

## **Politico-Economic Implications of CPEC on Pakistan**

**Sajid Hussain and Faisal Khan**

University of Swabi

**Muhammad Ayaz**

Hazara University, Mansehra

Pakistan and China signed an agreement on November 8, 2014 regarding “China Pakistan Economic Corridor” with initial cost of about US \$ 48 billion. The project was declared as a game changer for the entire region by the then premier of Pakistan, Nawaz Sharif whereas the Chinese Premier Wang Yi declared the same as the “flagship project” of OBOR initiative. The project would be completed in three phases, i.e. Short-term, medium-term, long-term with proposed dates of 2020, 2025 and 2030 respectively. CPEC is the real face of president Xi’s “constructive engagement” policy, will change the fate of the region. Pakistan, at the mouth of “OBOR” initiative would get maximum benefits under “CPEC” project. Economic development will cause political stability. The major objective of the study is to investigate the multifaceted worth of the project and its impact on Pakistan. Analytical and predictive methodology is adopted. This study concluded that the project would upgrade the life standard of the local Pakistani and will bring massive benefits to Pakistan in term of stability, security and development. CPEC will convert Pakistan’s location into an asset .

**Keywords:** CPEC, Pakistan, China, economic development, region

Present century experienced commencement of regional and international strategic environment throughout the world. Such environment strengthens partnership among states in the fields of geo-strategic and geo-economics. Significant parameters of this partnership are national interests and security. States, as realized they that they aren’t capable to defend their interests, reshaped their policies. The high level diplomatic meeting resulted multi-dimensional cooperation in various fields (Noor, Shah, Khan & Ali, 2008).

China, once known as sleeping giant, is imaged as an active player of the world. The largest country of the world became the charming diplomat. The changing patterns in Chinese foreign strategies are because of its growing energy demands (Belokrenitsky, 2007). Chinese President Hu Jintao declared his “good neighbor policy” as part of the peaceful development strategy. Under the policy China converted the nearest region into a hub of regional trade.

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Regional connectivity is the core component of Pakistan's foreign policy. She wants to have good relations with neighboring countries. As its strategic partner to have good relations with China is the main objective of Pakistan's foreign policy. Both have deep-rooted relations and helped each other in rainy days.

Both of the states initiate intense effort to recuperate the ancient "Silk Road", the oldest trade route, connecting the Chinese Xinjiang region to Gwadar, Pakistan. CPEC will transform Pakistan into a significant state of the region. China would get an opportunity to have another naval base at Gwadar to counter US influence in the region. CBS news is of the view that Sino-Pak growing economic relation is to counter the American influence in Asia-Pacific region (Iqbal, 2015). The Prime Minister Li exposed the idea during his visit to Pakistan in May 2013. In his speech in May 23, 2014, he said in the parliament "closer relationship between the two states is indispensable to face the challenges and uncertainties in Asia". He further said that both sides should enhance cooperation in strategic and economic fields to materialize Economic corridor. The corridor would help to strengthen the connectivity among regional countries of South and East Asia and will improve the livelihood and economic development.

The Chinese leadership tabled open invitation of participation in the Silk Road strategy. At a seminar in China on October 24, 2013, president Xi highlighted the need of Silk Road economic belt. He invited Arab states to give hand in hand to support Silk Road spirit, promote cooperation, Arab revival, realization of Chinese dream and to materialize the great cause of human development. After the first discussion with Pakistan the idea of "OBOR" was floated on various forms. Chinese stakeholders discussed with Arab countries, SCO, Kazakhstan and ASEAN the idea to be a founding member of AIIB Asia Infrastructure Investment Bank.

President Xi announced on Nov 2014 that China is intended to expedite the construction of Road and Belt and would boost cooperation among concerned states. He announced in his presidential address at a meeting in Beijing, a Silk Road fund of \$ 40 billion. The Chinese president further elaborated that the fund will be used for infrastructure, industrial and economic development. The membership of AIIB expanded to 56 when 50 states signed the article of association in Beijing on June 29, 2015. On this occasion president Xi invited Saudi Arabia, Iran and Egypt to join OBOR. The idea would engulf many more countries, i.e. Malaysia, Japan, America, Philippines and Canada on win-win situation (Ahmed, 2009).

### **One Belt One Road**

China initiated economic diplomacy in the region. The new Silk Road is a combination of road, railway, sea routes and fiber optics connecting different parts of the world. China has no influence policy in the region. Various steps to regional integration like free trade, low tariff, customs union, eradication of border barriers and relaxation of rules and regulation are initiated. The Chinese government is intended to relax its visa policy and secure the stay of the citizen of regional states.

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OBOR has a vibrant history; the Chinese leaders have coined the idea and materialized in a short period of time from 2013 to 2016. The Silk Road is a historical Eurasian phenomenon connecting different parts of the world to China i.e. Europe, Asia and Africa. President Xi termed the idea of new Silk Road under the umbrella of OBOR, an initiative of balance development in the Asian region.

### **China Pakistan Economic Corridor:**

The world realized the fact that regional integration is inevitable to satisfy the growing demands of the globalized world in an economic way. The idea of new silk road was coined by China in 2013 under its OBOR initiative, to have an economic belt besides the silk and maritime silk road (Ayesha, 2015). Pakistan is bridging China to Middle East, South and Central Asia. Deepest Sea port of Pakistan provides China with a direct access to open Seas. Both of them are working to promote their national interests. CPEC is a new outlet of cooperation from Pakistan and China and will serve in contradiction of complex and changing situation of the region and beyond (Khan, 2015).

Sino-Pak cooperation and strong bilateral ties are the outcome of years, in 1963 both signed long term trade agreement and now Pakistan is the major trading partner of China (Economic Survey of Pakistan, 2014). Both of the countries signed FTA on 24<sup>th</sup> Nov 2006 while on Feb 21, 2009 FTA on trade in services was signed.

China Pakistan Economic Corridor would attain economic and political objectives through trade and cooperation. The project will bring stability to the region as well. The corridor after its completion would be a gateway of trade among China, Middle East and Africa. This corridor will cut the Chinese oil transportation route distance of 12000 km from the Middle East with reasonable kms.

CPEC is the realization of China's "new silk road" strategy which would connect China to Pakistan and beyond. The project will strengthen the already existing ties between the two countries. Both of the states realized that mutual cooperation will be beneficial for both therefore they extended their cooperation under CPEC project. A breakthrough in relations was the handing over of operational rights to the Chinese state-owned company of Gwadar port in Feb, 2013 (Hussain, 2018). The Chinese stakeholder decided to develop infrastructure and to connect the port to western China, Xinjiang.

An MoU was signed between China and Pakistan during the visit of Chinese premier Li Keqiang in May 2013 to build a corridor to bridge Gwadar and Kashghar through rail and road. The same proposal was tabled to Mr. Sharif during his visit to Beijing in July 2013, 8 MoUs were signed regarding economic and connectivity projects (Husain, 2018). Special attention was given to CPEC in the joint declaration (Ali, 2016). On 26<sup>th</sup> of August a secretariat was inaugurated in Islamabad to materialize the MoUs. A joint coordination committee was initiated to monitor the progress on CPEC and other related projects.

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In 2013-14 Sino-Pak expanded their cooperation in various fields. China, Pakistan relation experienced new mood during the visit of president Xi to Islamabad in 20-21 April 2015. Both sides agreed to give serious attention to security, global issues and energy sectors. CPEC is a set of projects which connect China with Pakistan, Arabian Sea and Middle East. The project is of equal benefits for both China and Pakistan as it's not only the package of roads and rail but is development of industries and energy projects. Fifty-one MoUs were signed during Xi's visit to Islamabad; about twenty-three of these were related to CPEC and associated projects (Ali, 2015). The stress of both sides stakeholders shows that CPEC isn't only the name of roads, but comprehensive improvement in various fields, i.e. public service projects, gas pipelines, industrial units, energy production, and Gwadar port development. The estimated cost of the project is about \$ 46 billion. Some of the amount is grants from Chinese government while the remaining is FDI from public and private sector companies. The investor would be free to take their profits with them according to Pakistan's regulations. These projects will take up to 15 years for completion (Hussain & Ayaz, 2017).

Engineers, technicians and workers from china would come to Pakistan to help the local workers from Pakistan Army and FWO to complete the project. CPEC has three routes when inter into Pakistan (Bengali, 2015).

1. **Western route:** the CPEC will enter Balochistan via Dera Ismail Khan to Zhob, Qila Saifullah, Quetta, Kalat, Punjgur, Turbet and Gwadar
2. **Central route:** Dera Ismail Khan to Dera Ghazi Khan and onwards to Dera Murad Jamali, Khuzdar, Punjgur, Turbet to Gwadar
3. **Eastern route:** Lahore, Multan and Sukkur, from there it takes the traditional highway to enter Balochistan, passing through Khuzdar, Punjgur, Turbat and Gwadar

The two provinces have some grievances regarding the routes of CPEC in Pakistan. KP and Balochistan are of the view that the original route of the project is changed by the central government. The government remained silent on the issue and at the end she insisted that there is no change in the original plan. This stance of the government remained temporarily and after some time it propagated that there will be two routes eastern and western, the western route is priority. But contrary to it claim the government allocated more funds to eastern route. Following is the analysis of these routes on the basis on production, land and population factors. Central route is also included in the table.

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**Table 1**  
*Routes of CPEC*

	Central route	Eastern route	Western route
Population density	156	264	98
Total cultivable area (000 ha)	5829	10322	2933
Four major crops' production (000 tons)	13754	30928	7430

*Source:* Dr. Qasir Bengali, Paper for Chief Minister of Baluchistan

According to this analysis the Eastern route is expensive due to population displacement, production loss and loss of fertile and productive land (<https://www.dawn.com/news/1235803>). The Central route which was presented by deputy chairman of planning commission in 2006 to the then president Musharif. Dr. Bengali stressed the central route due to its cost effectiveness. Further, he supported the western route in present scenario or at least the equal share for western route.

Pakistan called a meeting of all political parties who give their consent to the first route which is the shortest among the three, on 28<sup>th</sup> May 2015 (Iqbal, 2015). Though the route is passing through backward areas, but the infrastructure development would contribute to the socioeconomic development of the region. The eastern route already existing which needs up gradation.

The risk factor of the project is that trica of India, America and Japan are trying to country the project as potential threat to their influences in the region. Further they consider the project as china's move to be a world power. India the conventional opponent of Pakistan and timed ally of Russia, shifting its pivot of relations to USA while Pakistan trying to replace US is another bon of containment that may be a rising threat to CPEC project (Hussain & Ayaz, 2017).

### **Economic potentials of CPEC**

The China Pakistan Economic Corridor is of immense value for both counties. Connectivity between the two states would open new avenues of development for both. The estimated completion date to bridge Kashgar to Gwadar is 2030. China is anxious to provide the required support of the project. CPEC is beneficial for Pakistan and for the entire region too. The project is an instrument of economic growth in Pakistan. The project is supposed as a corridor of peace and development. The project may have some negative as well, which Pakistan might face if the policy makers failed to take it seriously. CPEC is of transformative impact on both state and people of Pakistan.

The huge amount of investment in CPEC project get the world's attention and the project was considered as a real agent of prosperity for Pakistan, region and even to the world in the long run. The premier of Pakistan got full support in the APC for Chinese investment (Shah, 2015). The project will uplift the economy of Pakistan and would improve about 3 billion lives of the region as well. The project is giant reason for Pakistan's development and even will generate three-to-four-time profit of the amount

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invested. CPEC will generate business opportunities which will ultimately eradicate poverty.

Pakistan will get the opportunity to balance geo-economic and geopolitical situation and would improve energy requirements and infrastructure. The project is known as a game changer for the region while as fate changer for Pakistan (Hussain & Ayaz, 2017). Regional connectivity and economic cooperation would enhance integration (Cheema, 2015). Common men would be affected positively by providing many opportunities of development and cooperation. The project would enhance trade and investment in Pakistan, search of mineral and strategic position (Umar, 2016). The project is of the same importance for China as well on one hand it would develop its Xinjiang region and with this socio-economic development, she will call back the Uyghurs to national life and on the other hand it will compete US in the region.

Economic corridors are designed in such a manner that it instigates economic development. To overcome its energy crisis Pakistan has required to launch trade and industry enhancement programs to get additional business from CPEC. It is fact that a major share of the project is allocated to the energy sector, which show that this corridor is an economic corridor. Build own operates model is applied to most of the projects in the energy sector, which means that most of the Chinese investors are independent power provider with protection guarantees. Chinese investors are promised of 18 % return on their investment.

The implications of CPEC on industry and trade sector aren't clear yet. Stakeholders of Pakistan projected 29 industrial parks, twenty one mineral zones twenty seven out of which would be labeled the status of special economic zone (Ali, 2015). Nine kms Gwadar special economic zone is the most innovative of these projects to be fully operational by 2017. Agriculture, mining, food processing, minerals, energy and livestock industries will be accommodated in the same (<http://www.dawn.com/news/1235803>). It is assumed that these steps would entice investment, know how and technology from China, that will cause the greatest Pakistani export. Joint marine research center and joint cotton biotech laboratory are the projects which can contribute to achieve the objective. The layman perception in Pakistan is that China isn't interested in investment in Pakistan and not in a joint venture of private foreign ownership (Umar, 2016). Certainly, PCICC committee is yet to be establish and lack of solid financial promises for most of the promised mineral zones and industrial parks are not up to the mark.

Further it is assumed that the project would benefit Punjab only and the rest of provinces specially KP and Baluchistan will remain in shadow. Some of the economist are of the view that the financial burden on Pakistan would further shattered the already paralyzed economy of the country and such a huge burden of 110 USD and may drag Pakistan to certain bailout packages (Hussain & Ayaz, 2017).

Sino-Pak trade relations in historical perspective: Pak-China relations can trace back to 1950 which get stronger with each passing minute. The friendship is exemplified

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with the famous statement of “greater than Himalaya and sweeter than honey”. Both of states give un-conditional support to each other on an international platform. The first agreement of trade was signed in January of 1963 and give MFN status to each other. In order to expedite trade and economic cooperation, a joint commission of China and Pakistan on economy, trade and technology was initiated in 1982.

On 12<sup>th</sup> of May 2001 both countries signed six agreements and one MoU to strengthen further the already close friendly relations, the agreement was estimated a billion dollars worth at that time. Seven agreements were signed between the two states to enhance cooperation in the fields of energy, trade and communication and to develop a structure for onward cooperation. Chinese government donated fifty million yuan to expedite cooperation in economic and technical fields, resulted completion of Gwadar port’s first phase in 2005.

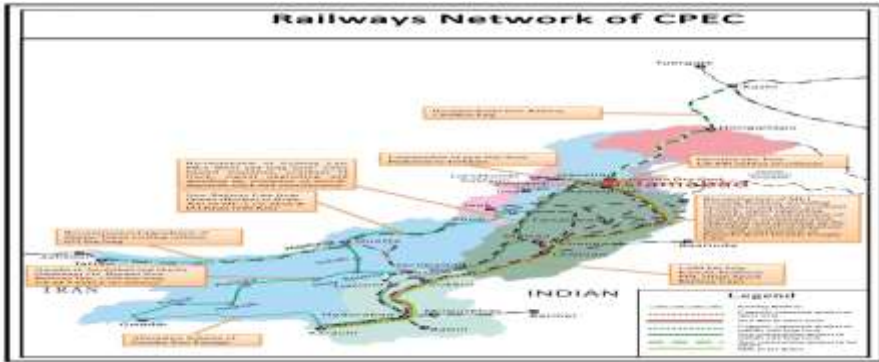
As a sign of good will Pakistan give the status of FME to China and in reverse she granted \$ 150 million to Pakistan for Chashma project phase II. The amount is part of \$ 500 million, China has to provide to invest in Pakistan by Chinese enterprises. The visit of Chinese premier on April 2005 resulted signature of 21 agreements and MoUs in diverse fields. A treaty of “friendship, cooperation and good neighborly relations” was concluded as well (Ali & Gang, 2016).

Chinese government reduced the tariffs to zero under the early harvest program on 1<sup>st</sup> January 2006 on 767 items. It was a first step to have a free trade zone between the two. During his visit to Islamabad the Chinese president signed 18 agreement one of which was a free trade treaty agreement in November 2006. The FTA between the two has been fully operational after 2008. The trade volume between the two is expanding as it was 1 billion in 1998, grew to \$ 15.15 in 2015 (Vandewalle, 2015).

### **Economic opportunities for Pakistan**

CPEC would be a big relief for Pakistan as she is facing many challenges in the fields of economics and politics. She will be able to stabilize its devastating economy to make Gwadar port as the hub of regional economic and trade activities. This corridor will be the solution to the economic problems of Pakistan and would be giant opportunity to improve the life standard of the people. Special economic zones are proposed at all parts of Pakistan, which would attract investment from latent global investors and will bring speeded the economic growth in Pakistan.

CPEC is composed of various projects, i.e. railways, fiber optic, roads, gas and oil pipelines and Gwadar and associated projects. It would grace Pakistan with significant strategic infrastructure. China is proving billions of dollars to Pakistan with as soft loans with extended period of time to return. This makes Pakistan free from any other financial institute. Planning ministry disclosed that out \$46 billion, \$ 11 billion is the share of infrastructure (Aquil & shoib, 2017).



([http://www.europarl.europa.eu/RegData/etudes/IDAN/2015/549052/EXPO\\_IDA](http://www.europarl.europa.eu/RegData/etudes/IDAN/2015/549052/EXPO_IDA)).

CPEC allocated about \$ 46 billion for various projects, to be completed during 2015-20. These projects are categorized in early harvest 2015, medium term 2020 and long term 2030. The energy sector projects are categorized into two i.e. energy priority and actively promoted projects. Following are priority projects

**Table 2.**  
*CPEC-Energy Priority Projects*

Projects	MW	Estimated cost US\$ M
Port Qasim Electric Company Coal Fired, 2X660, Sindh	1320	1980
Sahiwal 2x660MW Coal-fired Power Plant, Punjab	1320	1,600
Engro thar 4x330MW Coal-fired, Thar, Sindh	1320	2,000
Surface mine in Block II of Thar Coal field, 6.5 mtpa, Thar Sindh	1470	
Gwadar Coal Power Project, Gawadar	300	360
HUBCO coal power plant 1X660 MW, Hub Baluchistan	660	970
Rahimyar Khan Coal Power Project, Punjab	1320	1,600
SSRL Thar Coal Block 1-6.5mtpa Thar, Sindh	1,300	
SSRL 2x660 MW Mine Mouth Power Plant,	1320	2,000
Quaid-e-Azam 1000MW Solar Park, Bahawalpur, Punjab	1000	1,350
Dawood 50MW wind Farm, Bhambore, Sindh	50	125
UEP 100MW wind Farm, Jhimpir, Sindh	100	250
Sachal 50MW Wind Farm, Jhimpir, Sindh	50	134
Sunnec 50MW wind Farm, Jhimpir, Sindh	50	125
Suki Kinari Hydropower Station, KPK	870	1,802
Karot Hydropower Station, AJK & Punjab	720	1,420
Matiari to Lahore Transmission line	1,500	
Matiari to Faisalabad Transmission line	1,500	
Total (Priority)	10400	21,486

*Source:* Planning Commission of Pakistan

After the CPEC agreement investment from China increased reasonably in the energy sector. The total allocated amount for these projects is \$ 34 billion, of which \$ 21486 million is for priority projects while \$ 12927 million is for energy actively promoted projects. these projects after completion would reduce the energy shortfall (Ali, 2015). Pakistan will be able to overcome its energy crisis after completion of these projects.



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**Table 3**

*CPEC-Energy Actively Promoted Projects*

Projects	MW	Estimated Cost US\$ M
Gadani power park project		
(1) 2x660MW	1320	3,960
(2) Jetty + Infrastructure	1,200	
HUBCO coal power plant 1X660 MW, Hub Baluchistan	660	970
Salt Range Mine Mouth Power Project including mining, Punjab	300	800
Kohala Hydel Project, AJK	1100	2,397
Pakistan Wind Farm II 2X50 MW(Jhampir, Thatta, Sindh)	100	150
Thar mine mouth oracle, Thar Sindh	1320	1,300
Muzaffargarh Coal Power Project, Punjab	1320	1,600
Gas Power Plant 525 MW	525	550
Total (Actively Promoted)	6645	12,927
TOTAL Energy Projects	17045	34,413

*Source:* Planning Commission of Pakistan

Those projects are known as energy actively promoted projects which the government of provinces recommends. The feasibility of these projects is ready for bid. The government disclosed that most of these projects would start production till 2018 and would deposit 17000 MW electricity to the national grid. The total share of energy priority projects is 10400 MW, whereas 6645 MW would be given by energy promoted projects.

Lion share of the project is directed to energy sector (USD 33.79 billion), to produce 17045 MW energy, most of the energy projects are coal based, needs imported coal while some of the local coal may also be used, the share of local coal in energy production is about 1980 MW (NEPRA, 2016). Such huge share of coal in energy sector will have diverse impacts on environmental situation of Pakistan. The dangerous gases produced by these energy projects will cause serious issues to damages to Pakistan's environment.

**Table 4**

*CPEC-Gwadar Port Related Projects*

Projects	Estimated Cost US\$ M
1 Eastbay Expressway	140.60
2 Gawadar International Airport	230.00
3 Construction of Breakwaters	123.00
4 Dredging of berthing areas & channels	27.00
5 Infrastructure for Free Zone & EPZs port related industries	32.00
6 Necessary Facilities of Fresh Water Treatment and Supply	130.00
7 Hospital at Gawadar	100.00
8 Technical and Vocational Institute at Gawadar	10.00
Total Gawadar Port Projects	793.00

*Source:* Planning Commission of Pakistan

CPEC project would upgrade the existing infrastructure and the new one will be constructed. Officials are optimistic about early completion. About all road projects are

under construction. Some of the under construction projects are, Raikot-Islamabad, Sukkur-Multan and Peshawar-Karachi. Due to poor connectivity, communication is difficult in Pakistan, which increases transportation cost and enhance delivery time of goods. Pakistan’s infrastructure is expected to be better off after CPEC.

A network of roads in constructing throughout the country which would connect all the provinces, Pakistan to China and even the region. Faster communication is guaranteed after the completion of this highway network. Infrastructure is known as the key element in the investment environment. Development of infrastructure in Pakistan would make it favorable for FDI form the globe. On the other side these infrastructure development is a serious threat to local population as many of them are dislocated and causing deforestation.

**Table 5**  
*CPEC-Transport Infrastructure Sector Projects*

<i>Projects</i>	<i>Length (KM)</i>	<i>Estimated Cost US\$ M</i>
<i>Roads</i>		
<i>1 KKH Phase II (Raikot — Islamabad Section)</i>	440	3,500
<i>2 Peshawar-Karachi Motorway (Multan-Sukkur Section)</i>	392	2,600
<i>Rail Sector Projects</i>		
<i>1 Expansion and reconstruction of existing Line ML-1</i>	1736	3,650
<i>2 Havelian Dry port (450 M. Twenty-Foot Equivalent Units)</i>	40	
<b>TOTAL</b>	<b>9,790</b>	

Source: Planning Commission of Pakistan

Gwadar is a coastal town of Balochistan, located at the mouth of the oil rich Gulf region. When fully operational, Gwadar port would upgrade the geo-economic significance of Pakistan on the globe. Chinese government got the operating rights of the port in 2013. Under an agreement in 2016 Pakistan handed over Gwadar to China for 40 years. Gwadar is of immense importance for China as 60 % of her oil is from the Persian Gulf, covering a distance of 1600 km, took about 2 months and a lot of risks as well. Gwadar port would reduce all these. \$ 793 million is allocated for development of Gwadar in CPEC project. About 500 Chinese is working 24 hours to complete the ongoing projects in Gwadar.



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**Table 6**

*Other projects under CPEC*

Project	Length KM	Estimated Cost US\$ M
Cross border optical fiber cable	820	44
Total cost of CPEC projects	45,040	

Source: Planning Commission of Pakistan

The 820 km long fiber optic cable will bridge Khujrab China to Rawalpindi Pakistan.



According to BMA capital the investment of CPEC project can be categorized into two parts i. Local investment ii. Chinese investment.

**Table 7**

*Estimation of Local Component in CPEC*

Name of project	Investment (US\$ bn)	Domestic Share	Domestic Share (US\$ bn)
Energy (Breakup is given below)	33.8		
Coal 7560 MW	8.8	20%	1.8
Wind 200 MW	0.5	20%	0.1
Hydel 1590 MW	4.2	50%	2.1
Solar 1000 MW	1.7	0%	0
Second Phase 6445 MW	9.5	20%	1.9
Mining Expenditure	9	50%	4.5
Road	5.9	80%	4.7
Rail	3.7	50%	1.8
Mass transit in Lahore	1.6	50%	0.8
Gwadar Port	0.7	50%	0.3
China Pak Fiber Optics	0	0%	0
Total	45.7	18.1	

Source: BMA Capital Management Limited

Second category analysis is the implication of the investment in national GDP. The project would increase national GDP by 1.5 % in next three years. The project will encourage private investment because of developed infrastructure, energy, positive environment, and economic opportunities. Private investment will contribute 0.5 % to national GDP, while the cumulative impact of the investment will 2 % during 2016-18. The expected growth rate is 6 % per year during this period (Daily Pakistan, 2016).

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CPEC is important for Pakistan, but it is more significance for China as well. Regional connectivity is vital for China as she wants to be a global power. President Xi, express his policy during his address to the foreign affairs committee at communist party in 2014, he declared neighbors as top priority in its diplomacy (Communist Party meeting 2014). Further China will have friendly relations with resources rich countries (Godment, 2014). The visits of president Xi to KSA, Iran and Egypt is an effort to extend its friend periphery. She invested enormously in these countries. In KSA both countries agreed on “comprehensive strategic partnership” framework. But the most important statement of Xi is in Egypt, where he said “We are not setting up proxies or building a sphere of influence in the region” (ABC News, 2016) it shows the policy of constructive engagement of China.

In the light of above mention engagement of China in the region, the significance of CPEC became easy to understand. As the project is located at the conjunction of road and maritime belt, (Shah, 2015) will help China to establish its position in the Indian Ocean. It’s critical for Chinese future development as it will secure its energy routes (Bhattacharjee, 2015). Facts are evident that CPEC is of critical significance for both the states as Pakistan is eager to overcome its poverty and energy lacking, evils while China wants to boost its influence in the periphery, securing its supply routes and posture its international presence.

### **Politico-Strategic Potentials:**

The ex-president of Pakistan General Parveez Musharraf termed the region as a channel. The vast region of China and Central Asia was termed as top of this channel. This channel then becomes narrowed at Afghanistan and Pakistan. The end point of this channel is Gwadar, where it ends. He termed it as an economic channel for the entire region (Hussain & Ayaz, 2017).

As Pakistan is required with a strategic depth, Gwadar will considerably increase its strategic depth. As for as the strategic importance is concerned the port is 460 km away from India, which will reduce the insecurity of Pakistan up to considerable extent. With a Sea port at such an important position like Gwadar, Pakistan will be able to have an eagle-eye on the sea line of communication from Persian Gulf to the Strait of Hormuz. The addition of a naval base at Ormara Gwadar to Pakistan navy will increase the importance of Pakistan. Furthermore, China is eager for here attendance here to have an eye on the movement of India and USA in the Arabian Sea. Naval connection of Pakistan and China will keep an eye on India’s naval asset at the Arabian Sea. This will make marketable ships communication harmless at Indian Ocean.

In the case of any tension if Strait of Malacca gets congested by America movement, the port will serve as a substitute for West Asia and China’s interests. Strategically and Militarily, the construction of Gwadar port will enable China to have an easy check on the sea lines of communications from the Persian Gulf, the region from where China fulfill its 60% energy needs. China will be to watch out the movement of India in the Gulf of Adan and Persian Gulf.

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The geography of the Gwadar port makes it an issue of interest for entire world and especially for region's and non-region players. Many of the players have a keen interest in the port of Gwadar due to its central strategic location in region of Gulf that is a share of the new great game (Hussain & Ayaz, 2017).

### **Energy Geopolitics**

Rapid growth in Asian's demand for energy brings energy politics of Indian Ocean into the limelight of contemporary strategic interests. Gape between demand and supply enhanced strategic competition among these states, dragged by China to epoch. To keep their industries alive these states can go up to the last extent to keep energy flow uninterrupted, responsible to economic development. Such a situation enhanced significance of Indian Ocean exponentially. Out of every three barrels of oil one is occupied by Saudi Arabia or Iraq with reserves of 259 billion barrels and 112 billion barrels respectively (Robert, 2011). World's energy demand experienced a growth of 95 % during the last 30 years. It is estimated that next fifteen years will saw thirty three percent growths while another forty five percent increase in next twenty years (Ahmad, 2009). This region of Persian Gulf encompasses sixty percent of world's proven crude and forty five percent of gas reserves (Ahmad, 2009).

### **Geo-strategic Imperatives**

Located at the coast of Makran, Gwadar port is an important maritime strategic outpost. Gwadar a third world's largest port situated at mouth of Persia's Gulf only 180 nautical miles distanced from strategically important straits of Hormuz. Its distance from Hormuz is 400 km where 16 to 17 million barrels oil transported. About 30 tankers passes through this significant chokepoint mean there is only six minutes gape between the two tankers using these waters. To military and strategic analysts Gwadar is like a watch post from where this shipping and the entire enemy's activates can be checked. This proximity to straits of Hormuz enables Pakistan to check these SLCs.

The port at Makran coast was constructed in compulsion under the experience of 1965, 1971 and 1998 wars (Haider, 2005). Parveez Musharraf the then President who was the main figure of the Kargal war, launched the port project (Haider, 2005). Geo-political and geo-strategic situation of Pakistan is of crucial importance that got immense significance in national security paradigm. The port location grants it electronic surveillance facility to monitor any activity in Arabian Sea and even in Indian Ocean. Actually the port of Gwadar lies entirely under the domain of "Rimland concept" of Mackinder that was used in the great game. Throughout the history Gwadar remained under the focus of military powers of Indian Ocean. These warm waters attracted Portuguese, Greeks, Persians, Arabs, Russian and Great Britain during times. Development of the port with associated projects would benefit Pakistan with the following, secure its maritime interests and would bring economic integration to the region.

## Conclusion

The most important point is that China derides the concept of “go Global” and luckily Pakistan became the immediate beneficiary of the concept, hence Pakistan should remain focused on its development rather than wasting time in such petty issues. No body should allow to use provincialism as tool to sabotage the agenda of development.

The project is of crucial significance for both Pakistan and China. It is an alternate route of energy’s transportation for China while for Pakistan it’s an opportunity to counter India’s influence in the region. Further, it would prove Pakistan as a connection point of South Asian region to Central Asia and Eurasian regions. The project is a quick boost to its economic growth.

CPEC about \$ 50 billion worth project, completion date is 2030, is generally known as a game changer. It would improve the strategic and socioeconomic situation of Pakistan. The project faces serious challenges in shape of grievances of the two provinces i.e. KP and Baluchistan. There are a lot of internal and external actors who are trying to derail the project. The most important is India who inflamed Baloch issue. The government has to take serious steps to counter such threats and to ensure security of the project. All political parties, including opposition parties should think positively about the best options. Provincial governments must take on board by the central government on the project matters.

The security force initiated in the project should provide the best available equipment. Information regarding the project has to share with the common man through the media, especially the benefit of the project to counter any negative propaganda. All the agreements need to be materialized in good faith. To get maximum benefits the government has to arrange Chinese language centers in Pakistan. Further she needs to remain neutral in regional politics to gain maximum benefits of the project.

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