

**CPEC: The U.S. Stance and its Impact on Pakistan-U.S. Relations**

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**Headings**

- [Abstract](#)
- [Key Words](#)
- [Introduction](#)
- [CPEC – Nature and Magnitude](#)
- [The U.S. Stance](#)
- [Impact of CPEC on Pakistan-U.S. Relations](#)
- [Conclusion](#)
- [References](#)

**Abstract** *China-Pakistan Economic Corridor (CPEC), a cluster of infrastructure-build-up projects for Pakistan with Chinese assistance was signed in 2013. The 'Rise of China' had kept the U.S. perturbed for the last two decades, however its 'Belt and Road Initiative' (BRI) added salt to injury. The U.S. expressed its displeasure over CPEC, its policy makers gradually started bracketing Pakistan with China. At a juncture, when the U.S. was already unhappy with Pakistan due to numerous 'Afghanistan- related' developments, its serious discomfort with CPEC impacted the bilateral relations considerably. The U.S. has been close to Pakistan since its independence particularly during 'Afghan War' and 'War on Terror' both economically and militarily. Similarly, China is an 'all-weather friend' and natural strategic ally against India. The CPEC-oriented grudge has brought the U.S. closer to India which is a serious concern for Islamabad. The question of balancing relations between U.S. and China perplexes Pakistan's policymakers.*

**Key Words:** BRI, CPEC, Foreign Policy, Relations, Support, Ally, Project, Politics, Strategy, Silk Route, Connectivity, Commerce, Alice Wells, Pakistan, China, U.S.

**Introduction**

'China-Pakistan Economic Corridor' (CPEC), generally held to be the initial part of the 'Belt and Road Initiative' (BRI) of China, was launched in 2013. It is a collection of projects, costing originally \$46 billion (at present: \$65 billion), meant for developing communication, energy and industrial infrastructure in Pakistan. The CPEC will connect China directly with Indian ocean in Gwadar avoiding the Malacca Strait and decreasing 10,000km to reach the Middle East and Europe. The U.S., who is already unhappy with Pakistan for not providing sufficient assistance in stabilizing Afghanistan; further alienated and came closer to India. Actually, the U.S. perceived BRI/ CPEC as a Chinese vehicle to expand its influence beyond its boundaries; towards Middle East, Africa and Europe: and considers Pakistan an instrument in facilitating Chinese ambitions. The U.S. keeps warning Pakistan that CPEC is a debt- trap for it and it is going to further cripple Pakistan's economy, however Pakistan has been adamant to continue with the project. This situation reduced the already dwindling warmth between the two countries. PM Imran Khan's meeting with President Trump during his visit to the U.S. in July 2019 broke the ice and some positive signals were received from Washington; though a lot needs to be done in this connection. CPEC has also not been able to deliver as per expectations of most of the Pakistanis and disillusionment has started increasing. Pakistan is trying hard to create a balance between two major powers of the world i.e. the U.S. and China, as it can't afford to lose either of them. This article attempts to explain the background and the true nature of CPEC; the U.S. perception regarding the project; and the impact of Washington's approach, on the Pakistan-U.S. relations.

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## CPEC – Nature and Magnitude

The Communist Revolution (1949) awakened the 'sleeping giant' and the Deng Xiaoping's reforms (1980s) caused the phenomena termed as the 'Rise of China'. Pakistan has always been aware of the importance of its northern neighbor and was among the countries which recognized the establishment of the Peoples Republic of China (PRC) just after the Communist Revolution in 1949. During last 71 years, China has proven to be an 'all weather friend' as it sided with and supported Pakistan in all ups and downs; however, definitely the most important event in the history of these relations occurred in 2013 when CPEC was formally launched.

The CPEC is actually a huge development programme consisting of numerous projects, valuing originally \$46 billion (at present: \$ 65 billion), intended to modernize Pakistan's present infrastructure eventually leading to its economic strength. During the huge exercise of planning and execution; '1+4' pattern of economic co-operation is to be followed; CPEC and 04 key areas of (1) Transportation infrastructure;(2) Energy generation;(3) Industrial zones development; and above all (4) Upgradation of Gwadar port; playing the central role. The transportation facilities are to be improved via developing an elaborate highway net-work; energy generation through installing power plants of various modes; industrialization by establishing 'Special Industrial Zones' at suitable places; and Gwadar port by upgradation to international standards. The Institutional Framework of CPEC for making all the important decisions consists of a 'Joint Co-operation Committee'(JCC), which is further divided to 05 'Joint Working Groups'(JWGs) meant for Planning, Energy, Transport, Special Industrial Zones and Gwadar port. The JCC is responsible for overall planning and co-ordination whereas JWGs is in-charge of detailed planning and implementation of the projects within their respective fields. The 'National Development and Reform Commission of China' and 'Ministry of Planning, Development and Reforms, Pakistan' serve as Secretariats of CPEC. The guiding principles of the whole process are: scientific planning, step-by-step implementation, consensus through consultation, high quality, sound security and mutual benefit. In view of Pakistan's urgent requirement the energy generation units have been accorded the status of 'prioritized' or 'early harvest' projects to be completed by 2020, in any case, although the remaining portion of the programme may continue up-till 2030. A lot of emphasis on development of transportation infrastructure has been due to the reason that as per an assessment, the dilapidated condition of road network in Pakistan causes a loss of 3.5 percent in country's annual GDP. The modernization of connectivity channels will certainly accelerate the overall economic progress of Pakistan. Although Pakistan and China have been strategic partners since long, the CPEC represents a transformational movement from 'geo-strategic' to 'geo-economic' partnership, that is why some times it is termed as a 'game-changer'.

The CPEC is a cluster of several huge projects, however, its flagship project is the highway that will provide China a direct link to Gwadar; a deep-water harbor on the Indian Ocean located in Baluchistan province of Pakistan. This port, being just 3000 kilometers away from Xinjiang province of China, will enormously facilitate its exports to different regions of Asia, Africa and Europe. The plan dated back to 1950s and it was the motive behind embarking upon a gigantic and complicated project of Karakoram Highway in late fifties. Chinese interests rekindled between 2002 and 2006 when it was assigned upgradation of Gwadar port by Pakistan. After a pause, due to inconsistency in Pakistan's politics, the feasibility was analyzed threadbare by the concerned quarters of both the countries and finally in 2013 it was agreed to set the plan in motion however with a considerably enlarged scope. The funds were to be provided by China Development Bank, Asian Infrastructure Investment Bank, Silk Road Fund and Exim Bank of China under the auspices of Chinese government. The programme took-off with signing of accord by Pakistan's Premier Mian Nawaz Sharif and China's President Xi Jinping on April 20, 2015. The comprehensibility of the pact is demonstrated by the fact that it included as many as 51 agreements and memorandums of understanding (MOUs).

The geographic location of China's Xinjiang province is highly important as it borders Russia, Mongolia, Tajikistan, Kyrgyzstan, Kazakhstan, Afghanistan, Pakistan and India; and the legendary, ancient Silk Route passed through its territory. The Silk Route not only provided a direct link between ancient China and the occidental world through which not only goods but ideas as well were carried from one zone to another. The commercial and cultural interaction between two great civilizations of the distant past i.e. Rome and China were conspicuous in this connection. Three main commodities which went West to East were silver, gold and woolen materials whereas silk was the main export from East to West. In the cultural context, Buddhism: a religion of Indian origin and Nestorian Christianity with western shade reached China by means of same route. During medieval age, the route was revived mainly due to Mongol invasion of Asia and Europe who followed this itinerary for their military activity. The legendary explorer Marco Polo also adopted this route in the 13<sup>th</sup> century. Most probably, the plague bacteria which caused the horrible 14<sup>th</sup> century pandemic, generally termed as 'black death', reached Europe via this course. This historical record partially explains that why the U.S. and the Western world feels perturbed and uneasy on revival of this route; however, their main cause of concern is that it will give China an enormous benefit in international trade by reducing time and cost of its exports to numerous destinations apart from providing two most important sources of energy i.e. Natural gas and petrol, efficiently due to circumvention of the Straits of Malacca and the South China Sea. The merits of this route were also the primary catalyst behind the UNO'S grand design for construction of a trans-Asian communication structure comprising of a quality highway and parallel to it an elaborate railway system, to be undertaken by the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP). Pakistan and China did not stop here and joint 'Space and Satellite Initiative' announced in 2016 enhanced the meaningfulness of the plan.

CPEC is actually the initial component and 'pilot project' of the long-range "Belt and Road Initiative" (BRI) announced by China in 2013, to augment and facilitate commercial activity among the Eurasian nations. Some analysts try to trace commonalities and resemblance between Marshal Plan, launched by the U.S. in post-World War-II period to rehabilitate Europe; and BRI by China to impact the present-day world through improvement in various sectors.

China's "Belt and Road Initiative" (BRI) often labeled as the "New Silk Road" is a global development strategy involving gigantic infrastructure upgradation and huge investments in nearly 70 countries and numerous international organizations in Asia, Europe and Africa. Certainly, it will be the greatest human effort for development encompassing such a large number of countries and costing about \$ 8 Trillion, mainly financed by China'. Originally, the project was titled as the 'Silk Road Economic Belt and the 21<sup>st</sup> century Maritime Silk Road' – abbreviated as 'One Belt One Road' (OBOR). However, in 2016 China sensed that the stress on the word 'One' could lead to some misunderstanding or wrong interpretation by the opponents of idea and decided to rename it as 'Belt and Road Initiative' (BRI). In this title, the word 'Belt' refers to the land routes for road and rail transportation; and the word 'Road' is a reference towards the sea routes which are the components of the 21<sup>st</sup> century 'Maritime Silk Road'.

By and large, there is acceptance of CPEC in Pakistan, however, some quarters feel uncomfortable, fearing undue hegemony of China over Pakistan and compare it with East India episode but an objective appraisal does not lend support to this approach. The programme offers opportunities to both the countries; China will have a direct access to Indian ocean via Gwadar and Pakistan; a much-developed infrastructure in certain highly backward sectors. So, it is a 'win-win situation' for both the partners. Sometimes, it is also apprehended that the project may not produce calculated results, on the one side and entangle the country in 'debt trap' on the other. Although, it is too early to come-up with a solid comment but majority of Pakistanis is optimistic about it as yet, despite slow pace of civil works and no tangible impact on economy.

## The U.S. Stance

The U.S. reaction on the initiation of CPEC and possibility of its expansion as per overall framework of BRI was not expected to be pleasant and certainly it was not. The U.S. watched each and every CPEC-related activity with caution and concern and finally expressed its disapproval of the phenomenon. Actually, the U.S. does not take CPEC as a separate entity – isolated from BRI; and BRI is considered by them as a component of China's endeavors to project itself as the emerging politico-economic leader of the world. The U.S. perceives that China wants to redesign the international system so as to suit and support the Chinese ambitions and for this purpose they offer 'Chinese model' and 'Chinese wisdom' as solution for the world problems – to be implemented in a 'China-led global governance regime leading to establishment of a "community of common human destiny" ([U.S.-China Economic and Security Review Commission, 2019, p.2 and 3](#)) The U.S. feels that "China's growing economic clout and assertive foreign policy is drawing increased attention to Beijing's economic strength, of which BRI – General Secretary Xi's signature economic and foreign policy project – is perhaps the most visible example" (U.S.-China Economic and Security Review Commission, 2019). Moreover, "Beijing views the project as a vehicle for revisiting the global, political and economic order to better align with its interests" ([Tobin, 2018](#)). The U.S. keeps on highlighting concerns of the EU, India and Japan about BRI. The European Union's policy response has emerged in the form of an alternate strategy to boost relationship between Europe and Asia in the fields of transport, energy and digital technology. Similarly, the plan of joint Indo-Japanese infrastructure projects collectively called as 'Asia-Africa Growth Corridor' (AAGC), termed as 'Freedom corridor' as well; to be built across the Indo-Pacific Rim land is held as Indo-Japanese answer to the BRI. Despite their close resemblance with BRI, these plans have never been opposed by the U.S. which indicates its covert approval; apart from highlighting its partial and prejudiced behavior viz a viz China'

Another grave concern of the U.S., related to the potential militarization of the BRI due to ever-increasing overseas presence of Chinese army under the garb of security for BRI projects, although its exact dimensions are not yet known ([Nan, 2016](#)). The U.S. apprehensions cannot be brushed aside as in a number of army-oriented publications, it has been indicated that "BRI is an effort to expand China's strategic depth, which has generated new requirements and options for Beijing to use the military forces stationed overseas" ([Yu, Jiani, and Yu, 2019](#)). It is also not a secret that Chinese commercial concerns operating abroad are increasingly hiring personnel from security agencies from their own country. Though, mostly these are private-sector agencies however they are pre-dominantly staffed by ex-army stuff maintaining strong connections with their parent organizations. Reportedly, at present, plus-minus 3200 retired military-men are looking after security affairs of their employer companies in Pakistan, Sudan and Iraq ([Legarda and Meia, 2018](#)). It reminds of China's insistence on sending its troops for CPEC projects and security; a condition which was not accepted by Pakistan and instead it raised its own units for the purpose. The U.S. also worries that through BRI, China's financial and technical assistance in uplifting commercial ports, particularly in Asia, and Africa have multiplied during the last decade; and these economic stakes can be converted into bases and other strategic outposts ([Chambers, 2018](#)). Presently, China's Development Financial Institutions (DFIs) and state-owned banks either have equity or an operating lease at around 70 harbors (including Gwadar) abroad; however, alarm bells started ringing when through a drastic decision, an outstanding loan meant for upgradation of a Sri Lankan port namely Hambantota was converted into a controlling equity and a 99-year lease" ([Hillman, 2018](#)). All these reasons seem to be sufficient enough to make the U.S. uncomfortable with the progress on CPEC.

U.S. has come up with a number of grounds for opposing the project; over the years. The principle arguments have been; (i) The China – Pakistan Economic Corridor crosses northern region of Pakistan which, as per Indian claim, is part of the Jammu and Kashmir area and hence disputed till the final settlement of the issue. The U.S. point of view is that, in case, implementation on CPEC continues, tensions between Pakistan and India and between China and India will intensify which is not conducive for global peace. The issue of CPEC's crossing through disputed areas was highlighted by the U.S. Defense Secretary James Mattis

in the Senate Armed Services Committee in the 1<sup>st</sup> week of October 2017(Khaliq,2017). In the same manner, the Trump administration has apprised Senate and Congress that it believed the CPEC passes through Pakistan's northern areas, which India claims, is part of the disputed Jammu and Kashmir territory (Iqbal,2017). Since early days of the project, the U.S. stance has been the same, however, it is important that President Trump reiterated it in clear words on various occasions during his visit to India in the last week of February 2020. Actually, the U.S. wants to kill two birds with one stone i.e. appease its latest politico-economic partner in South Asia, India; and to thwart the development plan which is expected to benefit China from numerous angles. (ii) Pakistan has not been provided with the project cost as an aid, rather it is a loan, which Pakistan's economy will not be able to pay-back. In this eventuality, American financial assistance or IMF bail-out package, of which the U.S. is main contributor, will be used for the purpose and it is not acceptable to the U.S. The American concern is that "one of the countries that is really gorged on 'One Belt, One Road' is Pakistan and they have taken all kinds of debt. They might actually have to go to IMF because they have taken on so much Chinese debt. The IMF is funded by U.S. tax payer dollars – there is a chance that U.S. tax payer dollars are going towards Chinese directed companies – as part of that bailout" (Pompeo,2018). U.S. Secretary of State Mike Pompeo stated in clear words; "make no mistake – we will be watching what the IMF does. There is no rationale for IMF tax dollars – and associated with that, American dollars that are part of the IMF funding – for those to go to bailout Chinese bondholders or – or China itself" (Pompeo,2018). Recently, Alice Wells, the Assistant Secretary of State for South Asian Affairs, warned Pakistan over the CPEC that it could end up with a higher debt burden as it was not an aid to Pakistan but a form of financing, ensuring guaranteed profits for Chinese enterprises.

### Impact of CPEC on Pakistan-U.S. Relations

When CPEC was launched in 2013, the Pakistan-U.S. relations were already strained as both sides had started criticizing one another's strategy in War on terror. The U.S. allegation that Pakistan was hands in glove with certain factions of Taliban, Raymond David episode, U.S. operation in Abbottabad to get hold of Osama Bin Laden (OBL) and 'Salala incident' had added fuel to fire and both the sides were totally disenchanted with each other. In this environment, the signing of CPEC could prove to be the last straw on the camel's back, however the U.S. restrained as Pakistan occupied a strategic position in its Central and South Asian policy; and more particularly due to its worrisome engagement in Afghanistan.

In foreign policy of President Barak Obama (2009-2017), the Asia-Pacific mattered the most, not due to the reason that economy of this region was growing at a very fast pace and emerging as great trading entity in the world but more importantly because the U.S. now considered China as its potential strategic competitor likely to pose the greatest challenge to it in the 21<sup>st</sup> century: politically, economically and militarily. Obama's response to the situation surfaced in form of "pivot or rebalance to Asia" Policy consisting of numerous decisions, mainly being;(1)shifting of focus from Europe and Middle East to East Asia;(2)strengthening ties with regional allies through extensive diplomatic activity;(3)enhancing military presence through bilateral security alliances;and above all,(4)investing massively in the Asia-Pacific through "Trans-Pacific partnership" – a trade agreement among 12 countries to avert China from imposing terms and conditions of its own suitability upon the client states(Xuhui,Juan,Tiezzi,2016). Moreover, apprehending China's rise Obama came closer to India – a move which China perceived to be part of the U.S.'s 'Containment of China' policy despite Washington's repeated expression that "the U.S. welcomes the rise of China" (Li,2016). In such a milieu, the launching of CPEC could not amuse the U.S. Basically, the U.S. never took CPEC/BRI in isolation from the perceived Chinese ambition to enhance its influence, particularly in Asia and Africa, not only in political and economic spheres, but in military sense as well. Generation of huge capital by China and its lavish loaning to various Afro-Asian countries, though under strict conditions, perturbed the U.S. However, the real cause of concern for the U.S. was increase in China's military budget since 2007, from 15 to 20% per year – a policy, which the U.S. declared to be inconsistent with China's stated goal of "peaceful rise". China claimed that it was to secure its national

defence and geographical integrity – a stance which did not convince the U.S. Actually, the U.S. had commanded a unipolar world since collapse of the USSR in 1990 and its policy-makers had become used to think in terms of “Hegemonic Stability Theory” which describes that the international system will be stable if only one superpower controls it. Therefore, the “Rise of China” was an extremely unpleasant development for them.

This change in the political landscape of the world and initiation of another “great game” in the region put Pakistan in a tight corner. On the one side, it could not ditch its ‘all-weather friend’ China and on the other, it had to sustain overt and covert pressures of the U.S. Although, Pakistan did not abandon the CPEC, the U.S. maintained working relationship with it as its support was crucial for ongoing American campaign in Afghanistan, but parallel to this, it allied with India closely – needless to say that this partnership suited both: “China factor” being mutual cause of concern. Clearly, CPEC positioned Pakistan as a Chinese ally in this war of hegemony between two major powers of the 21<sup>st</sup> century – more so, as an emphasis on BRI was viewed to be a reaction to the U.S.’s ‘rebalance policy’.

Republican candidate for presidency in 2016 elections, Donald Trump had indicated during his campaign to adopt a hardline towards Pakistan for two reasons: (i) for not extending full support in Afghanistan; and (ii) to facilitate Chinese ambitions through CPEC. After assumption of power, Trump stood true to his words and pressed Pakistan through all means. However, the most dramatic change came in the form of “Indianization” of U.S. policy in result of intimate understanding developed between nationalist Trump administration and extremist Hindu government of India under Narendra Modi.

There might be some policy differences, as well, between the present U.S. Government and that of India; they are of one mind on Pakistan –punishment ([Zaidi, 2016](#)). The lowest point in the relationship came with Trump’s first tweet of 2018 wherein he accused Pakistan of reciprocating with “lies and deceit” for \$33 billion which the U.S. had foolishly given it during ‘War on Terror’ ([Afzal, 2018](#)). Although the figure quoted by Trump was wrong – as Pakistan received only \$19.35 billion and the remaining went to ‘Coalition Support Fund’ (CSF), Trump suspended military and security assistance to Pakistan ([Aziz, 2018](#)). On the other hand, due to anxieties caused by execution of CPEC and China’s growing relations with Russia and Iran, the U.S. steadily deepened security and defense ties with New Delhi. Although India was a natural partner of the U.S. in the emerging politico –economic scenario of this region, the convergence of ideason CPEC played a vital role in bringing them close to each other. India was extremely disturbed by CPEC as it viewed “the Chinese venture as a mega-scale naval mobilization program that threatens its security and puts global sea lanes at risk” (Siddiqi, 2018). Moreover, “the fact that CPEC gives China access to the Indian Ocean is India’s biggest fear – it feels Pakistan and China have become a joint threat and their aim is to encircle and contain India” (Siddiqi,2018). With this background and after winning the covert support of the U.S., India intended to create its own connectivity network which included establishment of ‘Afghanistan – India Air Corridor’ and development of ‘Chabahar Port’ in Iran – apparently India’s answer and a strategy to counterbalance the CPEC (Dawn, Mar:24,2017). Uplift of Chabahar port, which lies just 172 kilometers away from Gwadar, got a waiver from Trump’s “Maximum Pressure” sanctions on Iran (Admin, 2020). India’s stance that CPEC is being laid through the Pakistan-occupied Kashmir, which is a disputed territory is also endorsed by the U.S. An arms deal valuing \$3.5 billion has been signed during Trump’s February 24, 2020 visit to India. He also declared categorically that India is premier defense partner of the U.S.

The U.S. and its like-minded countries share the concern that CPEC/BRI can be a ‘Trojan horse’ for China-led regional development and military expansion. In criticizing CPEC President Trump and his cabinet members do not mince words. Vice-President Mike Pence while addressing ‘Asia-Pacific Economic Co-operation’ summit, where President Xi was also present declared BRI ‘a constricting belt or a one-way road’(Cloughley,2019). In March, 2019, Secretary of State Mike Pompeo declared the BRI to be “a non-economic offer against which Washington is working diligently to make sure everyone in the world

understands the threat" (Claughley,2019). Later, while being in London, Pompeo stated that "BRI had undermined sovereignty of the countries" and cautioned the UK government to be extra-careful about it (Claughley,2019). The American political analysts think that Pakistan's closeness with China, particularly in connection with CPEC, is a big constraint for U.S.-Pak relations. They argue that "how Washington can ever develop a broad and strategic partnership with a nation that is closely allied with America's top strategic rival – a country that Trump administration views not only as a strategic competitor but also as a national security threat" (Abbas,2019). The U.S. intellectuals claim that "Beijing's investment models around the world entail a lot of opacity, very little technology transfer, and the use of Chinese labor" – moreover, "the U.S. model is much better because it brings real benefits to host countries and does not ensnare them in debt traps"(Abbas,2019).

The criticism of CPEC by the American dignitaries has become a regular phenomenon; however, two speeches by Alice Wells, the Assistant Secretary of State for South Asians Affairs are the most important and the most comprehensive in this connection. The first one was at the Wilson Centre in Washington on November 21, 2019, which was described "unusually specific" by the international media (Dawn, Nov:26,2019), and the second one was at Islamabad on January 22, 2020 wherein she impliedly urged Pakistan to rethink its involvement with CPEC (Outlook, Nov:22,2020). The Islamabad speech, in particular, cannot be considered a routine matter as the senior U.S. diplomat deliberately made it before a think-tank event participated by notables of business world, academia, media and civil society (Outlook, Nov:22,2020). The timing of the speech was also well-calculated as U.S. thinks that "people in Pakistan are suffering economically: four years since its inception CPEC has not proved to be the economic savior that some had expected and many people in Pakistan have been disappointed" (Adnan,2020).

The Crux of Alice Wells Stance has been:

- (i) CPEC was not an aid to Pakistan but a form of financing that guarantees profits for China's state-owned enterprises, and the expansive loans will be an unnecessary burden on Pakistan's already fragile economy;
- (ii) The cost of Projects is fast escalating i.e. Railways ML-I; that links Karachi with Peshawar; and the element of transparency was also missing in cost-enhancements;
- (iii) Companies black-listed by World Bank had been awarded contracts of CPEC;
- (iv) Why immunity from prosecution has been granted to newly-formed "CPEC Authority" meant to serve as the core body for coordinating, facilitating and monitoring the under-execution projects; apart from identifying the new ones; and finally
- (v) Pakistan being buyer was not fully aware of what it was doing (The Express Tribune, Nov: 22,2019), (The New Indian Express, Jan: 22,2020).

China's response to Alice Wells was as following

- (i) China puts 'Pakistani people's interest first';
- (ii) CPEC has created 75000 jobs for locals apart from improving transportation and power infrastructure;
- (iii) CPEC has contributed 'one to two percent' to Pakistan's economic growth;
- (iv) China is not creating a debt trap for Pakistan as more than 80% of the projects were being funded by direct investment or grants from China;
- (v) The debt incurred from CPEC stands at \$5.8 billion less than 5.3% of Pakistan's total debt of \$110 billion; and
- (vi) The repayment period is 20-25 years starting from 2021 with interest rate of 2% ([Blog: CRSS, Jan: 24,2020](#)).

Pakistan has refuted numerous times that it was sinking further into a quagmire of debt and made it clear that Pakistan would neither back out from CPEC and its time-tested friend China nor would it become the 'collateral damage' of any conflict between major powers (Dawn, Nov:24, 2020). Pakistan's stance has been that while a good advice is always welcome; a dictation that how this country should conduct its foreign policy is unacceptable. Pakistan also admits validity of some concerns regarding need for more transparency and Pakistan's long-run benefits; but outright dismissal of this gigantic collaborative effort between Pakistan and China is inadmissible. Pakistan, overtly and covertly, keeps on communicating to the relevant quarters in Washington that its relationship with China is not only decades old but it has a strategic dimension and it is simply not possible for Pakistan to ditch an ally to please another country- how friendly or important it might be. Pakistan attaches great value to its relationship with the U.S. but at the same time question arises that what Washington has done of recent to pullout Pakistan from its economic crisis and standby it on international diplomatic forums (Dawn, Jan:2020).

No observer of international politics can deny that China's influence in parts of Asia and particularly in Pakistan keeps on proliferating. Pakistan's insistence on carrying out the CPEC projects is itself a sign of Washington's waning foothold in this country. However, there is another angle to analyze the situation- that "while Pakistan has found a financier in China, it is also stuck in the middle of two political and economic heavyweights with vested interests in attaining Pakistan's cooperation" (Umair, 2020). It is a difficult situation - on the one side, Pakistan wants to continue its partnership with China and on the other, it doesn't want the world to get the impression that it has joined Chinese camp full-scale. The complication further enhances when the U.S. endures to be a country that Pakistan intensely wants to remain affiliated with. Pakistan was instrumental in facilitating the U.S. withdrawal from Afghanistan; though many observers believe that it was due to being afraid of boomerang rather than a voluntary assistance. Pakistan also expects from the U.S. to play its role in settling Kashmir dispute with India (Umair,2020).

There has been internal criticism on CPEC in Pakistan since its inception, however it has started picking up fast as the progress on CPEC has been less than satisfactory. Moreover, the CPEC is not likely to sort out Pakistan's economic issues like inflation, unemployment, currency exchange prices etc. anytime soon (Adnan,2020). The perplexity of Pakistan's policy-makers with regard to growing financial reliance on China is also noticeable but they have not been able to secure any financial support from the U.S. It is a critical time for decision making authorities in Washington to avail; they should offer Pakistan trade, investment and technological assistance, take-up a neutral position on Kashmir, if not a pro- Pakistan stance; and help Pakistan in FATF and other crucial matters; if they really want to counterbalance China. Although, the U.S. has given a word time and again, that it is augmenting trade with the country but it will not be wise to expect that Washington's support will equate or even will be near to Beijing's financial undertakings. At the same time, it is important to be observed whether Washington can permit Beijing to brush aside its long-term role and clout in a strategically significant country like Pakistan. "It is unlikely that Islamabad is going to be able to balance its relationship between China and the U.S. in the coming months or perhaps years as both countries compete for influence in Pakistan" (Umair,2020),

The strains in Pakistan-U.S. relations have eased-out to some extent in the aftermath of PM Imran Khan's meeting with President Trump in July, 2019. Pakistan was accorded a respectable status in Afghan peace process, and more recently, Pakistan was invited to participate in 'International Military and Training Program' as well. Parallel to it, China is not happy with the muted response of Pakistan on harsh speeches of the U.S. dignitaries on CPEC. "This leaves Pakistani leadership in the uncomfortable position of being caught between a rock and an increasingly hard place" (Adnan,2020).

## Conclusion

The study has revealed that Pakistan is caught up in a catch-22 situation. On one hand is China with whom Pakistan has embarked upon a gigantic project called CPEC, however despite the lapse of seven years it



has not been able to bring any tangible uplift in the economic condition of the country which is making the people restive. But the fact is that the project has reached the stage that looking back is not possible. Moreover, Pakistan at no cost will like to ditch its 'all weather friend' China. On the other hand, the U.S. has been against the scheme since its outset. It has been insisting that the project is a 'debt- trap' for Pakistan and it is beneficial for China only. The 'China factor' being a common concern has brought U.S. and India very close to each other; a situation which is not favourable to Pakistan. Though ice has started melting after Imran Khan –Trump meeting dated July-22, 2019, however a lot has to be undertaken by both the sides; particularly the U.S. if it seriously wants to win over Pakistan again. The positive signs demonstrated by the Trump administration in the aftermath of the July 2019 summit are totally insufficient to reverse the situation.

The conclusion is that U.S.-China rivalry is not likely to persist only but to intensify as well. In this situation, maintaining balance between the two powers may be a difficult test for the movers and shakers of Pakistan foreign office. Pakistan can neither leave China nor the U.S., as its interests are attached to each of them. A wise policy maybe to keep both of them in good humour, keeping a safe distance and not directly becoming part of their contest for supremacy.

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