



**RESEARCH PAPER**

**Towards Modern South-Asia: China-Pakistan Economic Corridor its Components, Challenges and Opportunities**

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**ABSTRACT**

This research aims to explore the challenges, and opportunities of the China-Pakistan Economic Corridor (CPEC) both for Pakistan and China. This investigation is based on primary and secondary sources of data collection. It is believed that CPEC will improve infrastructure, trade, financial integration, mitigate the energy crisis, fostering China-ASEAN people-to-people bonds, influence over the south Asian region, minimizing the regional issues, and ultimately a way of promoting China-Pakistan's regional connectivity. It will open the doors to maintain the peace in the region and minimizing the Kashmir issues between Pakistan and India. CPEC is expected to enlarge China's political leverage over the Asian nations, whereas the linked countries will become China's clients. China will also gain diplomatic, strategic and political advantages from the corridor as well as influence over the region. Full operationalization of the initiative will not only bring prosperity and peace to Pakistan but also the whole region.

**KEYWORDS** BRI, Challenges, China, Components, CPEC, Opportunities, Pakistan

**Introduction**

After the announcement made by Chinese President Xi Jinping on China's Belt and Road Initiative (BRI) (yidai yilu 一带一路), the mega project has since received much criticisms for being perceived as vague and ambitious. In response to these claims, China, through the report of China's 18th Central Committee, made it clear that BRI is an initiative to focus only on economic development primarily through infrastructure, finance, trade, and a form of fostering China's international cooperation (Mengjie, 2017). China's official statement further added that the initiative's (CPEC) key purpose is to promote the connectivity across Europe and Asian nations (Ministry of Foreign Affairs & Ministry of Commerce, 2015). In that note, China started building strong relations with the international community under the umbrella of this mega project. Such ties are the basis for the BRI visions, whereas, the communications also constituted independent partnerships with particular states (Evron, 2019).

South Asian states, primarily Pakistan, have become an intrinsic part of BRI. In this case, China made ties with Pakistan through CPEC, one of the BRI segment. China-Pakistan Economic Corridor commenced in 2015 during Chinese President Xi Jinping's visited Pakistan. Since its announcement, China has made over more than 60 billion dollar investment in the CPEC projects in Pakistan. This mega projects acts as a framework for promoting regional connectivity through transport infrastructure (roads and railways) and

the Gwadar Port. The achievement of regional connectivity not only benefits both China and Pakistan but also create a positive impact on its neighboring countries, including the Central Asian republic, Iran, India, as well as the entire region. Having improved transport networks (roads, railways, and the port) boosts geographical ties in the region through people's contact, constant free exchange of growth, a transaction of higher volumes of trade and businesses, harmony in the area, development, and progress of a region of shared destiny. This initiative will steer economic growth & development, restore peace, and creation of a win-win model that will intervene all concerns and brighter future for the region (Ministry of Planning, 2018a), (Begum, Ashraf, & Muzaffar, 2019) & (Shah, et. al.2020).

Pakistan locates at South Asian and the Middle East junction. It is further situated in-between the Persian Gulf and the Arabian Sea. Continued rivalries with Russia and the U.S. powers and relentless hostilities with its neighboring India and Afghanistan, not only motivated Pakistan to join the CPEC initiative but also become a key participant in the BRI. Pakistan further required the effort to counter hostilities that balance the power at Indian border. Whereas the corridor projects are under construction, Pakistan's west border is full of hostilities opposing the mega project. The aggressions include Kashmir disputes, accusations of line control, cross-border interferences & assassinations. Another reason for Pakistan to participate in CPEC is financially support and development in the energy sector. On the other hand, the BRI's core purpose is to economically support countries within the initiative lines, especially those countries with a weak economy. Therefore, the corridor enables the economically vulnerable states to mediate both economic and logistic issues so that the member states can confidently materialize the initiative (Ministry of Foreign Affairs & Ministry of Commerce, 2015).

### **Literature Review**

It is devastating from the records that Pakistan has been experiencing an energy crisis for more than a decade. Since part of CPEC projects deals with the energy sector, Pakistan will ideally restore energy shortages it suffers. In this regard, the ex-secretary for water and power of Pakistan, Muhammad Younis Dagha, stated that through the corridor, Chinese firms are going to invest more than \$35 billion in 19 power plants in Pakistan that will generate more than 12134 megawatts (MW) electricity (Chinese Firms, 2017). Declan (2013) expressed that terrorism has caused paucities in Pakistan's power generation capacity. He, therefore, explained that the CPEC investment in the energy sector not only develop the powerful energy sector, but also Pakistan's economy (Declan, 2013). Pakistan, therefore, considered the initiative (CPEC) as an icon to foster the long term relationship it has with China. Many bodies of experts expressed that if the project is materialized, so Pakistan's economic condition, internal situation, and energy sector will be stabilized, whereas, China may get highly benefit from this mega project (Rasool & Kundi, 2018). This mega driver (CPEC) is considered word's one of the biggest project for development and regional connectivity (Hussain, et al, 2021) & Rahim, et. al. 2018). CPEC is also measured as a geopolitical, geostrategic, and economic interdependence and cooperation between the two "all-weather" friends (Bhattacharjee, 2015). This mega project will transfigure the geographical position of Kashmir into an economic hug of the region, may minimize the Kashmir issue between the Pakistan and India and may play the vital role in establishment of peace in the region (Hussain, et al, 2021). Even though the project mutually helps the two countries, China and Pakistan, however, there are many challenges and uncertainties, both internal and external, the two countries expect in the process of materializing the project (Siddiqi, 2018). The study will then highlight the key components, critical challenges, and opportunities for both countries experienced in executing CPEC projects.

### **The Key Projects under CPEC in Pakistan**

#### **Infrastructure**

China made it clear in its BRI announcement that one of the primary purposes of the initiative is to enhance the regional connectivity across EURASIA and the Middle East through a transport network over sea and land (Ministry of Foreign Affairs & Ministry of Commerce, 2015). Therefore, infrastructure, roads, railways, and ports are the major parts of this initiative. To reinforce transport infrastructure, China has already invested \$ 5145 million in the construction of 966-kilometre motorways, while, \$8212 puts aside for the creation of railway lines in Pakistan (Ministry of Planning, Development & Special Initiative, 2018b). Execution of CPEC projects is a vital step towards the achievement of BRI core goal of connecting China with the Arabian Sea, the Middle East, and the South Asia. The CPEC initiative will not only improve Pakistan transport infrastructure, but also accelerate its economic growth and enhance its connectivity with China and other nations. “Table 1” and “Figure 1” below show infrastructure projects under construction and up-gradation through CPEC.

**Table 1**  
**CPEC Infrastructure Projects**

Project Name	KM	Estimated Cost (US\$ M)
<b>Roads</b>		
KKH Phase II (Thakot -Havelian Section)	118	1305
Peshawar-Karachi Motorway (Multan-Sukkur Section)	392	2846
Khuzdar-Basima Road N-30	110	80
Up-gradation of D.I. Khan (Yarik) - Zhob, N-50 Phase-I	210	195
KKH Thakot-Raikot N35 remaining portion	136	719.8
<b>Total:</b>	<b>966</b>	<b>5145.8</b>
<b>Railways</b>		
Expansion & reconstruction of existing Line ML-1	1872	1872
Havelian Dry Port	-	40
Capacity Development of Pakistan Railways	-	-
<b>Total:</b>	<b>-</b>	<b>1912</b>

Ministry of Planning, Development & Special Initiative, Pakistan, <http://cpec.gov.pk/infrastructure>.

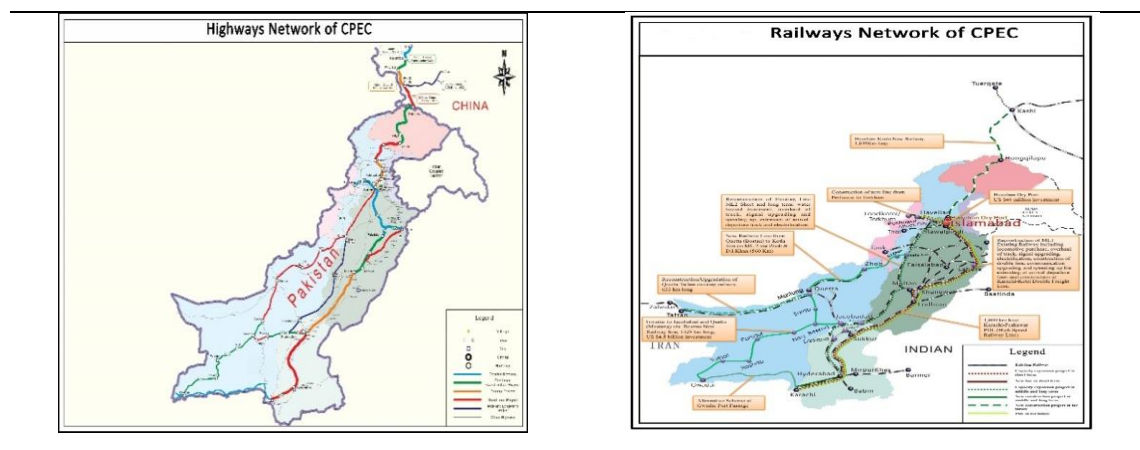


Figure 1. CPEC Infrastructure Projects in map

Source: Ministry of Planning, Development & Special Initiative, Pakistan, <http://cpec.gov.pk/maps>.

**Special Economic Zones and Gwadar Port**

China-Pakistan Economic zones are essential for it falls under the CPEC umbrella, and at the same time, it contributes to the enhancement of regional connectivity across the continent, a principal goal of BRI. In that instance, the federal government of Pakistan developed a comprehensive strategy aimed at establishing 37 Special economic zones (SEZs) across its four provinces as well as other areas of the country under CPEC to improve industrial production (Zia, et al, 2018) & Muzaffar, et. al. 2018). The SEZs have been considered as vital in both industrial and economic development for both countries. In support of the SEZs, the Chinese ex-Ambassador to Pakistan, Sun Weidong, expressed in his statement regarding the importance of Gwadar Port that:

*“Pakistan’s strategic Gwadar Port, being developed by China under a \$50 billion initiative, will have a unique place in Beijing’s ambitious plan to link itself to the Middle Eastern market and expand its economic influence in the region, according to a top Chinese diplomat (Varma, 2017).”*

Pakistan’s ex-Federal Minister for Planning & Development, Ahsan Iqbal, expressed that Pakistan has the potential for entering into industrialization phase under the CPEC just like the developed countries, including Europe. He further revealed that with the provinces' ownership, industrial zones are expected to fully operationalize in the next 2-3 years under the CPEC initiative (CPEC, 2017). The minister further added that:

*“To take advantage of Pakistan’s natural resources, economic zones will be established under CPEC, one each in all the four provinces, FATA, Azad Kashmir, Gilgit-Baltistan, and two by the Federal Government in Islamabad Capital Territory and Port Qasim at Karachi (Ministry of Planning, Development & Special Initiatives, 2017a).”*

The involvement of Chinese and Pakistani high-level officials in this mega project, in particular, Gwadar Port increased the value of the corridor. In that note, both China and Pakistan have a plan to transform the Gwadar Port into a trading hub and spot for economic development. “Table 2” and “Table 3” below shows SEZs and Gwadar Port projects under construction and under up-gradation through CPEC.

**Table 2**  
CPEC Gwadar Projects

Project Name	Estimated \ Cost US\$ M
East-Bay Expressway	140.60
New International Airport	230.00
Construction of Breakwaters	123.00
Dredging of berthing areas & channels	27
Development of Free Zone	32
Necessary facilities of freshwater treatment	130
Pak China Friendship Hospital	100
Technical and Vocational Institute at	10
Smart Port City Master Plan	-
Bao Steel Park, petrochemicals, stainless steel	-
Development of University	-
Development of fishing, boat making and promote livelihoods of the local population	-

Ministry of Planning, Development & Special Initiative, Pakistan, <http://cpec.gov.pk/gwader>

**Table 3**  
CPEC Special Economic Zones (SEZs)

Project Name
Rashakai Economic Zone, M-1, Nowshera
China Special Economic Zone Dhabeji

Bostan Industrial Zone
Punjab - China Economic Zone, M-2 District Sheikhpura
ICT Model Industrial Zone, Islamabad
Development of Industrial Park on Pakistan Steel Mills Land at Port Qasim near Karachi
Bhimber Industrial Zone
Mohmand Marble City
Mogpondass SEZ Gilgit-Baltistan
Ministry of Planning, Development & Special Initiative, Pakistan, <a href="http://cpec.gov.pk/special-economic-zones-projects">http://cpec.gov.pk/special-economic-zones-projects</a>

### Challenges in CPEC Implementation

Pakistan's full participation in the BRI through CPEC has cemented many projects between Pakistan and China. In particular, the CPEC projects (motorways and Gwadar port) located in the Northern belt of Pakistan (Baluchistan–Khyber Pakhtoon Khwa Provinces) are significant to both countries. However, many constraints are underway for both countries in the process of realizing the initiative projects.

### Challenges for China

The following are internal and external challenges affecting China.

#### Internal Challenges

Both cross-border alliance and development are part of the significant difficulties every country faces. On that note, the application of BRI initiatives to politically and economically unstable nations is highly challenging. After inaugurating CPEC, China experiences many criticisms from its people concerning the massive investment made in South Asia, mainly Pakistan. Also, China faces many internal difficulties, including Chinese banks lacking adequate experience in both cross-border trade and international transactions while financing the BRI initiative. In that connection, analyst and business expert Vicky Ma expressed that Chinese banks lack exposure in the global market. He stated that:

*“They (Chinese Banks) may not be fully aware of typical project finance models or the multi-national risks involved. It is crucial that before any investment decision is made and before contracts are negotiated, that you identify the risks and work out how to address them (Chance, 2016).”*

Also, another expert, Huw Jenkins, added that;

*“Security law in China focuses around physical assets such as land, buildings, and machinery, but in large projects, a lot of value is in the contracts, the cash sitting in an account, and how you control the arrangements. Many of the Chinese bankers on these deals are learning how to structure security arrangements over those sorts of assets for the first time (Chance, 2016).”*

Another restraint facing China is ethnicity affecting the division of the initiatives returns. Also, most regions in China have no idea about the initiative focused on the neighboring states, and they feel that their federal government has abandoned them. In that note, Tibet and Xingjian's regions are the most undeveloped areas in China. Most of the terror activities targeted in China and neighboring countries, as well as violations against the government, are plotted in the underdeveloped regions. Chance (2016) also expressed that “Policy incoherence, internal resource struggle, and ethnic tensions marred implementation of the one belt, one road (Chance, 2016).”

#### External Challenges

China faces many external constraints in the process of fully operationalizing the BRI and CPEC. The European Council of Foreign Relations (ECFR) quoted the Renmin University report that due to “zero-sum thinking” (零和博弈”式的解读) the Silk Road is now experiencing numerous criticisms from both China’s neighboring states and the regional powers. ECFR further added that “China’s One Belt One Road (OBOR) is not an alliance and comes with no political strings attached” (European Council of Foreign Relations, 2015). Number of other authors weighted the BRI initiative with U.S. Marshal Plan and rhetorically termed BRI as “China’s Marshall Plan” (Hussain, et al, 2021).

One of the Chinese analysts expressed that China is experiencing threats from external powers such as Russia and United States. The superpower nations fear that China was going to take over control of the region through the BRI’s initiative. In equal measure, India is worried about BRI’s initiative influence in South Asia in the form of CPEC. In this regard, many states may engage in territorial disputes caused by the sharp wave of those opposing BRI initiative. China, therefore, should be careful when countering this kind of scepticism and build strong ties with its neighboring states to resolve their disagreements and seek joint development (搁置争议, 共同开发). Therefore, China’s Minister for Foreign Affairs stated that China would need to ignore regional conflicts and instead work together to increase global expansion and growth. The minister further invited: "setting aside dispute and pursuing joint development" (China's Foreign Affair Office, 2018).

The Chinese experts cautioned the Chinese government about the recent terrorist activities conducted against CPEC as well as political instability that marred Pakistan, Thailand, and Myanmar. Even though powers like India, Japan, and Russia are critical players of BRI, they are significant threats to the BRI/CPEC initiative. Their influence will significantly undermine the projects. Chinese analyst Zhang further expressed that associations such as South Asian Nations (ASEAN) and other powers oppose the project and blamed China to control the region. In response to these views, the Chinese Foreign Minister Wang Yi elucidated in his words that:

*“OBOR was not a ‘tool of geopolitics’ (地缘政治的工具) and “China’s OBOR is ‘not directed against any specific country or organization’ (不针对任何国家或特定的组织) but is a ‘useful complement’ (有益补充) to existing international and regional institutions (European Council of Foreign Relations, 2015).”*

Another Chinese analyst Jia Qingguo also mentioned the threats to CPEC along the Pakistan-Afghanistan border. He highlighted that countries along the CPEC routes, including Afghanistan, are underdeveloped, and instead, they experience administration inefficiencies and corruption. On the same note, he expressed that the withdrawal of U.S. and NATO troops from Afghanistan increased the Taliban’s strength of collapsing the Afghan government and ruling over the state. Taliban’s control will significantly threaten the CPEC success (European Council of Foreign Relations, 2015).

### **Challenges for Pakistan**

Pakistan also experiencing many internal and external difficulties in the process of materialising the CPEC.

#### **Internal Challenges**

Security issues, Baluchistan & KPK reservations, and political instability are the main challenges affecting Pakistan.

#### **Security Elements**

Rivals of Pakistan adequately know about CPEC and its fruits benefitting China and Pakistan. Therefore, they do everything possible in their power to sabotage the initiative. The enemy has already targeted many sites, especially those under CPEC projects using various parties such as nationalist extremists and religious groups. In the process, the militant groups targeted many Chinese workers and engineers working in construction sites. According to reports, numerous armed groups such as East Turkmenistan Islamic Movement, Islamic State of Iraq and Syria (ISIS), Baloch Liberation Front, Lashkar-e-Tayaba, and Tehreek-e-Taliban Pakistan have aligned themselves from Xinjiang (China) to Gwadar. Each of the militant group wants to collapse CPEC to fulfill their desires. Besides, the terrorists kidnaped and killed foreign workers in Pakistan. Security issues in Pakistan were felt in Chinese leadership and they continuously urged the Pakistani government on several occasions to provide more security for its workers in Pakistan. To mediate the security issues in Pakistan, a Chinese delegation led by Dr. Zhang Chongping (Chairman of the China Group Companies Association), as well as other experts met with Pakistan security panel to lay-out a security plan to counter terror activities on CPEC projects and its workforce in 2015 (Bhatti, et al, 2020). In return, Pakistan military authorities promised the Chinese officials they would ensure security and safety for its workers in Pakistan. That is when the Pakistan Army deployed Special Security Division (SSD) comprising of 15000 troops under the command of Major General to spoil any attempt to intimidate the security of CPEC projects and its workers. The SSD was to protect CPEC and its persons using aerial support to monitor CPEC and its persons and quell terrorist attempts. So far, the Operation Zarb-e-Azb has yielded positive results in spoiling both leadership and communication lines of militants in Waziristan and FATA areas in Pakistan. Also, operations against armed groups are successful in the Karachi area (Inter-Services Public Relations, 2018).

### **Political Issues**

Political instability is prevalent in Pakistan that has also threatened the success of the corridor. The 2014 postponement of Chinese leader Xi Jinping's planned visit to Pakistan confirms the political tension in the state that delayed the CPEC initiatives in the country. Further, opposition parties blamed the Government of Pakistan and Punjab government for diverting CPEC routes. Hameed (2018) observed that a project (CPEC) that can bring the economic boost in the country is being marred by the political dissension (Hameed, 2018). The political tensions in Pakistan have, therefore, caused fear among Chinese leaders, especially after spending billions of dollars on the corridor. In that connection, Zheng Xiaosong, the Chinese Vice Minister of the International Department, urged Pakistan political parties to unite for the successful completion of the mega project. In his words, he said:

*"Political parties in Pakistan have divergent interests. We hope that the political parties can work together to resolve their differences and make CPEC a success."*

The Vice-minister dismissed the perception that claimed CPEC was meant to benefit one province, and instead, he emphasized that the corridor was for entire Pakistan. In his words, he expressed:

*"We need public support for guaranteeing 'safe and stable environment for investment' and developing 'sound political and public opinion' for the project (Down, 2016)."*

### **Baluchistan and Khyber Pakhtoonkhwa Reservations**

Both Khyber Pakhtoon Khwa (KPK) and Baluchistan showed full reservations concerning the distribution of the CPEC projects. The tickets waged against the corridor pose a significant threat to the completion of the initiative. Even though Gwadar Port is underway in Baluchistan, numerous dissents Baloch's continuously opposed the CPEC (Gwadar Projects), claiming it an injustice for it has deprived local Baloch opportunities. On the same concerns, many Baloch leaders, including, Baloch Republican Party (BRP) leader Brahamdag

Bughti, are the most prominent critic of the CPEC and have gone further to demand referendum for Baluchistan's future under the United Nations. The same miscreants kidnap and kill Chinese workers deployed on CPEC projects, mainly the Gwadar Port project in Pakistan (Hameed, 2018).

Just like Baluchistan, many political leaders from KPK province also openly blamed the then central government (in 2017) for diverting CPEC original routes from KPK to Punjab to benefit Punjab only, terming it as the biggest injustice done to KPK. The province reservation has challenged the government of Pakistan to solve it successfully (Hadi, et al, 2018). The KPK provincial Amir of Jamaat-e-Islami, Mushtaq Ahmad Khan, complained that the central government of Pakistan has invested more than 80% of CPEC projects in Punjab province while only 1.4 % goes to KPK.

Pakistani journalist, Saleem Safi, further outlined various mistakes made by the government of Pakistan on the CPEC initiatives. He claimed that the government politicised the project more than done work and heavily focused the CPEC in Punjab and China. He expressed that the government of Pakistan was hiding its mistakes in secret, whereas, when it goes unclassified, it will be the biggest corruption scandal ever experienced in Pakistan's history (Safi, 2018). Finally, in May 2015, ex-Prime Minister of Pakistan Muhammad Nawaz Sharif called All Parties Conference (APC) to resolve their reservations regarding CPEC (Haider, 2015).

### **External Challenges**

The following are the primary external constraints affecting Pakistan in materializing the CPEC.

### **India's Reservations**

India has openly remained hostile since the announcement of the CPEC initiative based on accounts of ideological differences and Kashmir issue (Rasool & Kundi, 2018). India opposed the CPEC project passing through Kashmir/Gilgit Baltistan, an area India considers part of Indian Kashmir. Hence, in 2014, Indian Prime Minister Narendra Modi officially visited China and formally rejected the CPEC routes passing through Azad Kashmir. Also, the ex-Foreign Minister for India, Sushma Swaraj, explained journalists that Prime Minister Modi was resolving the Kashmir issue with the Chinese government. She further termed the CPEC in Kashmir as unacceptable (Rifaat & Maini, 2016).

India further considered CPEC as the cause of unfair competition in the international market and expected it to cut down transport and logistics costs of export/imports in the global market, which India feels it threatens its handicraft, textile, the supply of raw material, Original Equipment Manufacturer (OEM), and other trade in the international market. The reduction costs ease the importation of raw materials from China to Pakistan. Thus, Pakistan is likely to be the regional market leader soon. However, India feels threatened by these concerns, and therefore, is entirely against the CPEC (Yaseen, et al, 2017).

In expressing their rejection on CPEC, Pakistan's Intelligence Agencies found the Indian hands to sabotage the project (Hameed, 2018). Also, it became clear through the documents Chinese Security Agencies shared with the Pakistan government that Research and Analysis Wing (RAW-Indian security agency) is at the front line to spoiling the mega project. Kulbhushan Jadhav, an Indian spy, was sentenced in Pakistan after admitting to sabotage the CPEC projects, and the plan takes place in Afghanistan. In the same venture, Indian Prime Minister Modi, during his independence speech, revealed that RAW has links with Baloch leaders (Amjad, et al, 2017).

### **Bangladesh**



Bangladesh Information Minister Hassan-ul-Haq Anwar revealed during his interview with an Indian newspaper that the Bangladesh government-supported Indian government stand regarding Baluchistan's support. Bangladesh's government expressed that the Pakistani government mistreated Baloch people by not giving them their fair share from CPEC. In that instance, the information minister added that the Bangladesh government would announce the Baluchistan policy to support the Baloches.

### **Afghanistan**

India has invested millions of dollars as well as increased its role in Afghanistan also. Indian security agencies have helped Afghan militants with money, arm, and training aimed at spoiling the CPEC initiative (Ibid). To counter India's motive, Pakistan and China promised with Afghanistan to get CPEC fruits if they participated in the corridor (Fatima, et al, 2019).

### **Opportunities of the CPEC**

Although many challenges faced both the countries towards CPEC, however, there are also numerous opportunities created by the corridor for Pakistan and China.

### **Fruit for China**

The CPEC projects, especially the silk-road connecting China and Cairo, places China at the center of history and destiny for the region. The following are the fruitful opportunities for China.

### **Economic Benefits**

The positive economic gains from CPEC will be the same for China and Pakistan. The Chairman of the Xinjiang Uyghur Autonomous Region, Shokrat Zakir, said that Xingjian province is the most underdeveloped region in China. On the same Venture, the former Ambassador to Pakistan, Lu Shuling, expressed that full operationalization of Gwadar Port will improve the economy of China's Northwest Province Xingjian, which separates from China's Coastal ports by more than 4500 kilometers. He further added that the corridor enhances the economy by saving China's energy and strengthening the development of the underdeveloped region (China's Embassy in Pakistan, 2015). Poor connectivity also made it difficult for China to connect and trade with the Central Asian countries; therefore, operationalization of the Northwest route and CPEC will enhance China's connectivity with its Northwest neighbours, and concurrently transact over a billion dollars in trade (Hussain, 2020).

The CPEC initiative further shortens the routes linking China with EURASIA states and beyond. Also, Gwadar Port slashes millions of dollar costs for China investing on transport and it further reduces the distance for China to trade with Gulf and African states (Fatima, et al, 2019). Initially, over 70% of China's oil is sourced and transported from Africa and the Middle East through 5000-kilometre Malacca strait. Transportation took over a month before it reached China. However, the completion of the Gwadar Port will significantly reduce the time and cost of oil shipping for China (Fatima, et al, 2019).

### **Strategic and Diplomatic Advantages**

Besides enhancing economic and connectivity, CPEC also promotes the diplomatic and strategic advantages for China. Further, the corridor is an instrument that not only allows China to be recognized as an Asian tiger but also reduces the external influence and may enhance China's control over the region (Khan, et all, 2015). The instant diplomatic and strategic advantage of CPEC is to secure Iran, Afghanistan, and Pakistan from Xingjian liberation movements.

The CPEC initiative also has a geopolitical and strategic advantage for China, for it is an alternative to the Strait of Malacca. In case the Malacca strait is threatened by external influence, for example, U.S. and India, China could still transport its oil through CPEC routes comfortably. The Megaproject mainly Gwadar port not only operates on security and trade-related activities but also it is a source of diplomatic and strategic advantages to China (Khan, et al, 2015).

### **Geopolitical Significance**

BRI/CPEC is expected to enlarge China's political leverage over the Asian nations, whereas the linked countries will become China's clients. By being China's participants, China will ensure it assists its clients. In the process, the steps china take enhances its geostrategic and geopolitical relations (European Parliamentary Research Services, 2016). Also, through CPEC, the linked countries will get an opportunity to interact and share their concerns, whereas each state official can visit China and learn CPEC benefits. The entry of officials into China state will enable China to explain its purposes and at the same time, build strong relations with its members. The conferences will also allow China to demonstrate its national position on each issue.

### **Opportunities for Pakistan**

CPEC have also numerous opportunities for Pakistan as, Mian Muhammad Nawaz Sharif, ex-Prime Minister of Pakistan, expressed that the project will uplift Pakistan's economy and its strategic objective. He further added that:

*"We, in Pakistan, feel proud of aligning ourselves with the new Chinese vision for regional connectivity and shared economic prosperity purported to be realised through the revival of the old Silk Route and building of the CPEC. It would indeed be a win-win situation for both China and Pakistan and the region. This unique factor will help Pakistan's friend like China in furthering its economic and strategic objectives (Sharif, 2015)."*

### **Economic Benefits**

Many infrastructure projects constructed under CPEC in Pakistan will creates many financial opportunities as well as improve Pakistan's sluggish economy. The project constitutes more than 3000 kilometers construction of dry ports, railways, and roads from Karachi to Kashgar. Completion of the CPEC projects will significantly improve millions of lives of people residing in the region. This mega project enables China and Pakistan to transact with half of the world nations, whereas enormous positive gains will go to Pakistan (Fatima, et al, 2019). Under the CPEC initiatives, Pakistan plays a role as a bridge that enables China to connect with other countries of Africa, Europe, and Asia through the Maritime Silk Road cutting across Pakistan. This mega project may further open gates for Pakistan and China to connect and trade millions of dollars with Central Asian states hence improving their economies (OECD, 2018).

During the 50th CPEC Progress Review Meeting held on September 21, 2017, Ahsan Iqbal explained that this mega project transforms Pakistan by ensuring inclusive development, providing a stable economic platform, and integrating Pakistan's economy with regional economies. Further, the corridor will entirely change Pakistan from being a terrorist hub to a place for billions of dollars investment (Ministry of Planning, Development & Special Initiatives, 2017). In the same venture, Pakistan's Ministry of Planning and Development of Pakistan reported that Pakistan's envisioned to advance from the current low-income status to upper-middle-income nation under the corridor by 2025 (Ministry of Planning and Development, 2018).

### **Infrastructure Development**

Infrastructure development is an essential requirement to Pakistan to meet with the international community development level. Pakistan may move towards modernized phase of development through this initiative (CPEC) and initially upgrade the highways, roads, ports, railways and other infrastructure. Enormous technology is being transfer to Pakistan (from China) to materialized the CPEC projects and this technology not only benefits to Pakistan in infrastructure development but also educate the Pakistani people to learn and get skilled with the new technology. Besides solving traffic issues, the corridor will also create numerous job opportunities for the people within the region (Fatima, et al, 2019). The mega project further uplifts the Pakistan economy and at the same time, plays a decisive role in intervening competitiveness, poverty, and economic growth.

### **Energy Control**

Energy shortages have affected the entire Pakistan and business people for decades. As a result, many industries and businessman shifted from the country in search of places with adequate energy supply. The worst energy crisis in Pakistan history occurred between 2008 and 2013, hence, Pakistan needs an urgent energy supply to manage the energy crisis and facilitate economic growth. Annually, Pakistan invests 2-2.3 % of its GDP in the energy sector, whereas the energy is still inadequate (Iqbal, 2019).

Therefore, the completion of the CPEC is an ideal step to manage energy shortages in Pakistan and at the same time, make the Pakistan economy stand on its feet again (Ministry of Planning, Development & Special Initiatives, 2019). In his statement, the Chinese Ministry of Foreign Affairs' spokesperson, Hua Chunying, explained that the energy projects under the corridor would significantly mitigate the energy crisis in Pakistan. She further emphasized that 11 out of the 17 priority energy projects were under construction, whereas their completion will produce thousands of Megawatts electricity in Pakistan (CPEC, 2019). On the same venture, Ahsan Iqbal expressed that the CPEC energy projects are expected to produce more than 10000 Megawatts (MW), which will mitigate energy crises in Pakistan. The accomplishment of the projects will, therefore, return the emigrated industries to the country and also modernize Pakistan (CPEC LPT, 2019).

### **Security, Peace, and Prosperity**

Federal Minister Ahsan Iqbal explained that the economic strength of any nation defines its safety and future aspects, whereas the commercial size determines its global relations and politics. He further added that Pakistan's future is bright under the umbrella of the CPEC as it will enhance peace, prosperity as well as the productive environment in Pakistan. Dostain Khan, the chairman of Gwadar Port added that besides poverty reduction in Baluchistan, the corridor will maintain security, peace and prosperity in the entire region. The corridor is, therefore, one of the mega projects in Pakistan's history that will construct and upgrade roads, highways, railway lines, dams, textile & industrial fields, and other areas that will significantly create numerous jobs, remove inequalities among the provinces, and ultimately improve the lives of peoples of the region (CPEC Archive, 2017).

### **Recommendations**

CPEC is a critical part of BRI aimed at South Asia, mainly Pakistan. China has already made over \$60 million worth investment in the corridor in Pakistan. The mega project constitutes many sub-projects, including transport infrastructure, energy plants, Gwadar Port, and Special Economic Zones under construction from Pakistan to China. The study unfolds that the corridor helps Pakistan to modernise, improve its regional connectivity, control energy crises and ultimately, it is a game-changer to Pakistan. Full operationalization of the initiative will not only bring prosperity and peace to Pakistan but also the whole region. In the same venture, China may get high benefits from this mega project primarily through trading with South Asian and Middle East countries. China will also gain diplomatic, strategic and political advantages from the corridor as well as influence over the region.

**Conclusion**

It is imperative to conclude that there are many uncertainties and challenges, both external and internal, experienced by Pakistan & China in the process of realising the corridor. The internal constraints facing China include internal criticisms to invest in politically and economically unstable countries, Chinese banks are inexperienced in the international transaction & cross-border trade, and unfair CPEC shares given to Tibet and Xinjiang provinces. Whereas the external challenge facing China includes full opposition by foreign powers, including the U.S., Russia, and India, because they fear the initiative will threaten their influence in the region. India openly rejected the corridor in Pakistan for the same reasons. On the other hand, internal challenges such as political protests against CPEC routes, provincial issues, and security issues faces Pakistan, while the external constraints include Bangladesh allegations, India's reservations on corridor's ways as well as Pakistan's enemies are massively supported to destabilize the CPEC initiative.

This study further recommends that for the smooth materialization of the CPEC and the associated connectivity projects in South Asia, China will need to collaborate, dialogue, and ultimately win the confidence of both regional and international powers relating to the corridor in the region. The study further suggests that China will need to be the third party in mitigating South Asia's issues associated with CPEC, in particular, among Pakistan, Indian, and Afghanistan and further resolve Pakistan's internal obstacles to facilitate CPEC success.

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