

CPEC is Blessing for Regional Peace and Prosperity

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Abstract: *CPEC (China-Pakistan Economic Corridor) is expected to be a significant opportunity to bring peace, development and prosperity to China, Pakistan and the wider region. The CPEC program takes into account a wide range of perspectives, including but not limited to promoting domestic employment prospects and strengthening regional connectivity. The project's ability to handle many political, economic, and geopolitical difficulties and threats facing Pakistan is one of the project's many multifaceted components that are examined in the article, which principally relies on extensive literature research. The goal of the present study was to examine whether the CPEC project could be a practical means of fostering regional peace and development. This paper attempts to examine the importance of the CPEC initiative in developing domestic employment opportunities and enhancing regional connectivity, although considerable work has already been done on the CPEC project. The qualitative method is adopted to deal with the objectives. The article concludes that the CPEC initiative is poised to usher in a new era of economic development and prosperity for the people of Pakistan, thereby serving as a major turning point for the region. In addition, the study identifies several limitations that may warrant further investigation in future research on the topic.*

Key Words: CPEC, Economic development, Gwadar port

Introduction

In the 21st century, due to globalization, there has been an increasing trend towards upright and parallel incorporation and linkage of the international economy (Chen, 2018). The economic activities of nations are constantly changing as a result of this globalization, which has led to a rapid shift in the status of developed and developing countries, confined to different geographic areas of the world. The creation of economic corridors as regional and international transport links support and facilitates the integration process (Liu, 2017). The changes have impacted macroeconomic activities, allowing the drivers of the world economy to connect diverse global industrial networks (Kamal, 2019). The most important

component for successful regional trade management is these networks, which are usually identified as economic, development or economic corridors and are considered to be very effective for regional trade management (Wu, 2018). This type of project has been implemented by decision-makers worldwide to ensure regional economic development (Li, 2017). Examples of economic corridors are projects such as EWEC (East-West Economic Corridor), NSEC (Nanning-Singapore Economic Corridor), BMEC (Bengaluru Mumbai Economic Corridor), SCORE (Sarawak Corridor of Renewable Energy), etc. The impact on the Relevant geographic areas and their contribution to the economic growth of the region as a whole, as encompassed by these

economic corridors, provide valuable insight into the effectiveness of such corridors.

What is meant by an economic corridor? The concept of the economic corridor is not clearly defined in the literature and is only formulated vaguely (Wang, 2018). It is sometimes referred to as development corridors and used to describe trade or transportation corridors (Zhang, 2016). The underlying meaning of the term corridor is not conveyed by any of these terms, all of which are used to describe economic activities. The Economic Corridors oversee many overlapping stages and paths of development. The economic corridor combines a variety of economic activities related to logistics, transportation, economic development and other areas of development (Jiang, 2015). Transportation corridors manage the cheapest and most efficient transportation facilities, resulting in shorter transportation times and being cost-effective due to improved infrastructure and other related services (Lin, 2020). This leads to sustainable trade in local, national and international markets. It is very beneficial for developing countries worldwide (Ding, 2019). According to Zhou, the purpose of such corridors is to ensure a certain effective function and storage of shipping, community, and relevant information (Zhou, 2016). Economic corridors are a combination of transportation, logistics, economic development and other aspects of development that facilitate the integration of global economies and play a crucial role in managing regional trade and promoting regional economic development and prosperity (Chu, 2019).

Likewise, the corridor does not have a precise definition but is usually understood as a transport or logistics corridor that facilitates the course of business (Jiang, 2015). Similarly, these corridors are important to increase business flow by integrating cross-border trade activities via road, sea or air (Chen, 2018). According to Kamal (2019), the economic corridor has two dimensions: logical aspects related to the spatial functional forms and patterns, and political aspects related to the interpretation of corridors from a planning perspective. Furthermore, Li (2017) suggests that development or growth corridors focus on

health, education and environmental issues rather than economic factors.

Despite the differences between these corridors, their goal is to promote economic development by improving transportation and logistics services in the geographic regions they cover, as outlined by Wu (2018). The main purpose of the corridor is to support entrepreneurship and economic activity as stated by Zhang (2016). Looking at these aspects from a managerial perspective, the improvement of transport and logistics, road and rail network can show optimal trade and industry for the economic corridor phenomenon as suggested by Ding (2019). Therefore, we can say that economic corridors refer to relevant geographic areas, according to Chu (2019).

Literature Review

Pakistan's advantageous location at the crossroads of South Asia, Central Asia, China and the Middle East offers significant opportunities to promote economic growth in the area. According to Wang and Liu (2016), this location makes Pakistan a natural centre for economic activity in the region. CPEC is expected to bring significant benefits to Pakistan, which has a large population and abundant human and natural resources, but limited access to global markets. CPEC will create new opportunities for trade and economic activity across the country, making it a game changer for the region and local economy, as discussed in detail by Khan (2018).

The CPEC is expected to bring significant benefits to both countries. China's investment in CPEC is expected to generate significant Foreign Direct Investment (FDI) and drive Pakistan's annual growth rate to over 6% over the period 2016-2018 (China Development Bank, 2016). Furthermore, the indirect economic benefits of CPEC are expected to be much larger than anticipated (Jahangir & Raza, 2018). Pakistan's power generation sector is also expected to benefit from CPEC as the country has struggled with an energy crisis in recent decades that has resulted in industrial decline, low FDI and inadequate infrastructure development which have contributed to lower self-dependency and a Increase in imports and terrorism (Zakaria, 2017).

With an investment of US\$11 billion, CPEC is a significant investment in upgrading and upgrading Pakistan's underdeveloped infrastructure. The funds will be used to build roads and railway systems and to expand existing infrastructure. These sub-projects aim to improve communication and transport efficiency across the country, which is crucial for efficient inter- and intra-regional communication (Zhang et al., 2019). In addition to road expansion, CPEC also ensures better connections via the rail network.

Limitation

Limitations of the study include

Reliance on Secondary Data and Sources

The study is based solely on secondary data collected from many sources such as online websites, newspapers, magazines and government publications etc. This may limit the accuracy and completeness of the information available on this subject.

Limited Information on the Scope of CPEC's contribution

The extent to which CPEC has contributed to the development of the industries examined in this analysis is not well documented and little information is available on the subject.

Lack of Primary Research

Insufficient primary research on the topic makes it difficult to understand the project. Primary research provides essential insights and information that cannot be gleaned from secondary sources such as published reports and datasets. Without proper primary research, it is difficult to gain a full understanding of the intricacies, limitations and potential implications of the project. Therefore, the lack of primary research on this topic is a notable obstacle to gaining a full understanding of the project.

The Limited Research Available on the Subject

The limited availability of research on this topic may limit our understanding of the project, resulting in a narrow perspective. To overcome these limitations, it is advisable to conduct future research, which may involve

primary research methods such as surveys, interviews, and case studies. These methods can lead to a deeper understanding of the project implementation and its impact and thus help to close the current knowledge gaps. In addition, including a wider range of data sources and conducting a more comprehensive literature review would contribute to a fuller understanding of the initiative.

Economic Gains From The Cpec

The CPEC project has benefited countries such as China, Pakistan, Afghanistan, India and Central Asian countries. The project also aims to promote cultural coexistence rather than cultural genocide or cleansing, which is a bilateral mission. According to Chen (2018), about 13,000 Chinese workers are working on the CPEC project in Pakistan. This partnership has strengthened the relationship between the two countries, resulting in fewer enemies and more allies.

It is estimated that by 2025 around 75% of China's oil imports will cross the Indian Ocean and the Malacca Straits, which are notorious for piracy. Gwadar, the epicentre of CPEC, is directly connected to the Indian Ocean by roads, railways and pipelines, benefiting Central Asian countries as well as India, as Jiang (2015) noted.

Gwadar is a deep-sea port compared to Chabahar which cannot accommodate motherships. Very few countries can match Pakistan's resources (Li, 2017). According to some regional analysts, there are about 18 separatist movements in India and instead of focusing on Balochistan, India would be better off focusing on its people and ending their distance (Zhang, 2016).

Chu (2019) argues against characterizing the competition between the US and Russia and China in the region as a New Great Game without considering the impact of globalization and the common interests of these great powers in addressing intercontinental issues. Kamal (2019) emphasized that all three nations (US, Russia, and China) have an interest in addressing challenges such as drugs, human trafficking, illicit arms trafficking and regional instability.

According to Wu (2018), CPEC is an initiative promoting people exchange program and consists of three phases; including initiative, comprehensive performance and unrestricted trade. China's main interest in the region is to maintain a friendly and stable environment, as conflict can disrupt trade and increase costs. The region's geopolitical environment is being reshaped by its energy resources, and it is not in the power of any one nation to exercise complete control over it.

Several economic integration projects are underway in the region, such as the Trans-Asian Railway (TAR), Central Asia & South Asia-1000 (CASA-1000), the Electricity Program of Tajikistan, Uzbekistan, Turkmenistan, Afghanistan and Pakistan (TUTAP), Gas Pipeline Project of Turkmenistan, Afghanistan, Pakistan and India (TAPI) and CPEC. The TAR project aims to integrate rail freight networks across Asia and Europe. The TUTAP project, funded by the Asian Development Bank (ADB), is responsible for installing power transmission lines that will stretch from Turkmenistan, Uzbekistan and Tajikistan to Afghanistan and Pakistan. The TAPI pipeline project connects Central Asia to the Arabian Sea via Gwadar and transports gas from Central Asia to South Asia. Jiang (2015) reported that China and Pakistan are working together to improve the Karakoram Highways (KKH) by opening four additional road links through the Khunjerab Pass, bringing the total number of road links between Pakistan and China to eight.

One Belt One Road (OBOR) and CPEC integrate regional countries through trade and business (Chen, 2018). Efforts to resolve issues in the region, including Kashmir between Pakistan and India, and peace in Afghanistan will help maintain regional stability (Chu, 2019). The integration of regional countries through trade and economy is a key objective of both the OBOR and CPEC projects (Chen, 2018). Resolving regional issues such as the Kashmir dispute between Pakistan and India and peace in Afghanistan is crucial to maintaining stability in the region (Chu, 2019). According to Ding (2019), Pakistan makes proposals for land-based routes and links to facilitate profitable trade and energy activities both inside and outside the region and prioritizes its trade links with nearby countries such as

Afghanistan, China, and Central Asia. Kamal (2019) reported that China, Pakistan, Kazakhstan and Kyrgyzstan reached an agreement to launch a bus service to encourage people-to-people interaction and increase trade between these nations.

CPEC-An Overview

World trade and investment trends have changed since the beginning of the 21st century (World Economic Forum, 2021). The emergence of large-scale projects has provided a powerful indicator of global trade and investment priorities, which has had a profound impact on the global economy and led to institutional shifts in trade and investment patterns.

A notable trend is China's growing involvement as a major financier in developing countries. Historically, Western economic forces have invested in these countries, with an emphasis on good governance and development projects. However, China, as a capital-rich country, has reversed this trend by becoming a major financier in countries like Pakistan (China-Pakistan Economic Corridor, 2021). The two countries have had close economic, diplomatic and military ties since the 1950s. This relationship was further strengthened for common regional and international interests.

The goal of the OBOR initiative, also known as the mega-project, is to create an economic corridor connecting China with the central, western and southern regions of Asia and Africa. A key component of OBOR is the CPEC, which has a price tag of approximately \$62 billion. The project aims to establish land trade routes between Kashgar and the deep-sea port of Gwadar in Pakistan through an extensive network of highways, railways and pipelines. Experts considered the project groundbreaking due to its significant economic and geopolitical impact on China and Pakistan.

Pakistan's strategic location is critical to the success of the project as it allows China to develop multilateral ties with neighbouring South Asian countries. In addition, the project aims to boost economic growth in Pakistan and have a positive impact on the subcontinent as a whole. China and Pakistan enjoy strong ties built on mutual trust, with Pakistan recognizing

China's role in bridging the China-US diplomatic gap.

The purpose of this study is to provide a comprehensive overview of CPEC by examining its scope, micro and macroeconomics, impact on the environment and local population, and positive and negative aspects. The study aims to dispel myths, highlight research gaps and ultimately uncover the true impact of this mega-project.

Cpec Scope And Geographical Dynamics

Wahab, Ali, and Nazir (2018) explained that CPEC is a comprehensive endeavour looking for connections between China, South Asia, Europe, and other regions. It includes various ventures such as communications, energy, fibre optics and infrastructure including seaports, road networks and industrial centres. The CPEC forms part of China's broader OBOR initiative.

China is aiming for the CPEC to reduce its dependence on current trade and oil shipping routes by using the deep-sea port of Gwadar, while Pakistan expects to generate 2-2.5% annual gross economic growth from 2015 to 2030, both direct and indirect create employment opportunities. The total budget for the various projects is US\$94 billion, of which US\$34 billion is for the energy sector, US\$16 billion for transport infrastructure and US\$44 billion for Gwadar seaport (Shahzad & Javaid, 2018).

Shahzad and Javaid (2018) noted that the CPEC project includes the implementation of 49 sub-projects from 2016 to 2020. Of these projects, 16 are planned for Balochistan, 8 for KP, 13 for Sindh and 12 for Punjab. The project has three routes: the western route, which starts from Gwadar and passes through different areas including Turbat, Panjgur, Naag, Basima, Sohrab, Kalat, Quetta, Qila Saifullah, Zhob, DIK, Mianwali, Hassanabdal and Islamabad; the central route connecting DI Khan with Gwadar through Basima, Khuzdar, Sukkar, Rajanpur, Liya, Muzaffargarh and Bhakkar; and the eastern route connecting Basima, Khuzdar, Sukkur, Rahim Yar Khan, Bahawalpur, Lahore, Islamabad and Mansehra directly to Gwadar. These routes are designed to distribute economic benefits and improve the living standards of local communities,

including health and education facilities, as well as create job opportunities across the country through increased domestic and international trade.

The CPEC project is divided into four distinct phases as highlighted by Khan, Ahmad and Hussain (2019). The first phase is known as the Early Harvest phase and was active from 2015 to 2019. The main objective of this phase was to generate around 7,000 megawatts of electricity to supplement Pakistan's national power grid and to address the energy crisis that has negatively impacted the country's energy sector and exports. The second phase focused on short-term projects to be completed by 2022. The main objective of this phase is infrastructure improvement, which includes the construction of road and fibre optic networks, Gwadar Sea Port and Hydel coal mining and power projects. The third phase of the project focuses on medium-term projects and is expected to be completed by 2025, with the main objective being the development of the railway network and industrial areas. The fourth and final phase of the project focuses on longer plans and is expected to be completed by 2030. New industrial zones are established to stimulate the growth of agriculture, tourism and various other industries.

Discussion

According to Wang and Liu (2016), Pakistan's economic potential is attributed to its strategic location at the crossroads of South Asia, Central Asia, China and the Middle East. CPEC is a notable example of this potential, made up of several infrastructure projects launched across the country since 2013. CPEC aims to construct a comprehensive network of highways, railways and pipelines linking the north-western region of China with the port of Gwadar in south-western Pakistan, worth US\$62 billion, according to China Development Bank (2016).

The CPEC is expected to bring several benefits to Pakistan, including an increased presence in international markets and new opportunities for trade and other economic activities across the country. With abundant resources, including human and natural resources, and a large population, Pakistan has the potential to benefit significantly from the

CPEC. The project is seen as groundbreaking for the region's economy (Khan, 2018).

The CPEC is an important project that should benefit both Pakistan and China. According to China, the CPEC is a significant project that will benefit both Pakistan and China. According to the China Development Bank (2016), China expects significant foreign direct investment in Pakistan from 2016 to 2018 and an annual growth rate of over 6%. Furthermore, Jahangir and Raza (2018) suggest that the indirect economic impacts could be even larger than originally thought. The CPEC also offers Pakistan an opportunity to address its energy crisis, which has hampered its economic development in recent decades (Zakaria, 2017).

The goal of the US\$11 billion investment in the CPEC is to improve transport connectivity across Pakistan by building new roads, and railways and upgrading existing infrastructure, according to Zhang et al. (2019). Efficient inter- and intra-regional communication depends heavily on a well-developed transport infrastructure and positive developments are expected from the CPEC in this regard.

Jahangir and Raza (2018) suggest that the CPEC is expected to have a significant economic impact not only on Pakistan but also on other countries in the region. One of the most important aspects of the CPEC for Pakistan is the investments it brings to the power sector. As noted by Zakaria (2017), investing in the energy sector has positive effects on both the general population and the industrial sector. Pakistan has a population of around 140 million people who suffer from long power outages due to power shortages. The targeted investment of 34 billion US dollars in the energy and power sector under the CPEC is intended to improve this situation. The investment will be used for projects related to solar, wind, hydro and coal energy. This advancement in the energy sector also supports the manufacturing sector by providing a cheaper and continuous supply of energy, ultimately leading to industrial expansion and higher returns on investments (ROIs).

In general, the CPEC project is expected to benefit Pakistan's entire economic sector and result in stable stock market capital. This in turn is likely to boost exports in sectors such as

sports, textiles, surgical equipment and fruit through Gwadar Seaport and other related projects. Additionally, transportation improvements will make it easier for local businesses to access Chinese markets via Xinjiang, which will be more time- and cost-effective than previous trade routines between the two countries. In addition, the CPEC is expected to create new trade opportunities for both Pakistan and China (Zhang et al., 2019).

It is worth noting that in addition to its benefits, the CPEC project comes with certain challenges. Although the project has many benefits, research has shown that pre-existing political barriers between Pakistan and India as well as transport barriers can make Pakistan-China trade very costly (Jahangir & Raza, 2018). Political instability in Pakistan is another factor that can make the CPEC project more difficult and time-consuming, with a potentially negative impact on Pakistan's economy. In order to achieve mutual peace and economic prosperity for the entire region, it is essential to involve all political actors in the country.

CPEC's goal is to connect China's northwestern region with Pakistan through a series of infrastructure projects. The project is expected to bring significant economic benefits to Pakistan and the region, particularly in the energy sector, but also comes with challenges such as existing political obstacles and political instability that need to be addressed. Significant growth is also expected for the real estate sector along the western, central and eastern CPEC routes. It is important to involve all political stakeholders to achieve a shared vision of peace and economic prosperity for the entire region.

Conclusion

In summary, the CPEC project is an important opportunity for Pakistan to improve its infrastructure and address the long-standing problems in the power and energy sectors. Additionally, the initiative has the potential to revitalize the agricultural sector, which is vital to the country's economy. However, to maximize the benefits of CPEC, Pakistan should prioritize institutional growth, monitoring and regulatory mechanisms, along with increasing overall investment and

creating new employment opportunities for local people.

Still, it's important to recognize that there are potential downsides associated with CPEC that need to be considered. These include the possibility of increased leverage and the need for careful planning and execution to reduce potential risk. However, after a thorough review of expert opinion and available empirical data, it is clear that the positive implications of CPEC for Pakistan and the wider region far outweigh the potential negative impacts.

The CPEC is more than just a corridor; It is a comprehensive economic development

program spanning 30 years that aims to promote economic development, stability and peace not only for Pakistan but also for the region. The initiative represents a significant milestone in achieving the common goal of peace and economic prosperity. The long-term scope of the project underscores its importance and potential to deliver significant economic benefits, making it a watershed moment for Pakistan and a crucial step towards a brighter future for the country and the wider region. Despite potential challenges, the CPEC offers new opportunities for economic development, prosperity and peace.

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