

A Narrative of Debt Trap Vs Connectivity under CPEC: A Case of Gwadar Port

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ABSTRACT

Gwadar has been an underdeveloped city in Baluchistan but CPEC has addressed problems of education, health and electricity for local populace. The vision to convert Gwadar into a hub of trade is reaping benefits for Pakistan. China's investment and loans in Gwadar under the CPEC are termed as Debt Trap by the India and U.S. media outlets. Majority of the Western media, academia and policy making circles deliberately established the narrative of Debt Trap Diplomacy (DTD). Gwadar port is likely to unlock potential of connectivity with regional trade partners in West Asia-Central Asia and South Asia. This project is a win-win situation for China and Pakistan. China's investment in Gwadar port will improve Pakistan's economy, uplift Baluchistan's living standards by offering attractive opportunity to potential investors in Gwadar's free zone. China's investment in Gwadar is promising to bring real change in Gwadar and Pakistan in particular. Due to massive propaganda against Gwadar, desired results have not been achieved yet.

This paper is based on primary as well as secondary data. Primary data has been collected from Planning Commission of Pakistan on the condition of anonymity. The main argument of the paper is that the narrative of debt trap diplomacy is false. Connectivity of Gwadar with regional countries will be a game changer in the region.

Keywords: BRI, CPEC, DTD, Gwadar, Prosperity, Narrative.

Introduction

The 'debt-trap diplomacy' is based on a fundamental comprehension of the debt trap notion.

Basically, a debt trap is a predicament in which it is nearly hard and quite impossible to return loan to lender state. An Indian think tank linked China to the debt-trap diplomacy notion in 2017. (Chellaney 2017). Later on, a kind of an

academic propaganda campaign began against China on the basis of ‘debt-trap diplomacy’. In fact, the U.S. policymakers made allegations against China’s use of its finance resources in an ‘aggressive’ manner. In addition, U.S. Vice President Mike Pence proclaimed regarding the China’s development push in some states and they are struggling with the unsustainable debt. He further said, “foreign nations a just and transparent alternative to China’s debt-trap diplomacy”. (Johnson 2018).

Moreover, the notion ‘debt-trap diplomacy’ is a cliché, as a proposed thinking describing complex interactions of a generation, culture, community, or group triggered by an emotion, has a variety of interpretations. The debt-trap diplomacy notion against China revolves around this hypothesis – China refutes assertions that by providing problematic loans to underdeveloped countries, it intentionally traps them in a cycle of debt in order to gain strategic advantage or a valuable asset. The same speculations are being done about Gwadar deep-sea port of Pakistan. (ANI 2022). Majority of such newspapers, magazines and TV channels are Indian.

In this context, the following research attempts to analyze the investment of China in Gwadar port through China Pakistan Economic Corridor (CPEC) projects, a flagship project of the greater Belt and Road Initiative (BRI) of China. Despite the fact that much has been published about Pakistan-China relations, the sudden rise of Chinese investment deserves additional scrutiny, particularly in light of China's purported debt-trap diplomacy. With an estimated cost of \$62 billion, the CPEC project is the largest Chinese investment in Pakistan ever and \$38 billion China has invested in Pakistan, so far. In terms of CPEC and the Gwadar port, Pakistan envisions it as a game-changer for the country's economy, as it will connect China's seaports to the Gwadar port. China is constructing a network of roads, bridges, railway tracks – while covering a distance of 3,000 km from Kashgar to Gwadar port.

Moreover, China initiated the CPEC project in 2015 – is expected to be finished in 2030. The China-Pakistan Economic Corridor (CPEC) is certainly a more stable trading route for China across South Asia. The existing sea routes via Southeast Asia and by passing Straits of Malacca and Lombok are longer and expensive. Most notably, due to the ongoing tensions in the South China Sea, it is vulnerable to hazards associated with adverse weather and piracy, as well as confrontations from other states' naval forces. Therefore, the significance of CPEC is undeniable – not only for the regional states but for the global powers, as well. (Ambreen Khursheed 2019).

Moreover, the Indian and US narrative against CPEC and Gwadar port has been very critical and antagonistic. Regarding the behavior of the China’s economic investments the U.S. Secretary of State Mike Pompeo under Trump administration slammed China for peddling “corrupt infrastructure deals in exchange for political influence” and using “bribe-fueled debt-trap diplomacy”. (Reuters 2019). Similarly, Principal Deputy Assistant Secretary of State Alice

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Wells uttered same kind of remarks while visiting Pakistan regarding the CPEC that “CPEC related financing was burdening Pakistan with expensive loans”. (Gul 2020).

The emphasis of this study is on the strategic and economic implications of Gwadar port - specifically, the port's role in the Pakistani economy. The Gwadar port, as a deep-sea port, will improve and facilitate regional and worldwide trade between states. The research endeavor will describe the potential(s) of the Gwadar port in order to provide more evidence-based clarity regarding the port's relevance. Also, how will the Gwadar port give connectivity to regional states, and how much has China and Pakistan's government invested in the port and city of Gwadar so far? And, how India and West are building a narrative of ‘debt-trap diplomacy’ against BRI and CPEC? Furthermore, the study provides information on the Gwadar port's completed, ongoing, and planned development projects, as well as how the Pakistani government invested in Gwadar to transform the narrative of Baluchistan's residents.

Furthermore, the paper addresses the difficulties that have economic, political, and strategic implications. As a result, the study investigates and then analyses all of the challenges surrounding the Gwadar port in a holistic manner. In this regard, the research work examines the scenario at both, internal and external level. Finally, the article analyzes the most significant threat to the Gwadar port: academic and media misinformation campaigns from India and the U.S. The author is attempting to comprehend and explain the opponent(s) perspective on debt-trap diplomacy and construct a counter-narrative against the China’s debt trap diplomacy notion. It most likely explains the distinction between FDI and other loans, as well as the ramifications that it has for states.

Strategic and Economic Significance of Gwadar Port

Sea politics is becoming increasingly complex and unavoidable as the dynamics of global politics change, with a greater emphasis on commercial operations and economic development and prosperity. In this perspective, the port of Gwadar is crucial and vital to Pakistan’s strategic and economic interests. Gwadar port is Pakistan's warm-water and natural deep-sea port. Moreover, after Karachi and Qasim ports, it is Pakistan’s third significant deep-sea port. It is located near the mouth of the Persian Gulf and the Strait of Hormuz, and serves as a crossroads for international shipping and oil trading. In the age of connectivity, the Gwadar port serves as a link between three regions; South Asia, West Asia and Central Asia. (Malik 2012).

However, on September 8, 1958, Pakistan paid \$3 million to Oman's government to purchase Gwadar and gain ownership of it. Following this, Pakistan's government established Gwadar as a new district in Baluchistan in 1977. (Khetran 2014/2015). After a pause of several years the Pakistan's government began constructing Gwadar as a major port city in 1993. The rate of progress, on the other hand, remained extremely modest. In the time period of

1988-1992, an undersized port was being built in different phases. (Khetran 2014/2015).

And later on, General Musharraf formally inaugurated the Gwadar port in 2007, a point worth mentioning is – that China has been the principal financier in the Gwadar port since 2002. Gwadar port was under the administration of the Port Singapore Authority (PSA) from 2007 to 2012, but the Pakistani government took it back owing to poor performance. The management of Gwadar port was handed over to the Chinese Overseas Port Holding Company (COPHC) in 2013. (Malik 2012). During President Xi Jinping's visit in April 2015, China and Pakistan signed many agreements to construct CPEC; including, Gwadar port. The main aim is to build new industrial compounds at Gwadar's coastal belt, and particularly, to link the district through railway(s) and highway(s) networking with the rest of Pakistan. (The Economic Times, 2015).

The Gwadar deep-sea port allows China a strong strategic footing in both the Indian Ocean and the Arabian Sea. In the long run, this presence could have serious ramifications for the entire region. As, India is attempting to build its blue army in the Indian Ocean to contain China in the region. It will also put the Pakistan Navy in a prime place, potentially enhancing its capabilities. The port of Gwadar will enable Pakistan in monitoring Sea Lines of Communication (SLOCs) that originate from the Strait of Hormuz and the Persian Gulf.

However, the Gwadar port can provide as an alternative route to Chinese trade in the Indian Ocean and to West Asia - if the US blocks the Malacca Strait. From the strategic perspective, the Gwadar port can empower China to monitor the sea-lanes from the Persian Gulf, as nearly 60% of China's energy needs come from the Gulf region and transit through this sea-lane. Basically, Gwadar port can serve as a 'listening post' to China, as they will be able to monitor the activities of Indian navy around the Gulf of Aden and the Persian Gulf. (Hoh 2019).

China is reliant on Persian Gulf oil for a large portion of its energy needs. From a geopolitical standpoint – the access of a landlocked state to the sea is complicated and expensive and the number of landlocked states in Asia is the highest. For instance, the hinterland of China is 5000 km away (at least) from its coastal regions. The Gwadar port would substantially reduce the distance between China's westernmost provinces and the nearest port, as Kashgar is 4500 km from Shanghai and Gwadar is only 2800 km apart. The Gwadar port and the Karakoram Highway (KKH) route is shorter and cheaper – relatively. Currently, China's energy supply lines pass through the Malacca Straits, which is comparatively a long route. (Sarfray Hussain 2021).

Moreover, with respect to strategic significance - China would connect directly to the Central Asian Republics (CARs) and to Afghanistan through the Gwadar port. Consequently, it would provide another route to China to make an access to the Indian Ocean or to the South China Sea. The Gwadar deep-sea port serves as a 'transit port' for crude oil shipments from Africa and Iran to Xinjiang province of China. The strategic significance of Gwadar port is because of its

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vicinity to the Strait of Hormuz. Subsequently, China will be able to secure its strategic commercial interests which are endangered due to the presence of U.S. forces in the region. (O'Rourke 2022).

The Gwadar port is significant to other states in the region, as well. Like, Central Asian state – Turkmenistan, which has enormous reserves of oil and natural gas but cannot get benefit from its natural assets (in actual terms) because it is a landlocked state. A long-delayed project, the Trans-Afghan Gas Pipeline (TAP) project, from Turkmenistan to Gwadar is finally completed and now can transport natural gas to South Asian markets. (Siddiqui 2022). Similarly, the Kazakhstan has abundance of oil, but no way to get it to global oil markets. It is also intended to build a pipeline to transfer its oil to Gwadar and then the rest of the world.

The international enterprises, including as Shell, have recently expressed interest in establishing a massive oil refinery in Gwadar. Furthermore, in this backdrop, the interest of UAE corporate groups in Gwadar is significant. To create hotels, resorts, and entertainment facilities in Gwadar, the UAE has pledged to invest US\$ 30 billion, with a potential commitment of US\$ 60 billion. Other Arab countries are anticipated to make similar announcements in the near future (Conrad 2017). In the backdrop of such a response from regional as well as global actors, the conspiracy theories of debt-trap hold no water. Why would states invest in a ruse like this? Especially those states that stand in the way of long-term economic viability. The debt-trap narrative is a hoax used by India and the West to delegitimize BRI-CPEC projects and diminish China's success.

China's Investment in GP in Context of Connectivity

“Gwadar is the most likely to be developed by China because Pakistan is probably the only state where the level of trust between the two countries is high enough to make that completely reliable prospect”, - Andrew Small

Gwadar, also regarded as ‘The Door of Wind,’ offers tremendous opportunities as a portal to Pakistan's economy. Its location at the crossroads of three of the world's most commercially crucial regions, namely the Middle East, Central Asia, and South Asia, attempting to make Gwadar, one of the best-positioned ports for global trade expansion. (Sultana 2019). If we categorically consider these regions then the Middle East is an oil-rich region, whereas Central Asia has abundant of natural resources and South Asia has enormous possibilities for growth.

The Gwadar deep-sea port, geographically, connects the world's North, East, West and South regions. In the East, there's India, Bangladesh, and Burma. In the West, there are, Afghanistan, Iraq and Iran. In the south - Africa, Sri Lanka, Saudi Arabia, and the United Arab Emirates. Interestingly, while we look at the entire region, it resembles like a ‘funnel’ (Ashraf 2017). The large swath of Central Asia,

as well as, western region of China, is at the top of the funnel. Intriguingly, the Gwadar deep-sea port situated at the end of this funnel, which whittles as it passes into Afghanistan and Pakistan. In a nutshell, with the construction of Gwadar port, this funnel will serve as the economic funnel for the entire region. The entire trade of the region, and from CARs, will take the shortest route – possible through Gwadar port (Ashraf 2017).

“If we see this whole region, it is like a funnel. The top of the funnel is this wide area of Central Asia and also China’s western region. And this funnel gets narrowed on through Afghanistan and Pakistan and the end of this funnel is Gwadar port. So this funnel, futuristically, is the economic funnel of this whole region” – Pakistan’s Former President Pervaz Musharraf, 2002: 22nd March.

Pakistan is anticipated to reap numerous commercial gains because of this ‘connectivity’ which Gwadar port is going to provide in the near future. The existing reserves and production capacity will make an influence towards Gwadar port, accordingly. Dry cargo is supposed to generate more revenue than liquid cargo, implying that bigger ships and deep seaports will be more economical and lucrative. Turkmenistan, Kazakhstan and Uzbekistan, who have more liquid cargo; may export it through pipelines. They also have an alternative path to the Mediterranean sea via the Caspian region, which is over 1800 km long compared to Gwadar's 1400 km. The route to the Mediterranean sea traverses via Russia – which is a matter of anxiety for Europe, Uzbekistan, Kazakhstan, and Turkmenistan (Mengsheng 2015).

Historically, nations attempted to enter this region in search of natural resources. Initially, European powers attempted to enter into this region via Caspian region. In contrast, other powers strived to access this region, lately, through Afghanistan and Gwadar. Like, there is a repeated narrative that USSR during the Afghan war perceived to have an access to the warm waters (Arabian Sea). Gwadar was the key point – if Soviets had gained control of it, its interests may have been accomplished. Nevertheless, Pakistan's strategic location is at the crossroads of major power rivalries and politics. Several major powers have physical access to it owing to its geographical location (Malik 2013). In a nutshell, any development in Pakistan that ‘they perceive’ a threat to the states security and survival will certainly captivate the attention of some external powers.

In this connectivity ‘ecosystem’ India is the only state in this region who refuses to engage. Basically, conflict of interests marginalized India to be part of this connectivity channel. Nonetheless, India's investment in Chabhar, Iran - offers her with trade connectivity (Ramachandran 2014). In terms of connectivity; to transport commodities to Afghanistan and CARs, India must first sail across the Arabian Sea and this land and sea route linkage will cost India. On the other hand,

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Pakistan is at the crossroad – pertinent to its geo-graphically connectivity with Iran, Afghanistan and significantly, with CARs. To put Pakistan aside, India cannot connect with Russia and CAR's especially, after the BRI initiative progress. Fundamentally, the Gwadar port, bring forth facilities of warehouses to India and other regional states. In this age of time, India is not willing to engage in 'the age of connectivity' but may be the economic interests enforced India to get into it.

Revenue Generation from CPEC

According to the IMF, the CPEC is expected to enhance Pakistan's economy; by 2020, the GDP is expected to grow at a rate of more than 5%, however COVID-19 has had a negative impact on the economy. According to a Deloitte assessment, the combined value of the CPEC's infrastructure projects in Pakistan will be equal to 17% of the country's GDP in 2015 (Deloitte 2018). As per the estimation the CPEC will generate 700,000 jobs and contribute 2.5% to the country's growth rate between 2015 and 2030. Pakistan generates revenue by levying custom duties, toll-taxes and taxes on goods that transit across its borders. Afghanistan being a landlocked state offers an opportunity for Pakistan to trade with CARs. Pakistan will be able to trade commodities and products more economically and conveniently to CARs via Afghanistan. (Nasir Iqbal 2016).

As per the official statistics, roughly 43,000 containers with commodities worth \$2.2 billion were shipped to Afghanistan in 2016. Moreover, 6,600 metric tons of tea worth at Rs13 billion, 80,000 metric tons of oil valued at Rs12 billion and 96,000 metric tons of textile valued at Rs66 billion were included. And 1million electronic items valued Rs16 billion were delivered to Afghanistan under the Afghan Transit Trade (ATT). A large amount of smuggled items is resurrected in collusion with government departments functioning in tribal agencies, and it not only ends up in various markets of Baluchistan and KPK, but it is also delivered to other provinces at minimal expenses (Dildar A. Chohan 2021).

The CPEC authority, in a very systematic way, could contribute in reducing smuggling and regularizing the trade beyond borders. "We pay Rs1,500 to Customs Department squad to let our goods pass to the General Bus Stand (Haji Camp Adda)" said another smuggler Haji Javed. Smugglers are apprehended by customs officers who patrol the borders. The majority of the money confiscated is not credited to official accounts; consequently, it puts economic burden heavily. (Dildar A. Chohan 2021). The GDP of Pakistan expanded from \$28.7 billion in 1983 to roughly \$70 billion in 2003, with a 95% reliance on sea trade. It will capture 25% of imports and exports, 15% transit trade from CARs, 12% from Xinjiang and 40% from Afghanistan.

From 2016 until early 2019, the Gwadar port, which is part of the CPEC project, has brought in Rs358.151 million in revenue. The ex-China Pakistan Economic Corridor (CPEC) Authority Chairman retired Lt. Gen. (R) Asim Saleem

Bajwa proclaimed in 2021, “after becoming fully operational, the Gwadar Port and Gwadar Free Zone (GFZ) would generate economic activities of around \$10 billion per annum, besides creating thousands of new jobs,” “Soon after completion of GFZ, a lot of manufacturing and trading activities will start, cargoes will move, and transshipment activities will increase” (Profit 2021).

However, the China Port Holding Company has completed the infrastructural work of the Gwadar port with an estimation of around \$300 million, and significantly; all four berths of the port are fully operational and ready to use. From the early 2021, over 76,000 metric tons of cargo have been transported at the Gwadar port, predominantly consignments under the Afghan Transit Trade Agreement (ATTA) that were subsequently delivered to Afghanistan. Bajwa, further stated regarding the trade that “A vessel carrying 8,000 cubic feet liquefied petroleum gas was at the port while another ship with 24,000 MT of di-ammonium phosphate fertilizer and feed cargo slated for Afghanistan would soon arrive in Pakistan from Australia” (Profit 2021).

With respect to systematic functioning, Bajwa urged, basically in Gwadar port they increased port handling capacity while also putting in place a customs system to help traders and investors. In addition, concerned officials are investigating logistic companies in an attempt to expand port traffic. The first phase of the Gwadar Port Free Zone, which covers 60 acres of land and has 47 businesses registered, has been finalized. Six factories have been constructed, three of which are completely operating, and six more are being built. The second phase of the port would cover 2,221 acres of land and comprise a \$3 billion direct investment. The huge investment would generate 30,000 jobs in the Gwadar port (The News International 2021).

Gwadar City's master plan had also been authorized. So far, the three Gwadar projects under CPEC has been fully accomplished. The first one is the ‘Development of Port and Free Zone’ project whose major purpose is to build backup port industry for Gwadar port. This project is expected to cost \$300 million and will create 240 employment opportunities in the area. The second one is the ‘Gwadar Smart Port City Master Plan,’ which will define the city's vision and strategic aspirations and priorities. The main objective is to enhance the preexisting Gwadar City Master Plan and incorporating it with the Master Plan of the Gwadar port (CPEC Authority s.d.).

Moreover, developing an inclusive and protracted strategic development strategy for the Makran coast in general and the Gwadar region specifically. The project is expected to cost \$4 million and will result in the creation of 90 jobs. The third one is the ‘Pak-China Technical and Vocational Institute at Gwadar’. The vision is to establish state of the art vocational and technical institute at Gwadar's port. This project is anticipated to cost \$10 million and will create 249 jobs. The projects that are under construction including; ‘Gwadar Eastbay Expressway, New Gwadar International Airport, Necessary facilities of fresh water treatment, water supply and distribution, Pak-China Friendship Hospital, 300MW Coal-Fired

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Power Project at Gwadar, 1.2 MGD Desalination Plant, 5 MGD Water Desalination Plant Gwadar. Those projects that are in-pipeline are; Construction of Breakwaters, Dredging of berthing areas & Channels, Fish Landing Jetty and Fisherman Boat Making Industry on West bay and 'Gwadar Smart Environment Sanitation System and Landfill Project' (CPEC Authority s.d.). The Pakistani government is optimistic that these investments in Gwadar, Baluchistan, will alleviate local complaints. These investment initiatives, in particular, will make life easier for locals.

Challenges

Development and security are mutually constitutive and mutually beneficial. Regional development through coordination and connectivity is the prime prerogative of CPEC. Gwadar port, which operates under the CPEC flag, is not without its difficulties. The port of Gwadar faces several obstacles; internal and external challenges are prevalent. Whether it comes from Baluchistan natives, adjacent nations, or on a global level. Internal constraints posed by tribes and social conditions remain the most critical pillars. As long as the region is plagued by societal, economic and political issues such as poverty, unemployment, infrastructural neglect, and a lack of water, power, or gas. Some Baluchistan nationals showed reservation regarding the governments' performance and presented their critical remarks against Gwadar port (Khalil 2015).

The CPEC has presented 16 projects for the Baluchistan province. The biggest concern in Gwadar, there is no access to fresh water. And now the water is being sold for a high price. One of the main causes of the draught in Gwadar is a lack of rainfall. The Akora Dam is insufficient to satisfy the demands of an ever-increasing population. To solve the water issue, government had formed a reform committee. Moreover, Agha Shahzeb Durani, the chairman of the Reforms Committee, presented a report on Gwadar's water scarcity. According to a report published by the Pakistan's Senate Standing Committee on Planning, Development and Reforms, 2017, the Akora dam was built to provide water but has since stagnated and become clogged with salt and sand. To solve the problem a desalinization plant was constructed to resolve the problem, but the design was flawed, and it ceased working after 47 days. (Mashhadi 2017).

The existing 7 Millions of Gallons per Day (MGD) water demand will be doubled to 12 MGD which is forecasted at 16.5 MGD in 2025. If fully operational, existing resources can cover the 17.7 MGD water demand in the short term. (CPEC s.d.). The Ankara Dam provides 2.880 MGD of the total necessary water. In Gwadar, a 1.2 MGD capacity desalination facility is being built. The project's goal is to detoxify sea water so that residents of Gwadar can drink it safely. The project will be built in the Gwadar Free Zone to provide potable water to the historic city area while also meeting the GPA requirements. Another project under construction in the Gwadar domain is the 'Necessary Facilities of Fresh Water Treatment, Water Supply and Distribution.' The project's vision is to establish a

water transmission pipeline from Swad Dam and Shadi Kaur Dam to Gwadar City in order to meet the city's future water requirements (MG Link 2022). However, the project will not be completely operational until all of the Baluchistan nationals' complaints have been addressed. When it comes to security and development, policies are always implemented in tandem. A state will not be able to develop and prosper fully until the territory has been totally secured. And security comes after the economic prosperity which Pakistan will achieve with the help of China. (Faisal Mehmood Mirza 2019).

To address the reservations, Former Baluchistan chief minister Dr. Abdul Malik has urged that Gwadar's issues should be resolved under the 18th Amendment 2010. Basically, Gwadar is a federal project under the optimum of CPEC (Zafar 2019). The Baluchistan government had a view that the corridor's benefits must be prioritized and should serve to Gwadar and Baluchistan first. The federal administration is apprehensive about doing so due to security reasons. An economic adviser to Baluchistan's chief minister Kaiser Bengali advised the corridor runs through the center of the insurgency at the moment. Ignoring the security dangers to Baluchistan in general, and Gwadar in particular, is extremely perilous. Another source of dissatisfaction among the residents was the lack of educational institutions. During the president Musharaf era, many efforts being done to create technical institutes. In this manner, Gwadar and free trade agreements were introduced by his government but the killing of Nawab Akbar Bughti further deteriorated the situation in Baluchistan. However, Baluchi culture is extremely tough to modify. Somehow, Baluch insurgency can only be resolved by the means of education. To counter this issue, a project 'Development of Gwadar University 'Social Sector Development' is in pipeline (CPEC s.d.).

Moreover, Pakistan's energy dilemma is a major impediment to its economic development. The vast majority of the population bears the burden of this long-term deficit, which is produced by a variety of circumstances; policy failure, funds shortage etc. In this respect, the building of power plants accounts for the majority of the \$33.79 billion in CPEC investment. The objective is to generate 17045 megawatts of energy in Pakistan, with 10,400 megawatts of electricity producing capacity being installed immediately (Khan 2019). In addition, sustainability is the primary goal to give life to these developments. That's why, such significant investment will be designed with the purpose of harnessing current energy resources and addressing Pakistan's energy issue on the permanent basis.

To overcome the power crisis of Gwadar, ten power projects were prioritized and are expected to be finished by 2020. Six other power projects are now under construction, while five more are being considered for construction. Coal and hybrid technologies are used in the majority of these power production installations. With the exception of two power projects with a combined capacity of 1980 MW, all coal prioritized power projects will use imported coal. Besides the electricity projects, CPEC calls for the quick construction of an 878-kilometer transmission line from Matiari to Lahore. The load capacity of this transmission

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line will be 4000 MW, and half of it has already been constructed. A transmission line from Matiari to Faisalabad is also being built (Faisal Mehmood Mirza 2019).

Regarding the Gwadar electricity problem, government sources claim that a 300 MW coal-fired Gwadar Power Plant will begin operations in October 2023. According to Gwadar's 2050 Master Plan, the power plant will be able to meet the demands of 150,000 people by the end of 2023. One of the significant energy projects on the CPEC is an autonomous power producer's power plant. The initiative, which aims to improve local power supply sustainability, will contribute in gradually resolving present economic development as well as urban construction issues in the Gwadar region, which are hampered by power outages. The CPEC administration is now spending millions of dollars per year on diesel generators to generate electricity. The facility is expected to start up soon, addressing the Gwadar port and city power shortage issues (Business Recorder 2021).

Another internal issue is the people's concern about gas supply in Gwadar city. The Sui Southern Gas Company (SSGC) constructed a pipeline in Gwadar city, in October 2020 to supply gas to household customers. Muhammad Aslam Bhootani, a member of the National Assembly, has unveiled a gas supply project in the coastal city of Gwadar. He addressed the nation and proclaimed that "I will continue serving the people of my constituency who elected me," and "...continue efforts to protect the rights of the people of the coastal area,". Furthermore, China has planned to build gas pipelines as part of CPEC. The length of intended gas pipeline project from Gwadar port to Xinjiang is 2500 km long. However, the distance from Xinjiang to the eastern ports of Shanghai and Beijing via inland China is 4500 km long (Jaybhay 2020). Apart from this, in another project, the Gwadar terminal will be built to withstand gas imported from Iran as part of the Iran-Pakistan (IP) project. The recent agreement in 2021 between Iran and China will further enhance this cooperation.

The India's apprehensions over Gwadar port are not a matter of concealed agenda. The major element of India's concerns is China's engagement in the port, which it believes will enable Pakistan an opportunity and command over maritime navigation. Likewise, linking and transport routes with CARs via Pakistan and Afghanistan and most importantly; created a linkage with global trade across Arabian Sea is a matter of serious concern for India's economic policies. The India's accusations against China's encirclement (String of Pearls) are based on different Chinese recent developments, the Persian Gulf and the Arabian Sea, as well as along the Tibetan border in Nepal, where China is developing a dry port.

In addition, China would invest in the development of five other ports in the same region, which will target the Indian market and undermine the relevance of Indian ports. China is interested in establishing a port on Sunadiya Island in the Bay of Bengal, as well as Hambantota Port in Sri Lanka. These Chinese plans, provided cushion to the "String of Pearls," have been a major source of anxiety for India. The China's involvement in Gwadar is a major concern for India, which believes the Chinese Navy can utilize the port of Gwadar to intercept ships and

monitor them in the event of a security threat. However, to counter the ‘String of Pearls’ stance by China, India is creating a ‘Necklace of Diamonds’ comprising of Chabahar Port in Iran, Changi Naval Base in Singapore, Duqm Port in Oman and the Assumption Islands in Seychelles. (Mishra 2020).

The other internal challenge to Gwadar port is to make an understanding that how is India attempting to disrupt the Gwadar port project, as well as the CPEC in general? To derail CPEC, the India continues to foment unrest in Pakistan's Baluchistan region, which is at the heart of the project. The Indian lobby is playing an active and constructing role in US to create issues for Pakistan. Like, US placed Jamaat-ul-Ahrar in the terror list in 2016. This had been problematic for both China and Pakistan since, in the past, whenever the US targeted terrorist organizations along the Afghanistan-Pakistan border, terror outbreaks in Pakistan escalated and intensified. After the United States designated Jamaat-ul-Ahrar as a terrorist organization in July, the group's attacks in Baluchistan increased – the group killed 135 people in August and September 2016, predominantly in Quetta, Baluchistan. Upon analysis, Ian Price claims that while it's unclear whether the US's attempt to derail CPEC was intentional or not, the result was foreseeable (Ishfaq 2019).

However, Pakistan's government is projecting and investing in Gwadar city through CPEC projects. The majority of locals' concerns have been resolved, while the government is currently working on a few issues. Despite the fact, aside from significant funding in Baluchistan and Gwadar, India's active propagation and funding of Baluchistan-based terror groups, such as the Baluch Liberation Army (BLA), to subvert Pakistan and CPEC is continual, with the CIA and India's Research and Analysis Wing (RAW) coordination and support. The commander of the RAW-backed Baluch Liberation Front (BLF), Nazar Baluch, publicly announced in 2016 that he would welcome any assistance from India and vowed more attacks on the CPEC. Several incidents inform that RAW has orchestrated a number of murders of Chinese engineers in Baluchistan using proxies. These attacks on Chinese CPEC workers are part of a planned plan to break China's ties with Pakistan (Ishfaq 2019).

A Debt-trap Narrative

The notion of 'China's Debt Trap' has been a hot topic in global media and think tank circles in current history. China's development as a worldwide economic behemoth is widely regarded as a powder keg by most western countries that compete with it in commerce and economics. As a corollary, the issue arises as to what the anti-China forces' primary motivation for propagating this view is. Basically, these concepts and ideologies were created with the intention of ‘containing China’ to become a major stakeholder in global power game (Dborah Brautigam 2021). The debt trap theory is credited to Brahma Chellaney, an Indian academic who originally conceived the expression in 2017. Intriguingly, it had become the widely published and discussed topic within a year - among the global

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academia and media outlets and the focus particularly the economic interests of China. As per this theory, the lender provides an exorbitant amount of money to the debtor in the form of loans with the purpose of extorting economic and political concessions from the debtor, in case, if the borrower would be unable to pay back the loans due to financial constraints (Waseem Ishaque 2018).

However, with respect to narrative of China's debt trap diplomacy - China has been criticized of adopting a debt trap diplomatic policy, which entails trapping under-developed states in to the high-interest loan agreements in order to finance unsustainable economic development initiatives. And when the debtor state has to pay back the loan then there would be a financial crisis. In that stage, China has a right to confiscate assets such as infrastructure, ports and land, as well as, influence and interfere their internal politics and military activities in order to achieve its strategic geopolitical objectives (Rizwan Shaikh 2021). Furthermore, the hypothesis also indicates, the stipulations of loans are withheld from the public because of unknown reasons that are unlawful and fraudulent in the nature of international law. In 2019, the Rhodium Group published a report; undertook a review of 40 Chinese debt re-negotiations and found that "the seizure of country's assets was a relatively unusual occurrence," while the debt write-offs being the most prevalent outcome (Agatha Kratz 2019).

In recent history, this narrative has been linked with China's BRI projects. The adherents of this hypothesis propagate, China through BRI projects lends substantive loans to under-developed or developing states who are, apparently, unable to pay back the loans, forcing them to offer China strategic benefits as per its demands. Nonetheless, numerous forms of analysis have been undertaken regarding this notion or hypothesis, and they have completely refuted the idea of 'China's debt trap diplomacy.' An economics professor at John Hopkins University, Deborah Bravtigam, proclaimed that the hypothesis is somewhat more apt to be a 'meme' as is established owing to 'human negative bias', particularly; driven by dismay of China. Basically, the notion lacks substantive evidence (Brautigam 2019).

The Lowy Institute published a report in 2020 that Sri Lanka's Hambantota International port is an illustration of China's debt trap. However, the Government of President Mahinda Rajapaksa in Sri Lanka, basically, had proposed the project not the Chinese. Apart from Sri Lanka, in Malaysia – China has also been accused of debt trap projects. In fact, after coming into power president Mahateer Muhammad revised all the projects with the government of China and did not make certain kind of allegations against. In addition, in 2020 a report published by China-Africa Research Institute regarding the China' debt trap propaganda in which, mentioned China is likely to modify and renegotiate the terms and parameters of the existing debts (Hameiri, 2020). And there is no reality in that prevailing argument that China has seized any Sri Lankan asserts. And the debt challenges that erupted Malaysia and Sri Lanka were primarily the outcome of government leaders' corruption and malfeasance, as well as, the policies of western-dominated finance markets.

In the context of Pakistan, adversaries are being created propaganda against the BRI projects – CPEC; particularly the Gwadar Port. The anti-CPEC and anti-Gwadar port stance was mostly espoused by US and Indian academics. Moreover, China is accused of enslaving Pakistan with unsustainable projects and high-interest loans related to the CPEC, which Pakistan is unable to repay due to its precarious economic state. In this stance, they are promoting the idea that Gwadar is the new China's colony by demonstrating the country's colonial policy (Chaudhury 2018). However, the Pakistani navy is stationed in Gwadar and there is no indication that Chinese forces are present, most importantly, there is no intention been involved from any side (CSIS 2018).

It is essential to dispel this notion since there are many critics in Pakistani society who are overly cautious when it comes to mobilizing resources and regulating external payments. So what's necessary here, basically, to distinguish between International Monetary Bank and World Bank loans with China's Foreign Direct Investment in Pakistan through CPEC projects. The loan policies of IMF/WB are inherently different the FDI strategy. As vividly discussed by John Perkins in his book 'Confessions of an Economic Hitman' regarding the practices conducted by the IMF/WB and the theory of debt trap, to some extent, is displaying of these policies rather than China's economic initiatives via FDI (Waseem Ishaque 2018). Pakistan has experienced a major disaster in terms of external loans, with draconian austerity programs wreaking havoc on the social sector and robbing the country of its independence. In addition, evidence(s) shows that IMF loans result in state's incapacity to repay interest and, as a result, they seek another loan, perpetuating the chain reaction.

Nonetheless, in countering the China's debt trap argument in Pakistan - so far China has invested \$38 billion in CPEC related projects and 80% of the funding flowing from loans and 20% receiving from aid. The interest rate on these loans is 3.76%. It's worth noting that Pakistan earlier rejected some CPEC projects due to its high interest rate, as evidenced by portraying Pakistan's sovereignty in this regard. The 12% of the aid Pakistan receives from China is not required to be returned, while the remaining 8% must be returned over a long period of time (Anonymous). The government will begin repaying loans in 2021, with payments ranging from \$300 million to \$400 million per year, progressively increasing to 3.5 billion per year between 2024 and 2025. As a contrary, the CPEC does not now pose a direct threat to Pakistan's economy. Pakistan's Minister of Planning and Development, Asad Umar, has said that Pakistan has no 'China debt' problem, despite hostile propaganda against CPEC and the Gwadar Port (M. Z. Khan 2018). While negating negative propaganda remarks against CPEC and Gwadar Port, the Pakistan's minister of Planning and Development, Asad Umar recently stated that Pakistan has no 'China debt' problem. He also asserted that the loans acquired for CPEC for private power projects were far less expensive than loans received from international institutions such as the World Bank and the IMF, and that there are no concealed debts in the CPEC context (Dawn 2021).

Conclusion

The Belt and Road Initiative – China-Pakistan Economic Corridor (BRI-CPEC) has huge potential to strengthen Pakistan's economy. The strategic importance of Gwadar port is apparent; the ecosystem will provide this route to regional states in terms of trade feasibility is undeniable. In terms of investment, Pakistan's government is making a significant contribution through CPEC projects to resolving Gwadar's fundamental concerns, including as security and infrastructure etc. However, India is attempting to undermine the CPEC projects with the support of the US. Indo-US intensive propaganda against CPEC has undermined its potential as despite infrastructure, facilities ,smart port city master plan ,free zone and massive potential for investment in Gwadar, investors are scared just because of the debt trap narrative .Fundamentally, they are building a false narrative of China's debt-trap diplomacy with the support of academics, policymakers, and the media. In fact, the Pakistani government and the international independent institutions clearly demonstrated that the China's DTD narrative is based on fallacy and a myth. Statistics show that Baluchistan will be the greatest beneficiary of this project. Locals will get employment, empowerment and prosperity.

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