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# The US-Pakistan-China Conundrum

**Rohan Joshi**

On July 8, 2011, the United States of America and the People's Republic of China celebrated 40 years of diplomatic relations that laid the foundation of what is today, one of the largest bilateral trading relationships in the world. However, the path to rapprochement of these two great powers, which began in the spring of 1971, ran through Islamabad, Pakistan. It was at Chakala air base in Rawalpindi that the US National Security Adviser (NSA) Henry Kissinger, on the deputation of President Richard Nixon, first made contact with Chinese officials through the liaison of Pakistan's then-Foreign Secretary, Sultan Mohammad Khan. China, the US and Pakistan have all undergone considerable change since that fateful meeting 41 years ago. The US is now the world's only superpower, boasting of both the world's largest economy and the most powerful armed force. However, China, benefiting from years of rapid economic growth as a result of the forward-looking policies of leaders like Deng Xiaoping, is likely to overtake the US economy by the turn of the decade.

Meanwhile, Pakistan has struggled with internal strife, political instability, military coups, near-economic collapse and terrorism. The events of September 11, 2001, dramatically altered the world's perceptions on terrorism and Pakistan's continued support of groups it labelled as "freedom fighters" no longer remained viable as a means to advance regional objectives. The changes in the global and regional strategic environments necessitate a careful review of the ties that bind these three nations, the extents and limits of their relationships, and their impact on each other and on other countries in the subcontinent and beyond.

## **The US-Pakistan Dimension**

Pakistan sought to forge strong ties with the US at a time when Soviet influence

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in Afghanistan and Iran was expanding in the 1950s, and the prospect of further conflict with India loomed. Since Liaqat Ali Khan's first meeting with US President Harry Truman in 1950, Pakistan has been a leading beneficiary of US aid. American economic assistance to Pakistan peaked in 1962 at \$2.3 billion [for purposes of comparison, Pakistan's Gross Domestic Product (GDP) in 1962 was \$4.23 billion]. The US also remains the largest contributor of Foreign Direct Investment (FDI) in Pakistan, accounting for about 21 per cent of total FDI inflow (as of fiscal 2011). But the US-

Pakistan relationship is primarily categorised as being security-focused. The US leverages Pakistan's geo-strategic position to achieve regional objectives, while Pakistan seeks US support with an aim to achieve military and strategic parity with India. The US remains a primary provider of military assistance to Pakistan and a major supplier of military equipment. However, this assistance to Pakistan has fluctuated significantly, depending on whether or not Islamabad's behaviour was considered to be compatible with US national security interests.

During the 1950s and 1960s, Pakistan received billions of dollars in military aid after having joined the US-led military alliances; a grateful Dwight Eisenhower even labelled Pakistan the US' "most allied ally." During this period, Pakistan received hundreds of M-47 and M-48 Patton tanks, squadrons of F-86 and F-104 fighter aircraft, as well as frigates and a submarine. However, US military aid was terminated as the result of the 1965 India-Pakistan War and this continued through the 1970s<sup>1</sup>. There was a deep sense of betrayal in Islamabad on the US choosing not to intercede militarily on its behalf. Pakistan had underestimated the limits of its security relationship with the US, perhaps, not for the last time.

When the US saw the 1979 invasion of Afghanistan as an opportunity to decisively weaken the Soviet Union, Pakistan returned to the forefront of its calculations. As a reward for its assistance in the covert war against Soviet forces in Afghanistan, Pakistan received 40 F-16 fighter aircraft in the 1980s, which provided it a credible medium for delivering nuclear weapons against its arch rival India (Pakistan's missile programme was nascent at the time). But immediately after the Afghanistan War, the Bush Administration refused to certify Pakistan's nuclear programme as peaceful, which resulted in a near

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complete cessation of military and economic aid, as per the amended Foreign Assistance Act (the "Pressler Amendment"). Economic and military isolation followed for the second time and lasted until the US' invasion of Afghanistan, in response to the September 11, 2001 attacks, necessitated reengagement with Pakistan.

As a reward for its participation in the US' "War on Terror," Pakistan has received \$15 billion in the form of combined military aid since 2002 for coalition support, foreign military financing and counter-insurgency (COIN) funding, according to the US

Congressional Research Service.<sup>2</sup> However, Pakistan's objectives in the region diverged from those of the US. While the US and its allies fought the Taliban, Pakistan sought to achieve a compromise that would reinstate Taliban influence in the governance of Afghanistan. This divergence in regional objectives came to a head in 2011 in three specific instances: the Raymond Davis episode, the discovery and killing of Osama bin Laden in Abbottabad, and the killing of 24 Pakistani troops by North Atlantic Treaty Organisation (NATO) forces. In response to the November 26, 2011 attack, Pakistan downgraded ties with the US, reclaimed command of Shamsi air base, and cut off on-land NATO supply routes vital to the transportation of lethal US equipment from Pakistan to Afghanistan.

For the US, its engagement with Pakistan is essentially thought of as being limited and issue-specific. While the US remains Pakistan's predominant economic and trade partner, volumes have dropped steadily since 2001. Equally, while the US is Pakistan's predominant supplier of military aid and equipment, that equation is undergoing radical change. As the US forges stronger defence ties with India, it will be more reluctant to provide key force-multiplying military technology to Pakistan. Pakistan considers the US an unreliable economic and military partner. China has already supplanted the US as Pakistan's largest military supplier, and it is a relationship that is bound to get stronger as US patronage wanes. On the domestic front, the US is faced with the challenge of supporting a powerless, yet corrupt and parochial civilian government at the expense of Pakistan's influential military. Internationally, the US' "de-hyphenation" of relations with India and Pakistan was a blow to Pakistan. US support to Pakistan's narrative on Kashmir,

which was ambivalent even in the best of times, is now virtually non-existent. US concerns about Pakistan's nuclear arsenal, including security and proliferation to rogue states will continue to be in a thorn in bilateral relations.

## **The US-China Relationship**

The shaping of the US-China dynamic comes primarily as a result of China's spectacular economic transformation and rise since the 1970s, a growth that has also spurred its rapid ascendancy as a military power. The US is China's largest trading partner, as is China of the US, outside Canada. However, the US is impaired by ballooning trade deficits in its bilateral relationship with China, as a result of what US analysts term the "opaque" trade policies of China that inhibit the trade of US goods and services in that country.

As trade volumes continue to grow between the US and China, both countries will at once be partners and competitors in the global market space. Sino-US trade has grown from a paltry \$5 million in 1971 to \$500 billion in 2011. However, US officials frequently complain about China's "unfair trade practices" on currency evaluation and intellectual property rights that prevent an equitable growth in trade volumes. These voices have only grown louder as the US and global markets sank further into recession in 2008.

US-China engagements have also helped in redefining the security architecture in the Middle East, Asia Pacific and beyond. Internationally, as permanent members of the UN Security Council (UNSC), China and the US engage each other on multilateral issues such as the global economic crisis, climate change, Iran and North Korea. The Chinese have resisted US-led alliances on regime change in Libya and more recently, in Syria, fearing that increased instability in the region could jeopardise energy imports and encourage dissent in their own restive provinces. On Pakistan, both the US and China see the Islamic nation as vital to achieving regional objectives: the US seeks an honourable exit from Afghanistan, while ensuring that ground in the Af-Pak region is not ceded to Al Qaeda after its departure. Similarly, to the extent that China seeks to strategically contain India, it provides vital equipment and technology to Pakistan, allowing Islamabad to, in general terms, compete with a country seven times its size. However, the US and China differ on Pakistan in a multitude of areas, including on Pakistan's nuclear programme. China's clandestine nuclear cooperation was crucial to Pakistan being able to carry out its nuclear tests in May 1998. When the Pakistanis complained about not being given a deal equivalent of the Indo-US civil nuclear deal in 2010, the Chinese stepped in and committed

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to the construction of two additional nuclear power plants in Chashma. On the other hand, the US position on Pakistan's nuclear weapons programme has evolved from considered ambivalence in the 1980s, outright opposition with the invocation of the Pressler Agreement clauses in the 1990s, to acceptance and risk mitigation today.

While the US and China share similar concerns about the spread of radical Islam in Pakistan, the extent of the threat to each country's national security and, thus, their concerns, varies greatly. The US sees the radicalisation of Pakistan as an extension of the spread of conservative Wahabi Islam, which

has a previously proven capacity to hit the US and its interests at home and abroad. For China, the radicalisation of Pakistan presents a danger to its Xinjiang province, which is home to eight million Muslim Uighurs. In dealing with the Af-Pak region, the US and China have demonstrated very different approaches as well. While the US entered into a long, drawn-out conflict in Afghanistan and grappled with the challenge of dealing with corrupt and warring Afghan warlords, politicians, and, of course, Pakistan, to force reconciliation, China dealt with Afghanistan in a manner similar to its dealings with most of the developing world. Very quietly, China widened its commercial interests in Afghanistan. Although China's commercial interests benefit from the presence of US and NATO forces in Afghanistan, Beijing has no interest in becoming a security provider in Afghanistan.

Chinese state-owned companies have poured in \$3.5 billion to develop Afghanistan's strategic copper deposits in Logar province, and Beijing is reconstructing a road between China and Afghanistan to facilitate trade. China has already provided Afghanistan with over \$130 million in reconstruction assistance since 2002, and although the figure pales in comparison to assistance provided by the West, Japan or India, it is likely to continue to accelerate investment and enhance trade ties with Afghanistan, so that it may, in the words of one commentator, continue its policy of "non-interventionist intervention" once NATO and International Security Assistance Force (ISAF) forces leave Afghanistan.<sup>3</sup> To that end, China's special relationship with Pakistan will be of

vital importance, in securing the peace in its restive western provinces, as well as expanding its trade and commercial interests in Afghanistan and the Gulf countries. However, this “special friendship” between Pakistan and China is not without its limits.

## **The China-Pakistan Relationship**

The Sino-Pakistan relationship is euphemistically referred to as being higher than the Himalayas, deeper than the oceans. But it is an expression that the Pakistanis are perhaps guilty of interpreting far more literally than the Chinese. Official ties between China and Pakistan began in 1950, after Pakistan became the first Islamic nation to recognise the communist government in China. Over the years, China’s role has changed from being merely a regional ally of Pakistan to its primary benefactor in a multitude of areas. As its relationship with the US enters yet another turbulent phase, Pakistan will seek to offset its needs and ambitions through a greater reliance on China. Over the years, both China and Pakistan have cooperated closely where regional objectives align. On India, Pakistan obsessively pursues a policy of competition, seeking military and strategic parity with a country seven times its size. In the past, qualitatively superior conventional military equipment supplied by the US helped bridge the quantitative disadvantages of the Pakistani’s Army *vis-à-vis* India. Beginning in the 1980s, Pakistan and China entered into clandestine cooperation on military nuclear technology, in violation of China’s international commitments as a member of non-proliferation regimes such as the nuclear Non-Proliferation Treaty (NPT).

As early as 1984, US officials concluded that China had already provided Pakistan with enough highly enriched uranium (HEU) to make one to two atomic bombs<sup>4</sup>. Throughout the 1980s and 1990s, China provided Pakistan a variety of high-end military and dual-use technology<sup>5</sup>, including tritium (used to produce boosted fission devices), unsafeguarded nuclear reactors, a reprocessing plant, and the blueprint for the nuclear-capable DF-11 ballistic missile, which formed the basis of Pakistan’s short-range Shaheen-1 and Shaheen-2 missiles. China’s assistance and cooperation with Pakistan, particularly after US sanctions, has grown with regard to conventional weapons as well. China and Pakistan have worked on joint development projects encompassing space technology, trainer aircraft, airborne warning and control system (AWACS), battle tanks and the JF-17 “Thunder” multi-role combat aircraft. China has also offered to provide military aid to Pakistan for counter-terrorism, and in response to deteriorating

US-Pakistan relations, indicated that it would increase military assistance to Pakistan, should the US cut aid.

For China, fostering closer ties with Pakistan has its advantages. First, it allows China to constrain India's regional ambitions by locking it into a perpetual contest with Pakistan. An India engaged in a ceaseless duel with Pakistan is unlikely to pose a significant challenge to China's own designs in the region and beyond. Second, Pakistan's strategic location provides China access to the vital energy lines of communication in the Persian Gulf, as well as the ability to develop closer ties with Saudi Arabia. China's assistance in the construction and management of a deep-sea port in Gwadar extends its reach and places it at the heart of the energy trade at the Strait of Hormuz. And third, China sees Pakistan, like it does North Korea, as a vehicle to advance its own worldview globally and challenge long-held "Western" positions on the international order. To the extent that Pakistan can be of use to a China-led alternative to the established order, the country can continue to be assured of Chinese largesse. Thus, it is likely that the more internationally isolated and economically unviable Pakistan becomes, the more it will rely on, and receive, Chinese patronage.

Trade between China and Pakistan is experiencing sustained and substantial growth. Total bilateral trade volumes, which were at about \$1.5 billion in 2000, have increased manifold to over \$8 billion in 2008. The two countries signed a Free Trade Agreement in 2005, and China is now Pakistan's second-largest trading partner after the European Union. In addition to the development and management of the Gwadar sea port, Chinese companies are engaged in large-scale infrastructure projects in Pakistan, including highway construction, coal development and mining.

However, while there is no doubt that China's economic and strategic engagement with Pakistan will continue to grow, there are significant factors at play that limit China's ability to entirely, or even largely, fill the void left by a potential US "abandonment" of Pakistan. First, the nature of trade between Pakistan and China is inherently limiting and cannot entirely be an alternative to the US-Pakistani trading relationship. Like almost any other trading partner, Pakistan suffers from a trade imbalance with China; in fact, it imports about seven times as much as it exports to China.

Second, the Sino-Pakistani trade partnership offers limited benefits to Pakistan's ailing domestic economy as Chinese companies in Pakistan staff all projects mostly with labour brought in directly from China, rather than employing locals. And all things considered, Pakistan's economy does not have much to

offer China, which is reflected in comparison to China's total trade volumes with the US (\$500 billion) or even India (\$60 billion).

Third, there are significant limits to the much touted "all-weather" friendship between the two countries. In response to the 2010 floods in Pakistan, the US provided more than \$700 million in recovery and relief efforts, not including contributions from US non-governmental organisations or "in-kind" and technical assistance like materials for temporary shelters, rescue boats or meals<sup>6</sup>. In contrast, China's latent response to the humanitarian crisis in Pakistan resulted in an initial contribution of \$18 million, and although a contribution of \$250 million was eventually promised, it is unclear how much of this was actually delivered.

Fourth, there has been growing disquiet in Pakistan over the nature of its military relationship with China. Dr. Ayesha Siddiq-Agha, one of Pakistan's foremost political and military analysts, points out that the bulk of investments in China-Pakistan co-production defence deals goes directly into China, with marginal savings and little or no value-added work being performed in Pakistan<sup>7</sup>. Dr. Siddiq-Agha also highlights the "shock and disappointment" of junior and mid-ranking Pakistani officers at how "ruthlessly" Chinese businessmen negotiated weapons sales to Pakistan. Indeed, Javed Chaudhry, Urdu columnist with the *Daily Express*, provides further insight to China's negotiation tactics through the JF-17 fighter aircraft deal, which was conceived as a joint-investment project of \$1 billion between the two countries, but was eventually recalibrated under Chinese pressure into a purchase agreement requiring Pakistan to obtain a loan of \$10 billion at 7 per cent interest from the Chinese manufacturer for the purchase of the fighter aircraft.<sup>8</sup>

Fifth and finally, Pakistan's continued indulgence of China with the hope that the latter would come to its rescue should hostilities break out with India, appears to be both far-fetched and mostly lacking in precedent. With the exception of the 1965 India-Pakistan War, which was fought on the heels of the China-India 1962 War, Chinese support for Pakistan in its entanglements with India has been marginal, at best. When Prime Minister Nawaz Sharif sought Chinese support

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at the height of the Kargil War in 1999, he was instead advised by the Chinese to back down and withdraw from the heights. Beijing is also uneasy about Pakistan's continued use of terrorism in the region as an instrument of policy. The Chinese view the growth of *jihadi* terrorism in Pakistan as having consequences in the restive Xinjiang province, and have brought to bear pressure on the Pakistanis to act against Uighur separatists being trained in Pakistan. Indeed, China's decision to support a United Nations Security Council (UNSC) ban on the Jamaat-ud-Dawa (JuD), which was responsible for the heinous attacks in Mumbai on November 26, 2008, after initially interceding on Pakistan's behalf to stay the resolution, could be seen in this light.

## Conclusion

Ultimately, the China-US-Pakistan conundrum is one characterised by interdependencies, regional ambitions, and divergent objectives. While the US seeks to withdraw from the Af-Pak region and downgrade ties with Pakistan, the continued threat of *jihadi* terrorism and nuclear instability emanating from the country will ensure that the US remains engaged in Pakistan. Pakistan, though angered by the US drone attacks and COIN operations in its territory, cannot hope to completely cut itself off from the US, as it is cognisant of its inability to extract similar benevolence from China. And while China itself benefits commercially and strategically from waning US influence in Pakistan, it remains hesitant in assuming a more involved role in the security of Pakistan and Afghanistan. China's economic and military-technological growth notwithstanding, its ability to dispense with large amounts of economic aid to Pakistan is constrained by its need to bring millions of its own citizens out of poverty. Thus, if its estrangement with the US continues, Pakistan will be forced to look to other countries for support while continuing to cultivate the Chinese. Pakistan may seek to offset its growing conventional military disparity with India by reaching out to new potential defence partners like Russia, with reciprocation being a possibility should Indo-Russian defence cooperation stagnate.

Islamabad may also increasingly turn to its other allies, Saudi Arabia, Turkey and the UAE, for political and monetary support. In the long-run, it will be in the vested interests of both the US and China to encourage the development of industry and strong domestic institutions in Pakistan so that a long-term solution to Pakistan's political and economic woes can be achieved without merely transferring the burden of aid to Pakistan to another group of countries.

## Notes

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