

China Pakistan Economic Corridor (CPEC): Its Implication for Pakistan

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Headings

- [Introduction](#)
- [CPEC-Road and Belt Initiative](#)
- [Financial Mechanism of CPEC](#)
- [Energy Project](#)
- [Regional Connectivity Project](#)
- [Conclusion](#)
- [Reference](#)

Abstract

China-Pakistan Economic Corridor is a recently signed pact between Pakistan and China. This article explains the CPEC project and implications of this trade and economic corridor, particularly for Pakistan. China and Pakistan consider this project a win-win situation not only for both countries but for enhancement towards the economic and trade potential of the whole region. This article also discusses the overall details of CPEC along with its various implications. A qualitative method with the structural interview is adopted for the research.

Key Words: BRI, CPEC, FDI, SEZs, Energy, Infrastructure, Regional Connectivity.

Introduction

The finances and economic position of a country plays a pivotal role in establishing the position of a state among the comity of nations. Therefore, states interact with each other to secure their economic and trade interests. China and Pakistan, in this direction, developed their bilateral relations with special emphasis on enhancing trade and industrial activities. The economic activity between both countries started with the signing of the Trade Agreement in 1963 (Jain, 1974). Both countries pursued several economic and trade ventures in the history of their bilateral ties. After globalization and the end of the Cold War, all states revisited their relations with the other states. China resorted to an open-up policy and further escalated its economic ties, especially with the neighbouring countries. Since then, the volume of trade and industrial cooperation has multiplied between both countries. In addition, the rising India-US strategic and economic cooperation has compelled China to look for more and more investment and economic engagement with Pakistan (Fani, 2009). The most recent as well as important economic and strategic project between China and Pakistan is China-Pakistan Economic Corridor (CPEC). CPEC is expected to meet the Chinese needs of economic and industrial demands.

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CPEC-Road and Belt Initiative

Chinese President Xi Jinping visited Pakistan in April 2015; this visit is of landmark importance in the history of China-Pakistan bilateral relations. Both countries signed an agreement worth 46 billion US dollars investments in the fields of energy, infrastructure, SEZs and development of Gwadar port; it is considered to be the Chinese largest investment in any country ever. The idea of CPEC was first time proposed by Chinese Premier Li Keqiang in May 2013; it has been called as a “flagship project” of ‘Belt Road Initiative (BRI), which connects China with Asia, Europe and African countries by utilizing maritime silk route ([Jaleel, Talha, & Shah, 2019](#)).

Financial Mechanism of CPEC

The main financier of CPEC is China, as it is difficult for Pakistan to fund this level of the project. Pakistan takes some loan from China to initiate this project. Basically, China is investing in CPEC but not directly giving any amount to a government official, Chinese state-owned and private banks like Asian Infrastructure and Investment Bank (AIIB), Export-Import Bank of China (EXIM), The BRICS, Silk Road Fund, New Development Bank, SCO Interbank Association and China-ASEAN Interbank Association they all supervise and control the funding ([Makhdoom, Shah, & Sami, 2018](#)). Initially, the total cost of CPEC was 46 billion US dollars, and it is still extending and has reached around 62 billion US dollars and may increase further. Primarily 34 billion US dollars were invested in energy projects; the remaining 12 billion US dollars will be invested in infrastructure development in the form of soft loans per year 2-5 per cent interest and for twenty-year loan relaxation from China ([Khurshid, Rashid, & Zahid, 2018](#)).

According to the Center of Global Development policy report 2018, Pakistan will have to pay around 70 per cent liability to China due to high rates of interest in the concessional loan and increased overall dependency on China rather than IMF and World Bank ([Clemens & Postel, 2018](#)). IMF is now ringing bells towards Pakistan for the return of the loan amount. Raza Rabbani, as a Senate Chairman, showed his concerns for repayment of the debt; he also said, “it is not as such difficult to get foreign loans, but the major concern is how to pay back that loan with including interest. Global financiers always impose strict terms and conditions which infringe our national sovereignty. They also try to control our system, and countries like Pakistan mainly depended on foreign aid, grants and loan can easily be controlled in this process” ([“Dawn”, 2017](#)). Similarly, Malaysian Prime Minister Mahathir Mohammad said, “China comes with a lot of money, and you can borrow this money. But before borrowing, you must think that how do I pay back?’ some states only focus on the project and neglect the payment part so that’s how they lose portions of their states and we don’t want that” (“Mahathir was right, says IMF,”).

Kaiser Bengali, senior economist and former advisor of Pakistan’s government. Said, “our policy towards China has been ‘take everything you want, but it is little fiscal analysis, and no result has been carried out yet related to CPEC project cost and benefits” ([“McCormick,” 2018](#)). Correspondingly, one responded said, “Pakistani forces spend 1 billion US dollars for the security of Chinese workers and CPEC project”, and with references to loan repayment, he argued, “that repayment of the loan is not as such major problem for Pakistan because we are paying the loans and interest of World Bank and IMF since a long time so we can also pay back the loans to China as well, but the major problem with CPEC is policy flaws, bad management and absence of policy structure in Pakistan” ([unknown, 2019/ Interview](#)).

Pakistan asked China for a 1-2 billion US dollars loan to control their reserve deficit in 2018 because it has been decreasing vastly. If Pakistan wants to afford this project, they need to increase their export efficiency and open markets for private investors as well ([Fatima, Ahmed, & Rehman, 2012](#)). It shows that Pakistan does not have enough foreign reservoirs, and exports figures have also decreased. Then again, the question arises of how Pakistan will be able to pay back foreign debt. So, like past, Pakistan will have to take another loan for the repayment of its existing loan payments along and interest. As Raza Rabbani quoted that borrowing money is no problem, the major problem is how to pay back that debt. In this way, Pakistan

not only needs to enhance its exports but also to invite foreign investors along with China to come and invest in Pakistan. But for this purpose, it is important to provide a peaceful and secure environment to investors who bring FDI.

CPEC a Flagship Project

It is a flagship project of China's 'Belt Road Initiative (BRI)'; China's Foreign Minister Wang and President Xi Jinping termed the project as a part of its 'foreign policy project'. CPEC provides an access route to China from Gwadar to the Middle East and warm water Indian Ocean. It is not a single route. Rather it is a network of roads, rail and fibre optics connecting Kashgar China to Gwadar, Pakistan. It is a comprehensive package of cooperation initiative. It is a development project for Pakistan. CPEC is the largest investment made in China in Pakistan. China is making Pakistan an economic hub by major focus on four sectors; Gwadar Port and city development, Energy cooperation, infrastructural development and Special Economic Zones (SEZs) (*Long-Term Plan on China-Pakistan Economic Corridor*, 2015). CPEC will also increase China-Pakistan interdependence, as Pakistan is already dependent upon China, but CPEC will increase China's dependency on Pakistan as well. Pakistan's Ambassador to China, Mr Masood Khan, said, "it is not a single road, but it is a complete network which connects China's less developed Western part Kashgar to Gwadar" (["CPEC," 2015](#)).

Ahsan Iqbal, as Minister of Planning and Reforms, launched this project and called it a "fate-changer not only for Pakistan but also for the whole region for economic development. CPEC is basically a part of China's 'Belt Road Initiatives', but now this project is entering into the dynamics of economic and commercial cooperation. The collaboration is not only based on four sectors but also extended towards global and regional mutual cooperation, growing ties, peace, prosperity and people to people contacts which will open new ventures and create millions of new jobs in every part of the state" ([Iqbal, 2017/Interview](#)). It is expected that this project will increase the GDP of Pakistan by around 7-8 per cent, but due to debt payment government will impose huge taxation on common people and will increase financial pressure on society. Throughout the history, CPEC project is the largest investment of China in Pakistan. In the ISSI China desk forum, he said, "China is making Pakistan an economic model similarly as America presented Germany and South Korea in front of the world". Dr Pervaiz stated, "CPEC provides an alternate for the route of Malacca Strait to China and also strengthens naval base in Gwadar for future war on waters" ([Cheema, 2016/Interview](#)). It shows China is trying to utilize Pakistan's strategic position for its own purposes in global politics.

CPEC is a fifteen-year project that has the following phases of development; firstly, in the Early harvest project based on energy and up-gradation of road infrastructure during (2015-2020). In the energy sector, they targeted around 10,000 MW energy generation capacity from 2018 to 2020. Secondly, in midterm project deals with the up-gradation of the Railway network, Special Economic Zones, Agricultural development and improved regional economics balance during (2020-2025). Lastly, in long term project development of ongoing projects. They are stimulating economic growth in Central and South Asia. Develop international economic zones and global influence during the completion phase (2025-2030).

Besides this development of Gwadar port, student exchange, cultural exchange programme, people to people contact and development of infrastructure goes side by side in the fifteen-year long term plan of CPEC.

The early harvest plan of CPEC comprises energy, transportation infrastructure, and the development of communication network, of whom have an equal significance. The development of any country requires enough energy resources, good communication, good infrastructure and transportation. According to statements of a Chinese official, early harvest plans cost 18.9 billion US dollars investments, of which 6 billion US dollars are in terms of government loans with a 2 per cent interest rate. Private investment costs 3 billion US dollars and 9.8 billion US dollars in commercial sectors loans with an interest rate of 5 per cent.

So, in this way, Pakistan's government has to pay only 6 billion US dollars over the period of 20-25 years ([Rehman, 2019](#)).

Energy Project

Pakistan was facing a serious energy shortfall when the CPEC project was proposed. Energy shortage caused Pakistan to go on backfoot; in order to overcome it, the focus of CPEC has been on power generating projects. CPEC project will install nineteen power plants in diverse areas of Pakistan with a worth of 34 billion US dollars. As it is stated, "CPEC mainly focus on energy production in Pakistan because China is itself dependent on energy resources". So, a huge investment has taken place in the energy sectors in the first phase of the CPEC project. All energy-related projects are entirely funded by Chinese investment with a 17 per cent profit ratio per year until Pakistan purchases the energy plants in the next 20-35 years ([Khurshid et al., 2018](#)). The nature of energy production plant is Hydral, Thermal, Coal, Solar, Oil, Gas and renewable power production. New lines of transmission and grids are established for the supply of reliable energy and to meet energy crises. According to the estimate of CPEC energy production, total energy will be 13,0005 MW by the end of 2020-2025 (*Long-Term Plan on China-Pakistan Economic Corridor*, 2015).

Mr Syed Akhtar Ali, an energy consultant and former member of the planning commission, indicated that "in the energy sector it is an investment not loan. Pakistan's government and controlled company CPPA-G is the main purchaser of electricity and has ensured that all production would be taken whether there is a need or not because they have fixed charges. In this way, it has become a compulsory payment like debt. Let us take an example of an industrial project where a Chinese company may invest, produce and locally sell or export regardless of any surety of quality and price. There is no such fixed and guaranteed prices for sale. In this case, it is a foreign direct investment (FDI). In the matter of taking and pay it considered as a loan or near debt. The liability of payment of these investments in the form of fixed cost regardless of need or demand is there", he further added that "In case of CPEC, the project is completely controlled by a Chinese company and only they can control prices. In the case of Capital expenditures (CAPEX) charged by China, it is 40 per cent greater due to manipulation of the NEPRA procedure. For the CPEC project, a special contract regime had been formulated for the energy sector other than NEPRA, which did not allow competition. Interest rates should be decreased to around 2 per cent. Without CPEC, Pakistan had a coal power tariff lift of 5.3 Usc per kWh by Senhua, a Chinese company. In the CPEC project, the rate is around 8.5 per cent plus. So, where is the potential benefit of CPEC? In some other projects which are financed by ADB and World Bank, where open competition is allowed, and ECP costs as much as 50 per cent like CPEC with open tenders. An alternative method should have been introduced to lessen the cost. Coal power tariff in most countries is under 5 Usc, including India ([S. A. Ali, 2018/Interview](#)).

One of the respondents stated about the legal context of energy projects that, "Energy production under the framework of China is not playing fairly, and there is no possibility to check on the Chinese companies and the material they are using. They even start work on the site without permission of clearance" ([anonymous, 2017/Interview](#)).

During a discussion on the labour force in energy projects, one of the respondents said that "labours working in various projects of CPEC are prisoners to save labour cost. Further, it is stated that it is not the first time China is using their prisoners as workers; they use them in Africa as well ([unknown, 2019/Interview](#)). The evidence is also available against this statement that China has a large number of prisoners in prison cells. But this statement is rejected by China, and they said that all workers belong to Pakistan and only high-rank workers belong to China. It is also said that Pakistan does not have well-trained workers language, which is another issue. To invest in the people of Pakistan, China is only focusing on investment in infrastructure. The details of all shall be given in the tables below;

Table 1. Solar Energy

S. No	Project	Company	MW	Estimated cost US\$ million	Province	Progress
1	Quaid-e-Azam Solar park	UEP Power Ltd.	1,000	1303	(Bahawalpur) Punjab	Operational
	Total		1,000	1303	N/A	N/A

Source: The Ministry of Planning and Commission and the China Pakistan Institute (22 Feb 2018)

Table 1 indicated the major solar project for improvement of energy generating capacity of 1000 MW but their production decreasing due to local dust environment and maintenance cost is also increased. Hydropower projects also show in Table 2 total production capacity based on 2693 MW with a cost of 5619 million US dollars but still only working on three projects out of five, and not a single project is completing yet. Changing in governance structure also impact the development of running projects.

Table 2. Hydro Power Plants

S. No	Project	Company	MW	Estimated cost US\$ million	Province	Progress
1	Kohala Hydro-Power station	Chinese Three George	1100	2,397	AJK	Operational 2023
2	Karot Hydro-Power Station	Chinese Three George	720	1,420	AJK/Punjab	Operational 2020/2021
3	Suki Kinari Hydro-Power Station	CGGC	873	1,802	Naran, KPK	Operational 2020/2021
4	Phandor Hydro-Power Station	N/A	80	N/A	Gilgit-Baltistan	N/A
5	Gilgit KIU Hydro-Power Station	N/A	2,693	5,619	Gilgit-Baltistan	N/A
	Total	N/A	2,693	5,619	N/A	N/A

Source: The Ministry of Planning and Commission and the China Pakistan Institute (22 Feb 2018)

Table 3. Wind Power Plant

S. No	Project	Company	MW	Estimated cost US\$ million	Province	Progress
1	Dawood Wind Farm	Hydrochina International Engineering Co. Ltd.	50	125	(Thatta) Sindh	Operational 2017
2	Jumper Wind Farm	UEP Wind Power Pvt. Ltd.	100	250	(Jumper) Sindh	Operational 2017
3	Sachal Wind Farm	Hydrochina International Engineering Co. Ltd.	50	134	(Jumper) Sindh	Operational 2017

S. No	Project	Company	MW	Estimated cost US\$ million	Province	Progress
4	Three George second wind Power Plant	N/A	80	N/A	Gilgit-Baltistan	Operational in sept.2018
	Total	N/A	300	650	N/A	N/A

Source: The Ministry of Planning and Commission and the China Pakistan Institute (22 Feb 2018)

Table 4. Coal Power Plants

S. No	Project	Company	MW	Estimated cost US\$ million	Province	Nature of Coal	Progress	Financing
1	Port Qasim Coal Power Plant	Power China Resources Ltd.	2*660	1,980	Sindh	Imported	Completed in June 2018	IPP
2	Sahiwal Coal-Fired Power Plant	Huaneng Shandong Ruyi (Pakistan) Energy Pvt. Ltd.	2*660	1,600	Punjab	Imported from Malaysia	Operational	IPP
3	Engro Thar Block II 2×330MW Coal-Fired Power Plant My Mouth Lignite-Fired Power Project At Thar Block-II, Mine Mouth Lignite-Fired Power Project At Thar Block-II	CMEC, Engro Power Gen Thar Ltd.	4*330	2,000	Sindh	Domestic Coal	Operational 2019	IPP
4	Rahimyarkhan Coal Power plant	Huaneng Shandong Power	2*660	1,600	Punjab	Imported	Operational	IPP
5	Thar Coal Block I	Shanghai Electric	660	2,000	Sindh	Domestic Coal	Operational	N/A
6	Hubco Coal power plant	CPHGC	2*660	1,940	Baluchistan	Imported	Operational	N/A
7	The Muzaffargarh Coal-fired power plant	CMEC	2*660	N/A	Punjab	N/A	N/A	N/A
	Gwadar Coal project	TBD	300	600	Baluchistan	Imported	N/A	N/A
	HUBCO Thar Coal power project	China Power International Holding Ltd.	660	1,300	Sindh	Domestic Coal	N/A	N/A
	Total	N/A	6240	13,020	N/A	N/A	N/A	N/A

Source: The Ministry of Planning and Commission and the China Pakistan Institute (22 Feb 2018)

The coal is mainly imported from Malaysia and Africa (shown in table 4) for power production. The prime objective of the PMLN government was to reduce energy shortfall. They provided cheap energy and also met the energy requirements of the state. During their tenure, they linked energy-related agreements under CPEC to meet the energy crises; they also focused on energy production through coal. Coal power plants are cheaper and can easily be installed, but the problem is why China invested in Pakistan's coal power plants. China itself Shifted from coal to thermal for environmental issues and tried to develop an

eco-friendly power production system. For this purpose, China decreased its 400 tons of coal and will target to decrease around 800 tons in 2020 ([Hamyeun, 2018/Interview](#)). While on the other hand pushing Pakistan towards coal production and exploiting the Tharparkar coal reserves. During the SDPI seminar in Marriott Islamabad in April 2018, CPEC project director Mr Hasan Daud said, "The coal which is used for power plants is eco-friendly and has 0.1 per cent side effects". But on the other side if coal is eco-friendly and their wastage will not disturb the environment, then why China and the whole western world is moving away from coal production? ([Butt, 2017](#)).

Syed Khursheed Shah as an opposition leader of the PMLN government, said in the national assembly, "Coal power plant in Sahiwal is not eco-friendly and would affect majority population in areas of Punjab with Tuberculosis (TB)", he further added that this would be stopped under section 302 against the government. He demanded to stop Coal power plants as early as possible ("[Tribune,](#) 2017).

It is affecting human health badly, although they overcome energy crises. It is also said that people other than Gwadar are getting nothing from this. An environmentalist said, "coal power plants are badly affecting human health and the environment although they will meet the energy requirements people from Thar and Punjab will suffer a lot without any payback" ([Bibi, 2018/Interview](#)). Another argued that "Thar people are like Gwadar people, they get nothing, and government forcefully vacates their houses for the development of these projects" ([anonymous, 2017/Interview](#)).

One of the respondents from IPRI said, "it is difficult to understand why Pakistan's government opened the Sahiwal coal power plant in the core of fertile agricultural land? Sahiwal power plant will badly affect agriculture and will also affect the air and health of humans. Even China was also against it and did not want to open coal plants, but due to insistence from Pakistan's government, they agreed" ([unknown, 2019/Interview](#)). Another respondent said that China's 34 billion US dollars investment in Pakistan's energy sector is not for Pakistan progress but due to reason that China is shifting their industry in Pakistan, so that is why China is doing this all. In the energy sector, 17 per cent of profit also goes to those Chinese companies who set up these energy project. Further, she added, "mainly engineers and workers who worked in their energy power plants were Chinese and in case of any problem in energy plants they will contact China for repairing" ([unknown, 2019/Interview](#)). It seems like in the future, China will become a corporate boss, and Pakistan will become its periphery because China is doing infrastructural development without transferring or sharing her techniques with Pakistan.

Although coal projects meet the energy demands, they badly affect human health and the environment. As stated, "Pakistan's government has a short-term vision; they just focus on short-term plans which further creates unrest and economic instability" ([M. Ali, 2018](#)).

It is recommended that more focused on the installation of hydropower plants to fulfil the energy needs as compared to other alternatives sources. In the case of coal power plants, installation must be discouraged because it is already discussed that it destroys the environment and quality of life. In case of solar and wind power plants are also suitable alternatives, but they needed more investment and government attention for generating energy in the state. It must be remembered that all alternatives other than coal plants take a long time that can also cause delays in electricity production and consequently damage the credibility of the government that a democratic government can never afford.

The prime objective of any state is the national interest and well-being of the people of the state. In the case of Pakistan, it has an unstable economy and facing a lot of economic challenges, which unfortunately lead to compromise on national interest and exploitation by superpowers. In the past, for the purpose of national security, Pakistan assisted the agendas of America and now China for economic development. Accountability of energy projects related to CPEC is another concerning point as Pakistan is considered as a corrupt state with corrupt leaders that is why China is itself dealing the whole funding of CPEC. Despite this, corruption is also being observed in the CPEC project by both Pakistani and Chinese companies too.

For the purpose of accountability, both states should form a committee to keep check and balance on this project.

Regional Connectivity Project

According to the President of Rawalpindi Chamber of Commerce (RCCI), “better infrastructure gives you connectivity and shortens the time of travelling, without the better infrastructure we cannot attract the investors. With better infrastructure, we can attract investors to invest in Pakistan and can compete in the international market” (M. Z. L. Khan, 2018/Interview). Another respondent said, “this is the first time in the history of Pakistan that any foreign investment is focusing on road connectivity and up-gradation of the railway network. In the railway sector, before Chinese investment British improved railway lines and invested in the up-gradation of the sub-continent railway network for their own interest related to travelling and trade activities; Pakistan is still using the same railway lines. If somebody says that Pakistan can get an improved and planned connectivity system through the CPEC project, that is true, but the question arises who will use these railways and roads? Obviously, China will use them, in past British established railways for its transportation and trading activities now China is improving Pakistan's infrastructure for making its connectivity safer and attaining shortest route from Gwadar to Kashgar”. He further added that “this is basically colonial legacy or in the previous history of Pakistan that she constantly depends on other states for their support and to provide financial assistance by utilizing its geo-strategic position” (Sulman, 2017/Interview). There is a famous Chinese quote that “if you want to become rich you must build roads first”, and China wants to become rich and rule the world that is why China is investing throughout the globe under BRI. Building infrastructure does not only mean a better road network, but it also includes railway tracks, communication lines and pipelines for the connectivity of whole region.

Infrastructural projects under CPEC include road up-gradation, construction of new roads and industrial cooperation, these are also part of the early harvest project, and up-gradation of railways comes under the mid-term plan. The Road network is further divided into three routes; Northern, Eastern and Western. All routes connect Gwadar to Khunjerab China border through different cities of Pakistan. Ahsan Iqbal as a minister of planning and reforms stated officially about different routes of the corridor, “China Pakistan Economic Corridor will link deep port of Gwadar with Kashgar region in western China, via a network of communication, deep seaport, commercial sea lines, airport, dry ports, optical fibre lines, railways, highways, gas and oil pipelines. For China, CPEC is a part of BRI strategy and also to develop its less-developed western region” (A. U. Khan, 2014).

Table 5. Road Connectivity

S. No	Project	Company	KM	Estimated cost US\$ million	Province	Progress
1	KKH Phase II (Thakot Havelian Section) Peshawar Karachi	CRBC, CCCC, NHA	120	1,366	Gilgit Baltistan & KPK	Completed in 2020
2	Motorway (Multan- Sukkar Section) Khuzdar-Basima	EPC, EXIM	392	2,980	Punjab and Sindh	Completed in 2019
3	Road N-30 (110 km) Upgradation of D.I.Khan	TBD	110	80	Baluchistan	Feasibility Clear

S. No	Project	Company	KM	Estimated cost US\$ million	Province	Progress
4	Upgradation of D.I.Khan (Yarik) Zhob, N-50 Phase-I	ECNEC	210	195	Khyber Pakhtunkhwa Balochistan	Land acquisition
5	KKH Thakot-Raikot N35 Remaining Portion	TBD	136	719.8	Gilgit	N/A

Source: The Ministry of Planning and Commission and the China Pakistan Institute (22 Feb 2018)

Table 6. Railway

S. No	Project	Company	KM	Estimated cost US\$ million	Province	Progress
1	Expansion and reconstruction of existing Line ML- I	CREEK, NES PAK, ORCAS	1,830	8,172	Karachi to Peshawar via Hyderabad, Nawabshah, Rohri, Rahimyarkhan, Bahawalpur, Khanewal, Sahiwal, Gujranwala, Rawalpindi, Peshawar	MOU signed, expected to complete in 2020
2	Haitian Dry Port (450 M. Twenty-Foot Equivalent Units)	N/A	450	65	Havelian Distract Haripur, KPK	N/A
3	Capacity Development of Pakistan Railways	N/A	N/A	N/A	N/A	N/A

Source: The Ministry of Planning and Commission and the China Pakistan Institute (22 Feb 2018)

Infrastructural Dependency

One of the most important transport projects known as the 'orange metro train', which gives transport facilities and services to Lahore, is also a part of the CPEC project. Another example of a strong relationship is 'fibre optics' as it will provide speedy internet services all over Pakistan and change their reliance on fibre optics working under the sea and also can be utilized for making 'safe cities' in Pakistan. It will facilitate in management of CPEC related projects to counter-terrorism and manage safety and security issues by installing cameras and explosive sensors at different places such as highways and markets where the ratio of people is high. In the plan of 'safe cities', it is not shown who is going to administer all these running activities and how much involvement of China will be in Pakistan's domestic security & safety systems. The major issue is a misuse of technology; DTMB, TDLTE and EWS are going to establish the latest technology, which will revolutionize the T.V Industry of Pakistan as well. Technology transfer can also facilitate a cultural exchange for better understanding, but the major concern is that all technology belongs to China all

companies and even investment belong to China (Sial, 2014). Overall, economy and security are two major points for any state, but it looks like Pakistan's economy is under the influence of China. Following their concept of modern technology will like to be strong our culture. There are chances that Pakistan will face the same consequences as were seen back in 2011 when American forces violated Pakistani sovereignty and did Operation Neptune Spear (Bin Laden) without taking Pakistan into confidence. The complete details of infrastructural projects are given in table 7.

Table 7. Project Details of Infrastructural Cooperation

S. No	Project	Company	Estimated cost US\$ million	Province	Progress	Financing
1	Cross-Border Optica Fiber Cable	Huawei Technology Co. Ltd.	44	Gilgit Baltistan, Khyber Pakhtunkhwa, Punjab	Completed in 2018	N/A
2	Pilot Project of Digital Terrestrial Multimedia Broadcast (DTMB)	N/A	65	Completed	N/A	N/A
3	Early Warning System (EWS), Pakistan Meteorological Department Gawadar-	N/A	N/A	N/A	N/A	N/A
4	Nawabshah LNG Terminal and Pipeline, 700 km	China Petroleum Pipeline Bureau	N/A	N/A	N/A	N/A
5	Haier & Ruba Economic Zone Phase II	Haier Electrical Applications Corporation Ltd.	N/A	N/A	N/A	N/A
6	Lahore Orange Line Metro Train	China Railway-China North Industries Group Corporation (CR-NORUBNCO)	\$1.6 Billion	Lahore, Punjab	Under Construction	EXIM
7	Promotion of TD-LTE Commercialization in Pakistan	N/A	N/A	N/A	N/A	N/A

Source: The ministry of Planning and Commission and the China Pakistan Institute (22 Feb 2018)

As Dr. Farrukh Saleem, a senior economist, writes in his opinion article about Lahore Orange Line that The Orange line is one of the costliest metro trains on the planet. The price of a Train is 162 billion rupees, which is more than Punjab's education and health budget. This project was financed by China on concessional loans given by China EXIM Bank. It will make Pakistan lose a lot on an everyday basis, as Dr. Farrukh estimated; "Per year loss in tickets cost is 14 billion rupees and yearly debt costs 10 billion rupees" (Saleem, 2016). Overall, it will be a loss of 24 billion rupees per year to Pakistan. There are no suitable or appropriate deals for civilians introduced by the government of Pakistan.

Special Economic Zones

Special Economic Zones (SEZs) came into existence under the mid-term plan for CPEC. Nine economic zones were proposed; the nature of these economic zones is entirely distinct from each other. Industries can be established based on their geographical position and the economic activities of surrounding areas. Industrial development is the prime step for economic development, and it also attracts foreign investors to bring FDI in these economic zones. In the past few years, developing states concentrate on their industrial growth for the improvement of their economies and China in our neighbour's is major example of this ([K. Khan & Anwar, 2017](#)). In Pakistan, there are seven existing special economic zones and another nine SEZ's are initiated in CPEC project and these economic zones are tax-free.

Chinese Ambassador Wen Diaong stated during his brief visit to the Department of Defence and Strategic Studies (DSS), QAU., Islamabad in April 2015, "China is transferring its industry to third world to control industrial pollution in China like industrial wastage and toxic chemicals including smoke as it is affecting their environment very badly."

General Secretary in Islamabad Chamber of Commerce said about SEZ's, "there were forty-two SEZ's planned by planning commission but only 9 are identified under CPEC. It is not known which type of industry they will setup; government is not taking business community into confidence" ([Zia, Waqar, & Malik, 2018](#)).

One of respondent businessman living in Islamabad stated on SEZ's that "rather than improving current zones, Pakistan is going for proposed SEZ's under CPEC. It is still not clear by Pakistan's government that the proposed SEZ's are for locals or these zones are exclusively for foreign investors?" ([unknown, 2019/Interview](#)).

Mr. Zahid Latif President of Rawalpindi Chamber of Commerce (RCCI) stated about SEZ's, "that still Pakistan's government did not clear the basic structure of SEZ's. According to our sources these zones provide equal opportunities for both China and Pakistan's business community. In addition to this, "Pakistan's public feels threatened because of Chinese mass manufacturing" he added, "the industry of SEZ's is mainly export oriented and their products will not be delivered in local markets but still we have to wait until and unless government discloses policies and agendas related to SEZs" ([M. Z. L. Khan, 2018/Interview](#)).

These are the greater prospects of the CPEC. The CPEC project is an initiative from China and the major beneficiary from CPEC is China. It permits China to develop its less developed western region. Through the CPEC project China can easily connect with Middle East and Central Asia. Pakistan's Gwadar port will become an economic hub and provide China great vantage point for its export to the whole region. This corridor also reduces the transportation cost and time. For China the CPEC corridor not only reduces time and cost but also decrease the threat of 'Malacca Dilemma' which is under the influence of India and American navy. China can also easily develop its Western region and shift the population burden from east to west because China is number one populated country of the World and 94 percent of its population is living in eastern part and only 6 percent population is settled in its western part.

A lot of Chinese is coming to Pakistan, working here and opening their business in Pakistan. On the other hand, our business community must take some measures that how they will compete Chinese products in the markets, as they are much cheaper, and people can easily afford to buy. It is important to look that how China can facilitate our businesspersons and help them to take advantage from fast developing economy of the world. It is need of the hour to compete with Chinese products, Pakistan's business community may also take some preclusion measures. Then may be Pakistan's trade deficit towards China will be decrease because till now we have a huge trade deficit. On the other hand, if our business community becomes engaged in China's market then they can get advantage from SEZs. In addition to that, the work on SEZs has not started yet, they were nine and still their structure in not being identified from

government officials. It's not an easy task to develop SEZs, there should be need of proper planning and landscape to invite foreign investors from across the globe.

In current scenario the major fear of our business community is that they do not know the proper terms and conditions of SEZs. It may be possible that Pakistani governance does not know about the structure of SEZs or it might be that they do not have any structure. The industrialists threaten that the Chinese goods already captured their local market and now Chinese companies will take control over the industries as well. It will increase Pakistan's dependency on China. Instead of advancement of their own industry under the CPEC project, Pakistan is developing more nine SEZs and inviting foreign industries to develop their industry in Pakistan.

Table 8. SEZ under CPEC

S. No	Province	Location	Nature	Area (Acres)	City	Progress	Remarks
1	KPK	Rashakai	Fruit, Food, Packaging, Textile, Switching Knitting	1,000	Nowshera	Feasibility Report Shared with China	Land Acquired
2	Sindh	China Special economic Zone	To be decided	1,000	Dhabeji, Thatta	Feasibility Report Shared with China	Land enmarked
3	Baluchistan	Bostan Industrial Zone	Fruit Processing Agriculture machinery, Pharmaceutical, Motor Bikes Assembly, Chromite, Cooking Oil, Ceramic Industries, Ice and cold storage, Electric Appliance, Halal Food Industry Textile, Steel, Pharmaceuticals, Engineering, Chemicals, Food Processing Plastics, Agriculture Implements Etc.	1,000	Bostan, Pishan	Availability of Allied Utilities i.e. road, street, lights etc.	200 Acres have been Developed
4	Punjab	Allama Industrial City (M3)	Steel, Food Processing, Pharmaceuticals & Chemicals Printing and Packaging Light Engg.	3,000 Approx.	Faisalabad	Feasibility Report Shared with China	Adjacent to existing SEZ of -3 Industrial City, Faisalabad, Sahiwal, Interchange
5	Federal	ICT Modal Industrial Zone	Steel, Food Processing, Pharmaceuticals & Chemicals Printing and Packaging Light Engg.	200-500	Islamabad	Feasibility Report Shared with China	Identification of Land is under Process

S. No	Province	Location	Nature	Area (Acres)	City	Progress	Remarks
6	Federal	Development of Industrial Park on Pakistan Steel Mills	Steel, Auto & Allied, Pharma Chemical, Printing and Packaging Garments etc. Marble/Granite, Iron, Ore	1500	Near Port Qasim Karachi	Feasibility Report Shared with China	The Land has enmarked. PSM will transfer the land to NIP
7	Gilgit-Baltistan	Moqpondass SEZ	Fruit processing, Steel Industry, Mineral Processing Unit, Leather Industry	250	Gilgit-Baltistan	Feasibility Report Shared with China	Land Allotted

Source: The ministry of Planning and Commission and the China Pakistan Institute (22 Feb 2018)

Conclusion

CPEC is perceived as a flagship project projecting high hopes for economic stability, which broadly focuses on infrastructural development, provision of support in the energy sector and increased connectivity through roads, railways and optics. It will be resulting from an inflow of foreign direct investment, removing the energy shortage and availability of numerous other economic and financial opportunities. However, the project is seen as suspicious by many, which will lead Pakistan to permanent indirect subjugation of China. It will result in heavy reliance on China. The suspicion is also boosted due to lack of shared data, unidentified terms and conditions of MoUs, lack of transparency on both sides and unavailability of proper structure from Pakistan.

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