



## THE CHINESE ECONOMIC VARIABLE IN THE INDO-PAKISTANI RELATIONS

Prepare the researcher : AHMED SATTAR JASSIM

Ahmedsattar199668@gmail.com

The supervision of DR. NAWAR JALIL HASHEM

nawar74\_2000@yahoo.com

### ABSTRACT

China is one of the countries that can be called the countries of the actors, due to its many natural and human ingredients represented in a distinguished location that increased its possession of wealth, facilitated its communication with the outside world, and helped its civilized contact with the rest of the countries, in addition to an ancient civilization that spanned thousands of years. The same applies to its astronomical location, which helped diversify the climate, and China also has a large population that helped it form a huge military army, and provided it with manpower that fully exploited its resources, which prepared it to assume an important international position in the international system, and it has an influence on most countries. Especially the African countries and their relationship with each other, so they set their sights on India and Pakistan because of their importance in strengthening their capabilities and their need for the resources that they lack.

**Key Words:** India, Pakistan, the Chinese variable, relations

### INTRODUCTION

The economy is the orbit of large-scale interactions between states, which not only affect the prosperity of peoples, but also the security of states, because the economy is an effective element in international policies, and it represents the economic strength of the state, which is a vital factor in consolidating its political and military strength. Therefore, states find that securing Self-sufficiency is an indispensable thing to achieve its security and stability, especially in times of war and adversity, as no country can be studied and evaluated in the field of its path in building its strength unless its natural resources are studied, as basic ingredients or as a key to its national strength.

He who possesses economic and technological power excels over other states, where economic power is familiar with the second actor in the power of the state, which quickly changes into military power, because the presence of resources affects the term of the political power of the state, also throughout the history of the state, undergoing changes and developments related to its past. It contemporaries its present, facilitates its future, and nations rush in their life orbits, especially the cultural path in particular, from intellectual impulses, which derive their influence from the cognitive food stored in the minds, which is composed through a specific time phase, and from this outcome, intellectual giving is determined, and thus affects the progress, success and development of the state.

(Required The First)

### (CHINA'S ECONOMIC ACTORS)

China is one of the countries that knew economic prosperity early, as the researchers called it (the economy of self-reliance), because it has the basic economic ingredients, represented by labor and capital, for example, its economic growth jumped from 6% in general to 9%, during the period (1960 - 2009), which are high rates that indicate the developmental activity that China exploited as a soft power.<sup>(1)</sup> The reason for this development is due to the economic reforms that China pursued a year

---

<sup>1)</sup> Citing: Richard Kurt Krause, *The Chinese Cultural Revolution: A Very Short Introduction*, Translated by: Shaima Taha Al-Raidi, Dar Al-Hindawi Publications, Egypt, 2014, p. 35.

ago (1979), which worked to abandon the economy directed to a socialist economy, that is, it mixes the public and private sectors, which led to the revival of its economy and was reflected in this on its foreign policy, so it began to establish more relations with the countries of the world <sup>(1)</sup>.

The Chinese economy continued to rise, especially in the period between (2014-2016), when China's GDP reached (11.2) trillion US dollars in 2016, and continued on this path until (2019) it reached (14.3) trillion dollars, and it maintained its rise until recent years, as ( 10.97 million jobs, an increase of 300 thousand jobs, in addition to an increase in the consumer price index by (1.5%) and an increase in the average per capita disposable income by (7.5%), and the total volume of exports and imports reached nearly (3.075) trillion dollars Perhaps these statistics are to show the continuous improvement in performance indicators, which in turn is reflected in the features of the Chinese rise.<sup>2)</sup>.

Through this rise, China was able to achieve high rates of economic growth and raise its domestic production, at a rate centered around (10% annually, which led to a reduction in unemployment and inflation rates, and an increase in the volume of investments and trade exchange, which made China ranked second as the best economy in the world <sup>(3)</sup>The following table shows the real annual growth of China's GDP from (2013-2022):

**Schedule (4) Explain the growth annual to the output the local Totalchinese.**

The ratio%	the year
7.8	2013
7.3	2014
6.9	2015
6.7	2016
6.8	2017
6.6	2018
6.3	2019
6.1	2020
6.0	2021
5.8	2022

Source: Prepared by the researcher, based on the International Monetary Fund, the World Economic Outlook database: <https://www.imf.org/ar/Home>.

China is one of the countries that followed the policy of economic revival, by relying on studying the country's needs, and the internal and external markets, so it began to focus on heavy industries, through which China became the largest exporter of steel in the world, as it produces half of the global production of steel, in addition to its reliance on Mining such as gold, oil and coal, it also started producing hydroelectric power, as well as it has a striking force in the fabrics and textiles sector, as well as being distinguished by a number of industrial products, such as the manufacture of machinery, cement, electronic goods, cars and means of transportation such as planes and trains, in addition to that it was interested in expanding in the field of renewable and nuclear energy production <sup>(4)</sup>.

China succeeded in reducing poverty levels, and developing its economy thanks to its change into a manufacturing center for the world, specializing in assembling products locally, relying on

<sup>1)</sup>) David Dollar, The China Transformation, Journal of Finance and Development, International Monetary FundIMF, 2014, p. 11.

<sup>2)</sup>) Louay Muhammad Sayoh and others, Sino-American relations in light of the Chinese rise and its impact on the international system, Tishreen University Journal, No.3, 2019, pp. 133-134.

<sup>3)</sup>) Ramzi Mahmoud, The Struggle of America and China for the Throne of the Global Economy, University Education House, Egypt,2022, p. 75.

<sup>4)</sup>) Henry Kissinger, World Order: Thoughts on the Nature of Nations and the Course of History (ed2), Translated by: Ashraf Radi, Treasures for Publishing and Distribution, Cairo, p. 24.

relatively cheap labor, and exporting cheap goods to all countries. As for the private sector, it played an important role in supporting the growth of the Chinese economy and job creation. Where private sector companies contributed about (75% of the Chinese GDP, and contributes about 90% of exports.<sup>1)</sup>.

And as a continuation of our talk about China's interest in the economic aspect, the latter worked to link the idea of economic growth with political stability, as solid foundations were laid for managing the state, according to specific scales that respect the rights of citizenship, and guarantee the idea of equality in rights and duties, on the political side, but on the administrative side. China has set fair standards for filling government jobs according to efficiency, set wages, and job tasks, and in order to ensure the fight against corruption, it has established strict oversight controls and worked to implement them meticulously.<sup>2)</sup>.

In addition, China worked to invest the tools of fiscal policy, such as taxes and investment incentives, to serve the economy as a whole, work to restore the balance of the state's general budget, straighten the tax system, and release public indebtedness, to make the Chinese economy a valuable and influential part of the global economy.<sup>3)</sup>.

It can be said that one of the main aspects of the modernization of the Chinese economy and growth strategy is to attract foreign direct investment to China, to help promote the development of local companies. 2000) when Chinese leaders launched a new strategy they called "going global", which sought to encourage Chinese companies (primarily state-owned companies) to invest overseas, and this was one of the main factors that moved investment, through massive accumulation. For foreigners in China, exchange reserves have increased, and a large level of these reserves has been invested as relatively safe assets, such as US Treasury bonds.<sup>4)</sup>.

Indeed, China succeeded in that, as it ranked as the second largest financier of foreign direct investment after the United States of America, for example in (2014) witnessed the exit of (116) billion dollars, with a growth of (15%), compared to a growth of (3%) for foreign direct investments leaving the United States. China also ranked first in the world in terms of foreign direct investments entering the country, which amounted to (129) billion. In (2014), China has the largest foreign currency reserves amounting to (3.2) trillion dollars (<sup>5)</sup>), and the following table (5) Shows Chinese imports and exports and their percentage of world imports and exports according to (INCTAD) statistics for some selected years, which shows the extent of trade progress that China has made in recent years:

2019	2015	2010	Chinese imports and exports
2078386.4	1,679,566	1396247	Chinese imports
10.7%	10.04%	9.05%	percentage of world imports
2,499,457	2273468	1577754	Chinese exports
13.2%	13.7%	10.31%	percentage of world imports

<sup>1)</sup> Malik Awni, The Dominant Contexts: The Chinese Rise to Non-Polarity, International Politics Journal, Issue 207, Egypt, 2017, p. 8.

<sup>2)</sup> Quoted from: Salah Shair, Strategic Planning in China and the Future of the Global Economic Conflict, Emirates Center for Strategic Studies and Research, UAE, 2020, p. 8.

<sup>3)</sup> Ibid., p10.

<sup>4)</sup> (?) United Nations publication issued by the United Nations Conference on Trade and Development, world investment report 2019, unctad, new york, 2019, p.98.

<sup>5)</sup> Raya Sahib Abd and Muhammad Qasim Hawi, The Chinese Strategic Orientation towards Africa (The Energy Orientation as a Model), Journal of Political Issues, College of Political Science - Al-Nahrain University, No.60, 2020, p. 311.

**Source** yad Badr Zaiti, The Impact of Foreign Trade of Digital Goods on GDP Growth During the Period (2015-2019): China Case Study, Hama University Journal, Syria, Issue 9, 2021, p. 150..

And the Chinese government officially launched the China Investment Corporation (CIC) In an attempt to search for more profitable returns from its foreign exchange reserves, to become this institution one of the largest wealth funds in the world, the Chinese government also indicated its goal of developing Chinese companies that are able to compete globally with private brands.<sup>1)</sup>

Investing in, or acquiring, foreign companies is seen as a way for Chinese companies to obtain technology, management skills, and, often, internationally recognized brands, in order for Chinese companies to become more globally competitive, and thus the Chinese economy to rebound. And it occupies the global throne, and the economic capabilities that China has achieved, from which it is accustomed to an economic experience that seeks to advance China as a global power in the economic aspect.<sup>2)</sup>

Accordingly, it can be said that the level of China in the economic field is good, which is indicated by many of the previously mentioned indicators, and despite the presence of some negative points, it achieved the rank of the second economy in the world, and it maintained this rank for more than twenty years. As the largest contributor to the global GDP, all this has made its economy strong, and the path it takes will make it the first economy in the world, and China has only to try to fix some of the failures that its economy suffers from, because it will impose challenges on it in the future that will constitute an obstacle to its progress.

#### **(second requirement)**

##### **THE IMPACT OF CHINESE ECONOMIC ACTORS ON INDIAN-PAKISTANI RELATIONS.**

China intended to establish positive partnerships, especially from an economic point of view, with all developing countries in Asia, Africa and Latin America, especially in light of the conviction of the Chinese leadership that China has become an important component of the components of the general advancement of developing countries, within the scope of equality and efficiency and without interference in internal affairs. without getting involved in its regional problems.<sup>3)</sup> Behind this policy, China aims to open the markets of these countries in return for Chinese trade and investments, and rely on them to finance them with oil and natural resources. On the other hand, China benefits from them to support them in international forums, especially in voting in the United Nations. Such as the China-Africa Cooperation Forum, and participation in the membership of regional organizations, such as the (Shanghai) Organization that includes China, Russia and Central Asian countries, or the South Asian Association for Regional Cooperation (SAARC), as well as building bridges of cooperation with the Association (ASEAN) and the Economic Cooperation Organization Organization for Asia .. etc. (<sup>4)</sup>.

On this basis, China worked to open the field of economic cooperation between it and India, and the trade exchange between the two countries was characterized by rapid growth, as the volume of exchange between the two parties in (2010) was (60) billion dollars, to become in recent years (70.7) billion dollars, and this is evidence that China has become one of the best partners of India, so that China has worked to support India in reducing its deficit, by increasing Indian exports to China, In addition, in 2017, the Indian Prime Minister visited China three times, to praise this rapprochement, and to demonstrate China's positive stance and welcome to Chinese-Indian cooperation.<sup>5)</sup>

<sup>1)</sup>) Raya Sahib Abd and Muhammad Qasim Hawi, a previously mentioned source, p315.

<sup>2)(?)</sup> Congressional Research Service, China's Economic Rise: History, Trends, Challenges, and Implications for the United States, 2019, p.17.

<sup>3)</sup>) Quoted from: Osama bin Sadiq, Strategic Planning for States, Publications Series Towards a Knowledge Society, Publication29, Center for Strategic Studies, King Abdulaziz University, Saudi Arabia, 2010, p. 244.

<sup>4)</sup>) Abu Bakr Al-Dasouki, a previously mentioned source, p70.

<sup>5)</sup>) Muhammad Makram Balawi, a previously mentioned source, p6.

Despite the economic cooperation between the two parties, the spirit of competition was not absent from the Chinese-Indian arena. The magnitude of the Chinese economy and its expansion created intense competition between China and India, especially since China was the closest neighbor to India, as well as the close time that India and China entered into economic competition. He made India strive with everything it has to top the economic figure, and catch up with its Chinese counterpart in order to follow in its footsteps and take over the commercial markets in the region.<sup>1)</sup>

It cannot be denied that China is not India's favorite friend, especially since their relationship has witnessed several tensions in the past period due to border disputes, as India has worked to ban hundreds of Chinese mobile applications, under the pretext of threatening Indian national security (<sup>2</sup>)However, the data issued by the Indian Ministry of Commerce in (2020), revealed that China has become India's largest trading partner, due to the dependence of Indian trade on China, as the volume of bilateral trade between the two parties reached (77.7) billion US dollars, and then reached (85.5) billion dollars in the following year. , so that China becomes the first trading partner of India, thus declaring its supremacy over the United States of America (<sup>3</sup>).

And the economic relations between China and India continued in a state of fluctuation, when the trade exchange between the two parties increases and reaches the highest levels, and this appears through the exchange in the fields of industry, raw materials, investment in emerging companies and technology, in addition to the statement of the Indian government on its desire to agree to (45) An investment proposal from China, and on the other hand, many fears arose due to the border disputes between China, India and Pakistan and the tension in political and military relations, and then the heavy consequences of the Corona virus, which caused a trade deficit between China and India.<sup>4)</sup>

Also, one of the reasons that led to the destabilization of economic trust between China and India is the Chinese-Pakistani closeness. It is known that the latter is the enemy neighbor of India, and it is certain that its economic proximity with China is a threat to Indian security, especially their participation in (a strategic cooperative partnership in all weathers). ), which led to a deepening of the economic relationship between them, as China sponsored huge investments in Pakistan, through the Chinese-Pakistan Economic Corridor (Kawadir), whose cost was estimated at ((62 billion dollars)<sup>5)</sup>.

After that, China became the third largest trading partner of Pakistan, as the volume of trade exchange increased from one billion US dollars in 2008.2001) to (8) billion dollars in (2010) to reach in recent years to (13.8) billion dollars between the two countries)<sup>6)</sup>In addition to the free trade agreement between the two parties, which provided the opportunity for steady increases, there are also several huge Chinese infrastructure works underway in Pakistan, including the highway linking coastal Karachi with cadres, the rehabilitation of the Karakorum highway, nuclear power plants and a number of energy projects. Hydroelectricity being applied on the Pakistani side and around the disputed state of Jammu and Kashmir with India.<sup>7)</sup>

---

<sup>1</sup>(?)China Power Team, How will the Belt and Road Initiative advance China's interests? , CSIS, center for strategic & international studies, Washington, 2021.

<sup>2</sup>(?)MK Venu, how china's one belt one road will help India integrate south Asia, the wire, 2016.

<sup>3</sup>)) People's Daily, any indications for China's restoration of India's first partner rank? ,2021, article published on the link:[www.arabic.people.com](http://www.arabic.people.com), watched in12/1/2023 at 8:40 PM.

<sup>4</sup>)) Remembrance of the Most Gracious, India and China ... a commercial recovery, Al-Ittihad Magazine, Emirates,2021, article published on the link:<https://www.alittihad.ae/opinion/4202532>, watched in12/1/2023 at 9:30 PM.

<sup>5</sup>(?)Jacob Stokes and Jennifer Staats, India-Pakistan tensions test China's relationships crisis management role, the united states institute of peace, Washington, 2019.

<sup>6</sup>)) Zaidoun Salman and Hamid Shehab, Chinese economy and its impact on international trade (a study on the role of port cadres), Journal of Political Science, Al-Nahrain University, No.60, 2020, p. 23.

<sup>7</sup>)) Quoted from: Graham Ellison, the inevitability of war between the rising power and the dominant power, translated by: Ismail Bahaa El-Din, Dar Al-Kitab Al-Arabi, Lebanon,2018, p. 42.

As a series of new financial agreements between China and Pakistan indicate a shift in political alliances in the region with repercussions for the neighbors of South Asia and the United States, where China and Pakistan issued a joint statement that strengthened the growing economic relations between the two countries, following a meeting between Chinese President (Xi Jinping) and President Pakistan's Prime Minister (Imran Khan) in Beijing during the 2008 Winter Olympics<sup>2022</sup>, and the two countries pledged bilateral cooperation in economic and technical fields, industry, investment, infrastructure, space, vaccine, digitization, standardization, disaster management, culture, sports, and vocational education.<sup>1)</sup>

The Chinese participation with Pakistan is always seen against the backdrop of the Indian factor in the context of its expansion, and in the same context, the normalization of Chinese-Indian relations comes as an achievement to restructure Chinese policy within a larger framework, and not a separate step towards India, and the reality is that Beijing sought to improve its relations not only With India, but with a number of other countries, the most important of which is the United States of America <sup>(2)</sup>.

In any case, there were different positions that reflect the patterns of Chinese-Pakistani relations over the decades, but what has not changed is the convergence of interests and the continuity of strategic understanding. It also stimulates steps to improve relations between Pakistan and India and create a favorable atmosphere in Asia as a whole.<sup>3)</sup>

#### **schedule (6) Next Show size exchange commercial between China and India , and China and Pakistan:**

China and Pakistan	China and India	the year
\$13 billion	61.5 billion dollars	2013
13.5 billion dollars	\$71 billion	2014
13.8 billion dollars	\$100 billion	2015
13.7 billion dollars	\$171 billion	2016
\$20 billion	89.7 billion dollars	2017
27.8 billion dollars	95.7 billion dollars	2018
\$50 billion	92.6 billion dollars	2019
\$70 billion	77.7 billion dollars	2020
77.7 billion dollars	\$85.5 billion	2021

The table was prepared by the researcher based on:<https://reshoringinstitute.org/>, also at: Namra Naseer, Pakistan's Drift towards China and the Difficulty of Maintaining Neutrality Amid Great Power Competition, 2022, <https://southasianvoices.org/>

#### **CONCLUSION:**

In conclusion, it can be said that China possesses economic elements that have qualified it for the rise and competition with major countries, and China has employed it in achieving its interests, especially with the countries surrounding it. Sometimes it is a friend and a helpful neighbor to Pakistan, and at other times it is the obstacle that stands in the face of India and its global rise, so it is noted that China has worked to deepen its relationship with Pakistan and win its support in order to stop the Indian infiltration, and at the same time preoccupy the latter with the conflict with Pakistan, while hinting to Pakistan that it is the support that supports it from all sides, to keep

<sup>1</sup>(?)Ali Siddiqi, The Implications of Deepening Economic Ties Between Pakistan and China, 2022,<https://www-voanews-com>

<sup>2</sup>(?)neelum nigar, cpec: gwadar port becomes operational for container vessels, china pakistan study center, issi, 2018, p.4.

<sup>3</sup>)) Citing: Amr Ammar, The End of the American Century and the Beginning of the Eurasian Century (The Economic Belt and the Silk Road), Dar Sama for Publishing and Distribution, Egypt,2019, p. 251.



tensions between the two parties (Indian and Pakistani) and thus the Chinese rise continues at the expense of both parties.

#### REFERENCES:

- [1] Osama bin Sadiq, Strategic Planning for States, Publications Series Towards a Knowledge Society, Issue 29, Center for Strategic Studies, King Abdulaziz University, Saudi Arabia, 2010.
- [2] David Dollar, The Chinese Transformation, Finance and Development Journal, International Monetary Fund (IMF), 2014.
- [3] Remembrance of Rahman, India and China ... a commercial recovery, Al-Ittihad Magazine, Emirates, 2021, article published on the link: <https://www.alittihad.ae/opinion/4202532>, viewed on 12/1/2023 at 9:00 30 m.
- [4] Ramzi Mahmoud, The Struggle of America and China for the Throne of the Global Economy, University Education House, Egypt, 2022.
- [5] Raya Sahib Abd and Muhammad Qasim Hawi, The Chinese Strategic Orientation towards Africa (The Energy Orientation as a Model), Journal of Political Issues, College of Political Science - Al-Nahrain University, Issue 60, 2020.
- [6] Richard Kurt Krause, The Chinese Cultural Revolution: A Very Short Introduction, translated by: Shaima Taha Al-Raidi, Dar Al-Hindawi Publishing House, Egypt, 2014.
- [7] Zaidoun Salman and Hamid Shehab, The Chinese economy and its impact on international trade (a study on the role of port cadres), Journal of Political Science, Al-Nahrain University, Issue 60, 2020.
- [8] People's Daily, any evidence for China's restoration of India's first partner rank? , 2021, article published on the link: [www.arabic.people.com](http://www.arabic.people.com), viewed on 12/1/2023 at 8:40 PM.
- [9] Salah Shair, Strategic Planning in China and the Future of the Global Economic Conflict, Emirates Center for Strategic Studies and Research, UAE, 2020.
- [10] Amr Ammar, The End of the American Century and the Beginning of the Eurasian Century (The Economic Belt and the Silk Road), Dar Sama for Publishing and Distribution, Egypt, 2019.
- [11] Graham Ellison, The Inevitability of War Between the Rising Power and the Dominant Power, Translated by: Ismail Bahaa El-Din, Dar Al-Kitab Al-Arabi, Lebanon, 2018.
- [12] Loay Muhammad Sayouh and others, Sino-American relations in light of the Chinese rise and its impact on the international system, Tishreen University Journal, Issue 3, 2019.
- [13] Malik Awni, The Dominant Contexts: The Chinese Rise to Non-Polarity, International Politics Journal, Issue 207, Egypt, 2017.
- [14] Henry Kissinger, World Order: Thoughts on the Nature of Nations and the Course of History (Version 2), translated by: Ashraf Radi, Treasures for Publishing and Distribution, Cairo.
- [15] Ali Siddiqi, The Implications of Deepening Economic Ties Between Pakistan, China, 2022, <https://www.voanews.com>
- [16] neelum nigar, cpec: gwadar port becomes operational for container vessels, china pakistan study center, issi, 2018.
- [17] United Nations publication issued by the United Nations Conference on Trade and Development, world investment report 2019, unctad, new york, 2019
- [18] United Nations publication issued by the United Nations Conference on Trade and Development, world investment report 2019, unctad, new york, 2019,
- [19] Congressional Research Service, China's Economic Rise: History, Trends, Challenges, and Implications for the United States, 2019,
- [20] China Power Team, How will the Belt and Road Initiative advance China's interests? , CSIS, center for strategic & international studies, Washington, 2021.
- [21] MK Venu, how China's one belt one road will help India integrate south Asia, the wire, 2016.