

Economic imperatives are forcing China to invest in Pakistan as well as in regional peace and cooperation



The common side to the South Asian triangle: Chinese prime minister with his Indian and Pakistani counterparts

The cotton

Pak. & Relations. The New

Just last week the top Chinese leadership came to Pakistan and met the big bosses of Islamabad. They signed a number of agreements, as is usual on such visits, and pledged that they would be investing heavily in Pakistan. They then moved on to India and signed agreements to end all acrimony. Peace, it seems, was reluctantly arriving.

What is politics if it does not have economic legs to stand on? As the confused world of sub-continental rivalries unfolds, we begin to see the total senselessness of sticking to 'stated positions'. Yes, principles do not have to be sacrifices. In the long-run they assist more than anything else, for natural justice cannot be denied forever. That is why the statement this Thursday of the Indian Defence Minister Purnab Mukherjee claiming that Pakistan still had 'terrorists' being trained for use against India sounded so much like the old Congress Party

line of throwing a spanner in the works of peace. That is also why what our politicians, both Indian and Pakistani say and do must be studied with care, and they must not be allowed to undermine what seems like a natural progression towards peace.

Why does China want to invest so heavily in Pakistan? This is a question that needs analysis, in fact very deep

analysis. Why are Indian leaders trying to depict Pakistan as a rogue state even though the country has moved light years faster than them to bring about peace in the sub-continent. The motives for both have deep economic roots, and it is about time that Pakistan wakes up to its follies.

Let us begin from the beginning. What does Pakistan offer China or India? Let us look at just three sectors only, and we will begin to understand the immense possibilities that exist for the future of all the people of this sub-continent. Our biggest sector is cotton textiles. The Chinese have stated that they will invest in this sector the most. If you draw back a bit and look at the larger picture. Cotton has played a very important role in history. The US Civil War was fought over it. Slavery in the USA was because they needed cheap ... sorry, free ... labour in their cotton fields, and hence the expression "cotton pick'in thief".

Today the world cotton picture is such that China is the world's largest cotton producer at 27 per cent of world output, the USA is second with 21 per cent, India has now become the third largest with 15 per cent, with Pakistan being at number four with 13 per cent. Pakistan was always number three, but failed agricultural politics have made it slip to number four position. The Indians have done well and increased their cotton outputs. Together China, India

and Pakistan have 65 per cent of the world's cotton. So how should we move together? Will a common Sino-Indo-Pak Cotton Club emerge? Difficult to answer yet, for this a major peace initiative will have to be thrust upon the leadership of both India and Pakistan. Why, you might ask is this so important. The answer is simple.

Consider the fact that today cotton, in all its forms (from finished products to raw cotton exports) is exported at different rates by different countries. Today USA exports its cotton at an average of US\$65 per kg., while China exports its cotton at an average of US\$61 per kg. This has been at the vanguard of the immense success of China as a world power. When Japan rose from the ashes of the Second World War, it was cotton that led the way. So has been the history of Korea, Hong Kong, Singapore. You name any country, and cotton has led the way, with higher technologies eventually taking over. So it is today with China and India. Today India exports its cotton at US\$13.50 per kg., while Pakistan exports its cotton (mind you our quality is a notch above others in the medium staple) at a shameful US\$3.79 per kg. Now do you understand why the Chinese want to invest in Pakistani textiles.

Assume a scenario whereby Pakistan and India manage to export their cotton, in all its forms, at only US\$30 per kg. What will it mean for the people

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of this 'poor' sub-continent? It will mean that the per capita incomes of India will increase three-fold, while the per capita income of Pakistan will rise seven-fold, more so because in Pakistan cotton comprises 64 per cent of our national wealth. The problem is that we do not have the educated middle-class to undertake this very possible transition. Some will even say that our political, military and civil bureaucrats do not wish this to happen. Maybe, maybe this is true.

But for such progress, what do we need? For starters we need excellent infrastructures to be in place. We will come to that later.

Now in comes China. This fast developing country needs the raw materials and markets of Pakistan and India to grow at faster speeds. India also needs the same. At the moment Pakistan offers the cheapest raw materials.

It is a fact of life that Pakistan's cotton entrepreneurs have led time and again. Most of their savings are abroad, not in Pakistan. Call it common sense or personal safety, the fact is that they are not investing. This brings us to the central question. What if Chinese capital and human resources come in, set up huge factories to produce yarn, fabrics, garments and other finished products, gobbling up our raw materials, and then export them from the country? What gain is there for Pakistan? The laws are such that

the profits remain with the investors, and rightly so. Will Pakistan's share of the world markets be taken up with Chinese products produced in Pakistan?

The answer is yes. And no matter how you explain this happening, it seems destined to take place. It will propel Pakistani cotton into the front as a world leader. The sad fact will remain that Chinese and Indian entrepreneurs will lead the way because Pakistanis have failed themselves. This is where wisdom is needed. We need to stop being nationalistic and we need to depend on wisdom. We have to devise ways so that the maximum benefit is accrued to Pakistan and to the poor in Pakistan. If that can be managed, then it is worth treading this path.

But then where does Mukherjee come in? Well, depicting Pakistan as a rogue state, which in the current scenario is a silly story to see he seems to be trying to ride the Sino-Indian wave of friendship. Will his saying take China away from Pakistan? The answer is definitely a big no, because the economic benefits of our future economic co-operation ensure that both states will benefit. It seems India must move fast on the friendship track if the region is to make it as 'centre of the world' within the next quarter of a century.

The economic benefits and peace are so immense that the amount of political and religious hatred or differences can just

or overcome the immense commonality that exists. If you want to further understand the future as it unfolds, just analyse other sectors like leather and rice. We will see that China, India and Pakistan are world leaders in all these, and a lot of other sectors. If the central thrust remains that we three ride the value-added trail, then peace at any price makes sense. Imagine the immense benefits that will accrue from it. Once high technology enters the picture, we will surely see even greater benefits for the poor and for each state.

That is why Chinese investments in textile makes great sense for the Chinese. It must also make sense for Pakistan. With time it will also make sense for the Indians to relax and move the peace wagon at a faster speed. If China and India are at peace, it is so because of the immense economic benefits that will accrue from such a friendship. We must accept that even Pakistan will gain from such a friendship. The point is that Pakistan must also join hands, and that is why we must see the move towards peace as actually a move towards empowering the poor of the entire region. If any other route towards economic progress exists, we would like to know about it.

What must Pakistan do to prepare for more rapid economic progress to take place? We have to invest on infrastructure like roads and ports and communications and by having laws that allow everyone to live in peace and harmony, with much more religious and civil freedoms, with the armed forces being sent back to the barracks. It is time to be civil, to be simply normal again, to be professional, and to market ourselves as a country where every person, local or foreign, is welcome to live the life they desire. Surely this is not a tall order ... or is it?