



## TEN YEAR ANALYSIS OF CHINA PAKISTAN ECONOMIC CORRIDOR (CPEC)

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### Abstract:

*The China-Pakistan Economic Corridor (CPEC) has recently completed its ten-year anniversary, and this research article aims to evaluate its impact and the factors that have influenced its development. Despite facing criticism and challenges, CPEC has brought about some benefits, particularly in terms of transportation infrastructure. However, the project has also encountered difficulties, including protests and concerns about its vagueness. This paper will examine the factors that have affected the development of CPEC, including policy changes, the COVID-19 pandemic, and terrorist attacks. Additionally, it will analyze the trade relations between Pakistan and China and assess the extent to which CPEC has achieved its intended goals. The study will rely on secondary data and literature review to provide a comprehensive understanding of the CPEC project and its outcomes.*

**Keywords:** China, Pakistan, BRI, CPEC, Special Economic Zones (SEZs), Baluchistan, Gwadar Port

### INTRODUCTION

The CPEC project was officially initiated through signing MOUs in July 2015; configuration of nexus of highway and motorways as well as energy projects that worth approximately \$18 Billion that later raised to \$46 billion and then \$62 billion. Formerly, targets set for the first stage was undergoing thoroughly and implemented actively. It was estimated that most of the projects of phase 1 would be accomplished in 2018. The next stage was set up from 2018 to 2023, which compromised on the fulfillment of those projects which had been uncertain as a main concern as well as new projects would also become visible together with the Hydel projects that were estimated to be accomplished in a long period of time. For instance, the establishment of Special Economic Zones, a Motorway from Karachi to Peshawar, a circular railway in Karachi, the advancement of Main Line from Karachi to Peshawar, a comprehensive renovation of Karakoram Highway, Building of an International Airport in Gwadar and finishing of the Eastbay expressway (Wasim & Siddiqi, 2018).



The CPEC has been strongly linked with the fulfilling of Belt and Road Initiative (BRI). It has been expected that as a chief project of the BRI, the building up of understanding through CPEC would endorse the support of other countries together with BRI. The amalgamation of national development programs would expedite the management between Pakistan and China. The physical closeness would also be advantageous to both countries for the groundwork linkages. Their strongly corresponded approaches of economic and trade would assist in the cognizance of unhindered trade. China and Pakistan are also greatly supportive investment and funding, producing financial amalgamation more accessible, the all weather friendship is acutely entrenched amongst people, hence, supportive for the people to people connectivity (*Long Term Plan for China-Pakistan Economic Corridor (2017-2030)*).

The CPEC is not a mere web of road infrastructure that is stretched in the country, preferably a protectorship of numerous policies and stratagem that deals with the primary political and socioeconomic problems of the country. Prof. Javaid Iqbal has acknowledged that CPEC is a project of the development of nation and an interconnected attachment to amalgamate the divergent groups of ethnicities in Pakistan into one unified nation, during an interview to media whilst responding to one of the author's query. Likewise, several other authors such as Khan S. et al recommend that the CPEC is not only liable for advancing the living standard of people, however it would also lead to an improved state and society relations and would repair the fault lines of Pakistan caused by social and political entities. Furthermore, they assert that elevation of economy would connect people in productive actions through various chances of employment and hence lessening the jeopardy of their leaning towards remunerated negative activities for instance fanaticism and militancy (Khan, n.d.).

In the past 10 years, CPEC has escorted a considerable improvement in the economy of both countries China and Pakistan. CPEC has assisted trade and investment, furthering economic enhancement in the region. It has improved the infrastructure of Pakistan along with roads, railways, and ports escorting to better connectivity and lower the expenses of transportation. Moreover, China has acquired a way to the Arabian Sea via Gwadar Port, giving a strategic channel for its supplies (*China — Pakistan's Gateway for Progress and Prosperity*, n.d.)

### **Vision of CPEC in China and Pakistan**

The Chinese visualization of CPEC is the enhancement of the western development, endorsement of the economic and social development in the Chinese Western region, prompting the Belt and Road establishment, provide China with more capital, technology, manufacturing aptitude and engineering maneuverings as well as the encouragement of development of a new unlock economic structure. Meanwhile, the Pakistani visualization of CPEC is to completely equip the demographics and essential aptitude of the country through amplifying industrial capability through the establishment of new collection of industries, whereas stabilizing the socioeconomic development of the country, augmenting the welfare of the people, including the advancement in



the local tranquility and balance. The visualization of CPEC internally and visually is to create a latest system of international logistics and an outline of industrial sector that would comprised on chief transportation of road and rail network, upgrade the repute of both South Asian and Central Asian countries in distribution of labor in the economy globally, to move up the amalgamation of regional economies by steady trade advancement, economic and technology collaboration internationally and the exchange of recruits.

It was estimated that the investment came under CPEC would convert Pakistan to a center of economic actions and a number of projects consisting on a short period of time were finished at the end of 2018 and some others were anticipated to be accomplished by 2023. in the meantime, the projects related to medium range were predicted to be eventuate in 2025, while, the projects related to long term were to be concluded in 2030. It was renowned that CPEC would enhance 700000 employment opportunities directly amidst of 2015 and 2030 as well as boost economic growth from 2 percent to 2.5 percent. Hence, this project is essential for Pakistan to take away people from poverty by the generation of job chances, progress of sectors, and increase in connectivity and income that would potentially improve living standard (Sabir, 2021).

The aspiration of China is the connectivity with Africa, Europe, South Asia and South East Asia via network of railways and roadways, framework of energy and marine routes. At present, China receives its oil supplies via approximately 12,000 Kilometer long route of maritime from Middle East, while through the development of the framework of CPEC would reduced this remoteness to mere 3,000 kilometer via land route, similarly, it would have a good impact on the time of supplies dispatch. Projects related to CPEC are envisioned to be accomplished by 2030 with the building up of economic zones, railway lines and network of roads etc. the US\$ 4 Billion is devoted for the progress of railway lines and road infrastructure to link China and Gwadar via Khunjerab Pass located in the northern Pakistan. The creation of railways, main roads, energy projects and economic sectors would produce monetary pointers for China. The figures in Pakistan manifested that Pakistan had generated the aptitude of 4 million ton of steel aliened with the requirement of 7 million ton of steel.

### **Safety and Security Issues**

There are also problems concerning to the security threats connected with the CPEC and the majority of them might have instigated in Pakistan, on the other hand, Chinese western province, the Xinjiang has also suffered from security risks from the armed groups of Uighur and the East Turkestan Islamic Movement (ETIM). The militants of Uighur and ETIM pursued from a long time for sanctuary in the tribal regions of Pakistan together with the native militant groups. Though, the security forces of Pakistan have battled against foreign militias in the North Waziristan Agency as well as ETIM and Uighurs in the last years with the instigation of the operation Zarb-e-Azb of the Pakistan military which had enervated the operational capability ETIM. In addition to that, the drone strikes of the United States in several regions of FATA had also restrained the



group by elucidating a figure of its leaders.

Pakistan suffers from various provocations to its safe future and durability, such as, the militancy of Taliban in Khyber and the tribal regions of the country, a revolt based on nationalism in Balochistan, violence in Karachi comprised on ethnic and political issues, rampant religious radicalism and intolerance and the exploitation of law and order in the midst of actions consisting on terrorism and aggression was reported from the whole country nearly every day (Sial, n.d.). Also, there are a number of aspects that slowed down the progress of CPEC according the officials, media and academicians data. As for the First reason, the administration of Khan Government is frequently accused its structural reforms that were planned to rule over the affluence gathered by the former governments and that also proceeded with the sever financial scarcity and a profound load of service of dept. one of the Pakistani specialist in Peking University in China named Teng Mengshi, marked that there has been a vivid turn down in the funds assisting the building of CPEC and it is not possibly achievable any more to spread out the manufacturing of infrastructure. At that time, then newly elected government aspired to lead in enormous affluence expenditure, in particular on those projects that needed a bulk of foreign reserves. The second reason is that, prior to the eruption of the pandemic Covid-19, the economy of China had began to demonstrate the marks of decline, which immensely hindered the aspiration and capability of outgoing investment of China, incorporating the CPEC. Likewise, the worth of new projects sponsored by China around in 61 countries cut down to 13 percent in 2018 and this number further decreased to 41percent in 2019. The third cause is terrorism; as it persistently carries on to impact the investment of China in Pakistan unfavorably. A congruous and oblivious decrease in occurrences of terrorism channeled a robust sense of hopefulness about the whole circumstances of the country. Meanwhile, the southwestern province Pakistan, Balochistan, the backbone of CPEC, go on with the evidences of lethal waves of terrorism based on nationalism and religion. In 2018, approximately 115 terrorist activities were faced by the province, resulting in the casualties of maximum numbers in contrast to other provinces of Pakistan. This tendency remained similar in the next year along with high profile terrorist assaults aiming its target on Chinese Consulate in Karachi. This native menace joined by peripheral intrusion in the outline of political benefaction, moral, pecuniary and technical aid through India that could auxiliaries the complex hazard to the port of Gwadar and CPEC. Another reason for interrupting the CPEC in the last ten years is the barriers created by bureaucracy, which is also termed as one of the foremost annoyance in the execution of mega projects of CPEC. Pakistan has endeavored to prevail over the problems through adapting an inaccurate approach by creating organizations after one another (Iqbal, n.d.).

China had to face with numerous waves of severe criticism from the Pakistani side as well, few of which are based on rational while the rest are comprised on illogical conception. The common issue was that it had to deal with partial interest of Pakistan Muslim League Noon (PML-N) to navigate it to convey other political parties in the first phase: even though CPEC is national project but it had a divergent shadow of political party to it. It has eventually impacted the visualization of CPEC by army as well, even though it had been already against CPEC. In the short run, a large



amount of criticism was brought forth from the religious groups like the rightist Jamiat Ulema-e-Islam (F) (JUI) party to the secularized and leftist Awami National Party (ANP) that heeded on the reality that those routes which were considered as of main concern of CPEC would encompass Punjab and several urbanized regions of Pakistan, instead of a western way that would incorporate Khyber Pakhtunkhwa and Balochistan, where some other political parties had set their roots. One of the transparent exemptions was Pakistan People's Party (PPP), even though it had aspired for its part in the progress of CPEC from the beginning (Small, 2020).

The CPEC was believed to fit together the relations between the provinces of Pakistan, however, there have been certain problems related to Baluchistan the abode of crown jewel Gwadar project. There have been also accusation on the former Prime Minister Imran Khan and his government for significantly decreasing the pace the execution of the CPEC. Yet there are more reasons to the slow rate in the completion of the CPEC. Such as, the dual nature of the CPEC also accompanied to the conflicts in the achievement plans. Because of the soft loans provided by Chinese commercial banks was illustrated as alliance common accountabilities between Islamabad and Beijing (*Pakistan Seeks to Overcome CPEC Hiccups*, 2022).

It has been obvious that the belligerent factions have been not as much antagonistic to China in contrast to the United States, and its western partners, but simultaneously, the Chinese citizens, engineers as well as workers have been under attacked in Pakistan. There have also been connections between the armed groups of Uighur with the Taliban belonging to FATA region, which causing a big hazard to the interests of China in Pakistan. For instance, Mufti Abu Zar al-Burmi, a Jihadi cleric from Uzbekistan made a statement in one of his video message while addressing all the Taliban groups to assault on Chinese companies along with embassies as well as to abduct or assassinate nationals of China. The other kind of menace to the safety and security of CPEC is the belligerent groups of Baluchistan, who strongly opposes the super development projects in Baluchistan as well as in Gwadar Port which are being developed through the corporations of China. Furthermore, the links between militias and criminals also sets out perils to Chinese citizens, engineers and workers in the shape of hostages and burglaries. There are several occurrences of abducting and murdering of the citizens who are staying in Pakistan for working purposes, recently and in the past as well (Sial, n.d.).

There have also been condemnations about CPEC in Pakistan, because of its enormous advantageous to China in contrast to Pakistan. For example, through the Gwadar Haq Do Tehreek protests have been carried out for the different behavior towards the residents of Gwadar regardless of being the central hub of CPEC and questioned the local government to endowed the inhabitants of Gwadar with the access to the education and electricity, eliminate the check posts and provide insurance in opposition to the trawler mafia of China and the complainers warned to block the CPEC project. Even though the regional government assured that it would fulfill the requirements of the Gwadar Haq Do Tehreek few months earlier, yet there have no action on the promises. In addition to that the person in charge of the movement gave ultimatum that there would be protests



again, if the local government did not act according to the decided agreement (Ahmad, 2023).

The safety measures for CPEC are, of course, of the utmost significance for both countries China and Pakistan to increase the regulation of robust import and export and ties associated with the progress in the development sector. There is a dread of mounting aggressiveness menacing the initiation of projects planned for the CPEC. Hence, it poses a challenge for Pakistan and China to invalidate these combative groups as well as their armed forces within and outside their borders. There has also been anticipation in China for the support from Pakistan to quash these militants. The existence of domestic and non native militias in the tribal areas of Pakistan frequently imposes pressure on the government, which is disturbing the bilateral relations of China and Pakistan.

### **Achievements and Failures**

Initially, in the first two years CPEC has witnessed numerous successful achievements. The worth of projects during consultation process rose from the primary amount \$46 billion to \$62 billion, along with new projects of hydroelectric power. In addition to that the worth of those projects which were inscribed off and shifted to execution process reached \$19 billion. The rates of progress of certain cases was actually inspiring such as coal power project of Sahiwal and of Port Qasim, which is also the first unit of the project, were finished prior to the selected schedule, whilst accumulating to the national grid of Pakistan around 2,600 MW. In Punjab, Sahiwal has set up a record for the rate of construction of such kind of unit engaging in 200 days before the deliberated completion plan date. The two major and notable the Sahiwal Coal power and the Port Qasim power energy projects has jointly produced more than around twenty billion Kilowatt hours overall. For the indigenous people, gains accumulated with regard of improving the economic escalation of energy at the domestic levels. Meanwhile, there have been reports of problems related to the environment, public and health issues. However, the outcome of the coal powered power creation technology of China has spread less pollution while the coal is being burned escalating the air and water pollution. In addition to that projects related to roadways have been also advantageous to the native population through robust linkages within the cities of Pakistan. For instance, railway tracks and the highway of Karakoram linking Karachi and Peshawar have made the journey convenient and proficient for the masses (Ullah et al., 2021). Meanwhile, other power related projects faced less success such as coal power project of Gadani was eliminated from the CPEC, while one of the major solar power project became halted. The development of projects of the Gwadar port were also significantly slower because of a amalgamation of the capability of bureaucracy in Balochistan and the range of the given mission necessitated to formulate it practically serviceable, however it was associated physically to the interior of the province, permitting an emblematic pass on to be dispatched from Xinjiang Gwadar for the first time in November 2016. There was a significant incentive behind CPEC whilst moving to the next half of the year, together with the hesitant chief minister of PTI of Khyber Pakhtunkhwa eventually agreeing to the CPEC (Small, 2020).



The CPEC has facilitated Pakistan in improving its economic outline in after affects of the catastrophic “War on Terror”. The country began to be the then economic success saga in 2015, meanwhile, Pakistan was perceived to be counted among the world most dangerous countries in 2007. However, the economic analysts noted some pointers that expressed that Pakistan progressed and surpassed countries like Indonesia, Egypt, Turkey and Malaysia to turn into the fastest growing Muslim economy of the world. The prediction in the economic sector was not the merely only one with such a point of view inclined towards the economy of Pakistan. As per Tyler Cowan, who wrote an article for Bloomberg, affirmed that Pakistan has been listed as undervalued economy of the world in the year of 2017, however, the economic growth powered by CPEC that was anticipated as to put down the Baloch insurgency, generate 2.3 million jobs, increase the GDP of the country from 2.5 percentage and raise the position of Pakistan globally, was decreased instantaneously when Pakistan Tehreek-e-Insaf (PTI) took charge of the affairs of the country in 2018 (Iqbal, n.d.).

Under CPEC six projects have been accomplished successfully in the sector of transport and infrastructure together with the section of Havelian-Thakot of Phase 2, from Peshawar and Karachi Motorway the Multan and Sukkur Section, the Digital Terrestrial Multimedia Broadcast (DTMB), Orange Line Metro Train of Lahore, the Cross Border Optical Fiber Cable from Khunjrab to Rawalpindi and last but not the least, from Hakla to D.I. Khan a motorway. The aforementioned projects were fulfilled as EHPs excluding the project of Orange Line of Lahore which was also done in the year of 2020. Furthermore, there are five other projects that are under process of construction, for instance, Nokundi-Mashkhel Road, Khuzdar-Basima Road (N-30), Shandur-Chitral Road (KKH Alternate Route), M-8 Hoshab to Awaran Road Section and Zhob-Quetta Road (N-50). Additionally, eight projects related to to the pipeline, meanwhile the final five projects comprises on long standing projects (*ISSRA - Insight*, n.d.).

However, the first phase of CPEC had burdened the economy of Pakistan because the balance of payments was dented through the import of Chinese products along with the exemption of workers on the projects of road, as well as there was not a major extensive range of job creation linked to the investments. The assurance of second phase of CPEC such as industrial collaboration, and the repositioning of firms belonging to China into special economic zones, was export and employment and which would concentrate on each of these problems. Still, oppositions from the business society as well as the problem of the acquirement of land which indicated that several special economic zones were designed to be ultimately downsize. These were either addition to the present economic zones or its development had been extremely at low pace. Dissimilar to the projects related to power which created the center of the phase one, there was not any big political pressure to tackle these issues (Small, 2020).

Just as, Economic Zones are considered as indispensable paraphernalia for the promotion of regional affluence and collaboration in the period, wherein globalization is all over. Along with the strong companionship of China, and its involvement have been observable in the setting of the



economy of Pakistan. By the first quarter of fiscal year of 2022 and 2023, China has been located as the biggest trade collaborator and principal financier, liable for 23.8 percent of Foreign Direct Investment (FDI) parallel to 102.5 million dollars. These influxes were estimated to initiate convey further FDI in a little while. CPEC had been enlarged by incorporating Special Economic Zones (SEZs) in its structure. However, the extent of these financing were estimated, to bring forth other sponsors who would invest in Pakistan other than China (Afzal et al., 2023).

The case of CPEC projects concerned with energy sector has been usually faced by alternation. Around five projects have been eliminated from the outline of CPEC. Three of these projects belong to the coal power projects. A number of projects have been removed due their volume, powerlessness to meet the condition of market or the shortage of feasible fuel endowing for the purpose of transportation network. One of the principle breakdowns is Gadani, a park that is sited in Balochistan, however, close up to the lines of Karachi. It was initially imagined as a gigantic project consisting of 660 MW reactors powered by coal. In 2014, May, then Prime Minister of Pakistan Nawaz Sharif carried out the landmark for CPEC project that was also the cornerstone policy in his government and it was manifested through fast track projects consisting on lower expenses of fuel. Even though, the coastal position of Gadani endowed with budget on possible interior expenses of transportation based on coal, it also necessitated the building up of a jetty for installing of trade in coal. Pakistan was not capable to lock the capital for the construction of jetty along with the other marine configuration which cost was estimated to be \$1 billion while unaccompanied by other projects. Furthermore, the Islamabad had reduced this project to only four reactors yet China did not give its consent about the price and design of the project. Another project that was eliminated from the framework of CPEC was a power project situated in Jhelum, excavated from coal from the Salt Range region of Punjab as an aftermath of divergence on levy of NEPRA of Pakistan and the China Machinery Engineering Corporation (Rafiq, 2017).

## **Conclusion**

In conclusion, the China-Pakistan Economic Corridor (CPEC) has had a mixed impact on Pakistan, with local communities benefiting from certain projects, while the national-level achievements have been limited. The Chinese companies involved in the project have also been in a more advantageous position compared to their Pakistani counterparts. Despite facing severe criticism both nationally and internationally, CPEC has continued to make progress, albeit with some delays. The initial framework of the project included many ambitious plans, but due to the deviation between China and Pakistan, several projects have been dropped. The Chinese workers in Pakistan have faced terrorism and opposition, particularly in Baluchistan, which has further complicated the project's implementation. As a result, the CPEC has faced delays in achieving its set targets, and it remains to be seen whether the targets envisioned for 2030 and 2050 will also experience similar delays. Overall, the CPEC project highlights the challenges and complexities involved in large-scale international collaborations. While it has the potential to bring economic benefits to both countries, it is crucial for both Pakistan and China to address the concerns and



issues that have arisen during its implementation. By doing so, they can ensure that the project's full potential is realized and that it contributes to the development and prosperity of the region.



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