

### **China-Pakistan Economic Corridor (CPEC): Regional Geoeconomics and Geopolitics**

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#### **Abstract:**

The paper analyzes the economic implications of China-Pakistan Economic Corridor (CPEC) for Pakistan since it is a fate changer for Pakistan. Moreover, it has been concluded between Pakistan and China to explore the bilateral trade and enhance the regional cooperation. However, being the key beneficiary of CPEC, Pakistan would directly observe economic development and political stability. It would also make Pakistan a regional economic power since it connects Pakistan with regional and international markets. Apart from the spread of a network of roads among all provinces of Pakistan, it socio-economically integrates the all-ethnic groups of Pakistan. The paper also aims to address how China would use CPEC as a game changer for Pakistan in the region. The paper is qualitative and is based on investigation and exploration of various facts. It also suggests how Pakistan would ensure employment opportunities for its citizens via CPEC.

**Key Words:** CPEC, China, Pakistan, geoeconomics, geopolitics, Gwadar Port

#### **INTRODUCTION**

The time-tested friendship and trustworthy diplomatic history of Pakistan and China have never witnessed any setback since the inception of both countries. Moreover, China has always supported Pakistan economically and politically. Therefore, the relations of Pakistan and China have been termed deeper than the Ocean, higher than Mount Everest, and sweeter than honey. The geostrategic location of Pakistan and its connectivity with Indian Ocean has made Pakistan much crucial for China in the region. To access the warm water and ensure the delivery of its products to the international market on time, Pakistan is the most appropriate state for China to achieve its economic objectives. Therefore, China concluded the historic agreement of China-Pakistan Economic Corridor (CPEC) with Pakistan, which is the biggest investment of China on a foreign territory.

The CPEC was concluded during the tenure of the then, Prime Minister of Pakistan, Mr. Mohammad Nawaz Sharif, in a meeting with Mr. Xi Jinping, the then Chinese President in China in April, 2015 (Abid & Ashfaq, 2015). Furthermore, the \$46 billion (Rehman, 2018) agreement which aims to connect China with warm water via Pakistan, would allow China to invest in Pakistan. The CPEC routes, which run from Kashgar to Gwadar, link many cities of Pakistan, has high importance since it would create political and economic integration among all provinces of Pakistan. Apart from this, the CPEC would also connect Pakistan with Europe, Africa, Middle East and America, where Pakistan can maintain its trade business creating many jobs and investments opportunities in

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Pakistan. Therefore, the leaders of Pakistan have called the CPEC the game changer agreement (Qazi, 2019).

On the other hand, analysts view CPEC as one of the long-term plans of China to dominate the region by capturing the global markets. They further believe that by connecting Middle East with South Asia and Central Asia, China aims to deter US-oriented policies in the region and weaken the Indian strategic importance (Kanwal, 2018).

The CPEC agreement brings infrastructural development in Pakistan to connect Pakistan with the rest of the world. The actual aim of CPEC is to connect Gwadar with the northwestern area of Chinese city Xinjiang. To boost the national trade and promote the national products in Pakistan, many infrastructural network projects worth approximately \$11 billion are under construction through CPEC agreement, ("Economic corridor," 2015). To renew and widen the road links between Karachi and Lahore, a 1100 km motorway would be constructed (Zia & Waqar, 2017). Another project of railway track already functional from Karachi to Peshawar, would be upgraded on a modern basis to be connected to Xinjiang in Kashgar China (Zia & Waqar, 2017).

On the other hand, India, the biggest regional opponent of CPEC, believes that after the full-fledged operation of CPEC, the geo-strategic importance of the Gwadar port would boost where China enjoys to connect itself with European world. Thus, China would dominate the region, which ultimately reduces the strategic importance of the Indian ports. Therefore, India declared that it would invest \$500 million on the Port of Chabahar for its extension and development since Chabahar Port (Amirthan, 2017) is only 72 km far from Gwadar port. Nobody can deny the fact that the Indian involvement in construction of Chabahar port would indeed aim to deter China in Gwadar Port. Iran has to understand the fact that the invitation of India to Chabahar would accelerate uncertainty in the region since India would do best to exploit the religious and nationalist elements of the region to disturb CPEC agreement, that is equally disturbing for Iran.

### **HISTORICAL BACKGROUND OF CPEC**

Nobody can deny the fact that the relations of Pakistan and China have always been extremely friendly and time-tested. Despite Pakistan's close relationship with the US and being a non-ally of North Atlantic Treaty Organization (NATO), China never disturbed its relations with Pakistan. However, China always assured Pakistan of military and financial assistance at the time of need. CPEC is the result of past cooperation and understandings between China and Pakistan. The recent agreement between Pakistan and China, namely CPEC was part of 1950s' plan of both countries when Pakistan and China agreed to begin the construction of Karakoram Highway in 1959 (Kreutzmann, 1993). History witnesses that China has always been interested in Pakistan to access the warm water where it could easily and cheaply deliver its products to the rest of the world. Therefore, China started the construction of Gwadar Port in 2002, and right after four years of its initial construction, China completed the Port in 2006 (Ali, 2013). But due to some political and internal issues, Pakistan could not expand the said port.

However, on 2<sup>nd</sup> May, 2013, Prime Minister Nawaz Sharif, along with the then President of Pakistan, Mr. Asif Ali Zardari had a special meeting with the Chinese Prime Minister Li Keqiang at President House Islamabad. The meeting was held to discuss the project, which was expected to boost the importance of Gwadar Port by connecting it with the Chinese city of Kashgar. But, nothing resulted

from the meeting afterward. To re-energize the efforts, in February 2014, the President of Pakistan, Mamnoon Hussain, paid a visit to China which soon resulted in the meeting of Chinese Prime Minister, Li Keqiang with the Prime Minister of Pakistan, Mr. Nawaz Sharif –to discuss the different projects which would further strengthen Pak-Sino relations (Tiezzi, 2014). The efforts of Prime Minister Nawaz Sharif and President Mamnoon Hussain paid off in November, 2014 when the government of China declared that it would help the Chinese companies financially to work on different projects, including infrastructure and energy sectors in Pakistan (Malik, 2014).

To enlarge the scope and importance of CPEC, the leaders of Pakistan and China met in Karamay, China, on August 12, 2015, and signed a number of agreements of approximately 1.6 billion dollars (Malik, 2014). It is said that most of the agreements were signed between both countries to help Pakistan in energy generation.

On the other hand, to counter the Chinese commitment with Pakistan, the British government announced grants for the construction of different roads in October 2015 (Rana, 2015). Such British action further fortified the efforts of China, and soon afterward, China declared the CPEC, its 13<sup>th</sup> five-year development programmes (Zhao, 2020). However, Prime Minister Nawaz Sharif met the President of China, Mr. Xi Jinping on April 20, 2015 and concluded the historic \$46 billion agreement (Malik, 2018). On the same day, 51 Memorandum of Understanding (MOUs) were also signed between both leaders to end the energy crisis, bring social integrity, economic development, and generate business opportunities in Pakistan (Malik, 2018). The agreement is seen as a game-changer in Pakistan since it would bring economic development, political stability and infrastructural advancement.

### **Routes of CPEC**

The relations of Pakistan and China are highly deep-rooted. Moreover, their strategic, political, social, cultural, and economic relations are incredibly mature. To further fortify the political relations and accelerate the exports and imports, Pakistan and China agreed to construct a corridor. The corridor would connect both states with one another geographically, economically, strategically, and politically. The routes of CPEC which start from Kashgar and reach Gwadar with the distance of 3000 km, touch many cities of Pakistan. To further connect more cities of Pakistan economically, the corridor consists of three major routes known as Western, Central and Eastern routes.

The Western route starts from Gwadar to Hassanabadal via Turbat, Hoshab, Punjgoor, Nag, Basima, Surab, Kalat, Mustung, Quetta, Kuchlak, Kanozai, Qaila Saifullah, Zohb, Dera Ismail Khan, Bannu-Kohat- bypasses Peshawar and Islamabad, touches Hasanabdal, Haripur, Havelian, Abbottabad, Mansehra, Battgram, Kohistan, Gilgit-Baltistan and Khunjerab.

The Central route which starts from Gwadar, touches Turbat, Hoshab, Punjgoor, Nag, Basima, Khuzdar, Shadadkot, Rajanpur, Layyah, Muzaffargarh, Bhakkar, D.I. Khan, Mianwali, Hasanabdal, Haripur, Havelian, Abbottabad, Mansehra, Battgram, Kohistan, Gilgit-Baltistan, and Khunjerab.

The Eastern route which starts from Gwadar, touches Turbat, Hoshab, Punjgoor, Nag, Basima, Khuzdar, Shahdadkot, Sukkur, Sadiqabad, Rahimyar Khan, Khanpur, Bawalpur, Multan, Kanewal, Faisalabad- Lahore through PindiBhatian-Rawalpindi, Hasanabdal, Haripur, Havelian, Abbottabad, Mansehra, Battgram, Kohistan, Gilgit-Baltistan and Khunjerab.

## **BENEFITS OF CPEC FOR PAKISTAN**

CPEC, having a project value of \$62 billion as per the official narrative on the level of investments till 2019, has a greater significance for both Pakistan and China. It is believed to be a multifaceted project that can guarantee greater economic and strategic benefits for Pakistan and is assumed to be a game changer for all the regional stakeholders (Boni, 2019). CPEC, apart from ensuring economic opportunities for all the regional actors and stakeholders, poses constant threats to the regional actors. While Pakistan and China are determined to minimize this conflicting situation within the region for successful implementation of CPEC Project. In Pakistan's perspective, CPEC ensures a win-win situation for Pakistan and China as it not only focuses on the intra and inter-regional integration but also concentrates on the development of underprivileged and underdeveloped areas of Pakistan. Following are a few of the benefits of CPEC, which are essential to be discussed here.

### **Countering Indian Influence in the Region**

Since the inception of CPEC Project, India has projected a strong resentment towards it as it is routed from the region of Gilgit-Baltistan, which is claimed to be disputed territory by India. Apparently, this project poses several threats to India as the Chinese development of Gwadar Port provides it permanent access to the Indian Ocean and provides exclusive security in the Persian Gulf for Chinese Oil imports. This port can be utilized as a Naval base by Pakistan and China to strengthen their position in the Indian Ocean (Ibrar et al., 2018). It can reinforce their naval capabilities in future military engagements as India is worried about the Chinese String of Pearls strategy in the Indian Ocean (Abid & Ashfaq, 2015). Moreover, in case of any Indo-Pak war, the infrastructure built under the CPEC project will provide easy and fast access to China if it decides to join Pakistan to counter Indian aggression, thus posing a strategic threat to the Indian defence system. Contrary, the Indian oil imports are primarily dependent upon the Strait of Hormuz, while the location of Gwadar Port on the mouth of this waterway deeply concerns India (Ikram & Rashid, 2017). Last but not least, India is also uncomfortable as CPEC brings economic prosperity and strategic benefits for Pakistan, by strengthening it economically and increasing its military power and capabilities. Thus, CPEC is becoming a nightmare for India (Rahim, Khan, & Muzaffar, 2018). CPEC secures the trade routes for enhanced economic benefits for all the stakeholders, especially Pakistan and China, and provides opportunities to counter the Indian influence in the region.

### **Importance of Gwadar Port**

Gwadar Port situated in the Southwest of Baluchistan is a significant Port of Pakistan due to its unique strategic location and a gateway to the Central Asian Republics. Moreover, Gwadar Port is located at a distance of 624 nautical km to the Strait of Hormuz, which is regularly busy with every sort of traffic (Tanoli, 2016). The Port of Gwadar is situated at the juncture of Middle East, Indian Ocean, Gulf, and Central Asia Republics, where big powers have deep interests to station their forces. It is generally believed that Gwadar Port would not only create jobs for the citizens of Pakistan, but also earn billions of dollars on daily basis. Once Gwadar Port is fully operated, it would open a new chapter in the region for Pakistan since every big power would try to make an agreement with Pakistan.

Nobody can deny the fact that Allah the Almighty has bestowed Middle East, Gulf and Central Asian Republics with every sort of natural and mineral resources. To transfer these resources, Gwadar Port is the most appropriate Port to bridge the Gulf region between the said regions with international market since Gwadar Port is the shortest route for these regions to access warm water.

Therefore, Gwadar Port has been considered an economic hub for Pakistan as most economic powers would try to use the Port of Gwadar for their import and export. Due to the Port of Gwadar, Pakistan can strengthen its political and economic ties with Gulf and Central Asian countries. Moreover, Gwadar Port would also attract international and multinational companies, firms, investors, and tourists as Pakistan has already ensured security to everyone. To further boost the importance of Gwadar Port, Pakistan would allow the Gwadar Port for free trade and would declare the Gwadar Port as a special economic zone (Haider, 2005). Such announcements of the government of Pakistan would not only help boost the importance of Gwadar Port, but would also end poverty in Baluchistan and bring the economic prosperity in other parts of Pakistan. What pleases Pakistan the most about Gwadar Port is the strategic supremacy and more benefits to Pakistan vis-à-vis India. It must be noted that most of the Asian states, which are landlocked countries, find other routes to warm water very costly and highly lengthy as compared with Gwadar route. Thus, they prepare to use the Gwadar Port, which ultimately boosts the importance of Gwadar Port.

### **ECONOMIC IMPACT OF CPEC FOR PAKISTAN**

A number of the prospective economic impact of CPEC for Pakistan are identified and presented below under thematic topics.

#### **Supporting increase in the GDP Growth**

With the billion dollar investments under the CPEC project, the GDP growth has been recorded from 4.7% to 5.4% during the fiscal year 2015-16. Pakistan's GDP has experienced ups and downs due to various economic and political dynamics. Still, after the inception of CPEC, the annual GDP growth rate is expected to increase at 2 to 2.5 percent until completion of the project (CPEC Fact Sheet, 2018). CPEC investments would ultimately attract Foreign Direct Investments, which will open up business avenues within the country and enhance the exports of Pakistan and the GDP growth rate (Farooq & Khawaja, 2019).

#### **Infrastructural Development in Pakistan Under CPEC**

The quality of infrastructure has a significant role in any nation's development and socio-economic prosperity (Kundi, 2017). A massive investment of US \$15 billion has been allocated for the infrastructural development across Pakistan mainly roads, railways, mass transit schemes, industrial zones and development of Gwadar. It connects the developed southern regions of Pakistan to the underdeveloped backward northern regions with improved infrastructure of roads and highways (Husain, 2017). Thus, CPEC will play an important role in the development of all provinces and would strengthen connectivity within provinces by ensuring facilitation of the intra and inter-provincial trade within Pakistan (Hussain & Hussain, 2017).

The agreement and collection of projects known as CPEC have been the largest ever investment of a country on the soil of Pakistan. Therefore, the leaders of Pakistan called the CPEC as the game

changer of 21<sup>st</sup> century in Pakistan since it would establish the infrastructures of Pakistan, bring economic development, political stability, and strengthen the military. The CPEC would further boost Pakistan-Chinese relations and integrate the two nations so closely. In addition to this, the CPEC would connect Pakistan with the rest of the world and boost the importance of Gwadar Port manifold. Therefore, it is said that the CPEC is a gift for the citizens of Pakistan.

Besides the construction of many roads and railway, the renovation and up-gradation of the previous roads would take place under the CPEC in Pakistan. The construction of Orange Line Metro in Lahore has been started under the said project worth approximately 1.6 billion dollars (Syed, 2018). The commercial project, which is 27.1 km long is believed to bring prosperity in Lahore (Syed, 2018).

### **Energy Sector Development in Pakistan under the CPEC**

The CPEC would also reduce the shortage of the electricity in Pakistan. It is noted that Pakistan generates 24830 Megawatts energy daily, which is insufficient as 4500 Megawatts daily is further required to end the deficiency (Aslam, Khan, & Rafi, 2016; (Sayed, 2019)). Under CPEC, a project of \$33 billion is executed for energy sector (Malik, 2015). It was concluded in CPEC that the Exim Bank of China would provide loans to private power companies at the lower interest rate of 5 to 6 percent to construct energy plants in Pakistan (Chen, 2020).

CPEC is significantly contributing to reducing the energy shortfalls and strengthening the energy sector. Out of the total CPEC Investment, US \$35 billion has been allocated for the energy projects in Pakistan. This considerable investment has resolved the energy shortfall and also contributed to the industrial sector, severely affected by the energy shortages in Pakistan. The CPEC Fact Sheet (2018) reveals that 12,230 MW electricity has been contributed by the CPEC energy projects within the energy sector of Pakistan. These projects are established in KP, Punjab, and Sindh, which are based on coal, hydro, and wind energy that include Coal-fired Power plant Sahiwal 2x660MW, Engro Thar Block II Coal Fired Power Plant 3x330MW, Coal-Fired Power Plants 2x660 MW at Port Qasim Karachi, Imported Coal Based Power Project 300MW at Gwadar, SEC Mine Mouth Power Plant & SSRL Thar Coal Block-I 6.8 Mtpa, Coal Fired Power Plant 320MW at Hub, CPHGC 1, Mine Mouth Oracle Power Plant (1320MW) at Thar & surface Mine, UEP 100MW Wind Farm (Jhimpir, Thatta), Hydro China Dawood Wind Farm 50MW (Gharo, Thatta), Sachal 50MW Wind Farm (Jhimpir, Thatta), Three Gorges Second Wind power project/three Gorges Third Wind Power Project, Naran, Karot Hydropower Station, Suki Kinari Hydropower station, and Quaid-e-Azam 1000MW Solar Park at Bahawalpur (Rashid, Zia, & Waqar, 2018). These contributions effectively decreased the energy shortfall and resolved the issue of electricity load-shedding in the urban and rural areas of Pakistan.

The game changer, CPEC is a blessing for Pakistan since it would develop the prestige of Pakistan internationally and bring socio-economic development in Pakistan. With the help of Chinese banks, the Chinese companies have initiated their works in Pakistan in the energy sectors. The construction of Solar Power Plant by the Zonergy Company of China in Bahawalpur City under the CPEC project is aimed to end energy crisis in Pakistan (Kousar, Rehman, Zafar, Ali, & Nasir, 2018). The Solar Power Plant of Bahawalpur, occupying 6500acre land, is the largest plant in Pakistan. Moreover, it would generate 1000 Megawatts electricity that would help boost the energy sectors

in Pakistan (Anwar, Ashraf, & Alam, 2018). Another plant, namely, the Suki Kinari Hydropower project in Kaghan Valley KPK province, is estimated to add 870 Megawatts energy in Pakistan (Gul, 2018). This project is sponsored by Exim Bank of China which is worth of \$1.8 billion (Gul, 2018).

The CPEC also included the Early Harvest Coal project worth 5.8 billion (Munir & Khayyam, 2020). Moreover, the two local power plants which have been constructed by Shanghai Electric Company would generate 660 megawatts as the part of Thar-1 project in Sindh. The Matiari to Lahore transmission electric line has been constructed by the Chinese Electric Power Equipment worth \$2.1 billion (Vats, 2016).

Besides Sindh province, Punjab Province also enjoys many projects under the CPEC. The Sahiwal Coal Power Programme has been constructed by Chinese companies namely; Huaneng Shandong Company and Shandong Ruyi Science and Technology Company. The said coal power project was estimated to generate 1320 megawatts electricity with the worth cost of \$1.8 billion (Akram, 2018).

Many projects are part of the CPEC agreement in Baluchistan. The Chinese Power Investment Company with the collaboration of Hub Power Company would construct the Gaddani power plant in Gaddani which is estimated to generate 660 megawatts electricity in the country (Ali, Fahrioglu, Zuberi, & Qureshi, 2017). The said plant is constructed without any interest rate.

A pipeline for the natural gas from Gwadar to Nawabshah which is approximately 711 km, is proposed to be constructed under the CPEC agreement (Hamid & Khan, 2020). The plan was discussed to make the part of Iran-Pakistan (IP) gas pipeline project. The hope of long-awaiting IP project once again rose after the conclusion of the CPEC where China has shown strong interest in this regard. The Gwadar to Nawabshah pipeline distance is believed to be sponsored by China under the CPEC which is worth \$2.5 billion (Hamid & Khan, 2020). Furthermore, China Petroleum Pipeline Bureau, a state-owned Company of China has decided to construct the said pipeline.

The CPEC would enhance the economic growth of Pakistan. After the investment of China and its firms in Pakistan, Pakistan would become a hub of economic activities where the regional states equally take part in trade activities. The initial \$46 billion increased to \$67 billion has already boosted the trade and investment activities in Pakistan. The renovation and construction of infrastructure and bridges have changed the economic destiny of Pakistan. Pakistan's energy crisis, and load shedding, has significantly been reduced.

### **Boosting Tourism Industry**

Tourism, the multi-dimensional service industry, has a vast scope to contribute to Pakistan's development process and poverty alleviation. This sector has vast opportunities and resource potential, which have not yet been effectively utilized to develop tourism industry in Pakistan. Despite this negligence, nature and adventure, culture and heritage, religious tourist destinations, and coastal tourism still attract hundreds of thousands domestic and international tourists from all over the world. The development of infrastructure within Pakistan is playing an important role in flourishing tourism industry in KP and Gilgit-Baltistan. The tourism industry of Pakistan has grabbed \$2.728 billion in the domain of international tourism in the year 2016 as per statistics of World Bank (2019). Domestic and international tourism has significantly added to the overall contribution of the tourism industry in the GDP growth rate of Pakistan. The overall direct

contribution of the tourism industry in the GDP was US \$8832.1 million, which accounts for 2.9 percent of the total GDP during the year 2017. This contribution increased to 3.2 percent as the direct contribution to total GDP and is expected to experience per annum increase by 5.9 percent from 2019-28 of total GDP of Pakistan. Apart from the direct contribution of the tourism industry in the GDP growth rate, various other sectors are also influenced by the Tourism and Travel industry which accounts for the 7.4 percent (22,286.3 Million) during the year 2017 and 2018 while it is expected to rise by 7.8 percent of total GDP of Pakistan during 2019-2028. Though the COVID-19 pandemic severely hit the world in the first quarter of 2020 and all economic activities all over the world, especially tourism industry has been hampered by it but work on the infrastructure is continued under the umbrella of CPEC. It can help in the revival of tourism industry of Pakistan especially the international tourists who will be having access to the previously unapproachable areas of Pakistan due to improved infrastructure.

### **Creation of Employment**

Over the past two decades, unstable economy of Pakistan increasingly caused unemployment. CPEC emerged as a beacon of hope for the unemployed people, especially youth of Pakistan as employment opportunities will be increased along the routes of CPEC through the construction of Special Economic Zones (SEZs). Alongside the industrial development, a substantial investment has been brought by CPEC in the Pakistan's energy sector, Gwadar port, IT & Telecommunication industry, and transport infrastructure. The projects under CPEC are divided into three phases, first – Short-term projects (2014-20) and the early harvest projects, which were completed in 2018; second – Medium-term projects (2021-25) and the Long-term projects (2026-30) (Abbas, Liu, Wasti, Munir, & Abbas, 2019). In the initial phase, CPEC has created 30,000 jobs for the people of Pakistan as per the statistics of Pakistan's Ministry of Planning (2017), while additional 800,000 direct jobs will be created till the completion of CPEC project in 2030 and expected to minimize the unemployment by 2.32 million in Pakistan. CPEC Fact Sheet (2018) also revealed that 3/4th of the employees working under the CPEC projects are from Pakistan and the remaining 1/4th are from China.

### **Developing Marginalized Areas of Pakistan**

CPEC is dedicated to bringing inter-provincial integration within Pakistan and is contributing crucial role in developing economic and industrial hubs in the underdeveloped and marginalized areas of Pakistan to boost economic activities across Pakistan. To achieve robust industrialization process, Special Economic Zones (SEZs) will be established in all four provinces of Pakistan under the CPEC umbrella. These SEZs will have 21 mineral processing zones and 29 industrial zones in the marginalized areas of all provinces (Ahmed, 2018). Keeping in view, CPEC is bringing economic prosperity and development in the marginalized provinces of Pakistan mainly Baluchistan, Gilgit-Baltistan, and KP (Farooq & Khawaja, 2019). Baluchistan will be the most benefitted province under the CPEC project due to the presence of Gwadar port and thus, its marginalization and deprivation will come to an end vis-à-vis other provinces of Pakistan.

### **Economic and Infrastructural Impacts of CPEC in Baluchistan**

Under CPEC, the infrastructure of Baluchistan has been developing rapidly. Baluchistan, the largest province of Pakistan, has been deprived of infrastructure badly. However, after the conclusion of



CPEC, many roads have been developed rapidly. Infrastructure has been termed as the 2<sup>nd</sup> pillar of the state economy by the World Economic Forum (WEF.) They believe that no nation can succeed until it develops its means of transportations and communication. It has been observed by researchers that infrastructural development would skyrocket the pace of economic development because human resources would be utilized properly, the land would become valuable and delivery of materials and goods would take place faster and sooner. In globalization, the nations which lack the proper infrastructures would be at risk since they would not compete with actors of the international community. Actually, roads connect the people with markets and industries. It would also boost the investment ratio as raw materials would get easy access. Furthermore, the routes bring socialization, political mobilization, and social integration.

Baluchistan is believed to be the most backward and poverty-hit province of Pakistan which lacked basic infrastructure and felt a sense of deprivation. The extreme grievances of Baloch nation, the sense of deprivation and lack of proper attention to the poverty-stricken province led Baluchistan to have tensions with the central government that destabilized the political and socio-economic lives of people of Baluchistan. However, CPEC which passes most of areas of Baluchistan is extremely valuable for Baluchistan since it would not only connect the far-flung areas of Baluchistan with the other provinces of Pakistan, but it would also create job and investment opportunities, bring economic development and ensure the socialization process.

On the other hand, Baluchistan, which consists of 43 percent of landmass of the entire Pakistan geography, finds a very scattered population. Moreover, due to the weak infrastructure and communication gap, most of the land of Baluchistan is barren and unproductive. Agriculture in Baluchistan is equal to nothing. Being a huge province, the provincial government of Baluchistan has failed to ensure proper agriculture cultivation and industrial production. While driving in Baluchistan, one becomes restless to find a hotel or restaurant at a near distance. Besides roads and communication unavailability, apart from Quetta city, Baluchistan lacks good hospitals, schools, and technical centers. People from Baluchistan travel at a long distance approximately twelve hours to access Karachi or Quetta for medical checkups or higher education.

But, right after the conclusion of CPEC agreement of Pakistan with the government of China, Baluchistan became centre of attention since Baluchistan hosts the most important city of Pakistan, Gwadar. The CPEC did not only connect Baluchistan with the mega cities of Pakistan, it also bridges the communication gap between Islamabad and Baluchistan. Moreover, people of Baluchistan can easily access the mega cities of Pakistan to fulfill their needs. The Quetta to Gwadar road, which connects the entire Western Baluchistan, has been constructed under the CPEC.

It is worth noting that besides bridging the communication gap through networks of roads, the CPEC also provides opportunities to the local people of Baluchistan to launch their own business. Keeping the strategic importance of Baluchistan and its gateway to Central Asian Republics, along with China, international community would wish to start different sort of investments in Baluchistan where the ultimate benefits go to local people. To technically educate the local people of Baluchistan and make them valuable human resources for the country, the government of Pakistan has announced to establish universities and colleges in big cities of Baluchistan.

In addition, China which is regarded as a giant economic power of Asia, opens a large number of investments and projects in Baluchistan where the job opportunities have boosted up.

### **Challenges to CPEC**

There is no doubt in CPEC to be termed a fate changer for Pakistan since it would bring economic development, enhance investment opportunities, and ultimately help reducing poverty. However, for the full-fledged and successful operation of CPEC, the signatories might face internal and external challenges since South Asia is already notorious for nuclear confrontation, ethnic disputes, terrorist activities, religious extremism, and territorial conflicts. India, one of the immediate neighbours of Pakistan, is the strongest regional opponent of CPEC (Conrad, 2017). Therefore, India would go to any length to disturb the mega projects and other developmental works initiated under the umbrella of CPEC. Specifically, Pak-Afghan and Pak-Iran borders would remain the major concerns for Pakistan in terms of insecurity and cross-border terrorism, since India has been witnessed in financing the anti-Pakistan elements in Kunar and Nuristan Provinces of Afghanistan (Muhammad & Shah, 2017; Naazer 2019).

CPEC has been considered the ever-biggest investment of China on a foreign territory that would bring economic development in Pakistan and make China and Pakistan economic partners in the region. The economic partnership of China with Pakistan would make Pakistan much stronger vis-à-vis its neighbouring states (Makhdoom, Shah, & Sami, 2018). Moreover, CPEC would also boost the strategic significance and geo-economic importance of Pakistan in the region. The CPEC has equal value for China because routes from Kashgar to Gwadar Port would reduce the transit-route distance of China. China has been using the trade transit route from the Yellow Sea to the Indian Ocean through the Strait of Malacca which also cost China with heavy taxes. Apart from heavy taxes and lengthy routes, China has to pass the South region of India, a traditional foe of China. However, the Belt and Road Initiative (BRI) via CPEC project would reduce the trade route distance, which is cheaper, safer, and easier for China (Ameen & Kamran, 2017). No doubt, CPEC would bring political integration, regional development, and economic and investment enhancement in the region; however, it would also provoke the regional and extra-regional opponents of CPEC, such as the US, India, Israel and Afghanistan to disturb CPEC related projects in Pakistan.

Historically, enjoying the unconditional benefits of warm water, India would not easily allow Pak-Chinese strategic partnership to ensure the full-fledged and successful operation of CPEC in Gwadar coastal belt. Gwadar coastal belt is one of the most geo-strategically important regions of the world due to its proximity to the Indian Ocean, the Strait of Hormuz, Gulf and Middle region. Therefore, India would go to any length to sabotage CPEC agreement. It is believed that India opposes CPEC for the following two reasons: firstly, both Pakistan and China are the traditional foes of India, and the economic development and political integration would endanger the Indian dream of regional supremacy and dominance (Hong, 2007), and secondly, the successful operation of CPEC would change Pakistan's fate, connecting it with regional and international economic giants. Most importantly, the Gwadar Port would provide a gateway to Afghanistan, and the Republics of Central Asia (Anwar, 2010) to access warm water and reduce their dependency on India. As a result, India would lose the title of "beautiful bride" of South Asia.

Seeing the factors mentioned above, India uses the Afghan and Iranian territories to disturb CPEC related programs (Ganguly & Howenstein, 2009; Naazer 2019). It has also been reported that Research Analysis Wing (RAW), a secret agency of India has formed a special wing to work out and collect information related to CPEC in Pakistan (Hussain, 2017). The wing has been assigned the task to sabotage CPEC projects by any means. Even during his visit to China, N. Modi, the Prime Minister of India, expressed deep apprehension and concern about China's agreement with Pakistan (Ali, 2020).

There is no doubt that India has been witnessed and even exposed to exploiting the anti-Pakistan elements in Afghanistan and Iran via financial and logistic support (Pant, 2010; Naazer 2019). Certain evidence fortified that India has exploited, trained, and funded the extremists, terrorists, and separatists groups in Afghan soil against Pakistan, which is the apparent violation of the Charter of United Nations. The hell-designed intention of India has been to carry out attacks on the construction works in Pakistan via its agents, primarily, attacking the Chinese engineers and labor forces that have been meant to sabotage Pak-Chinese strategic economic partnership (Anees, 2019). Undoubtedly, Pakistan has done its best to ensure the security of the workers, engineers, and other projects, deploying security personnel; however, the deployment of security forces on every project and construction would have been a costly option.

India has also been witnessed financing the Chabahar Port in Iran for its modernization, extension, and development (Rafee, 2017). The India financial support to Chabahar Port has been meant to reduce the geo-strategic and geo-economic importance of Gwadar Port which is at only 72 km from Chabahar Port (Takrim, 2013). India has further committed to spreading a network of roads from India to Iran via Afghanistan wholly aimed to counter CPEC in the region. Moreover, Iran has also feared that after the successful operation of Gwadar Port, Chabahar Port would reduce its geo-strategic importance. However, the officials of Pakistan clearly have expressed that Gwadar Port has never been designed to compete with Chabahar Port. In addition to this, the Indo-US cooperation in the Indian Ocean has been another regional strategy of India to deter Chinese products in the Indian Ocean, which is expected to be carried out via CPEC transit routes since both, US and India have been the traditional opponents of Chinese political and economic development.

On the other hand, Pakistan is well-informed about the external challenges to CPEC, which are most probably operated in Afghanistan, Iran and, the Indian Ocean. Therefore, Pakistan has put extra efforts to convince the Afghan and Iranian leaderships for regional peace and harmony. For this very purpose, the high civil and military officials of Pakistan, met the Afghan president to discuss issues faced by the region. However, Iran also has to realize that exploitation of regional terrorists and extremists would equally disturb Iran.

On the other hand, the Chinese autonomous area, Xinjiang, located in the northwest of China, is ethnically disturbed area since many ethnic groups are inhabited such as; the Russians, Mongols, Uyghur, Kyrgyz, Hui, Tajiks, Kazakhs, Han and etc. It must be noted that the small separatist groups are found in the said autonomous area of China. Therefore, concerns are being raised that to disturb CPEC, the very region of China might be exploited. Undoubtedly, China has strict security in Xinjiang, but it is believed that the international opponents of CPEC might drag their fingers into the region to disturb the agreement, which is a challenge for China.

There is no doubt that Balochistan is the center point of CPCE due to its geo-strategic location. Moreover, the three designed routes of CPEC, known as Western, Central, and Eastern routes, pass through Balochistan before entering other provinces of Pakistan. Therefore, Balochistan is the most significant point of CPEC. However, the nationalists' figures of Balochistan have serious reservations over the implementation and installment of CPEC related programmes. They are witnessed raising deep concerns over the construction of roads, mega projects, and job opportunities in Balochistan in general and Gwadar in particular. They have been found saying that the policies and strategies of government in Gwadar would bring demographic changes, political isolation, and economic deprivation for the local people of Balochistan (Abid & Ashfaq, 2015).

### **Recommendations**

The CPEC is termed to be a game-changer and fate changer for Pakistan. It would not only boost Pakistan economically and politically but it would also make the region rich with economic power. Moreover, it ends the socio-economic inequality, eradicates poverty, raises job opportunities, and ensures social integrity since first time a huge investment has been invested in Pakistan by a foreign country. Therefore, all parties of Pakistan need to fully support the agreement so that it would be materialized timely and honestly. The leaders need to set right approaches for all provinces so that the grievances may be addressed in no time. The leaders have to unite and integrate altogether for the national cause. Federal government ought to take all the provinces into confidence and discuss with them the costs and benefits of the projects.

The Baloch insurgents who want to sabotage the projects, ought to be dealt with soft hands and with the language of love and education because use of military can never be a permanent solution. Educational institutions, vocational centers, and job opportunities would obviously change the minds of youths and they would slowly and gradually stop joining the insurgent groups.

Apart from local challenges, the government of Pakistan ought to be aware of the dirty game of international actors in Pakistan generally and Baluchistan specifically. Before the international actors exploit the local groups, Pakistan has to create a sense of patriotism by ensuring justice and equality among the local people.

### **CONCLUSION**

CPEC would benefit both parties, Pakistan and China. The said corridor would reduce the land route of China from 12000 to 3000 where it can access warm water within few days. To quickly deliver the products to the international market, the CPEC would provide the shortest and more secure route to China as compared the Yellow Sea through Strait of Malacca. Thus, China would be the biggest economic giant of the international community within the shortest period. On the other hand, Pakistan would enjoy the economic benefits not only through the routes of CPEC agreement, but also through other projects financed by China. It is believed that the CPEC would change the fate of Pakistan and make Pakistan an economic tiger of South Asia. Furthermore, the CPEC agreement would boost the prestige and morale of Pakistan at international forums. However, along with benefits and opportunities, the CPEC would also create challenges for Pakistan since certain international actors would do every possible action to disturb the CPEC. Therefore, Pakistan has to be well-informed about every development in the region.

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