

# Strategic Analysis Paper

13 November 2012

## Pakistan-China Relations: Bumps on the Road to Shangri-La

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### Key Points

- Three issues, notably attacks on Chinese citizens, the presence of Uighur militants in Pakistan's tribal areas and policy differences over Afghanistan, have put stress on an otherwise trouble-free, 60-year old bilateral relationship.
- Pakistan is keen to deepen the bilateral relationship even further but China remains cautious.
- Beijing is not about to displace Washington as Pakistan's main economic patron.
- When examining its relationship with Pakistan, China factors in its growing bilateral relationship with India.

### Summary

Pakistan-China relations have been deepening on several fronts for the last 60 years. There have also been, however, a number of issues that have dampened the relationship, notably attacks against Chinese citizens, the presence of Muslim Uighur militants in Pakistan, who wish to establish an independent Islamic state in the western part of China, and policy differences over Afghanistan. While none of these issues is going to seriously affect the relationship, they have nevertheless created notable stress in an otherwise relatively trouble-free relationship. Moreover, China is only too well aware of the many domestic problems afflicting Pakistan. Accordingly, it will continue to be the cautious player in the relationship.

## Analysis

Last year marked the sixtieth anniversary of the establishment of diplomatic relations between Pakistan and China. The relationship has deepened significantly since 1951, particularly in the areas of trade, economic and energy relations, development assistance and defence links. While Pakistan would like to deepen it even further, China – with an eye on its growing relationship with India – is more pragmatic and cautious. Moreover, the three irritants discussed below could put some further stress on the relationship.

### **Anti-Chinese Attacks**

Turning to the first irritant, attacks and threats against Chinese citizens have increased over the last few years. While the first significant attack against Chinese citizens was in May 2004, when three engineers were killed in a car bomb at Gwadar,<sup>1</sup> the most well-known of these cases was during the June 2007 Lal Masjid “Red Mosque” siege in Islamabad in which a number of Chinese “massage workers” were kidnapped, but later released. According to reports, it was Chinese pressure that forced the Pakistani Government to take military action against the Muslim militants who had taken over the mosque complex and who were holding the Chinese hostages. Militants in Khyber Pakhtunkhwa (formerly the North-West Frontier Province) retaliated by executing three Chinese engineers the following month and by attacking a convoy of Chinese workers with a suicide attack.<sup>2</sup> As a result of these anti-Chinese incidents, a joint bilateral task force was established in August 2007 at the national and provincial levels to address the numerous threats to the 13 000 Chinese nationals working in Pakistan, including providing direct military protection.<sup>3</sup> However, this task force has not been sufficient to stop all attacks and threats against Chinese workers. Accordingly, the attacks against Chinese nationals are beginning to affect some of Beijing’s decisions with regard to investment and bilateral economic cooperation.<sup>4</sup>

### **Uighur Militants**

The second irritant, the presence of the Uighur militants in the Federally Administered Tribal Areas (FATA), is a bigger concern to the bilateral relationship.<sup>5</sup> Following the ouster of the Taliban from power in Kabul in 2001, many Uighurs fled to Pakistan along with al-Qaida and Taliban fighters. While there are no precise figures as to how many Uighur militants are

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<sup>1</sup> Kardon, I.B., ‘China and Pakistan: Emerging Strains in the Entente Cordiale’, *Project 2049 Institute*, National Defence University, Arlington VA, 25 March 2011, p. 13.

<sup>2</sup> Small, A., ‘China’s Caution on Afghanistan-Pakistan’, *Washington Quarterly*, Vol. 33, No 3, July 2010, p. 90.

<sup>3</sup> The Chinese work for about 150 Chinese companies engaged in over 120 economic projects representing possibly up to \$20 billion in Chinese investment. Kardon, 2011, pp. 16-17; Small, 2010, p. 91.

<sup>4</sup> These attacks were an important factor in China’s decision not to proceed with the construction of an oil refinery in Gwadar. Similarly, Kingho, a large private Chinese miner, reportedly abandoned a proposed \$19 billion investment in an energy and chemical project in Sindh province after reassessing the security environment. Feigenbaum, E.A., ‘China’s Pakistan Conundrum’, *Foreign Affairs (Snapshot)*, 4 December 2011.

<sup>5</sup> For an informative article on the issue of Uighurs in the bilateral relationship, see: Ziad Haider, ‘Sino-Pakistan Relations and Xinjiang’s Uighurs: Politics, Trade, and Islam along the Karakoram Highway’, *Asian Survey*, Vol. 45, No 4, July-August 2005, pp. 522-45.

present in Pakistan, it is unlikely that the actual number would be very high, probably only about one hundred.<sup>6</sup> Nevertheless, the Chinese authorities have not wanted to take any chances. Beijing wants to ensure that there is no spill over of Islamic extremists, terrorists and criminals now located in Pakistan's tribal region into western China and stirring up trouble.<sup>7</sup> Accordingly, China and Pakistan set up an anti-terror consultative mechanism up in 2003, conducted joint Sino-Pakistani counter-terrorism exercises in Xinjiang in 2004, and signed a counter-terrorism agreement in April 2005. The two countries have been conducting joint anti-terror exercises every year since 2004, with the latest being in November 2011, when the two armies held joint anti-terror exercises near Islamabad.

Despite these counter-terrorism agreements, the Chinese have not been completely satisfied with the Pakistani Army's Inter-Services Intelligence (ISI) Directorate's performance in pursuing Uighur militants. While there have been some high profile extraditions, there are indications that perhaps the ISI has been less than fully enthusiastic in its pursuit of Uighur militants. Some analysts even suggest that ISI elements may be tipping them off before an operation.<sup>8</sup> In a rare display of displeasure with Islamabad's approach towards this issue, Beijing accused Pakistan-based Uighur militants of the al-Qaida-linked East Turkestan Islamic Movement (ETIM) of being responsible for a deadly attack in Kashgar, a city in China's north-western Xinjiang region, in July 2011.<sup>9</sup> Pakistani officials denied having anything to do with these attacks.<sup>10</sup> Wishing to ease the tension, President Zardari promised to step up counter-terrorism co-operation with China. Still, Beijing remains dissatisfied with Islamabad's inability or unwillingness to eliminate these Uighur militants. Accordingly, in April 2012, the Chinese authorities asked Islamabad to extradite six "core members" of the ETIM who have been accused of involvement in the Kashgar attack.<sup>11</sup>

In light of the continued presence of ETIM fighters in Pakistan, Beijing is now reportedly interested in establishing bases either in FATA or in the Federally Administered Northern Areas (FANA) bordering Xinjiang province. This was revealed in an article posted on the official website of the Chinese Government in January 2010.<sup>12</sup> China believes that the ETIM's ten-year presence in Pakistan is a significant threat to the state. Presumably, if China were able to post soldiers in Pakistan close to the ETIM camps, Beijing would be in a better position to deal with this threat. The suggestion that China is interested in establishing bases in northern Pakistan has further unnerved an already touchy India, which is uncomfortable with the alleged presence of 7,000-11,000 soldiers of the People's Liberation Army in FANA. Given that the northern part of Pakistan is closed to the outside world, one can only

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<sup>6</sup> Small, 2010, p. 87.

<sup>7</sup> Swaine, M.D., 'China and the "AfPak" Issue', Carnegie Endowment for International Peace, Washington DC, February 2010, p. 3.

<sup>8</sup> Small, 2010, p. 91.

<sup>9</sup> Dean, J., 'Beijing points to Pakistan after ethnic violence', *Wall Street Journal*, 1 August 2011.

<sup>10</sup> Ho, S., 'Pakistan Denies Link to Chinese Terror Group', *VOA News.com*, 24 August 2011.

<sup>11</sup> Krishnan, A., 'China Asks Pakistan to Hand over Uighur terrorists', *The Hindu*, 6 April 2012.

<sup>12</sup> Mir, A., 'China Seeks Military Bases in Pakistan', *Asia Times Online*, 26 October 2011. [http://www.atimes.com/atimes/South\\_Asia/MJ26Df03.html](http://www.atimes.com/atimes/South_Asia/MJ26Df03.html).

speculate as to the reason for their presence. But it has been suggested that they are there to work on the Karakoram Highway, on dams and other projects.<sup>13</sup>

### ***The Afghanistan Factor***

The third irritant in the relationship is the different policy positions on the departure of the NATO-led forces from Afghanistan in 2014. Given their different long-term interests in Afghanistan, it is not surprising that Beijing and Islamabad would approach the Western forces' departure from Afghanistan quite differently. But because Pakistan is so intimately involved in, and crucial to, future developments in Afghanistan, these differences will need to be carefully managed. It is important to remember that Pakistan's interest in developments in Afghanistan goes back to 1947. The military has always considered it critical for Pakistan's security in case of another conflict with India that Afghanistan provide it with the "strategic depth" – defined as a "peaceful and friendly" country – which it currently lacks.<sup>14</sup>

Importantly, Beijing knows that, given the Pakistan military's ties with some of the Afghan militants and other *jihadist* groups sheltering in the tribal areas, it will have a critical role to play in maintaining stability in the Afghanistan-Pakistan region post-2014.<sup>15</sup> However, China, as opposed to the US, does not press Islamabad to take action against terrorist groups with which Islamabad may have a good relationship or which pose no threat to the Pakistan state – at least for the moment.<sup>16</sup> Nevertheless, Beijing will be keeping an attentive eye on any possible *jihadist* spill-over from Afghanistan and Pakistan's tribal areas into China's restive Muslim-majority areas in the west of the country.

While not stated publicly, the Chinese will not be pleased to see Western forces leave Afghanistan, especially if they most likely leave behind an unstable and poorly governed country. Their departure would leave a power vacuum that the Afghan Taliban and its fellow travellers would attempt to exploit and that they could ultimately fill. In such a scenario, a Taliban-dominated Afghanistan would mean that the Uighurs would have a natural and sympathetic ally, one which could offer a convenient and logical military training ground for militants. So, China's displeasure with a post-2014 Afghanistan possibly dominated by the Taliban would be another potential irritant in the Pakistan-China relationship down the road.

On the other hand, the departure of the US-led forces from Afghanistan will be welcomed by Islamabad. Given the historical, intelligence and operational links which the Pakistani military, and in particular the ISI, has had with some of the Afghan militants, this is not surprising. However, a Taliban-run or dominated Afghanistan would be, in the long-term, a threat to the Pakistan state, in that the Pakistani Taliban would now have a friendly

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<sup>13</sup> Harrison, S.S., 'China's Discreet Hold on Pakistan's Northern Borderlands', *New York Times*, 26 August 2010.

<sup>14</sup> Lieven, A., *Pakistan – A Hard Country*, New York, Public Affairs, 2011, p. 177; Rakisits, C., 'The End Game in Afghanistan: Pakistan's Critical Role', *Future Directions International*, 21 May 2012.

<sup>15</sup> Kondapalli, S., 'Testing China's Rise: China-Pakistan relations', in A. Misra and M.E. Clarke (Eds), *Pakistan's Stability Paradox: Domestic, Regional and International Dimensions*, (London and New York: Routledge, 2012), p. 184.

<sup>16</sup> Swaine, 2010, p.3.

government in Kabul. It would make it easier for the Pakistani Taliban to attack the Pakistan state in its quest to overthrow the government and impose sharia law. Already we are seeing an increasing number of such cross-border attacks from Afghanistan by Pakistani Taliban militants who have found refuge in the eastern part of Afghanistan. Needless to say, if ever a Taliban-friendly government were established in Pakistan, it would not be a welcome development for China, particularly given the impact this would have on its own Muslim population. Moreover, such a Pakistani government would want to recalibrate its relationship with China, and Beijing would undoubtedly wish to do likewise. The fundamental strategic reality on the ground, however, would not have changed: both countries would still want to counter India's rise.

### ***Where is the Relationship Heading?***

From the beginning, the sixty-year old Pakistan-China relationship has been an odd partnership. There has never been a binding ideology, such as communism or Islam, only the common desire to contain or counter India's power and influence. For the first fifty years, the core focus of the relationship was how the two countries could work together to counter the rising power of India. China, however, has also progressively become more pragmatic with regard to its relationship with Pakistan. There are two reasons for this. First, Beijing is keenly aware that Pakistan has a whole raft of serious domestic problems which are making it a less attractive ally and, potentially, a liability if they are not dealt with effectively. Second, while Beijing wants to "box in" India by developing relationships with Pakistan and other South and South-East Asian countries, it also has a growing, albeit competitive, relationship with India.<sup>17</sup> Moreover, it also knows that the more it tries to contain India in South Asia, the more it pushes New Delhi into a closer relationship with Washington. That is a development that is not in Beijing's long-term interest.

Put differently, China will continue to deepen and broaden its relationship with Pakistan, but it will not go as far as Islamabad would like it to go. Accordingly, Beijing will not – at least in the near term – replace Washington as the main provider of economic aid to Islamabad. Given the many domestic problems Pakistan has to confront and the nagging irritants in the bilateral relationship, China would not want to play that role.

At the same time, Islamabad knows that Beijing is not in a position to replace Washington as Pakistan's main patron. But it also knows that Washington does not want to "lose" Pakistan to China. If Pakistan were to go completely into China's orbit, this would facilitate, but not guarantee, China unfettered land access to the Indian Ocean, given the existing insurgency problems in Baluchistan and northern Pakistan. Notwithstanding those limitations, land access to the Indian Ocean would be a crucial geo-strategic asset for China in the long-term, particularly when coupled with Beijing's increasing involvement in Afghanistan, its friendly relations with Iran and its significant financial commitment in the development of the Pakistani Indian Ocean port of Gwadar. Such a development would not necessarily promote stability in the Indian Ocean; rather, it would fuel the strategic competition between India

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<sup>17</sup> China's bilateral trade with India is US\$60 billion per year, compared to its US\$10 billion with Pakistan.

and China. This would be a development that would not be welcomed and would be in no one's interest, including Australia.

It is, however, unlikely that Pakistan will break with the US even though Washington's conditions for military and economic aid to Pakistan under the 2009 Kerry-Lugar Act are stringent. These conditions include the Pakistani authorities having to demonstrate transparency in their governance and their nuclear programme and the ending of all ties with terrorist groups. Even though these are conditions the Chinese do not impose on Pakistan, Islamabad is not about to jettison the US as its major strategic partner. The Pakistanis would have too much to lose in doing so.

So, building on the 2005 Treaty of Friendship, Co-operation and Good Neighbourly Relations, China will continue to carefully and cautiously nurture the bilateral relationship as it has in the past. Regardless of whether it is a civilian or a military government in power in Islamabad, China will continue to manage the relationship pragmatically, as it has done for the last 60 years. Beijing values its relationship with Pakistan, but as China has gradually taken a more important and constructive role globally, it needs increasingly to balance its traditional ties with its future interests. While this approach may not always be to Islamabad's liking or meet its perceived interests, overall it is good news for the future stability of the Indian Ocean region.

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A longer version of this article was first published in *Security Challenges* (Spring 2012, Vol. 8, No 3, pp. 83-101).

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