"Regionally, China will continue to support Pakistan, but much depends upon how Pakistan itself manages to come out of its current problems. The old intimacy and warmth, which once were a hallmark of Sino-Pakistan friendship, is a part of history. I doubt if the Chinese Premier will today visit the Pakistan Ambassador's residence for lunch or dinner and stay for hours, as Zhou Enlai did, or spend ten hours over two days talking to Pakistan's Foreign Secretary about the situation in East Pakistan as Zhou Enlai did in 1971. China has some valid grounds for being wary concerning our policy in Afghanistan and Kashmir. It is up to us to remove these obstacles."

* ---Sultan Mohammad Khan, former Foreign Secretary of Pakistan who had served as Ambassador to Beijing, writing in the "Dawn" last year.

"China is the only major power that shares our concerns regarding India's regional ambitions. China adopted a principled position on the South Asian nuclear tests expressing grave concern over India's tests, and understanding for Pakistan's in the circumstances. Pakistan is fully supportive of China's advocacy of a multi-polar world. We share China's belief in the need for a just and equitable international economic order and reform of the international financial system."

--- From a review of Pakistan's foreign policy for 1999-2000, issued by the Pakistan Foreign Office last year.
Gen. Pervez Musharraf, the self-styled Chief Executive of Pakistan, has reasons to be gratified by the five-day visit to Pakistan from May 11 by the Chinese Prime Minister, Mr. Zhu Rongji, to mark the 50th anniversary of the establishment of diplomatic relations between the two countries.

First, Mr. Zhu accorded in public an unqualified endorsement of the military regime and praise for its track record so far in providing political stability to Pakistan and in launching the much-needed economic reforms. No other country, not even the authoritarian Islamic countries of the Gulf and West Asia, have so far accepted the legitimacy of the military ruler in such clear terms as Mr. Zhu did during his statements in Pakistan.

Second, he recalled in nostalgic terms the close political, economic and military ties between the two countries and the way they had stood by each other in the best of times and in the worst of times and reiterated China's determination to sustain and nurse this relationship.

Mr. Zhu said that the Chinese Government was ready to further strengthen all-round co-operation with Pakistan and instil new "vigour and vitality" in the friendly relations between the two countries. He added that China and Pakistan should continue to step up their co-operation and safeguard the solidarity and interests of the developing countries in a common endeavour to promote the establishment of a just and rational new international political and economic order.

He said that China and Pakistan had shown mutual understanding and support on many major international issues and that Pakistan had always spoken up for China at international forums, firmly supporting China's efforts to safeguard national unity and territorial integrity and upholding justice and dignity in the cause of international human rights.

He described South Asia as an important component not only of Asia, but also of the whole world and added that peace and development in the South Asian region were vitally linked with the stability and prosperity of Asia and the world at large. As a close neighbour of South Asia, China cared about the situation in the region. He hoped that South Asia would be able to maintain peace and stability and that countries in the subcontinent could live together in peace and emphasised that China was ready to work together with all countries in South Asia, including Pakistan.

Addressing a joint Press conference along with Gen. Musharraf on May 11, Mr. Zhu described Kashmir "a leftover of history," and added: "China supports and agrees with Pakistan's position for a peaceful settlement of the Kashmir issue." To a question on Chinese assistance to Pakistan's defence capability, he said that there was co-operation in all areas, but added that the defence of Pakistan was its internal matter.

Gen. Musharraf interjected: "We are very proud of the Chinese help and we are grateful. But there should not be any doubt in anyone's mind that no amount of increase in India's defence budget can deter us from maintaining our deterrence."

On Beijing's policy on supply of defence equipment and technology to Pakistan, Mr. Zhu said both the countries co-operated in a number of sectors including defence, but it was in line with international agreements.
He described the friendship between the two countries as exemplary and said: "They trust each other, understand each other and can mutually accommodate each other's positions. Whatever changes occur in the world, friendly relations between the two countries are strong and unbreakable."

Third, as a mark of the continued Chinese commitment to the progress and well-being of Pakistan and its people, he announced Chinese assistance, definitively or in principle, to the following economic development projects for which Mr. Shaukat Aziz, Pakistan's Finance Minister, had sought Chinese assistance during his visit to Beijing in June last to attend the meeting of the Pakistan-China Joint Economic Commission (JEC).

* A US $ 200 million supplier's credit for the modernization of Pakistan Railways. China would supply to Pakistan Railways 69 locomotives and 175 passenger coaches, of which 40 coaches and 15 locomotives would be built in China, and the remaining would be built in Pakistan.

* The ZTE company of China would give a supplier's credit of US $ 100 million to the Pakistan Telecommunication Company Limited (PTCL) for the manufacture and installation of digitally switched lines.

* Another credit of US $ 120 million by the China Petroleum Engineering Construction Corporation (CPECC), in the form of equipment and materials, for the construction of a pipeline to transfer petroleum products from Karachi to Pakistani Punjab.

* A pledge of US $ 240 million for the development of the Gwadar port in Balochistan and another of US $ 200 million for the construction of a coastal highway linking Karachi and Gwadar. The "News" quoted Pakistani official sources as saying that China was seeking "sovereign guarantees" from Pakistan before finalising its commitment to assist in the construction of the Gwadar port.

* An investment of US $ 40 million for the development of the Saindak copper-gold mine project in Balochistan, which would be given on lease to the Metallurgical Corporation of China (MCC), for US $ 500,000 per month for 10 years, with the produce being equally shared by the Chinese Corporation and Pakistan.

* Another investment of US $ 200 million by a Chinese company in the Mobilink cellular company.

* A technical assistance package of US $ 6 million.
China has also agreed to invest in farming and to help in the development of coal-mines. Chinese experts would soon visit Pakistan to undertake a survey of coal deposits in Sindh. Mr.Aziz discounted the possibility of any problems arising as a result of the proposed Chinese presence in the Gwadar port project and the presence of US oil companies in the same area.

Mr. Aziz added that Oman's Sultan Qaboos had offered US $ 7 million for developing Gwadar city and that on the directive of Gen.Musharraf a special unit, headed by an Additional Secretary, was being set up in the Economic Affairs Division (EAD) to co-ordinate efforts for strengthening Pakistan-China trade relations.

All the pledges were definitive except those for the Gwadar port, the Karachi-Gwadar coastal highway and the pipeline for which feasibility studies would first be made before the finalisation of the Chinese assistance. Pakistan attaches great importance to the Gwadar port and the coastal highway project, which have been pending for decades, for the following reasons:

* The need to dilute the dependence on the Karachi port, which now handles over 80 per cent of Pakistan's international trade. For this purpose, successive Pakistani Governments had drawn up plans for the development Port Bin Qasim in Sindh and Gwadar in Balochistan as alternate ports, but have been unable to implement them for want of interested foreign parties, which are deterred by the bad law and order situation in Sindh and Balochistan and by the hostility of the Sindhi and Balochi nationalist elements to these projects unless they were given guarantees that priority would be given to the employment of Sindhis and Balochis in these projects and that the major share of the benefit of these projects would go to these provinces and not to Punjab. During Mrs. Benazir Bhutto's tenure, a Hong Kong company had offered to construct the Bin Qasim port, but implementation has been delayed. There has so far been no foreign interest in Gwadar.

* The need for an alternate outlet for external trade if Karachi is blockaded by the Indian Navy in the event of a war.

* To provide an outlet for the trade of the Central Asian Republics (CARs).

The Saindak project has been lying idle since 1995 due to the bad law and order situation in Balochistan, the hostility of the Balochi nationalists and shortage of working capital. In 1998, the Nawaz Sharif Government started negotiations with a consortium of Western banks for a credit to re-start the project, but the banks withdrew from the negotiations after the Chagai nuclear tests.

The Chinese are reported to have demanded guarantees from the Musharraf Government regarding an improvement in the law and order situation in Balochistan before they could start work on these projects. Even in the past, there had been attacks on Chinese experts working in other projects in Balochistan and, just before Mr.Zhu's visit, one person was killed and three others, including a Chinese engineer, were injured seriously when the survey team of a Chinese company was attacked in the Sunny area of Sibi district, 160 km northeast of Quetta in Balochistan, on May 7. Suspected militants of the Balochistan National Liberation Front (BNLF) fired rockets at the vehicle of the survey team, reportedly as a warning to the Chinese not to help the
Musharraf regime until the demands of the Balochis were met.

BNLF cadres again struck after Mr. Zhu's departure when major parts of Balochistan, including Quetta, went without natural gas for more than 24 hours on May 19 following a blast in the main Sui Southern Gas pipeline the previous night.

Concerned over the increasing activities of the Balochi nationalists and pressed by the Chinese for an improvement of the law and order situation, the military regime established contact with the traditional Balochi leaders before Mr. Zhu's visit and sought their co-operation in improving the situation in Balochistan.

Sardar Akhtar Mengal, former Chief Minister of Balochistan, confirmed on May 12 that the Balochistan Minister, Agha Abdul Qadir, had approached his father, Sardar Ataullah Khan Mengal, in London and sought the co-operation of the Balochis for the exploitation of the mineral wealth of Balochistan and that Sardar Ataullah had set certain conditions for co-operation. The conditions included the immediate release of Nawab Khair Bukhsh Marri, the Balochi nationalist leader, immediate issue of an ordinance for the transfer of oil, gas and natural resources, including metallic and non-metallic minerals, portfolio from the federal Government to Balochistan and other provinces, allocation of substantial percentage from the income generated from oil, gas and other minerals for the development of the areas where these resources were found and priority to the local people in the recruitment of personnel to work in these projects.

Pakistan has reasons to be disappointed by the following:

* Mr. Zhu stuck to the post-1996 policy of the Chinese leadership of not doing or saying anything which could be interpreted as taking sides on the bilateral issues between India and Pakistan.

* Despite persistent questioning by the Pakistani media, he avoided any criticism of India on any issue, even on India's stand on the National Missile Defence Initiative (NMD) of the Bush Administration.

* China was non-committal on Pakistan's request for assistance in respect of the following projects:
1. The expansion of the Soviet-aided steel mill at Karachi. Russia has refused to help Pakistan in this matter because of its unhappiness over the involvement of Pakistani jehadis in Chechnya and Dagestan. During their visits to China last year, both Gen.Musharraf and Mr.Aziz had requested for Chinese assistance, but Beijing apparently does not want to annoy Moscow by helping Pakistan in this matter.

2. Upgradation of the trans-border trade along the Chinese-aided Karakoram Highway. Whereas the bilateral trade between Pakistan and China is conducted on the basis of a trade agreement signed between the two governments on January 5, 1963, border trade between Pakistan-occupied Northern Areas of Kashmir (Gilgit and Baltistan) and China's Xinjiang province through the Karakoram Highway is conducted since 1993 on the basis of an exchange of letters on an annual basis, with specific items and ceilings for trade. The annual ceiling since then has been two-way trade worth US $ 3 million, but the actual trade has never exceeded US $ one million. The Northern Area Cooperative Bank Ltd., Gilgit, is the agency through which border trade with Xinjiang is transacted. Due to the involvement of Pakistani jehadi organisations in assisting the Islamic terrorists in Xinjiang, Beijing has not been keen to expand this trade and has avoided implementing an agreement entered into during the tenure of Mrs.Benazir Bhutto for the upgradation of the Karakoram Highway.

Addressing the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) on May 12, Mr. Zhu said:

* China would extend support for the construction of the Gwadar port, the development of coastal highway projects and other projects in the communication sector. He would soon send the Chinese Minister for Communication to Pakistan to hold talks with the Pakistani authorities so that the level of Chinese financial and technical support could be assessed for these projects. "We will soon discuss and finalize ways and means to support your important communication projects."

* Asked why the two countries could not benefit from the construction of the Karakoram highway, Mr. Zhu said there was a need to expand transportation capacity. There was no problem in conducting trade through land route, but" we both have to look into increasing our transportation capacity to have more trade."

In two respects, Mr.Zhu's visit, details of which were finalised last year, came at an inconvenient time for the military regime. First, Mr.Abdul Sattar, Pakistan's Foreign Minister, is due to visit Washington next month for talks with Gen.Colin Powell, US Secretary of State, and Islamabad is hoping that Mr.Sattar's talks in Washington would lead to a review of the USA's hitherto unhelpful attitude towards Pakistan. Second, the stand-by credit given by the
International Monetary Fund (IMF) in November last is due to expire in September and a fresh credit has to be negotiated, for which US support would be necessary.

At such a delicate moment, too effusive a support for Beijing on issues such as the NMD could prove counter-productive for Pakistan vis-à-vis the US. At a function on May 12, a Chinese journalist referred to what he called India's support to the USA's NMD initiative and asked for the comments of Gen. Musharraf. He replied: "We are against any action that re-initiates nuclear and missile race."

Worried over a possible misinterpretation of his remarks by Washington, Mr. Sattar told the media after the departure of Mr. Zhu: Pakistan had a principled stand on the NMD issue which should not affect its relations with the US. The Chief Executive had expressed Pakistan's concern over the new ballistic missile programme of the US. "... this is our well-known and traditional stand that strategic stability should prevail in the world." Many countries had expressed the same view in the UN. The NMD violated the 1972 Anti-Ballistic Missile Treaty that was signed with the former Soviet Union. He did not believe that an era of cold war had returned in which the US and China were now becoming two major camps. Asked whether Pakistan was moving away from the West after the visit of the Chinese Premier, he said that Mr. Zhu's visit should not be seen in any global background. The visit of the Chinese Premier should not affect Pakistan's relations with the World Bank and the IMF. The visit would not have any impact on Pakistan's plan to seek new funding from the IMF, he asserted.

Briefing the media at Islamabad on the outcome of the visit on the night of May 12, a spokesperson of the Chinese Foreign Ministry said:

* "Our relationship with Pakistan is a very good relationship. It is an all-weather friendship. China wants to develop good relations with every country. India is a close neighbour and we want to further develop our ties with it."

* The focus of the Chinese Premier's visit to Pakistan was economic, but defence co-operation was an important element of China's ties with Pakistan and it wanted to further its ties with Pakistan in all fields. Referring to the Indian military exercises, she said China had noted the development. "We hope that whatever the country (India) is doing is good for peace and stability."

* China was a developing country and even if it developed more, it would not be a super or hegemonic power. "We are a peace-loving country. We are not interested in having spheres of influence. We want our people to live well."

* China's position on Kashmir had been consistent that all the parties should resolve it through peaceful means. "China can attempt to persuade all the parties to safeguard peace and stability in the region."
* India's bid to become a member of the UN Security Council was still under consideration and was being debated.

* Afghanistan was discussed between the Chinese Premier and Gen Musharraf. "The Chief Executive explained his country's position and policies on Afghanistan. Our position is that the issue should be resolved through dialogue."

* The Shanghai-5 group was still at a very early stage. "But regardless of whether Pakistan is its member or not, it has an important role to play on the issues concerning the group."

* During the discussions, the US plan to build a National Missile Defence system also came up. "Pakistan raised this issue and talked about its position. The Chinese Premier listened. "Although the US was sending delegations all over the world to explain its position, it was obvious that there are more questions than answers."

* On the Gwadar Port project and the Makran coastline project, China had in principle agreed to support the projects. "But feasibility studies have to be done."

There was no reference during the visit to the following:

* Super 7/FC-1 project: The plan of the two countries for the joint production of the Super 7/FC-1 fighter aircraft has not got going so far because of Russian reluctance to sell its engines for use in the aircraft because of its unhappiness over the support of Pakistani mercenaries for the terrorists of Chechnya and Dagestan and the failure of companies in Italy, France and the UK to secure the approval of their Governments to supply the avionics because of the overthrow of democracy in Pakistan.

* Pakistan's request for Chinese assistance for the construction of a second nuclear power station at Chashma (CHASNUPP II)

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