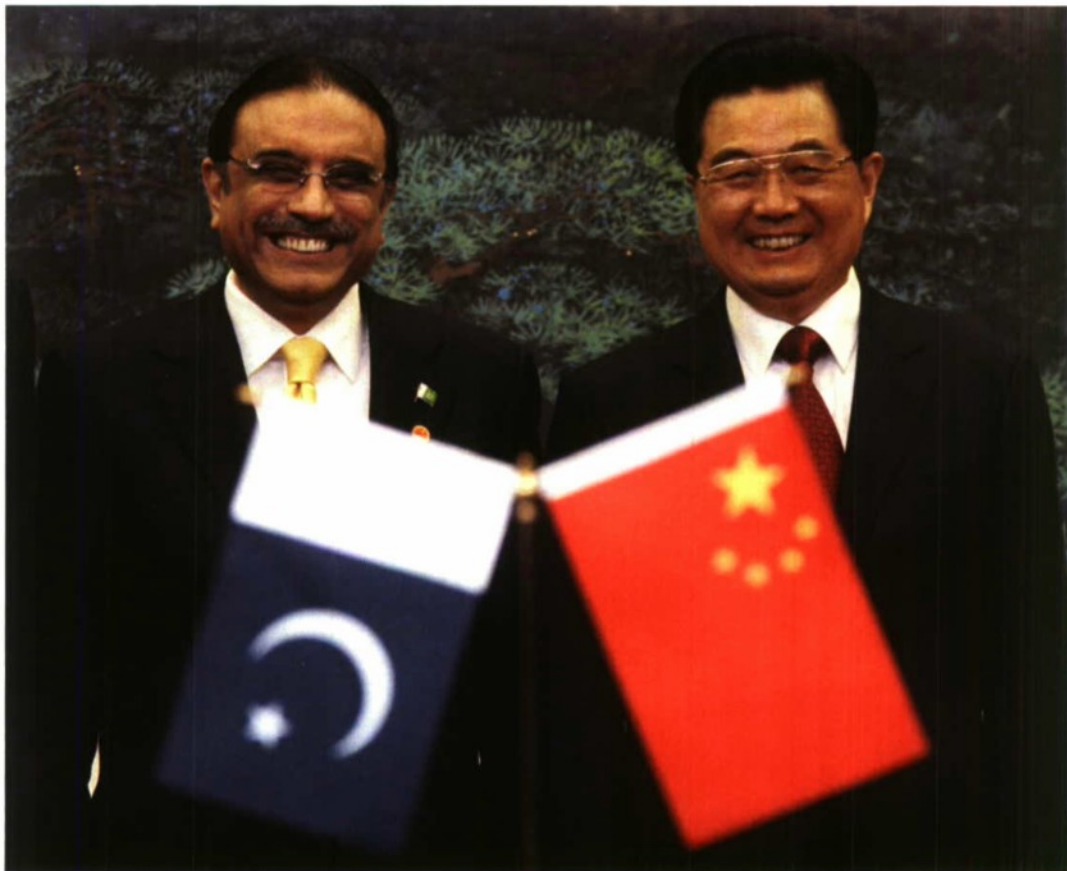


# Exploring the China-Pakistan Relationship

## Roundtable Report

Kerry B. Dumbaugh

CNA CHINA  STUDIES



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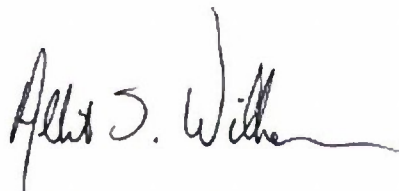
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**Roundtable Report**

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<b>14. ABSTRACT</b> China's friendly relations with Pakistan are rooted in a shared suspicion of and uneasy history with India. The relationship has a strong military component and a growing economic dimension. PRC investments in Pakistan are driven by China's demand for energy and natural resources, and Pakistan's need for infrastructure to accommodate the development of both. China's investments in the Gwadar deep sea port, the Karakoram Highway, and planned rail lines have the potential to help development in landlocked western China by providing it with an ocean access. Still, as China's investments have grown, they have made Beijing more vulnerable to extremist threats in Pakistan. China-Pakistan relations face new challenges in the 21st century, where their interests may not always align. These challenges include the two countries' dissimilarly focused counter-terror concerns, the demands of economic globalization, and an expanded U.S. regional presence. The United States and China share common existential interests in Pakistan, but have neither the same threat assessment nor the same hierarchy of priorities. This, plus Beijing's propensity for bilateral action, means that U.S.-China coordination on issues involving Pakistan will remain difficult. But there are good possibilities for U.S. actions, aid, and infrastructure investments that would complement Chinese investments.								
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## Executive Summary

On March 31, 2010, CNA China Studies hosted a half-day roundtable to discuss China's relations with and activities in Pakistan. The following report summarizes key themes heard at this event.

### Key Themes

**The China-Pakistan relationship is underpinned by traditional geo-political interests.** These include concerns about India, about terrorism and religious extremism, and about domestic and regional stability.

**China and Pakistan have similar geographical and historical concerns with respect to India that make the two natural partners.** These include territorial disputes in their shared borders with India; a history of hostility and confrontation with India; and a mutual interest in maneuvering to balance or contain India's power and influence in the region.

**China's growing economic equities with India may be affecting its relationship with Pakistan in subtle ways.** For example, when at least one Pakistani was shown to be involved in violent, coordinated terrorist attacks in Mumbai, India, in 2008, Beijing appeared to pull its punches and adopt a more nuanced diplomatic approach. In the past, Beijing could be expected to have come to Pakistan's defense diplomatically.

**Terrorism, another shared concern, is also a potential wedge in China-Pakistan relations.** China's primary counter-terror interests are focused on combating extremism and separatism in Xinjiang and preventing extremist groups in Pakistan and other bordering countries from aggravating its Xinjiang problems. Pakistan's counter-terror concerns are broader. They involve national ethnic divisions, resentment over perceived economic inequities, tribal conflicts, and multiple armed separatist movements that challenge the government.

**Pakistan's efforts to help further China's interests can complicate its ability to meet its own interests.** The Pakistan government faces pressure from China to crack down on extremist groups that challenge Beijing's interests. Such crackdowns and intelligence-sharing efforts can bring countervailing pressure on Islamabad from indigenous Pakistani groups.

**China-Pakistan economic relations are weak but growing.** PRC investments in Pakistan are driven primarily by China's demand for energy and natural resources and Pakistan's need for infrastructure to accommodate the development of both.

Chinese economic activity in Pakistan includes road, sea, and rail transportation improvements, nuclear and hydropower projects, and mining.

**China's economic relations with Pakistan offer immediate benefit to Pakistan and longer-term benefit to China.** China's investments in the Gwadar deep sea port, the Karakoram Highway, and planned rail lines have the potential to open up China's West to further development by providing landlocked western China with its only ocean access.

**As China's energy and natural resource investments in Pakistan have grown, they have made Beijing more vulnerable to extremist threats in Pakistan.** The Gwadar port and Karakoram Highway have been targeted by extremists, as have Chinese citizens living and working in Pakistan.

**China-Pakistan relations have a strong military component, which some participants alleged makes the PLA a key player in China's decisions involving Pakistan.** Bilateral military cooperation ranges from naval cooperation, to past nuclear assistance, to arms sales, to combined military and anti-terror exercises. Roundtable participants held that PRC leaders much prefer the military-led governments of Pakistan's past and appear less confident about the capabilities and effectiveness of the current, democratically elected civilian government in Pakistan.

**The United States and China share important existential concerns in Pakistan.** Both view stability in Pakistan as an important policy goal, and both see their interests better served by secular government rule in Pakistan rather than by the ascension of a hard-line or fundamentalist regime.

**Close U.S.-China coordination on many issues involving Pakistan was assessed as likely to remain difficult given Beijing's predilection for bilateral action.** Moreover, while the United States and China at this juncture share common interests in Pakistan on an existential level, Washington and Beijing have neither the same threat assessment nor the same hierarchy of priorities that could facilitate robust coordinated action.

**Even without close U.S.-China cooperation, participants felt there are good possibilities for complementary U.S. action, aid, and investment in Pakistan.** It was suggested that the United States could capitalize on China's aid and infrastructure investments in Pakistan by making complementary investments that would serve U.S. interests in Pakistan.

**More complete understanding of China-Pakistan relations requires further and broader study of other regional players.** The relationship cannot be clearly understood without accounting for the roles and actions of India, the United States, Afghanistan, and Central Asian countries.

# Exploring the China-Pakistan Relationship

## Introduction

For decades, China has nurtured very cordial and complex political, economic, and military relations with Pakistan. The two governments habitually describe their ties in glowing terms as an “all-weather friendship” that is “higher than the mountains and deeper than the oceans.” The two countries maintain robust official exchanges at all levels, conduct combined military and anti-terrorism exercises, and hold regular security, economic, and consular dialogues. China has provided Pakistan with nuclear assistance; made key investments in Pakistan’s port, transportation, and resource development infrastructure; and contributed to Pakistan’s national security by making military sales and cooperating on weapons platform production. (Appendix A presents a timeline of China-Pakistan interactions.)

On March 27, 2009, the Obama administration unveiled a comprehensive new strategy for Pakistan and Afghanistan which recognizes and addresses the synergistic role that Pakistan plays as a safe haven for Afghan Taliban and Al Qaeda forces. Initially dubbed the “Af-Pak Strategy,” this strategy treats Afghanistan and Pakistan as a single theater of operations and focuses U.S. policy more intensively than before on Pakistan as a factor in regional stability. The new focus gives China’s role in Pakistan a special significance for U.S. policy.

On March 31, 2010, CNA China Studies hosted a half-day roundtable to discuss China’s relations with and activities in Pakistan. (Appendix B presents the agenda of this roundtable.) Participants included U.S. government officials, active-duty military personnel, and analysts from think-tanks in Washington and Brussels. CNA asked the roundtable participants to address the following issues:

- the nature of the China-Pakistan bilateral relationship;
- the interests and equities of each government involved;
- the changing trends and circumstances that may be affecting the relationship; and
- the implications of the relationship for the region and for U.S. interests.

This CNA report is based primarily on the presentations, findings, and discussions at the CNA roundtable and supplemented by contextual data and analysis by the author. This report does not represent a fully coordinated consensus of the roundtable participants. Points based on independent research are footnoted as such; points raised by panelists or in the discussion are attributed to the roundtable in the text.

## Background: The Importance of the Historical Relationship

As one roundtable participant stressed, both Pakistan and China place great weight on the historical context of their relationship. They view their present-day relations as part of a long-standing association in which the positive past anchors both current and future relations.

*China is an all-weather friend.  
The U.S. is a fair-weather friend.*

According to roundtable participants, the tendency of PRC and Pakistani leaders to call their relations an “all-weather” friendship reflects this historical continuity even given the changing circumstances in both countries. In contrast, participants said, Pakistan sees the United States as a “fair-weather” friend that tends to place less weight on what has happened in the past and to focus instead on the future and on U.S. interests and priorities.

This historical context for Sino-Pakistan relations dates back to 1950, when Pakistan became one of the first countries to establish diplomatic relations with the People’s Republic of China, even when the U.S.-Pakistan relationship was strong.<sup>1</sup> From the outset, the two countries were brought closer together by mutual tensions and border conflicts with India. Appendix A describes key events in the China-Pakistan bilateral relationship.

## China-Pakistan Relations: Long-Term Fundamental Interests, Changing Circumstances

Roundtable participants pointed out that any examination of current Sino-Pakistan relations needs to begin with several caveats. First, much about China’s interests in and relations with Pakistan is conducted below the radar. Sino-Pakistan relations are among the “less researched of the world’s important relationships,” according to one participant, and what little scholarship does exist is fairly recent. In addition, PRC leaders much prefer to pursue issues bilaterally with their “all-weather friend,” offering few opportunities to observe or coordinate with Chinese actions in multilateral settings. This propensity for bilateral action appears true even on issues

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<sup>1</sup> Concerns over Soviet expansionism induced the United States to sign a Mutual Defense Agreement with Pakistan in 1954. Pakistan was knitted further into a Western context in 1955, when it joined the South East Asian Treaty Organization (SEATO) and the Baghdad Pact/Central Treaty Organization (CENTO). From 1953 to 1961, the United States provided Pakistan with \$2 billion in assistance, including \$508 million in military aid. The Council on Foreign Relations provides an interactive timeline for U.S.-Pakistan relations on its website at <http://www.cfr.org/publication/18392>.

such as economic development and regional stability, where Beijing shares key interests with the United States.<sup>2</sup>

Figure 1. China – Pakistan in the Region



By the same token, China is seen to be especially close mouthed about the relationship. One participant pointed out that China rarely goes public with any criticism of Pakistan, instead favoring private channels to communicate its interests and concerns. By contrast, Pakistan more frequently offers public praise for the importance of its relations with China and of PRC activities in Pakistan.

Second, although China’s relations with Pakistan are close and multi-dimensional, one roundtable participant maintained that there is not a consensus view in Beijing about its relationship with Pakistan or about China’s appropriate role there. Several fundamental, long-standing elements of Sino-Pakistan relations remain dominant, but newer issues and circumstances have arisen since the 9/11 terrorist attacks in the United States. Not only do these new issues appear to be affecting China’s relations with Pakistan at the margins, but according to one participant, the implications that these developments have for PRC policy are the subject of

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<sup>2</sup> For instance, according to one roundtable participant, China has sought to de-link Pakistan from Afghanistan issues, seeking to weed out the Afghanistan portions of “Af-Pak” proposals made by the United States. Likewise, China appears only tangentially interested in pursuing multilateral efforts in support of Pakistan. For example, while serving as a founding member in September 2008 of such a group, the “Friends of Democratic Pakistan,” China is seen to have sent lower level representatives to ministerial meetings than have other founding members. The September 2009 ministerial meeting in New York, for instance, was chaired by President Barack Obama, Pakistan’s President Asif Ali Zardari, and UK Prime Minister Gordon Brown, and was attended by twelve other heads of government; China, however, was represented by its then Ambassador to the United Nations, Ambassador Zhang Yesui, according to one roundtable participant.

ongoing debate in PRC policy circles, both between ministries and within them. The new trends and China's reaction to them have potentially important policy implications for all parties involved, including the United States.

## **Traditional Interests Still Guide Bilateral Relations**

According to roundtable participants, traditional geo-political interests still underpin the China-Pakistan relationship. These include:

- mutual strategic concerns about India;
- combating terrorism and assuring domestic stability;
- reliance on strong military-to-military relations; and
- pursuit of growing, though uneven, economic ties.

These shared interests (discussed in greater detail below) are the ballast for the mutual support that the two governments provide for one another in multilateral institutions such as the United Nations and in regional relations. The predominance of security issues also helps explain the strong Sino-Pakistan military-to-military relationship.

China counts on Pakistan to strongly support Beijing's position on some of China's vital national objectives – namely, the PRC position that Taiwan is sovereign Chinese territory, that Tibet and Xinjiang have long been part of China, and that China is justified in acting forcefully to assure ethnic stability in these areas. Pakistan often re-states its support for these Chinese positions in its public references to China-Pakistan relations. China also can often count on Pakistan to act as an intermediary for China in the Islamic world.

From Pakistan's perspective, Beijing has served as a loyal and trusted friend in what otherwise is a rough neighborhood. Islamabad can count on China to back its stand on India and its position on Kashmir. It also sees China as an important partner in providing Pakistan with help for its national security needs and with critical aid and investment to improve Pakistan's weak infrastructure. Finally, Pakistan sees China's friendship over the years as having been steadfast and dependable, in contrast to U.S. assistance to Pakistan, which is seen as having varied with U.S. policy priorities and administrations.

But participants suggested that in some respects, China and Pakistan each have their own weighted (and not necessarily symmetrical) priorities within these core issues – for example, emphasizing different counter-terror priorities. In addition, changing global and national circumstances may be beginning to shape some of these core elements in ways that require subtle adaptation by one or the other party.

## ***Mutual Strategic Concerns About India***

Roundtable participants maintained that India remains a central focus of China's and Pakistan's geopolitical concerns, dating back to a time when the Soviet Union was India's principal patron. China and Pakistan have similar geographical and historical concerns with respect to India. These include:

- shared borders with India, in Pakistan's northeast and China's southwest;
- a history of hostility and confrontation with India; and
- a mutual interest in maneuvering to balance or contain India's power and influence in the region.

Participants maintained that both China and Pakistan also have compelling reasons for cooperating with the other to avoid being the sole focus of India's strategic attention. China and Pakistan appear to view their political, military, and economic cooperation as tools with which they can counter India's power by trying to bind India's activities within a South Asian context and to limit India's connections with resource-rich Central Asia. Sino-Pakistan security cooperation also helps to tie down Indian troops in Kashmir, where India, China, and Pakistan all have territorial claims.<sup>3</sup>

While the China-Pakistan bilateral focus on India remains, the roundtable discussion suggested that some of the components of that focus are shifting in countervailing ways. On the one hand, given the imperatives of economic growth, China sees India as an increasingly attractive economic opportunity for trade and investment. Both China and India have benefited from growing Sino-Indian trade, and China's annual exports to India (\$29.6 billion in 2009) easily outstripped its \$5.5 billion in exports to Pakistan the same year. China's economic ties with India have led Beijing to pull its punches and adopt a more nuanced approach to cases of potential controversy involving Pakistan – as in the case of suspected Pakistanis involved in the violent, coordinated terrorist attacks in Mumbai, India, on November 26, 2008.<sup>4</sup>

On the other hand, an India whose economy is improved by Chinese investment also is a potentially stronger military adversary. Chinese investment in India, then, is likely to alarm PRC security analysts who are already concerned about an Indian threat. One study by an Indian scholar cited a number of Chinese scholars and think-tank experts who believed that an India-Pakistan war appeared possible, and

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<sup>3</sup> Components of the territorial claims include Jammu and Kashmir, administered by India; Gilgit-Baltistan, administered by Pakistan; and Aksai Chin, administered by China.

<sup>4</sup> A statement of official condolence to India was made at a press conference, by PRC Foreign Ministry spokesman Qin Gang, November 28, 2008. See also D.S. Rajan, *China's Reaction to Mumbai Terror Strikes: Pro-Pakistan Bias?* South Asia Analysis Group, Paper No. 2972, December 8, 2008. (Rajan is the Director of the Chennai Centre for Chinese Studies in Chennai, India.)

that China should support Pakistan in such a case.<sup>5</sup> Other views in China appear more harshly critical of India, with one scholar counseling that China should work with Tamils, Kashmiris, and other ethnic groups in India to split the country into independent nations.<sup>6</sup> These growing security concerns make China's Pakistan hedge look more important.

These competing perspectives suggest that the Chinese government is likely to continue to see India as both an attractive economic opportunity and a source of increasing security concern. If true, Beijing is likely to continue to pursue economic ties with India while hedging its security bets by having close ties with Pakistan and other regional security arrangements.

### ***Combating Terrorism and Ensuring Stability***

China's and Pakistan's views on stability and counter-terrorism are somewhat symbiotic and at first blush appear to be identical. Counter-terrorism remains one of China's interests as well as a key objective in its relations with Pakistan, and both governments see stability as a core interest. But roundtable participants suggested that the focus of China's and Pakistan's counter-terror interests here differ in important respects.

#### **Pakistan's Focus**

Roundtable participants suggested that Islamic extremist groups and their supporters present a unique political and existential challenge for the secular government of President Zardari, forcing Islamabad to walk a fine line between competing priorities. Islamabad has its own domestic security interests, with ethnic divisions periodically inflamed by perceived economic inequities, and a number of separatist movements backed up by armed rebel groups challenging the government. Against this, the Pakistani government also faces strong pressure from U.S. and Chinese counter-terror interests in Afghanistan and Xinjiang, respectively, to crack down on extremist groups that challenge their interests. U.S. pressure is particularly strong concerning Taliban and Al Qaeda fighters from Afghanistan seeking haven in Pakistan's remote northwest. The Pakistan government reportedly also on occasion has responded to Chinese requests for help in aiding its own counter-terror efforts in Xinjiang. One roundtable participant claimed that Islamabad has given useful intelligence to China on extremist activities, and has served as a broker and intermediary with the Taliban and other extremist groups on China's behalf.

But such crackdowns and intelligence-sharing efforts bring countervailing pressure on the government from indigenous Pakistani groups. These groups include some

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<sup>5</sup> Rajan, *China's Reaction*.

<sup>6</sup> View attributed to Zhan Lue, scholar at the China Institute for International Strategic Studies, a PLA-affiliated think-tank, in "Divide India, Chinese scholar says," UPI.com.

within the Pakistani government's military and intelligence establishment, who either have supported the Taliban in the past or continue to do so. These competing pressures complicate the Pakistani government's ability to act forcefully in concert with either Chinese or U.S. policy interests.

## China's Focus

Roundtable participants agreed that Beijing's counter-terrorism policy has remained consistently fixed on two goals: combating Islamic extremism in its heavily Muslim Xinjiang Uighur Autonomous Region (Xinjiang); and preventing extremist groups in bordering Pakistan and other Muslim countries – particularly the Xinjiang-linked East Turkistan Islamic Movement (ETIM) – from agitating or cementing links with China's own Muslim population in its far west.<sup>7</sup>

Roundtable participants were less in accord concerning the level of China's willingness to cooperate with Pakistan on counter-terror activities. As stated above, one participant asserted that China has accepted some Pakistani help in achieving its own counter-terror ends. But another participant suggested that China wants to "de-couple" the ETIM from the broader universe of global terrorism, treating it as a uniquely Chinese concern and responsibility. Still another maintained that Chinese leaders consider the mechanism of the Shanghai Cooperation Organization (SCO), which has six members and includes Pakistan as an observer, to be the country's "first line of defense" for dealing with broader, cross-border counter-terror issues.<sup>8</sup>

China at times seeks direct counter-terror help from Pakistan, but prefers to act unilaterally.

Other participants asserted that Beijing appears to be relatively unconcerned about Islamic extremists who operate entirely outside of Chinese borders and who do not target China's interests in Pakistan or in China itself. If true, they said, Chinese leaders are not likely to be interested in pushing Pakistan's government or military to take actions against indigenous terrorist groups that are not causing a direct problem for PRC interests.

Further study on this topic is warranted. But based on initial conclusions from the various roundtable views, Beijing prefers to, and may even be confident that it can, handle its own domestic problems in Xinjiang, although it apparently is willing to accept limited outside help in achieving this objective. For the most part, though, China's view of its counter-terrorism interests appears to be defined by its own ethnic separatism concerns rather than through a global lens. China appears more

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<sup>7</sup> The ETIM has been labeled a terrorist group by both Beijing and Washington; the latter designated ETIM a terrorist organization in 2002.

<sup>8</sup> The Shanghai Cooperation Organization (SCO) was founded in 2001 with China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan as founding members. India, Iran, Mongolia, and Pakistan have observer status. The U.S. has petitioned for observer status in the SCO but has been turned down.

interested in maintaining a diplomatic counter-terror wall around its western border, using the SCO countries and Pakistan as barriers to keep terrorist elements out. What goes on beyond that protective barrier seems of tertiary concern for Chinese policy.

### ***Reliance on Strong Military-to-Military Relations***

Roundtable participants stressed that military relations have long been the most important and vibrant component of China-Pakistan relations. Much in the relationship is seen to be militarily led, and China's PLA is thought to weigh heavily in China's strategic decisions on Pakistan. Bilateral military cooperation is "unusually strong" and ranges from naval cooperation, to past nuclear assistance, to arms sales, to combined military and anti-terror exercises.

These examples of cooperation underscore the high degree of institutional trust that has arisen between the two militaries. PLA personnel have worked for years to build an impressive network of connections with Pakistan's military establishment. Consequently, according to one participant, Pakistan has a significant level of confidential communications and military-to-military trust with China, encouraged by the fact that, in the words of this participant, "nothing ever leaks from the Chinese side."

According to one roundtable observer, China's leaders have faith that Pakistan's military establishment can handle the terrorist threats, ethnic disturbances, and tribal clashes that might damage China's own interests. The same observer maintained that this faith in the military is accompanied by the PRC's lack of confidence in and distaste for the Pakistan civilian government. According to this observer, Chinese interlocutors freely admit a preference for the military-led governments of Pakistan's past, and it is primarily Pakistan's military that Beijing continues to view as the reliable guarantor of PRC interests in Pakistan.

The close relationship between the two military establishments appears to give China consistent and relatively unencumbered access to military policy processes and decision-makers in Pakistan regardless of oscillations in Beijing's relationship with Pakistan's civilian leadership. A question for further research is whether Pakistan's civilian-controlled government, combined with the increase in terrorism concerns from neighboring Afghanistan, has led Beijing to perceive that Pakistan has at least a diminished capacity, if not a diminished willingness, to protect growing Chinese interests in Pakistan.

**Table 1: Key PRC Military Sales to and Agreements with Pakistan<sup>9</sup>**

**November 2000 – Al Khalid Main Battle Tank** (240 in service as of May 2009, approx. 400 procured). Produced by Pakistan's Heavy Industries Taxila in cooperation with China North Industries Corporation (NORINCO).

**April 2005 – Z-9EC helicopters** (6). China's Hafei Aviation Industry Company.<sup>10</sup>

**April 2005 – F22-P frigates** (4). The first three produced by Shanghai's Hudong Zhonghua Shipbuilding, the fourth by Karachi Shipyard and Engineering Works.

**March 2009 – JF-17 Thunder aircraft** (42). The Pakistan Aeronautical Complex and China's China Aviation Technology Import-Export Corporation (CATIC).

**November 2009 – CAC J-10 multirole fighter aircraft** (36). Delivery expected to begin by 2012.

Source: *Jane's Defence Industry & Markets*, online, March 26, 2010.

### ***Uneven but Growing Economic Relations***

According to roundtable participants, China's bilateral economic relationship with Pakistan has been uneven. Nevertheless, PRC trade with and investment in Pakistan has grown significantly since 2000 and has attracted increasing commentary from U.S. and Western observers. It was widely agreed that PRC investments in Pakistan primarily are driven by China's demand for energy and natural resources, and Pakistan's need for infrastructure to accommodate the development of both. Although China stands to reap considerable benefits from these and other economic activities, participants at the roundtable noted that to date Pakistan has been the primary beneficiary of the bilateral economic relationship. Participants also maintained that economic ties remain the weakest leg in bilateral relations, not only in comparison to military-to-military ties but, as shown in table 2, even in comparison to some of China's other regional economic relationships, such as India or Iran, which appear more dynamic economically even without the benefit of an "all-weather friendship" status.

<sup>9</sup> According to *Jane's*, China is probably helping Pakistan produce other defense systems, including an MLRS system, the Azar, which appears similar to China's Type 81; the Anza MK-1 SAM, based on the China Precision Machinery Import and Export Corporation [CPMIEC] HN-5 series; and the Anza MK2 SAM, based on the CPMIEC QW-1 Vanguard SAM. China also may have offered assistance in the development of the Uqaab UAV built by the Pakistan Aeronautical Complex, and Pakistan has worked with China on developing its SD-10 Beyond-Visual-Range Air-to-Air Missiles (BVRAAMs). NORINCO also reportedly has offered Pakistan the SH-1 self-propelled 155mm howitzer. Finally, Pakistan's defense minister reportedly informed parliament in January 2009 that the country had placed an order for the Chinese ZDK-03 AWACS system.

<sup>10</sup> China's Harbin Aircraft Industry (Group) Co. Ltd., called zhongguo gongye haerbin feiji gongye jituan gongsi or 中国工业哈尔滨飞机工业集团公司 in Chinese.

**Table 2: China's Trade With Select Countries in the Region**

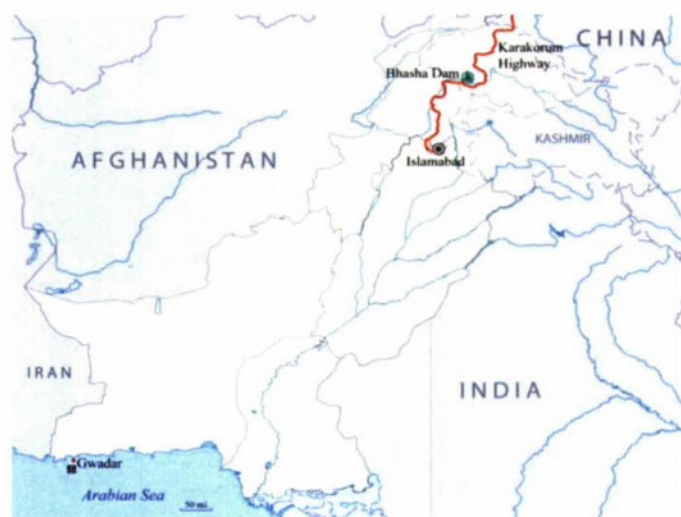
	Imports			Exports		
	Millions of U.S. Dollars			Millions of U.S. Dollars		
	2007	2008	2009	2007	2008	2009
Saudi Arabia	17,545.6	31,071.8	23,582.4	7,814.5	10,781.4	8,982.1
India	14,658.8	20,341.1	13,704.1	24,036.4	31,516.5	29,570.4
Iran	13,329.9	19,581.3	13,222.7	7,288.5	8,047.0	7,921.7
Kazakhstan	6,419.1	7,726.2	6,231.3	7,447.2	9,819.6	7,749.3
Kyrgyzstan	113.2	121.2	48.1	3,666.5	9,213.8	5,226.7
Pakistan	1,105.3	1,007.1	1,258.7	5,784.9	5,991.4	5,517.0
Tajikistan	10.3	20.2	185.0	513.7	1,479.7	1,217.4
Afghanistan	2.4	2.7	1.4	169.4	152.7	213.4

Source: *World Trade Atlas*.

China's most prominent economic investments in Pakistan all appear to be related to energy, resources, and transportation infrastructure. These include:

**Figure 2: Gwadar and the Karakoram Highway**

**Gwadar Deep Sea Port.** The Gwadar deep sea port, in Pakistan's Balochistan province along Pakistan's southwest coast (see figure 2), was built with substantial PRC assistance. Inaugurated officially in 2008, Gwadar is close to the Straits of Hormuz and thus is strategically located to serve as a key regional transshipment point. The port has concerned some in the United States, and has attracted the concern of India's military establishment as a potential avenue for monitoring Indian naval activities and a potential threat to Indian shipping in the gulf. Longer-term investment plans also are being discussed, including the building of rail links between Gwadar and China and Central Asia.



**The Karakoram Highway.** In 1986, the 1,300-kilometer Karakoram Highway (KKH) was completed with Chinese assistance, linking, at its northern end, the Chinese city of Kashgar with key points in northern Pakistan (see figure 2). The highway remains a critical connection between the two countries. In June 2006, the Pakistan Highway Administration and China's State-Owned Assets Supervision and Administration Commission signed a Memorandum of Understanding (MOU) to rebuild and improve the KKH to allow for heavier transport traffic and all-weather travel.

**Nuclear Power Plants.** Chinese investment also is helping build Pakistan's nuclear energy facilities at the Chashma nuclear power plant complex in the eastern province of Punjab.<sup>11</sup> The Phase I plant began operation in 2000. Phase II is currently under construction, and expected to begin commercial operations in 2011-2012. On April 29, 2010, China announced that it would build two additional nuclear plants at the Chashma complex.

**Hydropower.** In addition, China is assisting Pakistan in hydropower projects. In 2009, for example, the two governments signed a Memorandum of Understanding (MOU) for \$700 million for construction of 12 small and medium-sized dams for electricity generation.<sup>12</sup>

**Mining.** Chinese companies also are involved in several Pakistani mining ventures. For instance, Chinese companies signed deals in 2002 for involvement in the Saindak copper and gold project in Chagham and the Duddhar lead-zinc mining project in Lasbela district, Balochistan.

As roundtable participants suggested, Pakistan seems to be the biggest beneficiary to date in the economic relationship. Chinese-financed nuclear and hydropower projects in the country are providing sorely needed electrical power to an impoverished country with few hydrocarbon resources and serious power shortages. If Chinese plans to build oil and gas pipelines transiting Pakistan territory come to fruition, Pakistan will gain lease revenues and annual transport fees. The Gwadar Port and Karakoram Highway provide Pakistan with key connections that it can use to take greater advantage of global economic growth.

But it is also clear that China stands to reap future benefits from its current and planned infrastructure investments in Pakistan. Potential pipeline projects via South and Central Asia would help China diversify its energy supply routes, making China's energy sources less susceptible to interruption by piracy, terrorism, or the actions of other powers, such as India or the United States. Taken in concert, the Gwadar Port, Karakoram Highway, and planned rail lines provide landlocked western China with its only ocean access, giving China a more efficient and cost-effective transport route to use in developing its restive western regions.

## **New Developments Affecting Sino-Pakistan Relations**

Roundtable participants raised several new issues that they believe are beginning to pose new complications at the margins of China-Pakistan relations. According to

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<sup>11</sup> Chinese companies involved in the Chashma nuclear power plant complex reportedly include China National Nuclear Corporation (CNNC); Shanghai Nuclear Engineering Research and Design Institute (SNERDI); and the East China Electric Power Design Institute (ECEPDI).

<sup>12</sup> Syed Fazl-e-Haider, "Pakistan asks U.S., China aid on energy," *Asia Times online*, August 25, 2009.

one participant, these complications appear to be affecting PRC policy deliberations. This participant maintained that there is an ongoing debate in PRC policy circles, both within and among China's military, government, and academic institutions, on how they should be weighted in comparison with the traditional core elements in Sino-Pakistan relations.

### ***Growing Counter-terrorism Challenges***

The suggested changing nature of each country's counter-terror interests is a new challenge to the relationship. Given the growing international nature and connectivity of terrorism, roundtable participants said that China's domestic problems with counter-terrorism sometimes rise to a more prominent level in the bilateral relationship. Despite Beijing's preference to handle such issues unilaterally, Pakistan's terrorism problems are more often becoming China's terrorism problems. Most importantly, said participants, Pakistani religious schools, or madrasses, have attracted students from the Chinese Uighur Muslim community in Xinjiang. Some of these students reportedly are then recruited by Taliban groups and the ETIM, with direct and destabilizing consequences for China.<sup>13</sup>

The roundtable discussion suggested that such issues have become a muted source of tension in China-Pakistan relations, prompting China to exert varying degrees of pressure on the Pakistani government and military to do more to halt this potential challenge to Chinese national security interests. According to one participant, China handles most of these tensions quietly through its extensive private channels with Pakistan and its military. Seldom does such a problem rise even to the level of polite public comment by PRC officials, according to this participant.

Still, such issues presumably are creating a low, pulsing drumbeat in the background for harmonious China-Pakistan relations. Efforts by extremist groups in Pakistan to link up with those in western China are likely to be viewed with alarm by Beijing. Moreover, such pressures from extremist groups in Pakistan could begin to affect China's propensity to handle its Xinjiang problems on its own. As a result, China is likely to continue to press Pakistan to step up its anti-terror activities, much as the United States is doing. Several conceivable worst-case scenarios come to mind: the end of secular government in Pakistan and installment of an extremist Taliban regime; or an increasingly chaotic internecine battle between ethnic and tribal groups that makes economic development impossible. Either could cause increasing incursions from Pakistan into western China, inflaming passions among ethnic Muslims in Xinjiang, decreasing stability, and disrupting China's larger western and regional development plans.

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<sup>13</sup> Ziad Haider, *The China Factor in Pakistan*, FEER, Oct. 14, 2009.

## ***Increase in Real and Perceived Threats to Chinese Interests***

The PRC appears to be less concerned than the United States about terrorism in Pakistan. It seems to view terrorism as only a lower-level threat to its interests: as one roundtable participant put it, China is “content to let the United States remain the primary target” of terrorist extremist groups. That said, China’s expanding economic presence and visibility, both in Pakistan and in the region, potentially make Beijing more directly vulnerable to extremist threats than in the past. One participant suggested that these emerging challenges, their potential implications, and China’s policy response all are part of the ongoing internal PRC debate about the nature of its interests in Pakistan. Among these concerns, according to participants, are:

- Chinese-built nuclear power plants in Pakistan, the Karakoram Highway, and the Gwadar deep sea port were pointed out as particularly high-value potential targets for unrest and extremism in Pakistan. The Karakoram Highway has been attacked in the past, as have Chinese engineers working in Gwadar.
- The population of Chinese citizens in Pakistan, while small in numbers (one participant estimated there are between 7,000 and 10,000 Chinese living in Pakistan) still has attracted increasing attention from some militant groups in recent years.<sup>14</sup> One participant pointed out the Red Mosque confrontation in 2007 as one of a number of examples where Chinese citizens were specifically targeted by extremist groups.<sup>15</sup>

Concern for the safety of Chinese citizens in Pakistan is one subject that, according to roundtable participants, occasionally has risen to the level of rare public comment by Chinese leaders. According to one participant, the level of PRC concern about such potential threats is more readily gauged by looking at planned Chinese investment that has *not* taken place. This participant maintained, for instance, that in 2009 China suspended plans to build a coastal oil refinery near the Gwadar Port in part because of such concerns. Other Pakistan-based news reports suggested that the global economic meltdown was a key factor, but also referred to ongoing security concerns that may have affected investment plans.<sup>16</sup>

## ***Problems with Pakistan’s Civilian Government***

Roundtable participants suggested that Pakistan’s current civilian government is another new element in the bilateral relationship. According to one participant, the

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<sup>14</sup> The estimate seems to be corroborated by other Pakistan-based anecdotal sources. See, for instance, Syed Faizl-e-Haider, “Chinese shun Pakistan exodus,” *Asia Times*, September 11, 2009.

<sup>15</sup> The Red Mosque, or “Lal Masjid,” in Islamabad, was the site of a stand-off and eventual violent confrontation in 2007 between the Musharraf government and the hard-line, anti-government religious figures who controlled the mosque. Among numerous other actions, the mosque inhabitants had kidnapped and held hostage Chinese women they claimed were working in adjacent brothels.

<sup>16</sup> Syed Fazl-e-Haider, “China calls halts to Gwadar refinery,” in *Asia Times online*, August 14, 2009.

weakness of the Zardari coalition government has not inspired confidence among the PRC leadership, who were said to have cool personal relations with President Zardari despite his four visits to China within his first year in office.<sup>17</sup> Yet the state of relations with the current Pakistani government did not appear to strike participants as an obstacle to current or future bilateral relations, partly because, they said, Chinese leaders have made an effort to maintain good relations with all parties in Pakistan. For instance, in January 2010, China hosted a visit by former Pakistan Prime Minister Mohammed Nawaz Sharif, a key Zardari opponent.

### ***Growing U.S. Regional Role***

There was broad agreement at the roundtable that since the 9/11 terrorist attacks, the growing U.S. role in Central and South Asia also has troubled Chinese leaders and raised new issues in China's relationship with Pakistan. Several participants described this as a two-edged concern. On the one hand, they noted, the United States and China share a common interest in working for Pakistan's stability and its economic and political viability, and so China is comfortable with U.S. actions that help support Pakistan's economy and bolster the stability of its regime. On the other hand, according to one participant, Chinese leaders also tend to view the U.S. war effort in Afghanistan and the growing U.S. involvement with Pakistan as one of the catalysts for regional unrest, making China uncomfortable with the U.S. role.

Roundtable participants felt that this did not mean Chinese leaders are necessarily anxious for the United States to fail in achieving its regional objectives. A U.S. failure could lead at best to further instability in Pakistan, or at worst to the installation of a fundamentalist religious government in Islamabad. Neither would serve PRC interests. But they also felt that Chinese leaders were not necessarily anxious for the United States to succeed in its regional objectives. Roundtable participants said that Beijing sees direct and potentially negative policy consequences for China's interests in the event of U.S. regional success – most notably the possibility of a firmer U.S. role in Pakistan and India as part of what they fear is a conscious U.S. “encirclement” strategy for China.

### **The Limitations of the “Bilateral” Perspective**

Although the effect of broader regional dynamics was not an issue posed to roundtable participants at the outset, the broad consensus at the roundtable was that the study of the China-Pakistan bilateral relationship itself is too low power a lens to provide an accurate comprehensive policy picture for U.S. decision-makers. Participants strongly suggested that the China-Pakistan relationship cannot be clearly understood without accounting for the strong gravitational pull of a number

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<sup>17</sup> President Zardari visited China in October 2008 and in February, April, and August 2009.

of other actors and circumstances. More complete understanding of China-Pakistan relations, they said, requires further and broader study of other players.

### ***“Quadrilateral” Dynamics: China, Pakistan, India, the United States***

Several participants maintained that China-Pakistan relations could only be properly understood in terms of a “quadrilateral relationship” involving China, Pakistan, India, and the United States. These participants argued that such an approach is critical, given the following factors:

- India’s primacy as a core concern of both China and Pakistan;
- the involvement of Pakistani extremist groups in violent attacks in India;
- the growing U.S. role in and military assistance to Pakistan;
- the singular importance of U.S.-China relations on the world stage; and
- the recent changes in both the U.S. and Chinese involvement with India.

U.S. interests in Pakistan have evolved over time, according to these participants, from a primary focus on India-Pakistan hostility to new concerns including anti-terrorism and bolstering Pakistan’s democratic institutions. One participant described U.S. relations with Pakistan as having become “de-hyphenated” from U.S. relations with India, with Washington now having separate bilateral interests with each government that transcend Indo-Pakistan tensions. In addition, while Pakistan’s economy has languished, India’s economic development in recent years has strengthened. This has given the United States economic equities with India that it does not have with Pakistan, strengthening the potential importance of the U.S.-India relationship as a result.

### ***The Afghanistan-Pakistan Dimension***

The growing interconnection among various events involving Islamic extremism in Afghanistan and Pakistan also complicates our understanding of China-Pakistan relations. The United States has emphasized the importance of these linkages with the new “Af-Pak,” or Afghanistan-Pakistan policy strategy, unveiled by the Obama administration in 2009. According to several participants, the PRC prefers to act bilaterally with Pakistan, and Beijing neither has the same threat assessment about Pakistan nor the same hierarchy of priorities that the United States has. Consequently, according to these participants, Beijing does not appear to view coordination with the United States on “Af-Pak” as either desirable or productive for Chinese interests. Nevertheless, China also has growing interests in Afghanistan that directly affect its relations with Pakistan and its counter-terrorism goals in Xinjiang. It was suggested that policy discourse in Beijing is beginning to examine this connection.

## ***Central Asia and the Shanghai Cooperation Organization (SCO)***

A number of participants believed that Pakistan's geographic location, close to Central Asia's oil and gas resources, is a critical additional consideration for China-Pakistan relations. They pointed out that Pakistan provides China with its only direct western ocean access, making it an important factor in China's ability to more efficiently exploit both Central Asian and its own western energy resources.

### **Implications for U.S. Interests**

There was agreement at the roundtable discussion that when it comes to Pakistan, the United States and China share important existential concerns. Both view stability in Pakistan as an important policy goal, and both see their interests as being better served by secular government rule in Pakistan than by the ascension of a hard-line or fundamentalist regime. Apart from these basic interests, however, it was suggested that Sino-U.S. coordination on Pakistan will continue to be complicated by the fact that the two governments share neither the same sense of threat from Pakistan nor the same hierarchy of policy interests.

#### *Challenges to cooperation or coordination*

In recent years, the U.S. emphasis on Pakistan has been tied heavily to U.S. deployments and military actions in Afghanistan. In addition, the United States remains focused on the broader terrorist threat posed by extremist groups in the region, on the democratization process in Pakistan, and on enhancing the viability and durability of Pakistan's domestic institutions. China, it was suggested, is more relaxed about Pakistan's domestic situation, including terrorism on the southwest frontier border. Rather, China's interests are focused on its own domestic security in Xinjiang, on its border disputes with India, and on the India-Pakistan relationship and its implications for Chinese interests and assets in the region.

Because China and the United States share neither the same sense of threat from Pakistan nor the same hierarchy of policy interests, cooperation will remain elusive.

At a basic level, then, these differing threat perceptions and priority ranking of national interests suggest that any broad-based U.S.-China cooperation on development or anti-terrorism in Pakistan would face challenges.

- China's preference for bilateral action in Pakistan suggests the limited utility of multilateral vehicles, such as the Friends of Democratic Pakistan, for achieving meaningful Chinese participation in support of U.S. objectives either in Pakistan or more broadly throughout the region.

- Beijing's suspicion of U.S. intent in seeking a broader reach in South Asia means that Chinese leaders are likely to continue to move cautiously on matters that would appear, either deliberately or incidentally, to strengthen the U.S. position in Pakistan.

### *Not a threat to US interests in the region*

On the other hand, the roundtable discussion also suggested that there was only a limited possibility that China's presence in Pakistan would undermine near-term US interests in the region. Beijing reaps collateral economic and political benefits from having the United States seen as the primary engager and target of extremist forces in Pakistan.<sup>18</sup>

### *Attainable goal: complementary bilateral relationships*

While robust Sino-U.S. cooperation on Pakistan was considered to be less likely in the short term, a number of roundtable participants suggested that there were good possibilities for the United States to carry out separate, but complementary, actions, aid, and infrastructure investments in Pakistan. These need not be directly coordinated with Chinese investments, but could complement them, according to roundtable participants.

For instance, it was suggested that U.S. interests would be furthered if the United States were to invest in projects that would connect Central Asia's gas and oil pipelines to ports in Pakistan, like the Chinese-built Gwadar deep sea port. Such investments would provide economic benefit to Pakistan, strengthen the government's position, and serve another U.S. policy goal: to assure greater economic autonomy in Central Asian republics by offering alternatives to their dependence on Russian pipelines.

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<sup>18</sup> A survey conducted by the U.S. International Republican Institute and released on October 1, 2009, provides an interesting view on the perception of China-U.S. activities in Pakistan. According to the poll, 9 percent of Pakistanis surveyed thought that Pakistan had good relations with China, compared to only 2 percent who thought that Pakistan had good relations with the United States. A far higher percentage – 87 percent – thought that Pakistan had good relations with Saudi Arabia. International Republic Institute, IRI Index, *Pakistan Public Opinion Survey*, October 1, 2009. <http://www.iri.org/news-events-press-center/news/iri-releases-survey-pakistan-public-opinion>



## Appendix A. Selected China-Pakistan Timeline

**06/09/2010** – The ninth SCO Summit began in Tashkent, Uzbekistan, with Pakistan President Zardari in attendance.

**04/29/2010** – China announced that it would be building a third and fourth nuclear power plant at Pakistan's Chashma nuclear facility.

**03/15/2010** – Pakistan launched Exercise "High-Mark 2010," involving joint military operations and the participation of the new JF-17 Thunder fighter aircraft jointly developed with China. This reportedly was the first country-wide exercise in Pakistan in five years.

**03/11/2010** – During a meeting with Cai Jinbiao, Vice President of the Chinese People's Institute of Foreign Affairs, President Zardari called for greater interaction between Chinese and Pakistan think-tanks.

**03/07/2010** – China's Foreign Minister Yang Jiechi, on the sidelines of the NPC meeting, reaffirmed China's support for the Zardari government, saying that the government "has effective control over the situation [in Pakistan]."

**03/06/2010** – China and Pakistan announced that they would hold their third joint anti-terrorism military training session, code-named "Friendship 2010," in China in the summer of 2010. The first two sessions were in 2004 and in 2006.

**02/21-25/2010** – Pakistan's Foreign Minister Shah Mahmood Qureshi held five days of talks in Beijing in his first official visit in almost two years. Discussions included strengthening the strategic partnership, and (reportedly) dealing with terrorist activities in Xinjiang by militants based in northern Pakistan.

**02/18/2010** – The first squadron of JF-17 Thunder aircraft joined the Pakistani Air Force.

**02/08/2010** – The PNS *Shamsheer* was formally inducted into the Pakistani Navy. An F22 frigate, its keel was laid in July 2008 at China's Hudong Shipyard.

**02/2/2010** – China and Pakistan held their third round of consultations on consular affairs. PRC Vice Foreign Minister Song Tao met with the visiting delegation, headed by Jamshed Iftakhar, Director General of the East Asia & Pacific Division, Ministry of Foreign Affairs.

**01/28/2010** – According to a report in the *Gwadar News*, Acting Chairman of the Gwadar Port Authority Ghulam Farooq Baloch criticized the Port of Singapore Authority (PSA) for not being able to bring in any of the 82 ships anchored on Gwadar over the past 3 years. The PSA was to have invested \$525 million in Gwadar over 5 years, but has to date invested only \$20 million. PSA blamed the slow progress on Pakistan's failure to complete promised road networks and industrial zone amenities.

**01/21/2010** – U.S. Secretary of Defense Robert Gates made his first visit to Pakistan as Secretary. He met with President Asif Ali Zardari, Prime Minister Syed Yousuf Raza Gilani, and Foreign Minister Shah Mahmood Qureshi. Gates addressed Pakistan's NDU, and

during his trip reaffirmed the U.S. long-term commitment to Pakistan. His stop in Pakistan followed a stop in India.

**01/2010** – General Ma Xiaotian, China's Deputy Chief of General Staff, visited Pakistan. The two sides signed a joint agreement on producing defense equipment, holding combined military exercises, and training military officers and soldiers.

**01/16/2010** – Two Chinese engineers working in Afghanistan were kidnapped by "unknown armed forces," according to a PRC official. The Taliban claimed credit.

**01/12/2010** – Former Pakistani Prime Minister Mohammed Nawaz Sharif met with Vice President Xi Jinping on a personal visit to Beijing. During his trip, Nawaz Sharif also met with vice Foreign Minister Wu Dawei and the Chairman of the Board of China Mobile, a company that reportedly has 500 million subscribers.

**01/09/2010** – The seventh round of China-Pakistan annual bilateral defense and security talks was held. General Ma Xiaotian, Deputy Chief of General Staff, and a Chinese delegation met with Acting President Farooq H. Naek in Islamabad. The Pakistani delegation was headed by General Tariq Majid, Chairman of the Joint Chiefs of Staff Committee.

**01/04/2010** – A massive landslide in northern Pakistan formed a 1.2-mile natural dam on the Hunza River, blocked a large portion of the Karakoram Highway, and began subsuming villages and agricultural land. By March 21, 2010, the lake was reported to be 6.8 miles long and 215 feet deep, and was rising 1.5 feet a day.

**12/18/2009** – Admiral Noman Bashir, visiting Pakistani Chief of the Naval Staff, met with Chinese Defense Minister Liang Guanglie in Beijing. Liang stated that the PLA would like to enhance friendly relations with the Pakistani military.

**12/15/2009** – Chaudhry Muhammad Nasrullah Warraich, Chairman of the Pakistan Bar Council, and a delegation of senior Pakistani lawyers, made a goodwill visit to China. They were hosted at a reception by Yu Ning, President of the All China Lawyers Association. The Pakistani delegation left for Kunming on Dec. 16.

**12/25,26/2009** – Foreign Minister Yang Jiechi held phone conversations with India's Foreign Minister Pranab Mukherjee and Pakistani Foreign Minister Shah Mahmood Qureshi.

**12/29/2009** – Vice Foreign Minister He Yafei met with President Zardari on bilateral ties and the situation in South Asia. Minister He (who arrived in Pakistan on 12/28) also met with Prime Minister Yousaf Raza Gilani and Foreign Minister Shah Mehmood Qureshi, and called on an injured Chinese engineer hospitalized after an attack. The engineer worked for the hydropower project of Harbin Power Engineering Company in the Malakand area of North West Frontier Province.

**12/01/2009** – The Obama administration announced a new paradigm for U.S.- Pakistan relations.

**11/11/2009** – During PAF commander Air Chief Marshal Rao Qamar Suleman’s visit to China, China agreed to sell at least 36 of its CAC J-10 multirole fighter aircraft, one of its most advanced weapons systems, to Pakistan, with first delivery expected by 2012 or 2013.

**10/27-30/2009** – Secretary of State Hillary Clinton visited Pakistan during a trip to the Middle East.

**10/13/2009** – PRC President Hu Jintao met with visiting Pakistani Prime Minister Yousaf Raza Gilani at the Great Hall of the People in Beijing.

**10/10/2009** – The Sino-Pakistan Free Trade Agreement on Trade in Services went into effect.

**09/2009** – The PNS *Zulfiqar* (the first of 4 F22-P frigates from China) was formally accepted at a ceremony in Karachi.

**09/30/2009** – The first two of six Z-9EC helicopters from China were delivered to Pakistan.

**09/24/2009** – Friends of Democratic Pakistan (FODP) held its first summit, in New York, co-chaired by Presidents Barack Obama and Asif Ali Zardari, and UK Prime Minister Gordon Brown. The group was formed on September 26, 2008.

**09/17/2009** – China and Pakistan established in Islamabad the first Pakistan-China Institute, a non-partisan, non-governmental think-tank with scholars from both China and Pakistan. According to a report in *The News*, Islamabad, the chairman of the new institute, Mushahid Hussain Sayed, advised the government to “purge” Pakistan of Uighur members of the East Turkistan Islamic Movement (ETIM), and to provide full protection to nearly 10,000 Chinese workers, experts, and technicians working in China-invested projects in Pakistan.

**08/21/2009** – Pakistani President Asif Ali Zardari arrived in China for a visit to two industrial areas of China: Zhejiang Province and Guangdong Province. During his visit, Zardari lauded China-Pakistan friendship and said he would like China to take full advantage of Pakistan’s geographic location. According to a report on the PRC Embassy website, during the trip, Pakistan’s Board of Investment (BOI) and China Investment Promotion Agency (CIPA) held talks for the first time on promoting investment in Pakistan.

**08/13/2009** – Pakistan’s Ambassador to China, Masood Khan, said that Pakistan fully supported Beijing’s crackdown against the Xinjiang protests in Urumqi. The Ambassador was one of a number of foreign diplomats on a tour of Xinjiang.

**07/14/2009** – Pakistan Senate Chairman Farooq Naek met with Wu Bangguo in a visit marking inter-parliamentary cooperation.

**06/15/2009** – President Hu Jintao met with President Zardari in Yekaterinburg, Russia.

**06/10/2009** – Pakistan Interior Minister Rehman Malik visited China, meeting with Zhou Yongkang on the topics of stability, anti-extremism, and anti-terrorism.

**05/12/2009** – From May 12-13, China and Pakistan held their Third Strategic Dialogue in Beijing, co-chaired by Assistant Foreign Minister Hu Zhengyue and Pakistani Foreign Secretary Salman Bashir. During his visit, Bashir also held talks with Chinese Assistant Foreign Minister Liu Jieyi.

**05/2009** – The third F22-P frigate for Pakistan by China, the PNW *Saif*, was launched.

**04/17-19/2009** – President Zardari attended the Boao Forum for Asia (BFA) Annual Conference in Hainan, where he met with Premier Wen Jiabao, Foreign Minister Yang Jiechi, Minister of the NDRC Zhang Ping, and Minister of Commerce Chen Deming.

**03/07/2009** – The Pakistan Aeronautical Complex and China's China Aviation Technology Import-Export Corporation (CATIC) signed an agreement for serial production of a first tranche of 42 JF-17 Thunder aircraft.

**03/05/2009** – Pakistan began a ten-day joint military exercise, "Aman '09" ("Peace 2009") in the North Arabian Sea. In addition to those of other countries, ships of the PRC and the U.S. participated in this second multinational exercise. (The first was in 2007.)

**02/20-24/2009** – Pakistani President Zardari made a goodwill visit to Wuhan and Shanghai at the Chinese government's invitation. The visit saw an agreement signed on trade in services in the China-Pakistan free trade area.

**01/25/2009** – According to *Jane's*, Pakistan's Defense Minister informed parliament that Pakistan had placed an order for the Chinese ZDK-03 AWACS system.

**01/06/2009** – China and Pakistan signed the Sino-Pakistan Joint Declaration on Directions of Bilateral Relations.

**10/2008** – Pakistani President Asif Ali Zardari made his first foreign visit after taking office. He went to China on a fund-raising visit to forestall defaulting on massive loans. He met with President Hu Jintao on October 15 and with Premier Wen Jiabao on October 16. According to one report, Zardari met with Ma Zhigeng (Chair, NORINCO), Zhang Liansheng (Chair Poly Technologies), Liu Minkang (Chair Chinese Banking & Regulatory Authority), and Fan Jixiang (President Sinohydro). During Zardari's visit, it was announced that the China Great Wall Industry Corporation would provide assistance for launching a telecommunications satellite (PakSat-1R) in 2011.

**08/08/2008** – President Musharraf left Pakistan to attend the opening ceremony of the 2008 Olympics in Beijing.

## Appendix B. Agenda of the CNA Roundtable Discussion



### CNA Roundtable Discussion

Exploring the China-Pakistan Relationship

Wednesday, March 31, 2010

#### *Agenda*

0815 – 0830 Registration

0830 – 0845 Welcoming remarks

0845 – 0945 Panel presentations

- **Kerry Dumbaugh**, China Analyst, CNA  
*Moderator*
- **Dr. Andrew Small**, Transatlantic Fellow, German Marshall Fund of the United States (Brussels)  
*Topic: PRC interests in Pakistan, emerging trends and concerns, and implications for U.S. and European policies*
- **Mr. Shuja Nawaz**, Director, South Asia Center, the Atlantic Council  
*Topic: Rewards and equities for Pakistan in PRC-Pakistan relations and the implications for domestic internal affairs in Pakistan*
- **Dr. Evan Feigenbaum**, Senior Fellow for East, Central, and South Asia, Council on Foreign Relations  
*Topic: The larger context for PRC-Pakistan relations, and the implications for regional stability*

0945 – 1045 Discussion

1045 – 1100 Closing remarks

CNA CHINA  STUDIES