

**Regional Connectivity: Challenges, Prospects and the Way Forward for Pakistan**Mairajul Hamid<sup>1</sup>, Waqas Ali<sup>2</sup>, Faisal Zaman<sup>3</sup>, Inayatullah<sup>4</sup>, Mubarak Zeb<sup>\*5</sup>

## Original Article

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**Abstract**

*Regional Connectivity and linkages among the states via land, sea or air, are the viable means to bring sustainable peace, infrastructural development and meaningful prosperity in a region. Regional Connectivity is deemed to be excellent opportunity for ensuring peace and development in Pakistan. The geo-strategic location of Pakistan brings it at the cross roads of South, East, and Central Asian states. This location may be used as an asset or may be opted as a liability. Owing to the contemporary strategies and policies of Pakistan and the regional states especially China, Pakistan is at the center of regional connectivity as it provides access to Afghanistan, Central Asian Republics, Russia onto European nations, Middle Eastern states, Arabian Peninsula, Persian Gulf, Gwadar and Chabahar ports and other straits in the region. Chinese flagship projects of BRI and OBOR are the manifestation of regional connectivity for ensuring peace and development in the region. Nevertheless, there are certain challenges that these projects have to face, which ranges from local to national, national to regional and then becoming global in nature because of local issues of the stakeholders, national interests of various states, regional groupings and global political scenario respectively. Nonetheless, by taking onboard all the stakeholders and ensuring win-win game for all may prove pivotal in minimizing these challenges.*

**Keywords:** OBOR, CPEC, GWADAR, CHABAHAR, Regional Connectivity

**Pakistan and the Notion of Regional Connectivity**

The region where Pakistan is located has got extra-ordinary strategic, economic, political, cultural, religious and geographical importance owing to its easy access to other parts of the world. The new rising Asian giant; China because of its economic gigantic projects and infrastructural development in various countries in the locality has brought some hopes for the regional linkages in the region and connecting them through roads, rails and waterways. Pakistan; being the immediate neighbor of China is supposed to get much benefits from the proposed projects and reach out to the world for economic benefits, search for markets, investment opportunities and employment chances for its people, industries, investors and youth respectively.

Since the launching of OBOR and BRI by Chinese government, Pakistan's government decided to reach out for getting maximum benefits out of it, whether, infrastructural development or stabilizing its economy and engage the bulk of unemployed youth. Since 2013, the then government started visualizing new projects and discovering new horizons under the auspices of China Pakistan Economic Corridor (CPEC). Implementation of many of these projects was started and until 2018,

19 of them were completed due to serious focus and attention of the government. With the new government after 2018 elections, the pace of the projects got slumbered because of the indulgence in the narrative of accountability and many other issues (Senate, 2023). Nevertheless, with the passage of time, the projects of CPEC got pace and attention of the government and the cabinet members and those at the helm of affairs were seen to be engaged with China and its projects were once again focused in mainstream media. Moreover, the government seemed to be engaged in reaching out to the region and the world through projects of regional connectivity. The then advisor to the prime minister on commerce and investment, Mr. Razak Dawood informed the public that during the first quarter of 2021, the exports to Afghanistan, Peoples Republic of China, Islamic Republic of Iran, Turkey and Central Asian States have increased by 35%. He tweeted that the focus and attention given by his ministry towards the regional connectivity for increasing trade and commerce with the neighboring countries proved productive as the trade increased to USD938 million the months of July-September (2021-22) which is more than the exports of USD694 million in the same period of 2020-21. Until now, 27 projects worth USD 19 Billion have been completed and 63 more are supposed to be completed by 2030 (World Bank, 2022).

The above statistics are encouraging as it will pave the way for investors and industrialists to come up with new ideas and explore the markets. Despite, perpetual negligence on part of the policy makers, the statements show that the focus of Pakistan's policy makers has been shifted towards ensuring viable peace, harmonious relationships with the regional countries, long term economic progress and perennial prosperity through promoting regional connectivity.

#### **Importance of Regional Connectivity**

Regional economic blocs and regional organizations, i.e., European Union, East Asian and South East Asian economies are perfect examples of regional connectivity and its associated benefits. The regional trade in European Union constitutes 65 percent of international trade, East Asia with 35 percent and South East Asia with 25 percent. Statistics shared by World Bank suggests that Intra regional trade in South Asia accounts only 1 percent of their GDP while East Asia and Pacific constitutes 11 percent. Similarly, the exports of Pakistan to its neighboring countries remained 12.2 percent in 2011 which declined to 7.4 percent in 2018 and its imports remained 7.4 percent in 2011 which dropped to 4.7 percent in 2018 (World Bank, 2023).

In this backdrop, regional connectivity is seen to be an excellent option for uplifting and stabilizing economies in the regional states. The connectivity will indeed prove pivotal in intersection of various projects and re-enforcing the potentials of the regional economies. Owing to its geo-strategic location; Pakistan has now understood the importance of regional connectivity for its progress and development through hastening its exertions in commerce, energy, food, water security along with other crucial arenas for human development. Pakistan has got the potential to bring together the countries located in Eurasian region and move forward in the new age for a win-win outcome. Its amongst the imperatives of the 21<sup>st</sup> century for every state to be linked with nearby and far-off countries for viable economies, long term stability and relevance in the contemporary politics. In this connection previous government, apart from CPEC projects, vigorously pursued the initiatives meant for regional connectivity and went for Uzbekistan-proposed Central and South Asia's connectivity plans for gaining access to the Gwadar, Port Qasim, and Karachi ports in exchange of reaching to Central Asian Markets and Eurasian region (Raza, 2021).

### Challenges to the Regional Connectivity

Conventionally, Pakistan has been facing security issues and has been serving with security obsession. Since long, Pakistan's National Security Doctrine and Strategies have been revolving around developing Conventional arms and non-conventional nuclear armaments. Nevertheless, with approaching of the age of Hybrid Warfare, the doctrine of development of these traditional arms are becoming obsolete and irrelevant. In the near past few examples have proved this notion correct, i.e., Pakistan faced serious challenges to its national security and integration, not because of direct attack by a state but the economic sanctions imposed by Financial Action Task Force (FATF) and proxy wars of the states. Similarly, Pakistan's immediate neighbor in South West; Islamic Republic of Iran has not been attacked directly by any state, rather economic embargos and sanctions played havoc with its stability and stood isolated in the international community and the same situation was faced by India due to infightings and debacle of its healthcare infrastructure. Thus, it is quite clear, that now the notion of traditional security should be replaced by new innovative ideas of technological advancement, viable economic progress, plans of achieving political stability, and knowledge entrenchment. Luckily, the policymakers, sensed the importance of this challenge and "Islamabad Security Dialogue," (ISSI, 2021). presented new security policy with new paradigms and complete overhauling of the existing security and economic apparatus for moving forward alongside with the world gigantic economies. On the occasion of presenting new security policy, the then army chief, General Qamar Javed Bajwa stated that, in today's world, national security does not mean only exogenous and endogenous dangers but to provide conducive environment that will ensure national growth, human security and viable development may be realized (Dawn, 2023).

It is very clear now that in this age of globalization, information and connectedness, the notion of national security has become all-encompassing and a comprehensive concept. This concept is multi-faceted and is linked to regional and international environments. It has exogenous as well as endogenous factors. Of them, the regional and global environment are the exogenous while internal peace, stability and developmental alignment. In paper, the new security policy of Pakistan seems to be taking care of all these factors as it is based on four fundamental pillars, i.e., striving for peace inside and outside of Pakistan, abandoning military intrusion in the interior affairs of regional countries, boosting up intra-regional connectivity; and promoting intra-regional trade relationships. Of these four pillars, intra-regional connectivity and intra-regional trade can be guarantors of peace inside and outside Pakistan and shunning interference in the internal affairs of other regional states (Khaver, 2019).

In contemporary international politics, geo-economics has superseded the importance of geo-politics and it is playing much bigger role now in the overall development of a country, which is evident in the recalibration of foreign policies of global powers towards geo-economics. Today, the narrative of national interests is shaped and achieved by commerce, trade, economy-based knowledge and investment. Due to surge in the expansion of private stakeholders, now the states are compelled to move forward with agenda dominated by economic interests.

### Prospects

In this backdrop, Pakistan undertook a paradigm shift in its foreign policy, relevant strategies, and moved from geo-politics to the notion of geo-economics-driven foreign policy and went for launching 'Economic Outreach Initiative'. This remodeling appears to be investigating and establishing links between Pakistan's business potential and the rest of the world market. Pakistan offers very special and unmistakable opportunities for trade and business, financial endeavors,

tourism destinations, education, and logistics due to its location at the intersection of the Middle East, South Asian, and Central Asian regions (Ali, 2020). China, being a reliable neighbor and aware of Pakistan's enormously high economic potential, chose to spend billions of dollars in the country through the China-Pakistan Economic Corridor (CPEC), the main initiative of China's One Belt, One Road Project (OBOR). With period of time, CPEC—a win-win cooperative endeavor with reciprocal benefits will expand to include other nations in the region. CPEC is formulated and shaped for increasing the regional connectivity between the continents of Asia and Europe and consequently widen commercial avenues (Derudder, 2018). It is made up of massive projects in a variety of sectors, from water and industrial infrastructure to highways, railroads, energy, and agriculture. Moreover, China has encouraged many of its businessmen community to move forward for manufacturing operations especially in the sector of nine newly announced Special Economic Zones (SEZs) that are planned to be constructed across Pakistan under the patronage of CPEC (Khan, 2016).

Furthermore, political developments in the area have improved the economic climate even more, particularly following NATO's withdrawal, the end of the war in Afghanistan, and the installation of an indigenous administration that is more durable. China is intending to extend the China-Pakistan Economic Corridor (CPEC) to Afghanistan in cooperation with Pakistan and the Afghan government. This move will improve and facilitate connection to the Central Asian Republics (CARs). As a result, it will raise the collective economic potential of the countries in the region (Majeed, 2018).

It is pertinent to mention that Pakistan is a source of Foreign Direct Investment (FDI) from, United States of America, the Gulf region, Europe and East Asia, etc. The approaching of CPEC will definitely accelerate the FDI attraction. The export destinations of Pakistan and its imports origins have spread throughout the world. Pakistan, being one of the leading destinations of the world for adventurous mountaineering and tourism as well, thus attracts mountaineers from across the globe. The information and communication technology sector of Pakistan is developing now (majeed, 2018). Pakistan has expanded its market share in comparison to China, Sri Lanka, and Malaysia after negotiating free trade agreements (FTAs). Pakistan's market reach has been further enhanced by the unilateral trade advantages granted by the European Union in the form of GSP+ status. However, Pakistan's own market, which comprises more than 220 million people, will be sufficient to satisfy any business endeavours undertaken by foreign investors. The combined effect of these elements will entice global economic participants to view Pakistan as a potential location for future business ventures and investment opportunities. There will undoubtedly be more opportunities for bilateral and multilateral interactions. Middle Eastern countries would also profit from plurilateral forums of this good ever-changing arena, especially, from the perspectives of trade, investment and services sector (Shadlen, 2005).

Regarding, opportunities in economic sector, investment, value chains in the region, social integration and many other such areas, the regions of South, Central and West Asia are considered to be least connected.

Thus, the fundamental goal of the concept of "geo-economics" promoted by the Government of Pakistan will be to unlock the potentials for such regional integration within these regions, which will undoubtedly provide a phenomenal incentive for the economic growth, productivity, and prosperity of the region (SDPI, 2023).

As part of the CPEC goal, trade links between Pakistan and the Gulf countries are also fairly robust, and they should continue to grow with the use of Gwadar for oil and petroleum exports through pipelines to China. The overland projects through Iran, including the Iran-Pakistan (IP) gas pipeline and upgraded rail connections that extend to Turkey, may be implemented as soon as sanctions against Iran are lifted.

Expected outcome of CPEC electricity projects and its addition to the national grid station is envisaged to be about 11000 megawatts, which may bring a huge difference in the current production and utilization of electricity by the existing power projects. CPEC and projects in Gwadar are expected to produce about 5 to 6 times more Green House Gases (GHG) emissions, thus both the countries direly need to think and envision environment friendly projects such as Green Transportation Corridors. This will have lasting effects on the environment and health related issues of the people in the region (SDPI,2022).

### **The Way Forward**

For Pakistan, three areas of structural reforms need urgent attention for managing this extraordinary transition.

Firstly, Pakistan's bureaucracy must be strengthened, reorganized, and orientated in the direction of a system that promotes development and growth. The current system knows relatively little about the constantly changing global economic environment. For example, by combining their goals for commerce and foreign policy, several nations have made strides their goals. Secondly, it is imperative to mainstream the private sector's involvement in the new economic diplomacy, where proximity to the other side will be crucial. The country must be determined to let go of the ineffective sectors that have prospered thanks to government protection and patronage. Over the past few decades, Pakistan's competitiveness in this scenario has drastically decreased when compared to its peers.

Thirdly, investing in regional knowledge networks will be beneficial in maintaining Pakistan's leading position in the emerging regional markets. Pakistan should connect its institutions and think tanks with those of its neighbours in South and West Asia, and it should take use of China's outstanding research environment and development skills across all domains. The reason for this is that the exchange of talented young people would spark innovation and fortify regional integration intended to promote stability and mutual progress.

Furthermore, bilateral trade between China and Pakistan has accelerated and is expected to reach USD 17.49 billion in 2020 because to improvements in connectivity-related infrastructure. Pakistan's exports to China increased by about 70% in the first quarter of 2021, at USD 888 million, compared to USD 526 million in the same time the previous year. In the fiscal year 2020–21, the total value of exports to China climbed from USD 1.74 billion to USD 2.33 billion. One hundred billion dollars is the estimated potential for bilateral trade between the two nations (Khan, 1999). Nevertheless, for achieving this goal, Pakistan must focus on increasing the per capita income, efficiency and eminence of the export goods to meet the international standards. The most important role will be played by Human Resource Development if tangible benefits of regional connectivity are to be realized with tangible impacts on the life conditions of poor people. The existing infrastructure of skills-training ought to be replaced by knowledge-based skills, meant for reaping the benefits of the fourth industrial revolution.

### Role Of Afghanistan

Both the countries of Pakistan and Afghanistan, because of their geo-strategic locations are at the junction of South and Central Asia, thus focusing on the regional connectivity projects can ensure the advancement of the entire region.

Pakistan's multifaceted ideas of promoting socio-economic development and linking of Southwest and Central Asia is linked with stable, peaceful, sovereign and prosperous Afghanistan. It is imperative for Pakistan to move forward with an approach of regional outlook and frame strategies for working in cooperation with the post conflict Afghanistan for ensuring long term stability and prosperity. The abundance of mineral resources in energy rich Central Asia and their export to the world gives much importance to Afghanistan as they are meant to be majorly transported through Afghanistan and Pakistan (Hamid, 2020).

In this connection, the visit of minister of state for foreign affairs of Pakistan, Mrs. Hina Rabbani Khar along with other officials to Afghanistan was specially meant for discussing the initiatives and projects of regional connectivity. China is working hard to improve infrastructure in her provinces bordering Tajikistan, Kyrgyzstan and Pakistan and any mischief or militant activity on Afghan land can sabotage the whole process of development (Hamid, 2023).

At this stage, Pakistan and China are poised to get maximum benefits and link Afghanistan and Central Asia by linking them through projects of CPEC and other linked initiatives. Investment in all the major sectors in Afghanistan including roads and other infrastructure can bring a paradigm shift in the social and economic sectors of Afghanistan. These projects will also provide ample opportunities to the Afghan youth for jobs and investment by the investors.

Soon after the withdrawal of United States of America from Afghanistan, the regional dynamics of South and East Asia are rapidly changing. The regional countries owing to their geo-strategic locations and potential role in the upcoming regional political environment are lining up. Same is the case with Islamic Republic of Pakistan. Owing to its geographical location, Pakistan has a central position either for regional connectivity or any other political mapping in the region.

Its northern neighbor and time-tested friend; People's Republic of China has now decided to play a leading role in the regional political arena and counter American hegemonic designs through diplomatic channels and perfect usage of its soft power. Chinese response to the Western World in the cases of South China Sea, Hong Kong and its flagship projects of BRI and OBOR are phenomenal and similarly trying to lessen American influence in the East and South Asian regions through its smart power. The Chinese success of reaching out to Iran and Saudi Arabia for rapprochement is a monumental achievement for China in the contemporary political scenario. Moreover, Chinese role in ensuring regional connectivity and strengthening regional organizations like Shanghai Cooperation Organization has further improved Chinese influence and role in the regional politics. Because of long lasting strategic partnerships and shared destiny, Pakistan has always been on the same page with China in all these initiatives and developments.

The evolving regional dynamics has compelled Pakistan to be proactive and resilient in this regard. The Islamic Emirates' revolution in Afghanistan in August 2021, has brought many challenges and opportunities for Pakistan. On the one hand, Pakistan was playing a leading role in the Afghan Peace Process before the Taliban's control of state of affairs in Kabul, and on the other hand, Pakistan was the primary supporter of Taliban's government, soon after capturing of Kabul. Along with financial constraints, Taliban's top stewardship were facing international sanctions, thus it was

Pakistan who took initiative to soften the rage of the western world through diplomatic channels and in no time organized two summits of Organization of Islamic Cooperation for fund raising and providing moral support to Afghan brothers and sisters. Pakistan used its diplomatic channels and time and again sent its leaders and representatives to Kabul for resolving outstanding issues and persuading Afghan Taliban for fulfilling their promises and commitments made with the international community and paving the way for their international recognition.

Moreover, the recent trilateral dialogue among China, Pakistan and Afghanistan is the perfect manifestation of Pakistan's commitment to the development and prosperity of Afghanistan. Chinese foreign minister Qin Gang, and Afghan foreign minister MulviAmeer Khan Muttaqi were hosted by their Pakistan's counterpart Mr. Bilawal Bhutto Zardari in the 5<sup>th</sup> China-Afghanistan-Pakistan Foreign minister's Dialogue on 6<sup>th</sup> of May 2023 in Islamabad. During the summit it was stressed upon that a stable, peaceful and prosperous Afghanistan will be the guarantee of serving the common interest of the region. The three sides were of the opinion that our interaction and cooperation will be based on the principles of mutual respect, equal-footed consultation and mutual benefit. The foreign ministers principally agreed to expand China Pakistan Economic Corridor to Afghanistan, which in turn will ensure its connectivity with the Central Asian Republics, Russia and onto Europe. During the whole dialogue the main thing that was mostly stressed upon was Regional Connectivity and finding every possible way to implement the projects aiming at regional connectivity. The participants were of the opinion that Afghanistan has now got a stable and viable government that has full control of Afghan lands is an excellent opportunity for all of us to make it a transit hub and ultimately resolve the economic and political instability of Afghanistan. Apart from CPEC, there was broad consensus on the completion of existing projects of TAPI, CASA-1000 and Trans-Afghan Railways that will benefit the people of the region. The joint communique of the dialogue also mentioned that the presence of militant organizations in Afghanistan, that threaten regional security and interests of the regional countries will not be tolerated at any cost.

### **Conclusion**

To conclude in the light of above-mentioned statistics and the discussion recommends that regional connectivity can do miracle in the lives of far-off areas and can overhaul the institutional, social and cultural dynamics of these regions in a productive way. For Pakistan, CPEC ensures outreach towards, Afghanistan, Central Asia and European region that will be blessing for the downtrodden people of this country and lingering institutions will be stimulated by the incentives available in the projects of CPEC. The narratives of national interests and national security will be revitalized in accordance with the imperatives of connectivity across the region.

In short, visualizing new projects of connectivity has been done, now it's the turn of implementation circles to implement the envisioned projects and the country and its people should get maximum benefits. The challenges will always be present at every foot step and the game spoilers will try to derail the wheel of development. However, the vibrant mechanism to deal with these challenges and ensuring solution to the local issues and handling the national, regional and global challenges tactfully will definitely ensure the notions of peace and development present in the projects of regional connectivity. Taking on board all the stakeholders in the decision making, timely solving the rising issues, avoiding procrastination in official matters, charismatic stewardship, political acumen and astuteness will ensure viable peace, prosperity and long-term stability in the country and the region. Consequently, the projects of regional connectivity will definitely ensure long lasting peace, stability, growth and development in the region.

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