



THE ROLE OF PAKISTAN IN CHINA'S TRANSPORTATION PROJECTS

Within the framework of the New Silk Road strategy, China is focused on the implementation of its long-term strategic Belt and Road Initiative (BRI), which includes the Silk Road Economic Belt and the 21st Century Maritime Silk Road projects. Unveiled during Chinese President Xi Jinping's visit to Astana in September 2013, the BRI was presented as a development strategy to boost infrastructure and economic connectivity throughout Eurasia. The BRI project covers a large geographical area extending from China in the east to the Atlantic Ocean in the west, Russia in the north and Myanmar in the south, and is designed to increase mutual trade between the countries along the route. Since China attaches great importance to the transport infrastructure development, which could contribute to trade expansion between China and Europe, Pakistan occupies a special place in Beijing's plans towards improving trade flows. Due to its geostrategic location, rich human and natural resources, as well as enormous potential for economic growth, Pakistan plays a special role in the revitalization of the Silk Road. In fact, the China-Pakistan Economic Corridor (CPEC) is one of the key projects in the field of transport and communications that is funded by China under the BRI. An idea to create the CPEC was first expressed by Premier of the State Council of China Li Keqiang during his visit to Pakistan in May 2013. In July 2013, during the visit of then Prime Minister of Pakistan Muhammad Nawaz Sharif to China, the parties signed a memorandum of understanding on the CPEC, which has given a new impetus to bilateral cooperation. Finally, during Xi Jinping's official visit to Pakistan in April 2015, the parties inked agreements aimed at investing \$46 billion towards the establishment of the CPEC. A detailed master plan for the CPEC for 2017-2030 was officially made public on May 15, 2017.

The CPEC covers China's Xinjiang Uyghur Autonomous Region (XUAR)

and the entire territory of Pakistan. Through the joint planning and development of highways, railways, ports, aviation and other infrastructure, Beijing intends to further advance its Western Development strategy and promote economic and social development in XUAR. The following road and rail projects were initiated within the CPEC: 1) Karakoram Highway (KKH) Phase II (120-kilometer long Thakot-Havelian Section); 2) Peshawar-Karachi Motorway (392-kilometer long Multan-Sukkur Section); 3) Khuzdar-Basima Road N-30 (110 kilometers); 4) D.I. Khan (Yarik) - Zhob (N-50) Phase I (210 kilometers); 5) KKH Thakot-Raikot N35 (136 kilometers); 6) Line ML-1 expansion; 7) Havelian Dry port. It is not a secret that one of the core CPEC projects is the construction of the second phase of the KKH. In December 2015, the Pakistan National Highway Authority and the China Road and Bridge Corporation signed a contract worth \$1.315 billion for the construction of a 120-kilometer long highway between Havelian and Thakot, which is aimed at expanding and upgrading Pakistan's transport infrastructure, deepening its economic ties with China. In fact, the KKH Phase I, also known as the China-Pakistan Friendship Highway, is one of China's most important transportation projects in Pakistan, the construction of which started in 1966 with financial support from China and was completed after 20 years in 1986. Beijing invested almost \$3 billion in the construction of the 1300-kilometer long highway, 806 kilometers of which runs across the territory of Pakistan. The remaining 494 kilometers of the highway pass through China's Xinjiang region. The construction of the Gwadar seaport is another key project within the CPEC. The Gwadar port is strategically important due to its proximity to the Persian Gulf and the Strait of Hormuz, through which 40% of the world's oil supply passes. By launching direct transportation links between the XUAR and the Gwadar seaport, China reduces

the distance to the Persian Gulf by 2,500 kilometers. Thus, the CPEC will help to reduce the shipping time from nearly 45 days to as short as 10 days. Pakistan awarded the contract for the port's construction and operation to China in 2013. The China Overseas Port Holding Company (COPHC) with investments amounting to \$1.62 billion plans to expand the seaport, constructing nine new multipurpose berths along 3.2 kilometers of the seafront to the east of the existing berths. In addition, the COPHC is committed to increasing the seaport's capacity to 400 million tons of cargo per year. It should also be stated that the state-owned Chinese company will operate the strategic Gwadar port for a period of 40 years. In fact, this is the second phase of the seaport construction. The first phase was conducted between 2002 and 2006.

Under these circumstances, it is understandable that China has become the largest source of foreign capital for Pakistan. As of today, the China-financed energy and infrastructure projects in Pakistan amount to more than \$62 billion in assistance and investments. Moreover, in the past five years, the China-Pakistan trade has continued to grow rapidly with the annual growth rate of 18.8% on average. According to the Chinese statistical data, the trade turnover between China and Pakistan totaled \$87.7 billion in 2017.

To conclude, the goal of the CPEC is to strengthen economic ties and cooperation between China and Pakistan by improving the infrastructure connectivity throughout the region. In fact, the project is expected to contribute to the economic and social development of the countries of South and Central Asia, North Africa and the Persian Gulf by stimulating trade in the area with a total population of more than three billion people. Therefore, it can be stated with confidence that the CPEC is a flagship project of the Belt and Road Initiative.

Politics, Foreign Affairs and Security

- During the 18th Shanghai Cooperation Organization (SCO) Summit held in Qingdao, the leaders of China, India, Kazakhstan, Kyrgyzstan, Pakistan, Russia, Tajikistan and Uzbekistan signed a total of 17 agreements and other documents, including the Qingdao Declaration and the five-year action plan for implementing the Treaty on Long-Term Good-Neighborliness, Friendship and Cooperation between the SCO Member States. To demonstrate their readiness to jointly address common security threats and challenges, the parties adopted the Program of Cooperation between the SCO Member States in Opposing Terrorism, Separatism and Extremism for 2019-2021.
- According to Head of the Atomic Energy Organization of Iran Ali Akbar Salehi, the organization has informed the International Atomic Energy Agency in Vienna about its intention to increase its uranium enrichment capacity and prepare the infrastructure at the Natanz facility needed to produce centrifuges. All these activities will be done within the limits set by the 2015 nuclear agreement in line with Supreme Leader Ali Khamenei's directive to be ready for a possible collapse of the nuclear deal.
- During his official visit to Minsk, Deputy Minister of Foreign Affairs of Lithuania Darius Skusevicius met with Deputy Minister of Foreign Affairs of Belarus Oleg Kravchenko to discuss issues related to the construction of the nuclear power plant in Belarus. The parties also discussed the state of affairs and prospects of advancing interaction between Belarus and the European Union.
- President of Russia Vladimir Putin signed a federal law ratifying the agreement on the development of military-technical cooperation with Kyrgyzstan. The agreement stipulates the improvement of the mechanism of supply of military products, and the provision of armed forces, military units and special services with highly effective weapons systems, as well as the formation of a technical component of the collective security system.
- According to the Defense Ministry of Azerbaijan, the country's Naval Forces conducted a practical training. In the initial stage of the training, a group of ships, units and sub-units was moved out to concentration areas and arranged in a combat formation, while the military personnel practiced their sailing

skills. During the subsequent stages, the ships destroyed floating mines, sea and air targets of an imaginary enemy with precise fire.

Economy, Finance and Energy

- According to the National Bank of Belarus, the country's gold and foreign exchange reserves totaled \$6.94 billion as of June 1, 2018. In May 2018, the country's gold and foreign exchange reserves went down by \$98.5 million (1.4%), following the growth of \$43.5 million (0.6%) in April.
- According to the State Customs Committee of Azerbaijan, in January-May 2018, 1.33 billion manats (\$0.78 billion) were transferred to the state budget, which is 36% more than in January-May 2017. It was noted that the transfers in May amounted to 298.05 million manats (\$175 million).
- According to the State Fiscal Service of Ukraine, in January-May 2018, Azerbaijan exported oil worth \$195 million to the country, which amounted to 94.8% of total oil supplies to Ukraine. The other oil suppliers are Algeria with \$7.2 million (3.5%), Iran with \$1.84 million (0.9%) and other countries with \$1.62 million (0.8%).
- According to the Union of Automobile Industry Enterprises of Kazakhstan, the number of registered vehicles in Kazakhstan in January-May 2018 increased by 13.4%, compared with the same period of 2017. It was noted that the share of vehicles used for over 20 years in the secondary market increased from 35.8% (in January-May 2017) to 39.4% (in January-May 2018), and the share of vehicles used from 1 to 3 years, decreased from 7.5% to 3.2%.
- During the 5th meeting of the Kazakhstan-China Business Council in Beijing, about 40 documents worth \$13 billion were signed. The agreements covered such areas as fund-raising for free economic areas, the implementation of projects in the renewable energy sector, the development of a biochemical cluster, etc. About 400 representatives of business circles of Kazakhstan and China attended the event.
- During his visit to Astana, President of Lukoil Vagit Alekperov met with Chairman of the Management Board of the KazMunayGas National Company Sauat Mynbayev to sign a framework agreement on the Zhenis license area in the Kazakhstani sector of the Caspian Sea. It is noted that the parties will establish a consortium upon the completion of relevant procedures required for

the agreement to enter into force and negotiate with the competent authority of Kazakhstan to qualify for exploration and production at the block.

Society and Culture

- The official opening ceremony and presentation of the pilot project titled "Demonstration of Oasis Irrigation in Kyzylorda Oblast" was held in the Zhalgash district of the Kyzylorda region in Kazakhstan. The project, fully funded by the European Union, provides for the implementation of sustainable green models in four regions of Kazakhstan.
- According to the State Border Service of Kyrgyzstan, the capacity of the Dostuk-Avtodorozhny checkpoint on the border between Kyrgyzstan and Uzbekistan will be increased. It is noted that representatives of the United Nations office handed over new equipment to the personnel of the checkpoint.
- The Azerbaijan Airlines, state-owned company, announced its plans to open direct flights from Baku to Tashkent starting June 30, 2018. It is noted that flights will be carried out once a week before August 1, and twice a week afterwards.
- According to the Ministry of Culture and Tourism of Turkey, in April 2018, 1,144,041 tourists visited Istanbul, and this makes 43.08% of the total number of foreign tourists who visited Turkey. The province of Antalya is the second tourist destination of choice. In April 2018, 665,808 tourists visited Antalya, and this makes 25.07% of the total number of foreign tourists. In total, over 2.7 million foreign tourists visited Turkey this April.
- According to the Russian state-owned space enterprise Roscosmos, the Soyuz-FG carrier rocket with the manned Soyuz MS-09 spacecraft was launched from the Baikonur spaceport in Kazakhstan to the International Space Station. The manned spacecraft is carrying Russian cosmonaut Sergei Prokopyev (Soyuz MS-09's commander), NASA astronaut Serena Aunon-Chancellor and representative of the European Space Agency Alexander Gerst.
- According to President of Russia Vladimir Putin, the implementation of a government program to fight oncology diseases that is being drafted in Russia will require about one trillion rubles (\$16.16 billion) until 2024.