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## Research Paper

# Through Belt and Road Initiative (BRI) and Central Asian Regional Economic Cooperation (CAREC) between Central Asia and South Asia



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## Abstract

Regional connectivity has emerged as a pivotal factor in the relations between Pakistan and Central Asia, with a unique interplay between their energy-rich and energy-deficient dynamics. Pakistan's strategic importance is multifaceted, serving as a crucial option for landlocked Central Asia through its deep-sea ports in Karachi and Gwadar. Positioned as an energy-deficient state, Pakistan is poised to become a significant buyer of Central Asia's abundant energy resources. The Belt and Road Initiative (BRI) and the Central Asia Regional Economic Cooperation (CAREC) play integral roles in materializing the vision of regional connectivity, promising substantial benefits for economic development and strategic fortification of the entire region.

However, challenges persist, particularly due to the complex situation in Afghanistan. Afghanistan's geographical position between Pakistan and Central Asia, coupled with its fragile security environment, introduces numerous hurdles.

This research delves into the specific roles of the China-Pakistan Economic Corridor (CPEC), Belt and Road Initiative (BRI), and CAREC



in navigating opportunities and challenges in regional connectivity. A crucial aspect under scrutiny is the impact of the evolving situation in Afghanistan, especially the



repercussions of post-US withdrawal challenges on economic development projects in the region. The study employs both qualitative and quantitative assessments, focusing specifically on the connectivity between Pakistan and Central Asia.

## **Introduction**

In the realm of international relations, regional connectivity has emerged as a pivotal force, ushering in a new era of possibilities. Mega economic development initiatives such as the Belt and Road Initiative (BRI) have set the stage for heightened regional connectivity across Asia, with a particular focus on the critical junctions of Central and South Asia. The Central Asian region, abundant in resources, faces geographical constraints that drive its quest for sea access to bolster trade with neighboring states like Pakistan, Iran, China, and India.

This landscape creates a fertile ground for regional connectivity endeavors, exemplified by projects like the China-Pakistan Economic Corridor (CPEC) and Central Asia Regional Economic Cooperation (CEREC). The envisioned network of roads and railways not only links expansive consumer markets but also provides access to the vast natural resources of Central Asia, fostering economic, political, and social development while mitigating regional conflicts. Pakistan assumes a pivotal role by not only granting landlocked Central Asian states access to the sea through Gwadar port but also offering a substantial consumer market with its 220 million population.

A critical aspect of this connectivity drive involves Afghanistan's central geographical location, serving as a transit point for linking CPEC with the Central Asia region. Despite posing both threats and opportunities, regional states are eager to capitalize on Afghanistan's potential for connectivity, leveraging projects like CPEC to build infrastructure, enhance people-to-people contact, and foster political and economic relations across Central and South Asia.



Central Asia's geostrategic significance as the epicenter of the Eurasian continent positions Pakistan not only as a connector with Central Asian states but also with Commonwealth states and Europe. The operationalization of CPEC promises a surge in trade, unlocking diverse opportunities for economic development. However, the unfolding situation in Afghanistan remains a looming threat to the envisioned economic integration and connectivity scheme. This paper focuses on exploring the economic development prospects of the region while addressing security threats and challenges, particularly those emanating from Afghanistan.



## Geographical Connection

The geographical linkage between Pakistan and the Central Asia region is facilitated through Afghanistan and China, particularly the Chinese province of Xinjiang. This intersection gained prominence with the initiation of the Belt and Road Initiative (BRI) in 2013, forming a connection among three Central Asian states (Tajikistan, Kyrgyzstan, and Kazakhstan) in the north, Pakistan in the south, and China in the east. The flagship project of BRI, the China-Pakistan Economic Corridor (CPEC), envisions an extensive highways network that promotes increased Chinese trade via the Gwadar port.

This strategic route not only caters to Chinese interests but also offers opportunities for landlocked Central Asian states to link with this corridor through Xinjiang. The proposed road and rail network seeks to connect key cities such as Bishkek, Almaty, and Xinjiang to Pakistan's seaports in Gwadar and Karachi, significantly reducing distances between Central Asian states and Pakistani seaports through the Belt and Road Initiative (BRI) (Jamil, 2017).

While the China-Pakistan Economic Corridor (CPEC) holds potential for expansion, Afghanistan, due to its proximity to both Pakistan and Central Asia, stands as a key player in the regional connectivity efforts. However, the precarious security situation in Afghanistan hinders its seamless integration into the extended CPEC. To address this, the Belt and Road Initiative (BRI) proposes an alternative route plan through the Karakorum Highway (KKH). This crucial route connects Pakistan via Xinjiang to Central Asian states, including Tajikistan, Kyrgyzstan, Kazakhstan, Uzbekistan, and Turkmenistan.

Notably, this route is designed to operate smoothly during periods of turmoil or disturbance in Afghanistan, marking it as a pivotal regional integration initiative in Asia (The Nation, 2017).

This scheme has emerged as one of the most significant regional integration endeavors in Asia in recent years, contributing a fresh perspective to the discourse on regional integration and regionalism in international relations.



### **Neo-Functionalism and Regional Integration in Central and South Asia**

In the 21st century, regionalism has evolved as a crucial aspect of international relations, navigating between the forces of globalization and anti-globalization. Departing from the Eurocentric perspective, regional integration has expanded globally, particularly in Asia. Theoretical discussions on regionalism have seen various concepts since the 1950s, including Federalism and Functionalism. However, Neo-Functionalism emerged as a potent and comprehensive theory, despite being declared obsolete in the European context by Earnest B. Hass. The theory gained renewed relevance, especially in the context of Asia's regional integration efforts.

Neo-Functionalism, revitalized in the past two decades, transcends Eurocentrism by embracing a broader approach that integrates diverse regional complexities. The central





idea is 'spillover,' signifying that integration in one economic sector can catalyze further integration across other sectors and beyond. While initially associated with European integration, this concept finds applicability in Asia, notably in Central and South Asia. The theory posits a positive spillover effect, suggesting that economic cooperation between Central and South Asia, initiated in the early 1990s, holds significant potential. The development of transportation links between the regions has created numerous opportunities for cooperation in various sectors. Not only has this strengthened regional cooperation, but it has also enhanced institutional capacity for regulating future collaborations. Neo-Functionalism encourages collaborative actions among neighboring states inclined toward economic integration.

Central and South Asia have institutionalized their regional integration efforts, participating in multiple organizations such as ECO and SCO. Joint economic ventures, including projects like CPEC, BRI, and CEREC, underscore their commitment to cooperation. Initial successes in integration efforts pave the way for broader collaboration. Economic cooperation serves as the foundation for enhancing political, security, and further institutionalized large-scale integration across various domains. The initiation of political linkages in the last decade of the previous century has propelled extensive economic cooperation, overcoming geographical barriers through infrastructure development like roads and transportation. The theory of neo-functionalism presents some causal factors that are significant in stimulating the interdependence between regional states. It not only identifies sectors for cooperation but also motivates them to

resolve the regional dispute to enhance the capacity and chances of regional integration efforts. This kind of stimulus has been existing in the Central South Asia regional integration efforts through the platform of SCO and there has been a strong desire for resolving the biggest security issue of the region that is Afghanistan. Pakistan as well as all Central Asian states realize the importance of Afghan security for the successful regional integration efforts through CPEC, CAREC in particular.

### **BRI/CPEC & Regional Connectivity Drive**

CPEC can be called the “Zipper of Pan-Eurasian Integration.” This integration approach means wider geographical linkages, connecting all adjacent states and regions from Pakistan South Asia to North Asia, West and Central Asia covering states of some important regional organizations with Russian led Eurasian Economic Union (EAEU), SCO, ECO, and SAARC members. The main argument of this approach is that CPEC complements Eurasian integration (Korybko, 2017).



The leadership of all Central Asian states is actively working with China and Pakistan for common economic benefit and regional connectivity and integration, and openly supported and committed to their stances. All Central Asian states are willing to join CPEC projects and saw Gwadar Seaport- the gateway to CPEC, as an opening to the





maritime routes of the world. It was reiterated to give worldwide access during bilateral visits of the leaderships of these states (Khetran and Khalid, 2019). It is supposed that the Gwadar Seaport and other infrastructure established under CPEC are like a Suez Canal for Central Asian states and China (The Nation, 2017). Pakistan is located at the crossroads between South, Central, and West Asia, and Western China, thus playing the role of a bridge in this regional integration. Each Central Asian state has a unique potential, such as Kazakhstan, Turkmenistan and Uzbekistan can ship energy resources and Kyrgyzstan and Tajikistan can export hydropower to Pakistan, India, and Southeast Asian states (Rauf and Saud, 2021). An energy corridor between Central Asia and South Asian states will be established with the completion of projects such as TAPI and CASA-1000. Agriculture is another sector where they can share their experience and cooperate to increase their production (Jaffery, 2018). It provided a win-win situation for Pakistan and Central Asian states. Pakistan and Central Asian state relations will improve through a shared vision of regional economic prosperity. Uzbekistan is the most active Central Asian state for regional connectivity to attaining energy and transport cooperation, economic development, industrialization, improved people-to-people contacts, and regional integration. To complete these goals, the CPEC route and its projects are of paramount importance, therefore, it is called the “cornerstones” of economic development for both regions. This connectivity through different CPEC initiatives will restore ancient cultural



relations and increase interdependency between Pakistan and Central Asian states (Munir, 2018). CPEC may be used as a “launching pad” for Uzbekistan to achieve its interests in regional connectivity via Pakistan’s seaports and planned trans-Afghan railway lines. It can play a significant role in the future of alternative routes between Pakistan and Uzbekistan. Uzbekistan is the buckle of BRI and CPEC in Pakistan is a flagship project to enhance bilateral relations through regional connectivity which depends on transportation hubs and economic corridors (Gwadarpro.Pk, 2021). Pakistan and China are interested in including Afghanistan in CPEC. This initiative will improve Pak-Afghan economic relations. CPEC+ will become a game-changer for the whole region. The Afghan government is also interested to strengthen bilateral and multilateral relations under the BRI format with Central Asian states. Its involvement in regional connectivity between South and Central Asia will provide long-term stability in her country (Uzbek Embassy, 2020). Afghanistan located in the heart of the Central Asian region due to its geographical position remains the meeting point of the old trading route, “the ancient Silk Road” which connected all regional commercial and cultural centers such as Khiva, Samarkand, Bukhara, China, Iran, and India this trade went into the Mediterranean Sea and Europe (Safi and Alizada, 2018, 14). CPEC’s completion will produce a positive spillover for the economic activity in Pakistan. More specifically in its trade relations with all regional countries. More critically, CPEC would generate positive spillovers for Pakistan’s trade ties with its neighbors through a huge and modern road & railway network of roads and maritime trade routes., highways. Eventually, CPEC would be able to fully exploit Pakistan’s transit potential. The following data fully support this



opinion that Pakistan's costs will offer the shortest and cheapest trade option for Central Asian Republics connecting through the western route of Afghanistan (Hussain 2017).

### **CAREC and Regional Connectivity with Central Asia**

CPEC and CAREC initiatives are pivotal for fostering regional connectivity in Pakistan.

Post-infrastructure completion, the service sector is poised to witness heightened activity, unlocking opportunities across various industries, vendors, tourism, and information technology. This surge positions Pakistan to emerge as a hub of economic activity, as indicated by the World Bank Group in 2019.



The Central Asia Regional Economic Cooperation (CAREC) Program, established in 1997, initially engaged ten regional states with Pakistan joining in 2010. Now comprising eleven members, including Afghanistan, five Central Asian republics, South Caucasus states, and China, CAREC collaborates with six multilateral institutions, including the Asian Development Bank (ADB) and the World Bank. Functioning as a project-based, practical, and result-oriented collaboration, CAREC employs ADB as its Secretariat.



CAREC's strategic vision, encapsulated in "Good Neighbours, Good Partners, and Good Prospects," aims at accelerating economic growth, reducing poverty, and fostering development through cooperation. The CAREC 2030 strategy, approved in the 2017 Ministerial Conference, focuses on economic stability, trade, tourism, economic corridors, infrastructure, economic connectivity, agriculture, and human development. This strategy, rooted in regional integration, emphasizes trade, energy, and transportation for comprehensive cooperation between Pakistan and Central Asian states.

The synergy between CAREC corridors and CPEC positions Pakistan to function as a regional transport and trade hub. Over the period 2001 to 2020, 208 projects and investments totaling \$39.2 billion have yielded substantial success in energy, transport, trade, and economic corridors, fostering regional economic cooperation. CAREC investments of over \$1.47 billion in Pakistan's trade and transport sectors underscore its commitment to enhancing regional connectivity.

The CAREC Ministerial Conference in 2020 advocated for a regional free trade agreement, emphasizing infrastructure, connectivity, standards, quality, and skills development. It endorsed the CAREC Tourism Strategy 2030 and proposed a regional tourism corridor, actively involving the private sector and establishing the CAREC Business Council.

The CAREC plan, supported by the Asian Development Bank, encompasses extending CAREC corridors to Pakistan's seaports, the TAPI gas pipeline, and the development of economic corridors to boost economic opportunities. Funding from the World Bank,



ADB, and other multilateral development banks reinforces CAREC's regional connectivity vision. The project addresses trade and accessibility challenges faced by landlocked states, contributing to increased regional trade and economic cooperation.

Under the CAREC plan named Regional Improvement of Border Services (RIBS), selected border crossing points in Pakistan, Tajikistan, the Kyrgyz Republic, and Mongolia aim to streamline border crossing procedures and infrastructure development. This initiative provides an alternative route for Pakistan and Central Asian connectivity in case of instability in Afghanistan. However, bilateral energy projects like CASA-1000, TAPI, and Trans Afghan railway lines remain crucial, underscoring the multifaceted approach to regional connectivity.

### **Afghanistan: Prospects and Challenges for Regional Connectivity**

Afghanistan plays a crucial role in connecting South and Central Asian states, positioned strategically as a transit route linking Central Asia, South Asia, China, the Middle East, and West Asia. This geographical positioning transforms Afghanistan into a bridge connecting Asia to Europe. Inclusion in the China-Pakistan Economic Corridor (CPEC) promises enhanced regional connectivity, fostering a conducive socio-political environment for peace in Afghanistan (Gwadarpro.Pk, 2021).

Afghanistan has demonstrated an open-door policy for various economic initiatives, offering prospects for its reconstruction and development. Whether through CPEC or the India-led Chabahar project, both avenues present opportunities to revitalize Afghanistan's





economy. Iran, too, expresses interest in broader regional connectivity, indicating readiness to collaborate with other regional states.

However, challenges persist. The current CPEC designs may have limited economic impact in Afghanistan, particularly in local micro-economies near Pakistan's western corridor. To maximize project benefits, a dynamic comprehensive plan of action is needed. Presently, the immediate beneficiaries of CPEC are more likely to be Pakistan than Afghanistan (Ghiasy and Zhou, 2017, Javaid and Siraj, 2021b).

Pakistani leadership emphasizes commitment to Afghan peace, recognizing its mutual benefits for both nations and regional connectivity (The Express Tribune, 2021). Stability in Afghanistan is vital for the success of CPEC, offering a time-saving, cost-effective route for regional trade. China actively engages in Afghan peace talks, understanding the geostrategic importance of Afghanistan in relation to CPEC and Western China (Khetran and Khalid, 2019).

Completion of transportation facilities in Afghanistan will unlock greater opportunities for regional states. Positioned centrally, Afghanistan becomes a hub for regional connectivity, enabling Pakistan to expand trade with Central Asian Republics and beyond. However, Pakistan must address internal governance and security issues to fully capitalize on this emerging geopolitical environment (Rauf and Saud, 2021, Basit, 2019).

## Conclusion:

Regional Connectivity through BRI and CAREC The Belt and Road Initiative (BRI) and

Central Asian Regional  
Economic Cooperation  
(CAREC) hold significant  
potential for fostering  
connectivity between  
Pakistan, the Central Asian



region, and neighboring areas. Urgent acceleration of Pakistan's development process is crucial in realizing this potential. While the immediate translation of all CAREC and China-Pakistan Economic Corridor (CPEC) plans into operational foreign policies may not be feasible, the maps themselves serve as powerful expressions of ongoing geopolitics.

The importance of regional connectivity in the area is underscored by the mutual dependence of regional states. CAREC and CPEC will contribute substantially to positioning Pakistan as a regional trade and transport hub, integrating China's western part into this initiative. Connecting Pakistani seaports through China and Afghanistan will further enhance opportunities for Central Asian states. Upon materialization, CPEC will not only be a connectivity initiative but also a means for the Central Asian region to access global markets, reshaping the entire region. Pakistan and Central Asia share a historical legacy of colonialism and face contemporary political and economic



challenges, fostering a common understanding of threats. Cooperation for economic development and integration across all sectors is deemed the optimal policy choice for both regions, contingent on a secure and peaceful environment. However, security and peace are prerequisites for successful economic development projects. Afghanistan, serving as a natural geographical connection, requires economic rehabilitation and reconstruction. Resolving the decades-long conflict is essential for realizing regional connectivity between Pakistan and Central Asia, with peace in Afghanistan pivotal for overall regional development. An economically stable Afghanistan is vital for the prosperity of the entire region.



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