

CPEC: Game Changer For Economy or Genesis of Regional Instability

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Abstract

In the modern era, the world economy is the backbone of prosperous countries, and even for the low and middle countries. The economy has turned into a religion that has been practicing more than any religion in this world. The world is passing through the era of alliances being nurtured on the mutual economic interests among the nations. China Pakistan Economic Corridor consists of big infrastructure projects. The CPEC intends to support Pakistan in power, communication, expansion, and revitalization of industrial hubs and improvement of metropolitan services. Moreover, the project earmarked the transitional railway project for the provincial capital of Sindh. Soon, the CPEC will link with all the road networks with one route, and that is CPEC. In April 2015, the president of China, Mr. Xi Jing Ping, honored Pakistan with his economically profound visit in which he signed agreements ranging from 46 to 51 billion US dollars. The economist ranked the agreed investment equivalent to 20 percent of our beloved country's Gross Domestic Product (GDP).

Keywords: Belt Road Initiative, China Pakistan Economic Corridor, Instability, Projects, Roads,

Introduction

Pakistan and China have been glued with the forever ongoing project. CPEC is a self-sustain project that will change the socio-economic dynamics of the region. The gigantic project is a combination of hundreds of small projects in Pakistan's northern and southern parts.

Considering the socio-economic impact of the project as a backbone of Pak-China friendship, the CPEC has played a vital role in geopolitical development in South Asian Region. Moreover, the project has started a significant contribution in strengthening the sinking economic situation of small provinces of Pakistan.

The review article intends to unpack the impact of China's intervention in socio-economic and at strategic level. Growing role of China in South Asia as economic giant invites researches to dig out the potential impact of the project.

The project will strengthen the overall development indicators and will boost the development process. The investment size of the project is more than the accumulated investment and aid Pakistan has received from 1947. (Hussain, 2015).

Chinese President Xi Jinping proposed regional economic prosperity. The Belt and Road Initiative (BRI) has long-term ambitions for regional and sub-regional accessibility to the markets. The project will create millions of jobs and business opportunities in Pakistan, contributing to the country's overall economic prosperity.

The project is a critical milestone agreed upon by the two countries' leaders, emphasizing advancing the journey of construction and development through this mega project. Fortunately, CPEC has the full support of the mainstream political elites and being recognized at the national level with the support of citizens of Pakistan and China. (Salik, 2018).

The premiers of the Republic of China and Pakistan are always willing to start the implementation of the project. In this regard, the visit of Li Keqiang, Prime Minister of the Republic of China, in May 2013 was the turning point in which his excellency proposed the project of 64 billion dollars.

In continuation of the visit of the Chinese Premier, Mr. Nawaz Sharif visited China in July 2013 and signed a Memorandum of Understanding (MOU). With the signing of the MoU, both countries were agreed to kick start the CPEC project.

So far, implementing big and important projects has been going on efficiently and consistently. Moreover, it is on a journey of constructive development. The CPEC is being implemented with complete planning over time. If things go unaffected, it will play a lofty and sublime role in promoting a bilateral relationship with Pakistan and China (Hussain, 2017).

The economic corridor project is the long-lasting economic journey to strengthen the lasting strategic partnership between Cochin and Pakistan and achieve ordinary building and development. It is worth mentioning that CPEC is fueling Pak-China relations with a new dimension and a new vision as CPEC will benefit and uplift the whole of Pakistan and bring hot cake pragmatics to the people of Pakistan. The CPEC will effectively promote Pakistan's economic and social development. The project intends to construct infrastructure to increase access to markets and bolster the development strategy of both friendly countries. Moreover, increasing integration in which the interest of the people of both countries is hidden. Similarly, under CPEC, the two countries are committed to building and developing with a standardized and comprehensive strategy, completing several significant projects that yield positive results, and other countries in the region besides China and Pakistan (Shah, 2015).

Principles Construction of the Project

The size of the CPEC intervention, which requires extraordinary project management, CPEC's construction journey spans 2017-2030. Successful cooperation of CPEC requires joint and tireless efforts of the corporate, construction, and investment companies under the umbrella of governments of both countries. To successfully implement the construction project, including roads, bridges, and industrial hub, stakeholders convinced to adapt Integrated Project Cycle Management (IPCM). Moreover, in terms of the progress and initiatives, the mutual consensus through effective consultation will be part of the plan through the formed coordination/project management committee structures.

The benefits of the structure have been working to move the progressive agenda by designing work plans with clear milestones. Furthermore, long-term plans are being converted into short-term plans, which are being tracked against the milestone.

The project is divided into phases that help both countries move sturdy on the project initiated in 2018. In addition, both countries are agreed to achieve the project completion target by 2030 with all the targets/milestones.

The IPCM is continually engaged with the planned milestones and has been coordinating with the focal persons of both countries to pour the required technical and financial resources.

Moreover, multiple suppliers and vendors are engaged to obtain the technical services to run the project in maximum flow as defined in the master plan. However, investor conferences are on the way to invite investors to pour the maximum investments. Such opportunities are being driven aggressively with human resources division to achieve sustainable development (Curran, 2016).

Pakistan and China have agreed to promote extraordinary economic cooperation as a blueprint for "1 + 4," in which CPEC plays a vital role in identifying megaprojects. Governments of both countries are agreed and prioritized the construction of an industrial hub, boosting progress on the already initiated port in Baluchistan.

The short and long-term strategic plans are considered most appropriate. Therefore, the stakeholders of both countries will further look for opportunities to promote cooperation in economic prosperity. Both countries agreed and prioritized metropolitan planning, literacy including technical education, research, and development in the science and technology sector and expand over time so that China - The scope of Pakistan All Round Co-operation can be further expanded (Salim, 2016).

The world's natural port is located in the city of Gawadar, Baluchistan. The port is the central point of CPEC and is one of the major projects of the mega project. The construction of the port is under the supervision of China Overseas Ports Holding Company Limited (COPHC) that has initiated the construction work. Transport and logistics fleets have been arriving at the port since 2016. The first commercial convoy of the CPEC pilot project was held at Gwadar Port in 2016.

Meanwhile, a fleet reached the port carrying a shipment from China to Pakistan in July 2016. It marked the history of the transit route laid from north to south of Pakistan. Today, Gwadar port is exporting a large number of containers to foreign countries. Conway paved the way for Gwadar port from Pakistan and introduced a new dimension to providing facilities in this port (Shah, 2016).

Projects of CPEC

It is an indisputable fact that the energy sector is a source of fresh blood to bolster the sinking economy of Pakistan. The economic development of our beloved country has a significant dependency on energy. Energy is considered the lifeline of Pakistan's economy. Consequently, the launch of the China-Pakistan Economic Corridor in Pakistan has accelerated the construction of energy projects, and today the fruits of this mega project have helped achieve sustainable development in Pakistan by overcoming the energy crisis. Under the two sides, 16 projects have been made part of the top priorities while five are underway. The total energy generation of all of them will be 17,045 MW. Out of the 16 priority projects under CPEC, nine projects have been activated and added to the national grid while the rest is in progress. Energy projects completed by the end of 2019 include Bahawalpur Punjab's 400 MW Quaid-e-Azam Solar Park, 50 MW Dawood Wind Farm, Sachal 50 MW Wind Farm, Port Qasim 2×660 MW Coal-Fired Power Plant, Sahiwal 2×660 MW Coal-Fired Power The plant includes 660 MW Hub Coal Power Plant, 100 MW Jampher UEP Wind Farm, China Three Gorges Second and third Power Project and two $\times 330$ MW Engro Thar Coal Power and Mining Project, while 870 MW Ski Kanari Hydro Power (Tribune, 2015).

Projects such as 1320 MW Thar Block One, 330 Hub Thar Coal Power Project, 330 Thal Nova Thar Coal Power Project Block Two, 720 MW Krut Hydro Power Project, 600 MW Quaid-e-Azam Solar Park and Lahore transmission line from Matiari (Port Qasim) are underway Kohala Hydro Power Project, 300 MW Gwadar Coal Project, 1320 MW Thar Coal Project Block-Six, 50 MW Kachu Wind Power Project and 50 MW Western Energy Pvt. Ltd, however, wind power projects are also included in the plan (Butt, 2015).

Efficient and faster transportation networks are critical to economic growth. In that regard, CPEC will pave the way for the North-South corridor in Pakistan. The Sukkur-Multan Motorway (M-M) is currently one of the six Early Harvest Projects worth 15 15,000 million in infrastructure. The state has used the constructed roads and networks to connect and improve the CPEC route. The Thakot-Havelian section of Karakoram Highway is nearing completion. In addition, East Bay Expressway, Gwadar, and New Gwadar International Airport are under construction and

matters related to NDI Khan-Zhob Motorway and ML-1 Railway (The News, 2016).

Similarly, the Public Sector Development Program includes 5 CPEC infrastructure projects costing 15 15,000 million. Lahore-Multan Motorway, Sohrab-Khushab, and Gwadar-Turbat-Khushab have reached completion, while Hukla-DI Khan Motorway and Zhob Work on the Kochalak Expressway is in progress (DAWN, 2017).

Industrial cooperation is one of the essential areas of CPEC. Industrial cooperation is of utmost importance for expanding and expanding economic cooperation between the two countries and paving new avenues of development. It is also an unquestionable fact that enormous opportunities for cooperation in this sector have been exploiting. The future can be assured. In this regard, China has distinctive expertise and capacity in the technical sector, although our country can benefit from its resources, workforce, and favorable market conditions. At the same time, the two countries can move forward to promote industrial cooperation further and accomplish benefits and win-win results(Tiezzi,2016).

In the same way, under the framework of CPEC, the two countries launched mega industrial initiatives to inject energy into the country's industrial growth. These initiatives including Haier-Roba Economic Zone (2006) Phase II and the Gwadar Free Zone. The groundbreaking ceremony of Gwadar Free Zone was held on 1 September 2016, drawing the business community's attention to CPEC. Under the CPEC framework, China Overseas Ports Holding Company Limited (COPHC) has ensured the construction of the Gwadar Free Zone. China is keen to provide high-quality industrial capabilities to its longtime friend and ally Pakistan and encourage well-known Chinese companies to invest in Pakistan (Rana, 2015).

Meanwhile, Pakistan expects to determine the locations of the special economic zones politely and thoughtfully and formulate preferential policies in the special economic zones of mutual consent and provide a favorable environment and facilities. Likewise, the two nations have been haggling to fortify modern collaboration if much-remaining parts as before it is expected that the two nations will receive financial and social rewards through the different stages with a mutually beneficial position (Kiani, 2015).

However, the supply side country has provided loans with easy conditions to accelerate the Optical Fiber Cable (OFC). The OFC laid from Khunjab to Rawalpindi. In addition, the Chinese company has finalized pre-feasibility to assess the initial feasibility and financial projection on the use of digital terrestrial multimedia broadcasts in Pakistan. Ever since China announced the CPEC, more and more time and energy have been devoting to finding flaws, piercing them, and raising concerns based on assumptions and speculations (Chohan, 2015).

If the same investment had announced in another developing country, the national reaction would have been: What steps should we take to maximize the benefits of the economy? What weaknesses and shortcomings need to be addressed in the current situation? However, this kind of thinking is not in our nature. Either we seem to be mood to celebrate and congratulate ourselves, or we continue to exaggerate the condemnation and the unexpected dangers (Times of India, 2015).

Dooms and Dilemma of CPEC

There are three types of reservations against CPEC.

- First of all, there are those for whom the whole project is reserved for Punjab only, and the other three smaller provinces will not have their equal economic share. By fomenting regional and ethnic bias, concerns are raised that these plans will not significantly impact.
- The second is that the country will be heavily indebted, and Pakistan will have to borrow again because of the expenses. Terrible figures like the total amount of 110 billion are also being heard.
- Third, some Baloch youth believe they will become a minority in their province. The main reason for this concern is mistrust rather than potential economic benefits.

The government has not disclosed the details of capital structure, details of sources of investment, information about the sponsors of the project regarding CPEC, so matters have not been resolved, and confusion remains (Rafiq, 2017).

To address some of the concerns, this article suggests to the Planning Commission and the Pakistan Institute of Development Economics (PIDE) that the overall benefits of CPEC projects be assessed and monitored for costs and benefits. Use an adequate cost-benefit analysis framework (Rafiq, 2017).

Perks and Privileges of CPEC

The benefits can be of three types.

- Indirect benefits can be estimated through annual growth in the energy and infrastructure sectors, i.e., gross value added. If the energy sector rate is more than 1, then a 2% increase in energy production and consumption will increase the gross national product (GDP) by 2% from the current level.
- Indirect benefits can be measured by the various effects of the activities that result from the indirect demand for products and services.
- Under CPEC, the construction of roads and eliminating energy shortages can make some economic activities viable and reduce skilled labor migration from the affected areas (Fingar, 2016).

Cost and Expenses of CPEC

Expenses can be of four types.

- Indirect costs of investment in power generation, transmission and distribution, and road construction;
- Indirect costs: Large investments increase the installments, and the local prices of some products and services increase as much as possible. When the projects are completed, the installments will also decrease.
- Unavoidable additional costs: Due to the lack of required quality and characteristics in domestic products, imports will have to be made to meet the shortfall.
- Available Expenses: With proper planning, coordination, and better arrangements, the benefits of higher costs can be achieved at a lower cost while maintaining quality.

Thus, net profit can be estimated by subtracting the total cost from the total benefit. This calculation is not so straightforward, and there are many theoretical, practical, and measurable difficulties. The most challenging part is comparing measurable indirect benefits or costs with indirect benefit and expense estimates, as the latter two are based on a few assumptions. Therefore, economists collect new data through monitoring experiments that can be used to make accurate estimates. As a result, your outgoing expenses are minimized, and the scope of your indirect benefits expands, and ultimately your net benefits increase (Bloomberg, 2016).

The issue of disposable expenses can be illustrated with the help of two examples. If Chinese managers and talented and technical staff continue to be deployed here until the project is completed, the cost per worker will be higher than that of Pakistanis due to higher wages due to security, housing, mobility, and overseas. If the government plans to deploy Pakistanis to these positions through proper training, internships, and study assignments under the supervision of Chinese trainers, it will also reduce costs and increase net profit. This will require coordination, goal setting, monitoring, and handing over to vocational and technical training institutes, private training institutes, and provincial governments (Mawish, 2015).

Likewise, it is a probable estimate that at least 100,000 additional trucks will be required to transport construction materials, import and export trade, and additional volume of products. If the investment is not made in the sub-sectors before demand reaches its peak during CPEC projects, transport prices will rise, and thus there will be a competitive loss for Pakistani exports. In this way, the cost of CPEC projects will also increase, and thus the indirect costs will increase. However, if an estimate is provided to Pakistani trucking companies, they can expand their existing capacity with parts and parts suppliers. Indirect benefits will increase with the help of higher profits due to the creation of new employment opportunities in industries and cost savings from higher production (Alam, 2015).

As far as the benefits are concerned, it should be ensured that the most extraordinary and lasting benefits of CPEC go to the people living in the deprived districts of Balochistan and Southern Khyber Pakhtunkhwa. Combining these districts with the national market for goods and services will make their fishing, mining, livestock, agriculture, and

other activities economically viable. This will also create jobs and employment opportunities and thus help them out of poverty. Roads and electricity are sine qua non components of broader development as they reduce post-harvest losses, quickly deteriorate agricultural commodities, be delivered to markets as soon as possible, and reduce the cost of delivery to markets. Hence, farmers have more money, and they can use it to buy agricultural products, and thus the second round of economic activity will take place in these districts (Malhotra, 2015).

CPEC and Regional Stability

With or without the consent of the civilian government in Islamabad, Beijing appears determined to advance the CPEC in both cases. Even though the implementation of the CPEC projects appears to be slow, China and Pakistan intend to move forward has significant implications for regional security. The border dispute between India and China in Ladakh could provide new impetus for CPEC projects. For Islamabad, the confrontation between the Indian and Chinese troops in Ladakh has allowed them to take full advantage of other issues, including the CPEC. When tensions between forces on a disputed border continue, and India is focusing on tensions with China, China and Pakistan have signed hydropower agreements in Pakistan-administered Kashmir, to which India has raised objections (Sudha, 2015).

Recent news about devolving more powers to CPEC officials and renewing projects with economic and strategic aspects suggests that as CPEC gains momentum, these projects are rapidly slipping out of the hands of civilian authorities. Currently, the CPEC projects in the country have been renewed as the CPEC enters its second round and is expected to increase in the coming years, despite internal opposition. Nevertheless, this situation raises the question: how much control will the civilians have over the projects as they move forward? China and Pakistan have been working hard for years to revive the CPEC. At the same time, as the pace of CPEC-related projects seems to be picking up again, the project will continue to play an essential role in Pakistan's internal and external relations (Sudha, 2015).

Challenges and alignment game against CPEC

Moreover, this vital bonanza project should not be made disputed. There is the highest preference for energy and infrastructure development projects. There are many coal power plant projects in Sindh because of the nearness of Karachi port. This decision should not worry other federating units because all generated electric power is linked to the national grid and available to all four provinces, including Gilgit Baltistan Azad Kashmir and federal administrated tribal areas. The federal government has already announced that each federating unit will get its share of major and minor projects, and there will be no discrimination in any federating unit, so it is necessary to close the rumors factories to make this project successful. It is essential to brush aside all these boogies, frivolous and groundless blames and misunderstanding against this mega project. We should not play in the enemy's hand, committed to sabotaging this mega project trump card (Stobdan, 2015).

The China Pakistan economic corridor is facing the enmity of India and is seen with doubt and suspicion and some other Western countries. India misunderstands Chinese aims and considers their presence in Gwadar deep seaport to promote maritime ambitions against India to promote its hegemonic role in this region. The United States of America and others Western countries are also having such type of suspicions about the presence of China in this region. So, India has made a nefarious plan with the nexus of America to sabotage India with collusion United States of America, and some other Arab Muslim countries have knit web of conspiracy to destabilize Pakistan, especially in Balochistan. The arrest of Indian serving Naval Colonel kulbhoshan Yadav is a glaring example of this covert and overt malicious interference and enmity (Stobdan, 2015).

Some recommendation to make CPEC successful

In order to make CPEC a great success, some pragmatic recommendations should be implemented.

- Firstly, we should fight a war of terrorism with tooth and nail. We should go behind the last terrorist. This strategy is a sine qua Nan for the successful implementation of the CPEC project.

- Secondly, we have to establish a special security force to make a defense of CPEC pregnable. The government has already specified a division of the army to defend this corridor, but there is a need for more steps.
- Thirdly there is a need for an hour to create special economic zones for Gilgit Baltistan especially.
- The government needs to remove ambiguities; especially some corners are asking whether an investment is in the form of debt or equity. It is also being asked that agreements of CPEC must be brought before media and all other stakeholders. There should be a comprehensive debate in the National Assembly and Senate about this project.
- It is mentioned in the constitution of Pakistan in 1973 if there is any dispute among the federating units. Then it is directed that matter should be brought before the council of common interest, a constitutional body in this perspective. All differences among the provinces must be removed via this forum. It is pivotal to make a council of shared interest vocals and focal in the resolution of CPEC related disputes.
- The nefarious role of India must be downplayed by the use of other internationals for especially at the united nation, the General Assembly, and the Security Council. We should expose the blatant covert and overt interference, especially in Balochistan. India never misses an opportunity to malign Pakistan. Pakistan should also be vocal and articulate in the perspective of CPEC.
- Pakistan should be must very vigilant about other international conspiracies against this bonanza project.
- Financial transparency is a key to gaining the confidence of foreign investors and our masses. It will remove the fog of suspicion and promote healthy confidence among all stakeholders.

Conclusion

The review article on CPEC; game changer for economy or genesis of regional instability thoroughly reviewed and analyzed the factors that have been contributing in stability of the region by comparing the regional strategic factors. Factors such as India, Pakistan and China's strategic reservations on disputed borders, and its potential impact on the CPEC are considered while reviewing the referred literature. Furthermore, the review

articles encompassed the dynamics of the CPEC in revitalization of economy of Pakistan, and its impact on the internationally agreed economic agreements. Additionally, the paper have bird eye on the impact of CPEC on Pakistan's foreign relation with china, and USA.

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