

## When realities hit the 'road'

By Bunn Nagara



JUST 11 weeks into his election victory, Pakistan's new Prime Minister Imran Khan has already had to accomplish a task that seriously tests his diplomatic skills.

More than that, it is a task that would tax his diplomatic creativity. And that is in addition to the dire economic challenges he already faces at home.

Confronted with multiple needs and demands, it has taken some time for the new Government to form a Cabinet. Pakistan's economy has taken some beating. Imran's opposition party won the August election on a tide of change, against an incumbent party in government whose leaders had been charged with corruption.

Worse, the novice Prime Minister also has to contend with unfavourable terms that the previous government had agreed to with China in its Belt and Road Initiative (BRI) projects.

Imran is in Beijing this weekend to try to negotiate those terms.

He is a self-confessed fan of Malaysian Prime Minister Tun Dr Mahathir Mohamad. Even so, he could not possibly have planned to follow in Dr Mahathir's footsteps so closely. Imran's toughest task is to present his case in China so persuasively as to avoid a cynical sense of déjà vu among China's leaders. But what can this new Prime Minister say that has not already been said by his much more experienced Malaysian counterpart, to any greater effect?

One theme Imran's delegation may be pursuing is explaining to Beijing the plight currently facing Pakistan: in its dire economic straits, Islamabad has to choose between negotiating terms with the International Monetary Fund (IMF) or renegotiating terms with China.

Neither option is ideal by any means. Going with the IMF may even be a worse debt trap than China has ever been accused of fostering. The fact that Imran is in Beijing shows that the lesser evil may be to renegotiate the BRI terms, such as reducing the costs to Pakistan by a couple of billion US dollars.

If Pakistan opts to go with China, it would prove that any conceivable terms with the IMF would be more onerous and risky. Both the new Finance Ministry and Imran's task force are leaning that way.

Alternatively the BRI projects could be deferred, but would China agree? Much of that remains to be seen, or heard, in the following days. For now, it is important to remember that such situations are prone to misinterpretation and misrepresentation – including of the deliberate kind.

Predictably, the largely Western international media have already portrayed Pakistan as “saying no” to the China-led BRI.

But why would Pakistan ever do that? The China-Pakistan Economic Corridor (CPEC) as a vital segment – indeed, the flagship – of the BRI is of far greater value and importance to Pakistan than to China.

Whatever strategic or symbolic significance the US\$62 bil (RM258bil) CPEC may have or be said to have for China, it is dwarfed by the immediate and tangible benefits for Pakistan's development.

It is situated fully and squarely in Pakistan, not China, covering much of Pakistani territory and set to boost such sectors as energy, telecommunications, tourism, trade and transportation. Pakistan's Railways Ministry calls CPEC the “backbone” of the country.

Its strategic value to China is access to the Arabian Sea at the corridor's south-western corner in the port of Gwadar. It is access that China does not need now, and may or may not need sometime in the future. China is comfortable investing heavily in Pakistan's development because the two countries have a special relationship in South Asia. Western observers who still consider Pakistan a Western ally need to have their perspective of Asia updated. Casting Islamabad as a US ally is merely harking back to the 1950s era of the US-led South-East Asia Treaty Organisation (Seato) in the early phase of the Cold War.

Times have moved on, as have China and Pakistan. Their leaders have repeatedly declared their respective countries “all-weather friends” – perhaps even allies.

To India, China and Pakistan have no common border, their link being only Pakistan-occupied Kashmir (PoK). The territory is bitterly disputed with India following the 1963 China-Pakistan boundary agreement.

Controversy with India flared again two days ago when a bus service was launched linking Lahore with Kashghar in Xinjiang, with the route running through contested PoK.

The term “debt trap” in reference to allegedly risky China-led projects was not coined by China, Pakistan or even Sri Lanka. It was coined by an Indian economist.

If any doubt still lingers over the China-Pakistan relationship, BRI cooperation continues between them and may even expand. Both countries are now seeking to extend CPEC into Afghanistan.

On a stellar scale, China helped Pakistan launch two satellites this year. By 2020, Pakistan hopes to send its first astronaut into space under China's space programme.

India's problem with the BRI is essentially its passage through territory disputed with Pakistan. That has now been conflated with what is said to be "Pakistan's problem" with the BRI.

Western pundits in particular tend to draw such hasty and hazy conclusions since they accord with preconceived US notions of a rising China threat. Such misperceptions are not only wrong but misleading.

Asian countries have a different perspective because a rising China as Asia's main economy also means a rising Asia. It is the proverbial rising tide that lifts all boats in this region of the continent.

Even the classic anecdotal "debt trap," Sri Lanka's Hambantota Port, was never quite the disaster its detractors claimed it to be. That controversy was built up principally between Sri Lanka's contending political parties and their different positions on China at the time.

Now that Mahinda Rajapaksa – prime mover of the Hambantota project and defeated in the 2015 presidential race – has returned as Prime Minister nine days ago, punditry should be buzzing.

The point, however, is to arrive at reasoned analysis away from wild speculation. China is a rational player whatever the objective may be, so that a rational approach can only help understanding.

For its part, China should also empathise with its BRI partners in the conditions they find themselves in. Financially strapped and economically challenged, nations that wish to work with the BRI are constrained by factors beyond their control.

First, these countries may have new governments that have inherited a broken economy from their predecessors. Much urgent repair work first needs to be done. Second, BRI projects are largely about massive infrastructure, usually the most expensive public projects to be undertaken by any government. Third, much of the BRI runs through developing countries and regions that may not have the largest financial resources even at the best of times.

How will Pakistan's appeal to China for revised terms hold out? Prime Minister Imran Khan should be able to win some concessions.

After all, China has helped other Asian countries before in times of need, even at some expense to itself. When the 1997-98 Asian Financial Crisis struck, China postponed its scheduled currency revaluation to absorb some of the cost so that the afflicted countries do not go under from excessive loan repayments. Such a generous gesture from Beijing would not be out of character, whether the beneficiary is Pakistan or Malaysia.

After all, each boasts a special relationship with Beijing.

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