

SIGNIFICANCE OF CPEC FOR CHINA AND PAKISTAN: A COMPARATIVE ANALYSIS

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Abstract

China Pakistan Economic Corridor (CPEC) is a promising initiative for Pakistan's economic growth and development in next few decades. It appeared as a fresh start in light of country's domestic issues, such as failing economy, extreme corruption, severe political crisis and inefficient security environment. Pakistan is likely to extract maximum benefits through CPEC in the areas of governance, economic growth and socio-political stability. However, minimum attention has been paid on the advantages generated by CPEC for China. Only few researches highlight the economic, political, geostrategic and social gains drawn by China through CPEC in detailed manner. Hence, in this study, an attempt has been made to compare and analyse the advantages of CPEC for the both China and Pakistan. Through comparative analysis, it has been tried to differentiate the extent of benefits and integrity of CPEC in next few decades for both countries. Unfortunately, Pakistan seems to generate considerably low rewards from CPEC as compare to China

Keywords: *Economic development, Chinese geopolitics, political stability, security threat, employment, Gawadar port.*

INTRODUCTION

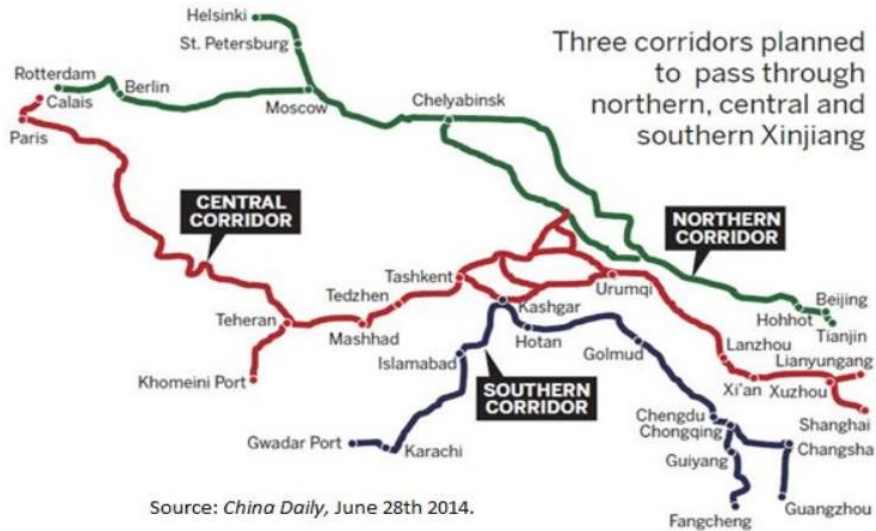
In order to understand the Belt and Road Initiative (BRI), it is necessary to comprehend the idea of economic corridors. According to Brunner (2013), within clear lines of geography, when multiple clusters of geographical-connections or links are designed and

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operated by certain economic agents, they are called as economic corridors. These corridors act as liaison between numerous economic hubs and are mostly centred to urban landscapes. They do not work in isolation rather perform through multiple networks (Brummer, 2013). In this regard, they bring substantial dividends to all partners. For example, NAFTA and European Union (EU) are considered as key economic corridors of the world and China's initiative of One Belt One Road (OBOR) is also based on this concept (Xie, Ma & Li, 2015).

Figure 1: Corridors of OBOR



Source: Sial (2014) Corridors of OBOR

In above lines, it has been argued by the scholars that CPEC is a game changer for both Pakistan and China in multiple dimensions. It is likely to bring tremendous benefits to both countries. It has been observed that various scholars, intellectuals and political pundits believe that CPEC is an ultimate lifeline for Pakistan in existing situation of severe economic, political and security environment. It would not only bring improvement in economic development of Pakistan but also make it hub of global geo-politics.

In this regard, this study has been conducted to evaluate that whether CPEC has such potential to offer long-lasting benefits or assistance to Pakistan or it is a mere disguise of China's long-term agenda of global control. For this purpose, this research has tried to investigate following questions in thorough manner.

- 1) What benefits are offered by CPEC to Pakistan?
- 2) What ultimate threats are posed by CPEC to Pakistan?
- 3) What is the extent of China's benefits from CPEC?

HISTORICAL BACKGROUND OF PAK-CHINA RELATIONS

Pak-China relationship dates back to the year of 1950. The initial decade was not smooth largely. However, the decade of 1960s brought special turn in relationship after Sino-Indian war and Pak-Indian war. Initially, Pakistan was reluctant to extend bilateral relationship with China due to difference in ideology and conflict of capitalism-communism. Nevertheless, Sir Zafarullah Khan, then Foreign Minister of Pakistan, who had knowledge and understanding about Chinese ideology and mind-set, took the initiative to develop relationship between both countries (Ramay, 2016).

There was another reason, which became a significant factor for establishment of Sino-Pak relations. In 1949, Indian currency has been devalued, which negatively affected Pakistan's economy. Pakistan was purchasing coal for its nascent industry and devaluation obstructed the trade. In this situation, Pakistan has signed barter agreement with China for coal and cotton during 1949 and 1950 (Chaudhri, 1970). Furthermore, it later supported China's permanent seat in Security Council as well (Arif, 1984). The years between 1951 and 1953 have witnessed the rise of diplomatic relations between both countries by the exchange of envoys (Goswami, 1971). In 1953, both countries also signed trade agreement, which eventually paved the way for more strong relations.

In 1954 and 1955, Pakistan signed SEATO and CENTO respectively, which raised Chinese suspicion against Pakistan. However, latter clarified in Bandung Conference that the agreements have only signed to deter Indian threat against Pakistan (Javaid & Jahangir, 2015; Ramay, 2016).

Similarly, in 1959, another problem occurred between both countries when President Ayub Khan gave statement against China (mainly due to US's pressure) about Tibet and Taiwan. Nevertheless, Pakistan's Foreign Minister Zulfikar Ali Bhutto and Foreign Secretary S.K. Dehlavi played major role to mend the differences (Javaid & Jahangir, 2015). Then in 1965, China helped Pakistan in war against India, which further brought both countries closer (Javaid & Jahangir, 2015). On the contrary, China maintained neutral stance in Pak-Indian war of 1971, which viewed as Chinese lack of interest in Pakistan at that time (Javaid & Jahangir, 2015).

Following the decade of 1970s, the relationship of Pakistan and China significantly improved in numerous areas. China provided support in military and economic sectors. It helped in building Heavy Mechanical Complex at Taxilla in 1968 and Ordinance Factory at East Pakistan in 1970. Even during US sanctions against Pakistan in 1980s, 1990s, and 2000s, China always helped Pakistan, which strengthened the confidence between both countries (Ramay, 2016). Similarly, Pakistan also provided considerable support to China after Tiananmen massacre in 1989 (Vandewalle, 2015) and began numerous trade agreements in later years. Since then Pakistan and China constantly working together and proved as reliable economic partners with each other. This trend remained continued in 1990s and 2000s. It took a new turn in early 2010s when idea of BRI and CPEC has emerged.

BACKGROUND TO CPEC

After the end of Cold War, from 1990 to 2006, the trade relations between Pakistan and China were always in Chinese favour. The

trade deficit has continued to increase with the passage of time. India was focused on expanding trade relations with China due to new normalised relations between them (Kayani, Ahmed, Shah & Kayani, 2013). The actual bilateral relationship has initiated in 2003 with the signing of Preferential Trade Agreement (PTA) between both countries during the visit of President Pervaiz Musharraf to China. The further improvement came in 2005, when Treaty of Friendship was signed for good relations and cooperation and it converted multidimensional relationship in to strategic dialogue (Javaid & Jahangir, 2015; Ramay, 2016). On November 24, 2006, Free Trade Agreement (FTA) was signed, which initiated investment and trade on textile, surgical goods, fruits, cutlery, minerals, and industrial goods. In February 2009, another FTA was signed in Services sector as well (Siddiqui, 2013).

In the meantime, the idea of CPEC was continuously shared by political leaders and intellectuals of both countries. Several expectations have been associated with CPEC with respect to expansion of trade and investment between Pakistan and China. In this context, the construction of CPEC has strongly emphasised by Chinese Premier Li Keqiang, during his visit to Pakistan in May 2013. In addition, Beijing was significantly supported by Islamabad for membership in SAARC (South Asian Association for Regional Cooperation). In return, Pakistan's membership in Shanghai Cooperation Organization (SCO) was endorsed by China (Tiezzi, 2014; Vandewalle, 2015). In similar manner, Chinese President Xi Jinping signed 51 Memoranda of Understandings (MOUs) of CPEC on his visit to Pakistan on 20-21 April 2015, aspiring to finish the project in time span of 15 years that is the year of 2030 (Vandewalle, 2015; Mirza, 2016).

As far as the Pakistan's support of CPEC is concerned, it has been seen that large number of political parties are in favour of maintaining good relationship with China and building of CPEC. Therefore, since 2008, every new government has further forwarded the negotiations

with Chinese authorities regarding economic corridor. Nevertheless, certain Nationalist Baloch parties of Balochistan are antagonistic towards CPEC and often create problems through terrorist activities against Chinese officials. However, military and establishment is in great favour of CPEC and consider China as valuable and trusted friends in bilateral economic, strategic and military engagements (Sial, 2014).

It has been further highlighted that CPEC is actually a revitalization of Karakorum Highway, which has built by equal cooperation of Pakistan and Chinese government between the years of 1959 and 1979. It connects Chinese province of Xinjiang to Pakistan's provinces of Khyber Pakhtunkhwa and Gilgit-Baltistan. CPEC is further extension of it because it will extend the corridor from KP and Gilgit-Baltistan to Gawadar Port in southernmost tip of Pakistan. It is 2700 kilometers corridor which would developed by incorporating power projects of 21,690 MW capacity, economic zones, energy pipelines of oil and gas, highways, motorways, railway lines and optical fibre lines (Sahar, Abbasi, Kolachi, 2019; Sial, 2014; Vandewalle, 2015).

CPEC corridors would be constructed by Chinese financing loans - in which major Chinese SOEs would be involved on BOT (build-operate-transfer) framework. This framework is feasible in the way that it would immediately start earning revenues. These revenues would cover the cost of construction and bring sufficient return of investment. Through BOT framework, Chinese SOEs would have government's concession contracts to design, construct, finance, and operate the projects (Ahmed, 2015; Sial, 2014).

Stoopman (2015) observed that there is a scepticism and suspicion against performance of CPEC for Pakistan. Due to this reason, Chinese authorities must not initiate any practice or policy, which would hurt public sentiments, local culture and history. Any negative gesture might affect the productive implementation of CPEC in negative manner for Pakistan and China. Thus, in order to ensure its success, it must be guaranteed that the project would yield equal

benefits for both parties. These benefits must not be bound only to the infrastructure building. Rather they should be related to minimization of marginalization in both countries, equal opportunities in education attainment and employment and understanding of each other's culture through the exchange of culture envoys (Stoopman, 2015). It seems to suggest that the performance of early Chinese projects in Pakistan was not substantial for the country therefore there are forces of antagonism working against the project. Hence, it is significant to ensure that Pakistan acquire relative gains from CPEC instead of zero-sum benefits in favour of China. Benefits of this project to China and Pakistan have been discussed in the following sections

Prospects of CPEC for China

China has opened itself to the world in late years of 1970s and came across with phenomenal development in social and economic sector. For past thirty years, it maintained 10% of GDP growth as benchmark of decade-based-growth (The World Bank, 2017) but it has been observed that the growth in Chinese economy is steadily slowing down over the years. In 12th Five Year Plan, 7% of growth has been set as benchmark which came across with failure hence it reduced to 6.5% in 13th Plan (2016-2020). In spite of being the biggest economy, the per capita income still comprised of fraction of developed countries (Rahman & Shurong, 2017). Hence, in the light of drastic economic situation China needed to upgrade its economic strategies and open new avenues for consistent economic growth in coming decades.

This aim can be secured with the dream projects of BRI and its multiple sub-projects including CPEC. It has been estimated that the initiative of OBOR requires \$4-8 trillion investment because it would cover almost two-third of world's land area with 65 countries, having 4.4 billion populations (Luft, 2016:7). When China would be investing such a tremendous capital and resources on large chunk of global population, it is likely to acquire long-term and consistent return for several decades. In this regard, the economic issues of Chinese

population would be addressed and massive employment opportunities emerge throughout the country.

Apart from these economic reasons, it has been found that the idea of CPEC has emerged due to strategic issues in South Asia in post 2010 era. First, there are unresolved issues between China and India. Second, the rising ties between Washington and New Delhi are alarming for Beijing. Moreover, US intended to reorganize the region of Asia Pacific, which China considers as backyard. Finally, China has huge concerns to bring stability in its western borderline, which connects it both to Pakistan and Central Asia (Calabrese, 2014-15; Hussain & Hussain, 2017). However, US' plans for reorganization of Asia Pacific have nullified since arrival of Donald Trump on international scene but the rising intimacy between US and India as well as Afghanistan and India is alarming for Chinese interests in the region.

Third, for a long time it has been seen that the economic development in western provinces of China was considerably lower than eastern provinces. The eastern provinces of Fujian, Zhejiang and Guangdong were especially developed by government to support the export-oriented economy. Consequently, the landlocked western provinces - which include Gansu, Xinjiang, Qinghai and Guizhou - have substantially lacked in economic stability and development. In 2013, it has been estimated that in order to reach at the level of eastern provinces in context of economy, infrastructure and urbanization, the western provinces need minimum thirty years of hard work and development. In this context, CPEC provides extraordinary opportunity to western province for high economic development within the time span of few years (Ferdinand, 2016).

Xinjiang is largest Chinese province with Muslim majority in it. Along with 520km border with Pakistan, it also connects China with Afghanistan, India, Kazakhstan, Kyrgyzstan and Mongolia. Being richest in natural resources in comparison to rest of the provinces, Xinjiang's progress would be very significant to Chinese long term

economic aspiration. Nevertheless, the constant tussle between native Uighur population and Hans migrants resulted in to political and economic imbalances (Small, 2015). In this regard, the 13th Five Year Plan of China specifically aspired to develop Xinjiang as significant gateway for Central, West and South Asia. In context of CPEC, Xinjiang has potential to become industrial hub to tackle trade supplies from Middle East and South Asia. It would help in exporting manufactured goods and machinery to Central and South Asia and importing energy supplies and raw materials (Jingjing, 2017).

Apart from economic development, CPEC also has a capacity to bring political security to Xinjiang. It is economically backward province with the population of Hui Muslims (8 millions) and Uighur Muslims (10 millions). It also faces the issues of extremism and terrorism mainly due to low economic development (Vandewalle, 2015). Hence, through CPEC, the economy of province will not only improve but political issues will also be resolved by providing tremendous employment opportunities and education to locals. Therefore, CPEC has been given the name of 'corridor of peace' for its potential of social and economic development (Zhiqin & Yang, 2016). Several times, Xinjiang has been come across with terrorist attacks by East Turkistan Islamic Movement (ETIM). This group had access to bordering area of Afghanistan and Pakistan where it established connections with Tehrik-e-Taliban Pakistan (TTP) and Al-Qaida (Rahman & Shurong, 2017). In July 2011, an armed attack in Xinjiang has killed six people, which apparently operated by ETIM. It has been analysed that the issues in Xinjiang with respect to Hui and Uighur Muslims' dissatisfaction are mainly due to biased policies of Chinese government. The local development programs have initiated by considering the benefits of Han Chinese rather than local ethnic people and their culture, which intensified the hostility of local ethnic groups against government (S.S. Khan, 2011). In this context, economic development would automatically diminish the support and activities of terrorist groups (Rahmna & Shurong, 2017). In the continuum of domestic development, Xinjiang appeared as China's

Achilles heel to prevent economic and social progress. It has been seen that throughout the 2000s, China constantly pressurized Pakistan's government and army to take necessary actions to curtail terrorism in northern provinces which are adjacent to Xinjiang and viewed as breeding ground for ETIM (Small, 2015). Pakistan military has conducted Operation Zarb-e-Azb against terrorist groups in response to 8th June 2014 attack on Jinnah International Airport, Karachi. This operation considerably weakened the shackles of several terrorist groups in the region including the areas adjacent with Xinjiang (Sial, 2015). Therefore, CPEC is not only a source of economic development but also a long-term security tool both for Pakistan and China.

Fourth, through CPEC China will become pivotal point of global geopolitics. Initially, China had high reservation towards its neighbouring countries due to strong US-Sino relations. China was hesitant to antagonize US in case of any regional initiative (Xuetong, 2014). Nevertheless, now this reluctance has abandoned by Chinese authorities therefore, bold steps have been taken to initiate regional integration in the form of OBOR and CPEC. As far as Pakistan is concerned, its strong dependence on US would significantly decline due to constant Chinese presence in country (Rahman & Shurong, 2017). As far as India is concerned, it has been seen that through CPEC, China would be able to completely encircle India from east to west through land and partially through sea (Vandewalle, 2015). It would bring Chinese dominance in the region of South Asia and deter India's hostility against its neighbours. Furthermore, it will also keep check on India-Afghanistan duo and their collective hostility against Pakistan.

China's initiative of BRI and CPEC has also occurred partially due to its general principles of foreign policy. It has been discussed that China follows five major principles in its foreign policy: mutual non-aggression, mutual respect for sovereignty, equality and mutual benefits, non-interference in each other's internal affairs and peaceful

coexistence by development of diplomatic relations as well as cultural-economic exchanges. The ideas of colonialism, hegemony, and imperialism are strongly despised by Chinese government (Bindra, 2009). By keeping these principles in consideration, China is aspiring to initiate new form of cross-continental mercantilism through its State Owned Enterprises (SOEs). By firmly following policy of non-interference in host countries, China promotes the ideas of globalization and free trade. Hence, in OBOR, SOEs would play major role to bring back sound wealth and capital back to China. As far as Pakistan and CPEC are concerned, they would act as first challenging ground for Chinese economic determinations (Rahman & Shurong, 2017). Here, it is important to notify that Chinese government is directly involved in this project and making investments through public sector. Therefore, it has been called as mercantilism*, in this way it has been evaluated that BRI and CPEC are not just economic investments in the region rather they are strategic moves of China in which government aspires to monitor the entire region directly through the lens of foreign direct investments (FDIs). It can also be seen in the way that through CPEC, China is willing to make Pakistan as its economic model for the involved partners in BRI and rest of the world (Schwemlein, 2019).

Finally, China has been working to increase its naval presence around the globe, in which Pakistan's Gawadar Port would act as major role. Currently, the only active naval base of China is Djibouti where it is working along with naval forces of US, Japan and France. However, it is paying strong attention to increase its naval bases around the world. In 2004, US Department of Defence has presented the theory of "Strings of Pearls" in which Chinese aspirations have highlighted within Indian Ocean Region (IOR). This theory discussed that China is likely to build an entire network of naval bases from South China Sea to Port Sudan in the form of strings. In this string, Bangladesh, Maldives, Sri Lanka, Myanmar and Pakistan are major pearls for commercial and shipping activities. Hence, it automatically justifies the strength of Gawadar Port through CPEC and its significance for

Chinese naval ambitions in coming years (Willasey-Wilsey, 2016).

Prospects of CPEC for Pakistan

Unlike to China, the returns of CPEC to Pakistan are more domestic and appear to operate at micro level. The investment has been initiated from \$46 billion dollars which increased to \$55 billion and then reached to \$62 billion dollars (Siddiqui, 2017). Out of this massive investment, \$34 billion would utilize on national grid to generate 17,000 megawatt energy. \$4 billion would be used in construction of motorways and railway network. The rest of amount has reserved for urbanization of Gawadar city, spread of fiber optic cables, and development of special economic zones (Rahman & Shurong, 2017).

Secondly, apart from this domestic development, Pakistan's economic significance will be strengthened between Central Asian, Middle Eastern and South Asian market. The economic strength of Pakistan and its close alliance with China would automatically diminish Indian aggression. If India decides to become part of OBOR, its hostile activities in the region of South Asia would also decrease (Rahman & Shurong, 2017).

The third benefit of CPEC to Pakistan is an increased worth of Gawadar port, developed as deep sea port by Chinese investors. The port became functional in 2007 and in February 2013 it has been handed over to China Overseas Ports Holding. It is a Chinese SOE that diligently working to make Gawadar as commercial harbour (South China Morning Post, 2014).

It has been highlighted that in CPEC, Gawadar acts as gemstone because, without the full functionality of this port city, the concept and purpose of CPEC would be absurd. Gawadar is situated near Strait of Hormuz which controls 1/3rd traffic of global oil trade. Hence, it will shorten the existing route of 12,900 km from Persian Gulf to eastern coastal line of China. It will considerably enhance the geo-strategic position of Pakistan by transforming it as window to Middle

East for China, where Chinese government already started making investments for energy imports (Sial, 2014). However, it alarmed India largely. On his official visit to Beijing in September 2015, Indian Prime Minister protested the idea of CPEC that this corridor threatens Indian sovereignty because it crosses through Indian Occupied Kashmir. Similarly, Indian intelligence agency, Research and Analysis Wing (RAW) enthusiastically working to sabotage CPEC (Khan & Khan, 2019; Andersen & Jiang, 2018). In this context, the role of Kulbushan Jadhav is highly prominent. Consequently, Indian government made efforts to approve development of Chabahar Port of Iran, which would also provide access of warm water to Afghanistan. It is beneficial for India in the way that it has strong economic interests and security links with Afghanistan (Dawn, 2014; Shahnawaz, 2011).

Normally, CPEC is considered as major opportunity for Pakistan's survival in the context of dire political, economic and social issues. Intellectuals and scholars believe that the issues of weak governance, weak economy, and weak security (in the form of extremism and terrorism) would be sufficiently addressed by CPEC. The project would ensure strengthening of governance, bringing economic stability and solving ethnic conflicts domestically. As far as, international or regional benefits of CPEC are concerned, the hostile attitude of Afghanistan and India against Pakistan would be checked. Hence, Pakistan would have long term geopolitical security (Warraich, 2015).

In terms of local economic development, it has been highlighted that local labour would get employment opportunities in the process of urbanization and infrastructure development. All the major cities of the country like Gawadar, Thattts and Badeen etc. would be reconstructed and urbanized. Moreover, the entirely new market is emerging for linguistics. There is a rising need of interpreters, linguists and translators, who would be needed to interpret, decode and translate English, Urdu, Chinese and other languages spoken in

different regions of Pakistan. In addition, there are new employment opportunities for environmentalists, business administrators, geological engineers, geo-scientist and geologists. Moreover, local labour force and farmers would be required to improve agriculture sector under CPEC. The development of fishing zones and port yards at coastal areas would provide employment to local fishermen. Similarly, new markets would open for Pakistan for its livestock industry and Pakistan might emerge as major meat exporter. Thus, labours would be facilitated with higher wages in expansion of businesses. Pakistan's Cottage industry would be able to compete with international markets. SMEs would flourish by implementing innovative ideas of entrepreneurs. Similarly, the service sector and improvement of logistic industry would also occur in Pakistan because it will act as one of the central hub of OBOR in the form of CPEC (Xie, et al., 2015).

DOUBTS AND FEARS ASSOCIATED WITH CPEC

In spite of offering valuable benefits to Pakistan in terms of economy and development, CPEC is a huge source of suspicion for locals. It is due to the reason that the previous encounters with Chinese in the form of trade and development of Gawadar port were not proved as healthy and friendly experiences.

It has been seen that before the idea of CPEC, it has been observed that Chinese investors bring their own labour and human resource to work on the given projects, instead of hiring from locals. Moreover, one of the basic examples is of Oil and Gas Development Corporation (OGDC), a government sector corporation of Pakistan which is not permitted to make bids alongside Chinese companies. Similarly, Chinese products have heavily dumped in local markets of Pakistan over the years through trade, which significantly damaged the performance of local SMEs. For instance, the local industry of "Khussas" has been overtaken by Chinese firms. The local fruit and vegetable market is solely dominated by Chinese agricultural

products (Dwivedi, 2015). In addition, China always had deep interest in improving Pakistan's railway sector. Hence, Pakistan bought locomotives and rail coaches from China in 2001 and 2003 with approximate worth of \$500 million (Graver, 2006). However, it has been found that some of the Chinese companies sold faulty items in railway locomotives to Pakistan, which caused huge financial and resource damaged to latter (Dwivedi, 2015). Furthermore, it has been seen that the FTA signed with China in 2006 is mostly beneficial for China than Pakistan. It is due to the reason that Pakistan is unable to compete with the exports of former. Cotton and textiles along with finished textile goods were usually exported by Pakistan but now it also taken over by Chinese companies with lower unit price (Kabraji, 2012). Chinese products are giving unfair competition to Pakistan's domestic firms in which SMEs have major role. Those sectors, which were primarily dominated by Pakistani SMEs now they are under the influence of Chinese items with extremely low quality and price (Naved & Hayat, 2012). Abdul Razak Dawood - Pakistan's high official in the area of commerce, industry, textiles and investments – further revealed in his interview with the Financial Times that the PMLN government did not carry sufficient homework regarding CPEC projects and gave up multiple local authorities without sufficient negotiations with Chinese firms (Lars & Jiang, 2018). Nevertheless, there is another perspective, which highlights that during the initial years of Pak-China relations, the Chinese government was altruistically willing to improve Pakistan's domestic economic environment. However, all the initiatives were thwarted by dearth of interests and unprofessional conduct by Pakistani government, which further prevented to establish strong trade foundations for Pakistan (R. M. Khan, 2011:20). Due to this reason, it has been observed that economically, China is always concerned with maintenance of its economic interests and prefer to make investments only on government controlled sectors. This is the reason that public image of China and CPEC is highly sceptical in Balochistan, Kashmir, and Gilgit-Baltistan. It has been viewed that the added value of Pak-

China economic relations is highly exaggerated and CPEC is strongly inflicted with favouritism against the benefits of local population (Dwivedi, 2015).

Consequently, it generated significant resentment among Pakistani population with respect to Chinese intentions in Pakistan through CPEC. They believe that CPEC is not a guarantee of tangible and long term benefits for Pakistan because they bring their own equipment and human resource, which diminishes the needs to hire locals (Kabiraji, 2012). The resentment of Baloch people is a prime example of this phenomenon. The province of Balochistan is already facing numerous subjugation and exploitation in the hands of federal government in the form of resource exploitation, lack of education and basic civic services. In addition, the province is also struck with historical issues and confrontations such as, weak tribal alliance, ethnic issues with Pathans (due to development in northern part of province), economic marginalization, high rate of infant mortality, lowest literacy rate and military subjugation in the form of kidnapping, torture and killings. Finally, Baloch resentment has further exasperated due to development of Gawadar Port and its major role in CPEC. In initial development of Gawadar Port, the federal government did not involve locals in any decision making. Similarly, they were not involved in development of Port as labour. In the contrary, every aspect of Gawadar construction has administered by Chinese authorities and labour and no jobs given to locals (Alam, 2015; Lars & Jiang, 2018). Apart from the Baloch resentment, it has been seen that the project overall intensified the ethnic divisions in Pakistan. Due to involvement of Punjab based PMLN government in signing CPEC agreement, the other ethnicities in Pakistan like Sindhis, Balochi and Pakhtuns developed strong resentment that the project mainly facilitates province of Punjab and Punjabi and has minimum to offer to other provinces and ethnicities (Shah, 2018).

Finally, the major suspicion towards CPEC and its implementation is a lack of transparency in it. Almost all the negotiations, dialogues and agreements were signed confidentially by both governments and military exchange. The involvement of people in decision-making remained one-dimensional and extremely low, which raises the suspicions towards credibility of project (Shah, 2018:383; Stoopman, 2015:5). The absence of transparency on this grand corridor alerts local population about intention of Chinese investments. It is important to highlight that the freedom of speech is not much practiced in China as it does in Pakistan. Hence, the outspoken approach of CPEC critiques mostly termed as 'enemies of Pakistan' by Chinese counterparts (Small, 2016).

This report highlighted the key sectors and areas of CPEC and its performance. It mentioned that Chinese nationals would be allowed to come into Pakistan without any visa restrictions. Along with manufacturing industries, large pieces of lands would be given to Chinese agricultural firms, which would conduct pilot studies on those farms with respect to seed variations, irrigating technologies, fertilizers, feedstuffs, pesticides and genetically processed fruits and vegetables. Food processing would be conducted in several plants, which have high chances to wipe out Pakistan's organic food industry. Chinese SOEs would operate these farms and plants and they run by the loans and grants from Chinese government therefore, they would have hegemony in their areas. Another important aspect of CPEC is dissemination of Chinese culture through media. New Chinese channels would be established in Pakistan, which inform and enlighten Pakistan population about Chinese language and culture (Hussain, 2017).

As it has been seen that the trade relations between China and Pakistan were negligible during 1980s and 1990s but Chinese products still dominated the market through smuggling via Khunjerab Pass and Afghan Transit Trade Route. Until 2000, these two routes were main source of smuggling Chinese products in

Pakistan. The situation got severe to such extent that local businessmen raised the issue in front of government and pressurized to take action. However, the smuggling has been curtailed by securing borders but in the meantime in 2003 Pakistan signed FTA with China. FTA has minimised import taxes on both countries and removed several non-tax barriers, which allowed smooth arrival of Chinese consumer goods in Pakistan (Jamal, 2017).

CONCLUSION

Hence, in the light of above discussion it has been analysed that the potential of CPEC is far more beneficial for China then to Pakistan. CPEC would offer not only economic but also political and geopolitical benefits to China on long-term basis. For example, the economic and political issues in Xinjiang would be sorted permanently. Xinjiang is about to gain major position amid China, South Asia and Central Asia as gateway for trade and energy transit. China would have control of Gawadar port with respect to Strings of Pearl theory, in which it would be controlling the main routes in Indian Ocean Region (IOR). Moreover, it would also be curtailing Indian aggression in South Asia along with checking Washington's intentions with New Delhi. All of these benefits are long term and geopolitical in nature, which are not possible without sound alliance from Pakistan. In this way, it can be asserted that Pakistan is playing key role in converting China from trading economy to investing power (Small, 2015:180). In the contrary, Pakistan would only have temporary economic benefits, which could be acquired even without CPEC, if Pakistani government would have work sincerely and without corruption. As far as, curtailment of Indian and Afghan threat is concerned, it sounds promising but it does not have clear vision and roadmap. Moreover, the perception of employment generation is also full of doubts because Chinese investors bring their own human resources and refrain to hire locals. With respect to Dawn Newspaper report, which is an only source that openly criticized agreements signed within the paradigm of CPEC, it has been

concluded that if this project is not implemented with due attention and diligence, it might even prove detrimental for Pakistan's economic and socio-political environment in next few decades.

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