

PAKISTAN ON THE ROADWAY TO SOCIO-ECONOMIC DEVELOPMENT: A COMPREHENSIVE STUDY OF CHINA PAKISTAN ECONOMIC CORRIDOR (CPEC)

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Abstract

China Pakistan Economic Corridor (CPEC) is considered as the biggest and most effective deal between the two countries. CPEC is referred as a game changer project largely for Pakistan and reasonably for China. CPEC consists of various trade routes from Gwader Pakistan to Kashgar China. These trade routes will not just be comprised of only roads but there will be various economic/industrial zones, electric power plants, fiber cable connections etc. This all development will be highly effective for the economic wellbeing and stability of Pakistan. CPEC can provide many economic benefits to Pakistan. The foremost advantage is the huge investment in Pakistan via CPEC projects which is around \$ 46 billion. The future expectation level by both the countries is very high. China is one of the largest states of the world. The sea ports of China are covering only eastern and southern parts of China while the western and central parts of China face difficulty in easy access towards sea ports. However, they can be easily connected to sea ports via shorter routes through Pakistan once CPEC will be completed. CPEC can be termed as a game changer project for Pakistan because it has potential to help Pakistan in resolving important

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issues related to its economy, social well-being and geo-political importance.

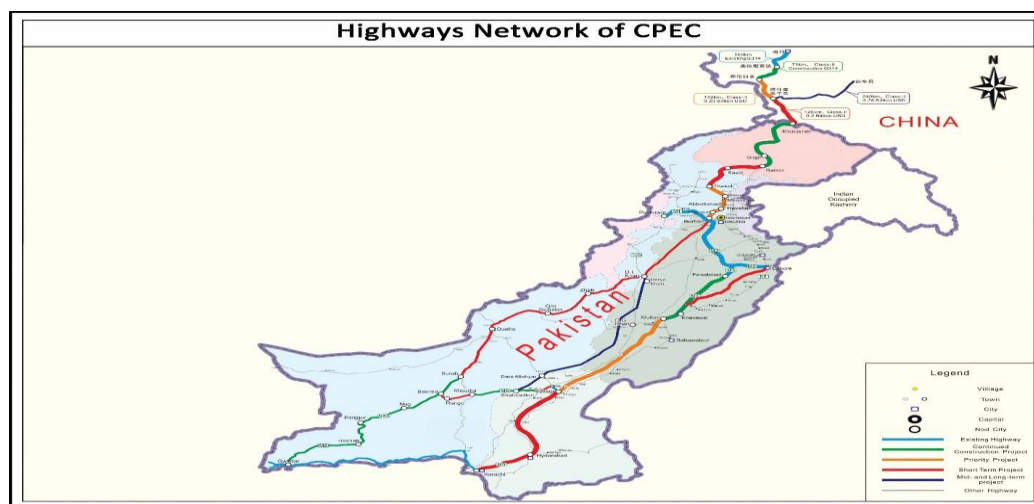
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Introduction

In the contemporary period, economic cooperation has acquired great importance for any country to establish and maintain relations with other states. At present, amongst major foreign policy determinants, economic interests are kept at top of the list. States give top priority to such states from whom they expect economic advantages. Looking into the increasing significance of economic bonds, most of the states have formed international and regional organizations to sustain their economy, for example G8, G15, ASEAN, SAARC, Arab League etc. Every state is in pursue to get economic stability with the help of healthy relations with other states.

In the same way, a massive socio-economic project is signed between China and Pakistan. Irshad, Xin & Arshad (2015) have explained that in the contemporary international scenario, economic corridors have acquired an important position for regional cooperation and at global level as well. Likewise, China-Pakistan Economic Corridor can strengthen trade and economic cooperation between China and Pakistan.

Figure 01: Highway Network of CPEC



Ritzinger (2015) has given a comprehensive account of CPEC by saying that the Chinese well designed plan to invest \$46 billion dollars in Pakistan through CPEC projects possesses a unique importance in the current regional and international politics. The plan starts from the Gwader port at Pakistan which will be connected to Kashgar in China through road and rail routes. The total amount of CPEC projects roughly exceeds the total amount of U.S. aid given to Pakistan since 2002 (15 years aid). The author further explains that this huge investment by China is to fulfill the Chinese dream to increase its access at global level to achieve the core economic and financial interests.

CPEC provides a new window through which Pakistan's economy can reach at its height. Pakistan may get various opportunities through which its economic stability may be increased. CPEC has various industrial zones which are beneficial for economy; it has multiple electric power plants which will boost Pakistan's industrial sector followed by overall improvement on the economic conditions. CPEC will provide third fully functional sea port to Pakistan (After Karachi Port Karachi and Port Qasim Karachi), it indicates that Pakistan's geo-political importance will be increased along with increase in trade through sea routes. All the indicators are positive once CPEC project is complete.

CPEC will provide direct benefit to Pakistan and China. However, Afghanistan and Central Asian States will also be benefited from it. These countries are landlocked, some are double landlocked. Whereas, they can be connected to open sea and warm waters through CPEC via Pakistan. This access will also be helpful to strengthen their economic stability. Keeping in purview the above details, Afghanistan and Central Asian States are appreciating this giant project.

CPEC is highly appreciated by various South and Central Asian States except India. Ranjan (2015) explains that many of the South Asian states have supported the CPEC project but India opposes it. According to Indian observers, the main reason behind this opposition is to stop Chinese attempt to expand its direct influence in South Asia which may strategically encircle India and Indian interest.

This paper aims to study the importance of CPEC and its proposed benefits for the socio-economic development of Pakistan. It is studied how this project may become game changer for Pakistan and strongly beneficial for China too.

Research Methodology

This research is carried out by using Qualitative method. Only secondary sources of data collection are used to further explain the CPEC project and its impact on the socio-economic development of Pakistan.

Historical Perspective

CPEC is not the only project through which Pakistan and China have come closer, rather they have long lasting friendship since decades. China-Pakistan friendship is called as friendship of all the weathers. Adnan and Fatima (2016) have described Sino-Pakistan relations by saying that China and Pakistan have long term strategic, military, cultural and diplomatic relations. Both the countries also enjoy strong economic relations. In 1950, Pakistan recognized China as an independent state and in 1951, their formal bilateral relations were established. The relationship is deeper than the oceans and higher than the mountains. The author further says that China and Pakistan cooperate with each other on different aspects. China has played a significant role in development of Pakistan while Pakistan's help and support for China is also very effective and supporting China from various dimensions.

A number of mutual deals are already signed by Pakistan and China. Irshad, Xin & Arshad (2015) explains that Pakistan has signed a currency swap with china in 2014 year, which has made Pakistan the first nation in South Asian region to sign such kind of agreement with China. On the other hand, China is the second largest trade partner of Pakistan. China is also a biggest investor in various sectors in Pakistan such as infrastructure, telecommunications, ports and energy.

In the beginning of 21st century, Sino-Pak relations became stronger because they were to enter in a massive economic project, the CPEC.

CPEC project is reflection of Chinese ambition for "One Belt One Road". This vision was aimed to revive the old Silk Road and connect China with other states through road networks. However, Pakistan was the best choice to implement this idea for China. On the other hand, Pakistan readily accepted and appreciated the Chinese idea and negotiations were started to convert this dream into reality.

From Pakistan's side, General (R) Pervez Musharraf can be credited to be the first leader to negotiate with Chinese counter-parts to mature CPEC project. However, during his era, this project remained in documents, nothing significant was done except strong agreement and commitment for the project by both the sides.

Then comes former President, Asif Ali Zardari. He also proposed for the economic corridor. Ramay (2016) explains that the former President of Pakistan Mr. Asif Ali Zardari actively followed various developments to secure CPEC and cooperation from China. However, present government is also actively engaged with Chinese government to achieve the core objectives of CPEC.

The current President of Pakistan Mr. Mamnoon Hussain visited China in 2014 to discuss and materialize the plans for an economic corridor in Pakistan which will lead it to China. However, after two months, Prime Minister of Pakistan Mr. Nawaz Sharif visited China and met with Chinese authorities to discuss further plans.

The year 2015 can be considered as an important year as far as CPEC is concerned. This was the year when Chinese President Xi Jinping signed an agreement to start work on the \$46 billion agreement, which is roughly 20% of Pakistan's annual GDP during his state visit to Pakistan.

It is also important to mention here that China is not doing all this to support her friend, but the deal is also full of advantages for China too. Rafi, Khan and Aslam (2016) describes that China is not investing such a huge amount in Pakistan just on emotional or friendship basis, rather Chinese investment is based on strategic and economic interests. The author has highlighted three main reasons why China is investing in CPEC projects, which are, 1. Chinese dream of One Belt, One Road which will provide direct access to China to Central Asian and European countries, 2. China will get benefit from Gwader as it will provide shorter routed access to China to open sea and Middle East countries, 3. China will also be able to give access to its landlocked province Xinxiang to open sea through CPEC routes. These reasons can be considered behind Chinese interest in CPEC.

Core Economic Benefits from CPEC for Pakistan

Looking at the prospective advantages, CPEC seems very beneficial for Pakistan in all the aspects. Boyce (2017) describes that CPEC is not only a trade route between one state to another, but it is a complete set of economic, industrial, infrastructural and connectivity development for Pakistan and China. CPEC and its projects are meant to expand and change Pakistan's trading activities at higher standards. Each of the three major categories of CPEC projects, Gwadar port related developments, land transportation infrastructure, and energy development can be analyzed in the context of various economic and political effects. All of these developments also intersect other provincial-level politics and internal

Pakistani policy debates. The four major Pakistani provinces and associated areas of Pakistan have economic and political interest in the expansion of regional trade and mobility. Many of the projects introduce simultaneous concerns and opportunities in multiple political and economic arenas.

According to a report of The Nation (2016), CPEC is a game-changer for Pakistan. It has potential to increase Pakistan's GDP growth to 7.5 percent and can add millions of new job opportunities. It is expected that the CPEC can add almost 20 lacs job opportunities. The CPEC will open doors to many economic opportunities, these opportunities will not be only for Pakistan but will physically connect China to its markets in Asia, Europe and beyond. Almost 80 percent of the China's oil is currently transported from the Middle East through the Strait of Malacca to Shanghai, (distance is almost 16,000 km and takes 2-3 months). However, if Gwader port becomes function, the same distance will be reduced to less than 5000 KM.

Discussion

Economic Development

CPEC project consists of \$ 46 billion direct investment in Pakistan. This massive amount may change the destiny of Pakistan because it will be used on roads, electric power projects, better communication facilities, industrial zones, exclusive development of Gwader City to make it at international standards etc. This all development will boost Pakistan's economy followed by creation of job opportunities for talented people. Global Times (2017) reported that The Pakistani economy is projected to be on a steady uphill path due to projects like the CPEC.

Industrial Development

Industrial zones are the key feature of CPEC project. It is proposed that the project will also be comprised of various economic zones in Pakistan on the CPEC route. Some important proposed zones are given below;

Table 01: Important Proposed Economic Zones of CPEC

S.No	Name of Economic Zone	Province/Area
	Rashakai Economic Zone	Khyber Pakhtunkhwa
	Dhabaji Economic Zone	Sindh
	Bostan Industrial Zone	Balochistan
	Punjab-China Economic Zone	Sheikhupura, Punjab
	ICT Model Industrial Zone	Islamabad
	Industrial Park at Pakistan Steel Mills	Sindh

	Bhimber Industrial Zone	AJ&K
	Mohmand Marble City	FATA
	Mogpondas Special Economic Zone	Gilgit Baltistan

Source: www.cpec.gov.pk

Business and Trade Benefits

CPEC project will create new avenues for business and trade for Pakistan. CPEC is also a project of regional connectivity which will allow Pakistan to strengthen its business and trade with Afghanistan and other Central Asian states. It is expected that CPEC will also be highly beneficial for Pakistan as far as its business and trade is concerned.

Infrastructural Benefits and Up-gradation of Connectivity and Communication

CPEC will also upgrade infrastructural facilities in Pakistan along with better road facilities. It is proposed that the motorway which starts from Karachi to Lahore and leading to Peshawar will be upgraded. The quality of roads from Gwader to other cities of Pakistan and ultimately to Kashger will be enhanced. Train routes in Pakistan are also proposed to be upgraded so that better logistic support can be achieved once CPEC project is fully implemented.

Power and Energy

Pakistan is facing energy crisis since last more than 10 years. Due to the issue, Pakistan's economy is badly suffered, its business and trade is affected, the social well-being is damaged and other significant issues are raised. Now, this issue seems to be resolved. It is proposed in CPEC projects that various power plants will be installed in Pakistan to resolve energy problem. It is encouraging to mention here that the work has been started on such projects and people of Pakistan hope that energy crisis will be ended soon. These projects are categorized in three sections; one is Energy Priority Projects, second is Energy Actively promoted Projects and third is Potential Energy Projects. Details of these projects are given below;

Table 02: CPEC-Energy Priority Projects

S.No	Project Name	Megawatt	Estimated Cost (US\$ M)
	Coal-fired Power Plants at Port Qasim Karachi, Sindh	1320	1,980
	Suki Kinari Hydropower Station, Naran,	870	1,802

	Khyber Pukhtunkhwa		
	Engro Thar Block II Coal fired Power Plant	660	2,000
	TEL Mine Mouth Lignite Fired Power Project	330	
	at Thar Sindh,		
	Thal Nova Mine Mouth Lignite Fired Power Project, Thar	330	
	Sahiwal Coal-fired Power Plant, Punjab	1320	1,600
	Hydro China Dawood Wind Farm, Thatta	50	125
	Imported Coal Based Power Project at Gwadar, Pakistan	300	600
	Quaid-e-Azam Solar Park, Bahawalpur	300 600 100	1,215
	UEP Wind Farm, Thatta	100	250
	Sachal Wind Farm, Jhimpir	50	134
	SSRL Thar Coal Block-I 7.8mtpa & SEC Mine Mouth Power Plant	1320	2,000 + 1,300
	Karot Hydropower Station	720	1,420
	Three Gorges Second Wind Power Project	50	150
	Three Gorges Third Wind Power Project	50	
	CPHGC Coal-fired Power Plant, Hub	1320	1940
	Matiori to Lahore ± 660 kV HVDC Transmission Line Project	-	1,500
	Matiori (Port Qasim) —Faisalabad Transmission Line Project	-	1,500
	Thar Mine Mouth Oracle Power Plant & surface mine	1320	1,300

Source: www.cpec.gov.pk

Table 03: CPEC-Energy Actively Promoted Projects

S.No	Project Name	Megawatt	Estimated Cost (US\$ M)
	Kohala Hydrel Project, AJK	1100	2,397
	Rahimyar khan imported fuel Power Plant	1320	1,600
	Cacho Wind Power Project	50	-
	Western Energy (Pvt.) Ltd. Wind Power Project	50	-

Source: www.cpec.gov.pk

Table 04: CPEC-Potential Energy Projects

S.No	Project Name	Megawatt	Estimated Cost (US\$ M)
	Phandar Hydropower Station	80	-
	Gilgit KIU Hydropower	100	-

Source: www.cpec.gov.pk

Core Geo-Political Benefits from CPEC for Pakistan

Geo-political importance of Pakistan cannot be denied. It is well acknowledged by the world. However, CPEC projects may increase geo-political importance of Pakistan. Ali (2016) explains that Pakistan's geo-political position makes it the most suitable economic corridor for trade and transit activities by providing a gateway to Central Asia, South Asia, East Asia and West Asia. Historically, Pakistan geo-political role has remained significant, particularly during the cold-war and post-cold war era because of its geostrategic location. Pakistan also enjoys neighborhood of two rising economies of the world (China and India). Pakistan can offer an important role to other regional states for their economic, social and political benefits, like now Pakistan is mutually working with China on CPEC.

CPEC: A Game Changer for Pakistan

Looking at the prospective benefits, CPEC is a game changer project for Pakistan. CPEC has the potential to increase Pakistan's economic stability and subsequently overall development of Pakistan. Some important reasons for CPEC project as game changer are given below;

It will boost up Pakistan's economy.

It will create new avenues for business and trade in Pakistan.

It will enhance geo-political importance of Pakistan.

It will create job opportunities for unemployed youth in Pakistan.

It will provide the third sea port to Pakistan.

It will build positive image of Pakistan at global level.

It will help Pakistan to become an influential state in South and Central Asia.

Conclusion

CPEC is the most important project for China and Pakistan. Both the countries are expecting multiple advantages once the project is completed. CPEC is highly beneficial for the socio-economic development of Pakistan. It can resolve core

economic issues which Pakistan is facing. The proposed project is highly encouraging for Pakistan. After going through this comprehensive study of CPEC, it can be said that Pakistan is on the roadway to the socio-economic development.

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