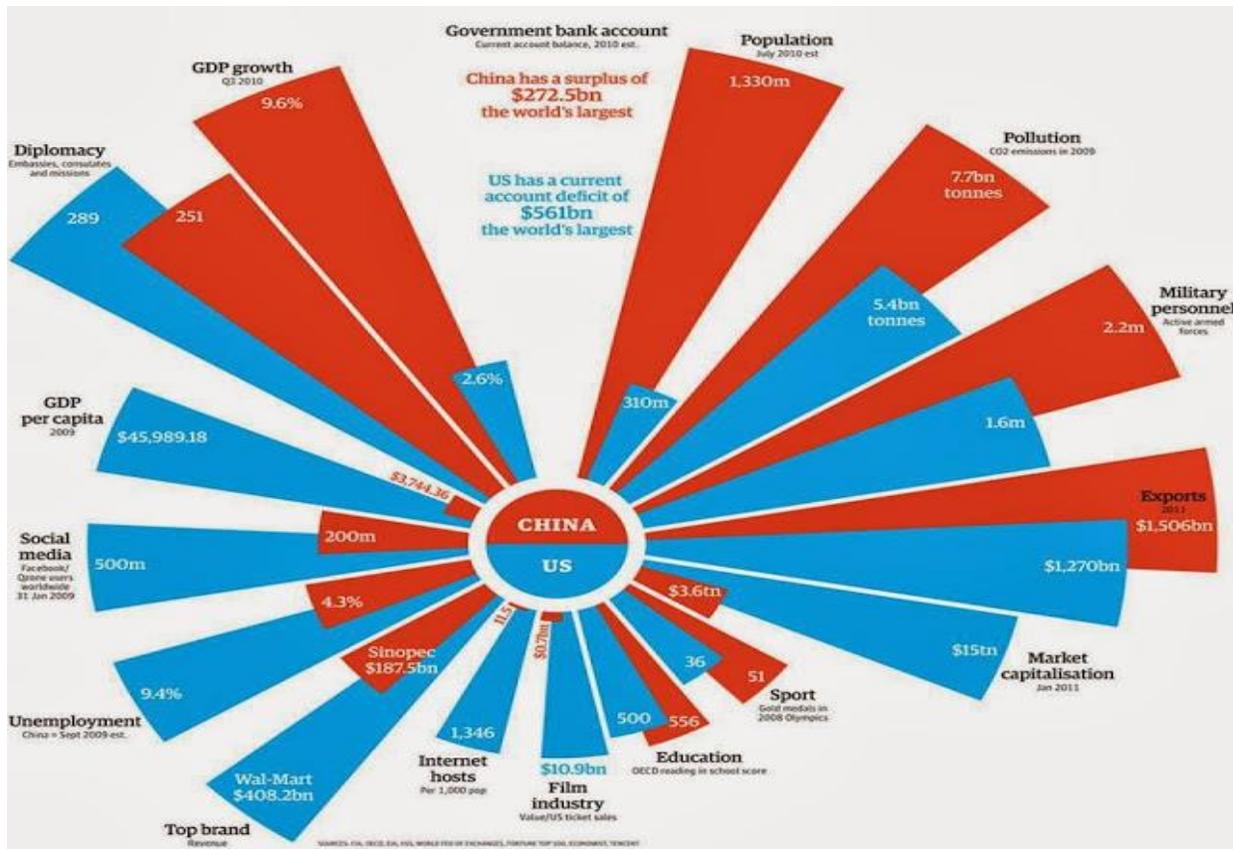
The Pak-China link announcement was part of the discussion on China's broader effort to revive the historic Silk Route by building three main corridors through southern, central and northern Xinjiang to connect China with Russia, Europe and Pakistan. The Silk Road Economic Belt International seminar which concluded on Friday in Urumqi, Xinjinag was jointly sponsored by the State Council Information Office, China International Publishing Group (CIPG), China Academy of Social Sciences (CASS) and Xinjiang Academy of Social Sciences.

In a 2013 [report](#), China's State-owned Xinhua News Agency articulated China's motivation to expand land trade in addition to building its navy to protect its sea trade. Here's what it said:

"As a global economic power, China has a tremendous number of economic sea lanes to protect. China is justified to develop its military capabilities to safeguard its sovereignty and protect its vast interests around the world."

The Xinhua report has for the first time shed light on China's growing concerns with US pivot to Asia which could threaten China's international trade and its economic lifeline of energy and other natural resources it needs to sustain and grow its economy. This concern has been further reinforced by the following:

1. Frequent US statements to ["check" China's rise](#). For example, former US Defense Secretary Leon Panetta said in a 2011 address to the Naval Postgraduate School in California: "We try everything we can to cooperate with these rising powers and to work with them, but to make sure at the same time that they do not threaten stability in the world, to be able to project our power, to be able to say to the world that we continue to be a force to be reckoned with." He added that "we continue to confront rising powers in the world - China, India, Brazil, Russia, countries that we need to cooperate with. We need to hopefully work with. But in the end, we also need to make sure do not threaten the stability of the world."



Source: The Guardian

2. Chinese strategists see a long chain of islands from Japan in the north, all the way down to Australia, all United States allies, all potential controlling chokepoints that could block Chinese sea lanes and cripple its economy, business and industry.



Chinese Premier's emphasis on "connectivity and maritime sectors" and "China-Pakistan economic corridor project" is mainly driven by their paranoia about the US intentions to "check China's rise" It is intended to establish greater maritime presence at Gwadar, located close to the strategic Strait of Hormuz, and to build [land routes \(motorways, rail links, pipelines\)](#) from the Persian Gulf through Pakistan to Western China. This is China's insurance to continue trade with West Asia and the Middle East in case of hostilities with the United States and its allies in Asia.



Karakoram Highway-World's Highest Paved International Road at 15000 ft.

As to the benefits for Pakistanis, expanded trade and the [Chinese investment](#) in "connectivity and maritime sectors" and "China-Pakistan economic corridor project" will help build infrastructure, stimulate Pakistan's economy and create millions of badly needed jobs.



Pakistan's Gawadar Port- located 400 Km from the Strait of Hormuz

Clearly, China-Pakistan ties have now become much more strategic than the [US-Pakistan ties](#), particularly since 2011 because, as American Journalist Mark Mazzetti of New York Times put it, the Obama administration's heavy handed policies ["turned Pakistan against the United](#)

[States](#)". A similar view is offered by a former State Department official Vali Nasr in his book ["The Dispensable Nation"](#).

#Asia's new Great Game. #Modi #Afghanistan #India, #Pakistan #Iran #China #US
#Chabahar #CPEC #CentralAsia

<http://www.dawn.com/news/1264242>

By Munir Akram

With a population of only around 50 million, Central Asia will not become a huge market for manufactured goods. It will be twice as expensive for India to send goods to Central Asia through Chabahar than it would be overland across Pakistan. Indian goods are thus unlikely to be competitive against Chinese products shipped overland.

Also read: Lessons from Chabahar

The strategic advantages for India are also questionable. Its influence in Afghanistan will be more dependent on Iran. Pakistan's cooperation will continue to be essential to restoring peace in Afghanistan. Indian shipping lanes to Chabahar will be vulnerable to disruption. India's limited influence in Central Asia will not dent that of Russia and China.

The new Great Game will increasingly revolve around China's One Belt, One Road vision of land and sea connections between Asia, Europe and beyond. The China-Pakistan Economic Corridor (CPEC) is the first component of this ambitious project.

In comparison to the Chabahar route, the strategic and economic implications of CPEC are enormous. It will transform China from a one- to a two-ocean power; enable a part of its \$4000 billion annual trade to circumvent the Malacca straits and other potential choke points in the Indian Ocean and shorten China's supply lines to the Gulf, West Asia and Africa. For these reasons, if no other, China has a vital stake in Pakistan's strategic stability and socioeconomic development. The Chinese commitment of \$46bn for CPEC projects is but the first instalment of the massive capital which China is prepared to deploy in Pakistan.

Instead of being distracted by the moves of its adversaries, Pakistan must remain focused on the implementation of CPEC. This strategic enterprise should not be allowed to be stalled or delayed by external pressure or internal politics, inefficiency or corruption. It would be wise to create a separate and independent CPEC Authority which can be a 'one-stop-shop' entrusted with achieving CPEC's enormous potential for Pakistan's development. CPEC projects must go beyond infrastructure development to encompass manufacture, consumer goods, housing, health, textiles, finance and other sectors. To this end, the interaction between Pakistani and Chinese private- and public-sector companies must be actively expanded and intensified. Some of the externally imposed limitations on CPEC investment projects, such as restrictions on 'sovereign guarantees' for debt finance, need to be removed expeditiously.

CPEC faces threats from Pakistan and China's adversaries. These will have to be met forcefully.

India's opposition has been announced openly. New Delhi will continue to utilise Afghanistan as a base to destabilise Pakistan and undermine CPEC. The recent spate of attacks on Chinese workers in Pakistan is no accident. Pakistan will have to further enhance security for them and consider direct action to remove the Afghan-based threat from the Tehreek-i-Taliban Pakistan.

Iran has assured that Chabahar is not designed to compete with Gwadar or CPEC. Pakistan and Iran can cooperate for mutual benefit: to end terrorism in Balochistan, expand trade, and construct the Iranian gas pipeline and a Gwadar-Chabahar economic corridor. However, Tehran often wants to run with the hare and hunt with the hound. Some recent events have sent disturbing signals which Pakistan cannot ignore.

To balance the growing Indo-Iranian relationship, Pakistan must maintain and reinforce its relationship with Saudi Arabia and Turkey. It would be in Pakistan's interest to help in giving substance and form to the 'Islamic coalition' hastily formed by Riyadh. It should also convince the GCC states of the benefits of CPEC as a path to their closer connection with China.

America is and will remain a major player in the new Asian Great Game. ...

June 13, 2016 at 8:27 PM