

# ISAS Insights

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## Emerging Strains in China-Pakistan Friendship

*The China-Pakistan friendship has been hailed by both countries as an all-weather friendship. However, the clashes between the Chinese and Pakistanis in Pakistan in early April 2018 point to the emergence of possible cracks in this friendship. This paper looks at the incidents and concludes that they have the potential to destabilise the relationship between the two countries.*

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In the first week of April 2018, the picture of a Chinese engineer standing on top of a Pakistani police mobile van and Chinese workers involved in the construction projects of China-Pakistan Economic Corridor (CPEC) assaulting Pakistani policemen raised strong reactions from Pakistani media and public. According to Pakistani news reports, the Chinese engineers and staffers were “engaged in the construction of M4 Motorway from Bahawalpur to Faisalabad” and they “attacked policemen deployed for their security after the foreign workers were barred from leaving their camp’s premises without a security squad”.<sup>2</sup>

Following the assault, the Chinese workers cut off electric supply to the police camp. They also accused Pakistani policemen of assault. An inquiry was launched after the Chinese

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<sup>2</sup> Sajjad Akbar Shah, “Chinese workers thrash policemen in Khanewal”, *Dawn*, 4 April 2018. <https://www.dawn.com/news/1399531>. Accessed on 7 April 2018.

nationals wrote to Pakistan's Prime Minister Shahid Khaqan Abbasi and requested that the police staff involved in the fight be withdrawn. The Pakistani police investigation found the Chinese engineers guilty. The police department recommended to the Pakistani government that five Chinese engineers may be declared "persona non grata".<sup>3</sup> However, Pakistani media reports suggest that the Pakistani policemen and the Chinese workers have decided to bury the hatchet after the latter apologised to the policemen.<sup>4</sup>

## Colonisation with Chinese Characteristics?

The Pakistani reactions towards this incident ranged from "trivialising the incident" to "concerns of Pakistan turning into a colony of China". Pakistani Interior Minister Ahsan Iqbal pointed out that the Chinese workers are "guests" working for the development of Pakistan, and fights between foreign workers and locals are common. He stated that, "Pakistani workers in Gulf countries also get into many fights".<sup>5</sup>

However, the concerns with and critique of Chinese behaviour by Pakistanis was far greater and stronger than the indifference towards it. Professor Ejaz Hussain, Head of the Social Sciences Department at Iqra University, Islamabad, responding to the incident, reasoned that, "Being blinded by sheer arrogance and a sense of superiority, the Chinese may one day scuffle with the army too, which also provides Chinese nationals with security. Lastly, if the CPEC is not negotiated rationally and managed intelligently, and if Pakistan continues to enhance its dependency on Chinese weapons, capital, technology and workforce, the testable notions of the colonisation of Pakistan will get sufficient data in the years to come."<sup>6</sup>

The editorial in *Daily Times* in Pakistan deplored the subservient nature of Pakistan's relationship with China. It wrote, "[T]he entire incident ought to come as a belated wake-up

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<sup>3</sup> "Police seek expulsion of five Chinese engineers", *The Nation*, 7 April 2018. <https://nation.com.pk/07-Apr-2018/police-seek-expulsion-of-five-chinese-engineers>. Accessed on 8 April 2018.

<sup>4</sup> "Police, Chinese engineers resolve differences after brawl", *Pakistan Today*, 7 April 2018. <https://www.pakistantoday.com.pk/2018/04/07/police-chinese-engineers-resolve-differences-after-brawl/>. Accessed on 8 April 2018.

<sup>5</sup> "Chinese workers are our 'guests': minister", *Daily Times*, 8 April 2018. <https://dailytimes.com.pk/225237/chinese-workers-are-our-guests-minister/>. Accessed on 9 April 2018.

<sup>6</sup> Ejaz Hussain, "Pakistan: a Chinese colony?", *Daily Times*, 8 April 2018, <https://dailytimes.com.pk/225183/pakistan-a-chinese-colony/>. Accessed on 9 April 2018.

call for Islamabad. For the engineers reportedly retaliated by cutting power supplies to the police camp located within the main compound. And as if that were not enough, they also effectively went on strike; leaving heavy machinery and vehicles abandoned at various points. This suggests a risky future whereby all the power is more or less concentrated in the hands of a visiting workforce. Nevertheless, the Pakistani government shares some of the blame. For it might have wanted to fully decolonise its mind following its last encounter with [the] Empire before this time actively courting a new master. Colonisation is not for the faint-hearted. And this is something that Pakistan should have learned better than most.”<sup>7</sup>

The incident has brought to fore the economic engagement between China and Pakistan. The recent Chinese behaviour has been interpreted in Pakistan as being a consequence of the country’s increasing dependency on China. Such interpretations have led to calls for a rethink of Pakistan’s economic engagement with China. Similarly, China’s perception of its economic relations with Pakistan is also changing. For the Chinese, working in Pakistan has become a dangerous proposition. In June 2017, for instance, two Chinese Christian missionaries were killed in Quetta, Baluchistan, and, in February 2018, a Chinese national was shot dead in Karachi.<sup>8</sup>

The increasing inflow of Chinese citizens to Pakistan has resulted in concerns among the Chinese authorities over their safety and security. Following the killings of Chinese citizens in Baluchistan and Karachi, the Chinese Embassy issued security advisories to its citizens based in these places. The Chinese foreign ministry’s assessment of the security situation in Pakistan reflects the increased sensitivity of the Chinese government to the growing threat faced by its citizens in the country. According to this assessment, “Pakistan’s security situation is grim, terrorist attacks are frequent, Chinese citizens should be vigilant, and should take strict precautionary measures. Do not visit high-risk areas such as Khyber Pakhtunkhwa, Baluchistan and Federally Administered Tribal Areas.” As a precautionary measure against possible terrorist attacks, kidnappings and robberies, the Chinese foreign ministry also

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<sup>7</sup> Editorial, “China needs more than biryani”, *Daily Times*, 6 April 2018. <https://dailytimes.com.pk/224340/china-needs-more-than-biryani/>. Accessed on 8 April 2018.

<sup>8</sup> “Crackdown on Christians in China after killing of two missionaries in Baluchistan”, *Dawn*, 5 September 2017. <https://www.dawn.com/news/1355704>. Accessed on 7 April 2018; Faraz Khan, “Chinese national shot dead in Karachi”, *The Express Tribune*, 5 February 2018. <https://tribune.com.pk/story/1626957/1-chinese-national-shot-dead-karachi/>. Accessed on 7 April 2018.

advised its citizens to avoid going to religious gatherings and unnecessarily going out of their work places.<sup>9</sup>

In the eyes of the Pakistanis, the relationship with China is increasingly seen as an unbalanced one, with their country depending on China for investment, technology and a skilled workforce. The Chairman of the Pakistan Industrial and Traders Associations Front, Irfan Iqbal Sheikh, termed the dependency on Chinese investment “worrying” and he has strong reasons for his concerns.<sup>10</sup> For instance, in the current financial year (July 2017 to February 2018), Pakistan received around US\$1.9 billion (S\$2.5 billion) of total foreign direct investment (FDI). This included almost US\$1.3 billion (S\$1.7 billion) from China, which constituted 65.9 per cent of total FDI into Pakistan in that period. Perhaps what is also worrying for the Pakistanis is that the FDI from China into their country increased during this period. On the other hand, investment inflows into Pakistan from the rest of the world declined to US\$660 million (S\$865 million) in the same period.<sup>11</sup>

**Figure 1: FDI Inflows to Pakistan and Comparison of FDI Inflows to Pakistan: China vs All Other Countries (in percentage)**

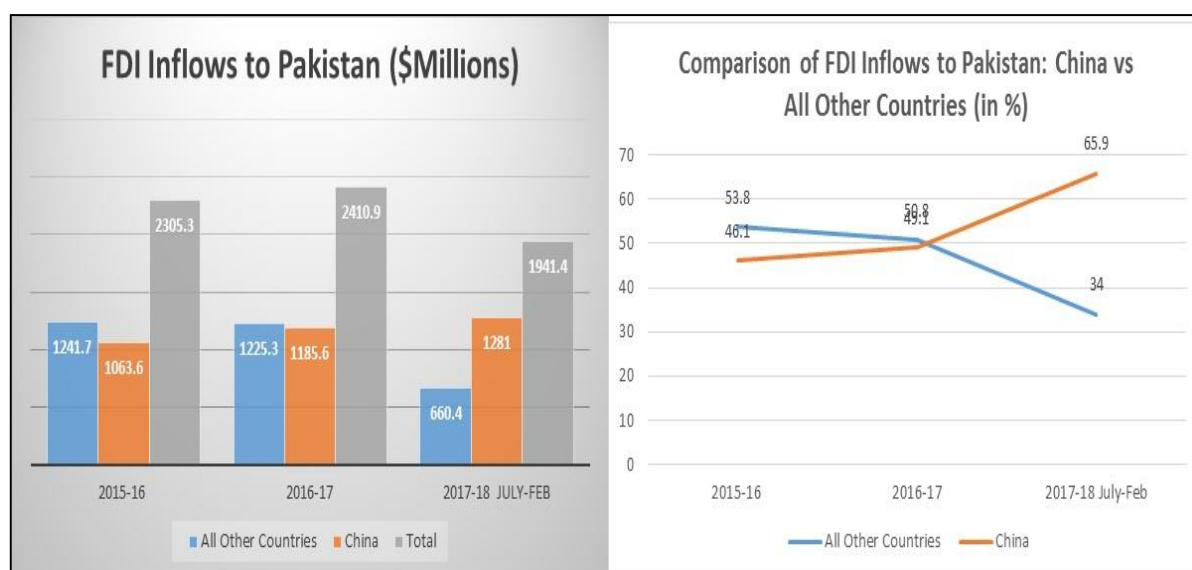


Chart: Created by author, Data source: Board of Investment, Government of Pakistan. <http://boi.gov.pk/ForeignInvestmentinPakistan.aspx>. Accessed on 9 April 2018.

<sup>9</sup> Ministry of Foreign Affairs of the People's Republic of China, Security Advisory, [http://cs.mfa.gov.cn/zggmccg/ljmdd/yz\\_645708/bjst\\_645958/](http://cs.mfa.gov.cn/zggmccg/ljmdd/yz_645708/bjst_645958/). Accessed on 8 April 2018.

<sup>10</sup> Salim Ahmed, “PIAF welcomes 74pc surge in FDI”, *Pakistan Observer*, 24 November 2017. <https://pakobserver.net/piaf-welcomes-74pc-surge-fdi/>. Accessed on 7 April 2018.

<sup>11</sup> Board of Investment, Government of Pakistan. <http://boi.gov.pk/ForeignInvestmentinPakistan.aspx>. Accessed on 9 April 2018.

## Learning from the Sri Lankan Experience

The economic benefits from Chinese investments in infrastructure development in Pakistan currently appear obvious and visible. This was also the case with Chinese infrastructure investments in Sri Lanka, and Pakistani scholars and media are all too aware of the consequences of Chinese investments in Sri Lanka.

Pakistani media make reference to the outcomes of Chinese-funded infrastructure and other projects in Sri Lanka to stress the need for caution in Pakistan. For instance, in 2007, the EXIM Bank of China agreed to fund the development of Sri Lanka's Hambantota Port. The port was completed at a cost of US\$1.3 billion (\$\$1.7 billion). In its initial phase of operations, the port was, more or less, abandoned. Sri Lanka then failed to repay the debt incurred for the port construction to China, and, in December 2017, it officially handed the management of the port to a Chinese company on a 99-year lease. Pakistani media also point out that most of the major Chinese-funded infrastructure projects in Sri Lanka are, more or less, abandoned and Sri Lanka faces a debt crisis because of the debt servicing issues related to these projects.<sup>12</sup>

Pakistani media and experts warn that, if Pakistan is not cautious, Chinese-funded large-scale infrastructure and other projects in Pakistan may face a similar fate as those in Sri Lanka. They argue that Pakistan's current interest in the CPEC is the result of the country's weak economy. However, if these large-scale projects are not self-sustaining, they will cause more harm than good to Pakistan's economy. However, the reality is that Pakistan will face an uphill task to ensure the self-sustainability of Chinese-funded large-scale projects, given its slow gross domestic product growth and deteriorating internal security situation.<sup>13</sup>

According to Pakistani analysts, the loans and funds for CPEC-related projects were made available to Pakistan at high interest rates, with estimates stating that it may take 40 years for Pakistan to pay the loans to China. They warn that, "Our developing and poverty-stricken

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<sup>12</sup> Farrukh Saleem, "Sri Lanka for sale?", *The News*, 4 June 2017. <https://www.thenews.com.pk/print/208448-Sri-Lanka-for-sale>. Accessed on 9 April 2018.

<sup>13</sup> Kamal Monnoo, "CPEC: Should Pakistan be worried?", *Pakistan Today*, 8 November 2017. <https://www.pakistantoday.com.pk/2017/11/08/cpec-should-pakistan-be-worried/>. Accessed on 9 April 2018.

country (*Pakistan*) of 207.77 million people cannot afford to sink any further into the oceans of debt. If not properly managed, [the] CPEC could turn into another East India Company”.<sup>14</sup>

## Conclusion

Currently, the returns for the Chinese from the CPEC are not so visible and are fairly uncertain. In spite of Pakistan’s increasing dependency on China, the type and nature of influence that China would ultimately wield in Pakistan (or in the South Asian region) and how it would use this influence are not evident at this point in time. Though muted in official Chinese media, there have been questions on the Chinese side on the validity of pouring money and manpower into Pakistan, and exposing its people to the dangers in an alien country. The Chinese media and scholars are also aware of the objections raised by Pakistani critiques against the CPEC.<sup>15</sup>

The recent clashes between Chinese and Pakistanis, the violence committed by Pakistanis against Chinese citizens and the Chinese citizens against the Pakistanis seem to point an increasingly tensed China-Pakistan relationship at the moment. It is important to note that, this is the first time in the history of China-Pakistan relationship that there is an increased and visible presence of Chinese in Pakistan. Given the large influx of Chinese citizens into Pakistan, one would expect possible incidents and clashes between the locals and the Chinese. The recent incidents between Pakistan and China present two possibilities to the two countries. These incidents could either act as lessons on better management of their relationship or they could lead to a destabilisation of ties between the countries. The latter will have serious implications for both sides and could negatively impact the progress of the CPEC. Based on recent incidents, there is great potential for a destabilisation of the China-Pakistan relationship.

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<sup>14</sup> Syed Hamza Younas, “CPEC: hidden catch?”, *Dawn*, 12 September 2017. <https://www.dawn.com/news/1357053>. Accessed on 9 April 2018.

<sup>15</sup> 从巴基斯坦国内反华游行示威看“一带一路”隐患 [See the hidden dangers facing One Belt and One Road from the anti-Chinese demonstrations in Pakistan.], *China.com*, 10 May 2016. [http://military.china.com/important/11132797/20160510/22617490\\_all.html#page\\_2](http://military.china.com/important/11132797/20160510/22617490_all.html#page_2). Accessed on 9 April 2018; 汪川, 为啥恐怖分子要在巴基斯坦对中国人下手? [Wang chun, “Why Terrorists are Attacking Chinese in Pakistan.”], *ifeng.com*, 9 December 2017. [http://news.ifeng.com/a/20171209/54002696\\_0.shtml](http://news.ifeng.com/a/20171209/54002696_0.shtml). Accessed on 9 April 2018.