



RESEARCH PAPER

Challenges and Opportunities of China-Pakistan Economic Corridor (CPEC): An Analysis

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ABSTRACT

The China-Pakistan Economic Corridor (CPEC) is a strategically significant bilateral initiative aimed at connecting Gwadar Port in Pakistan with China's Xinjiang region through a network of transportation and energy projects. Despite its potential to spur economic growth and regional integration, CPEC also faces several challenges, including political and security risks, social and environmental impacts, and economic and financial viability. This paper reviews the literature on the future opportunities and challenges of CPEC, with a focus on its economic, political, and strategic implications. The findings suggest that CPEC has the potential to significantly enhance regional trade, investment, and economic growth, but also faces significant risks and challenges that need to be addressed to ensure its long-term viability and success. The paper concludes by highlighting the importance of continued research on CPEC, in order to better understand its potential impacts and to ensure that its opportunities and challenges are effectively addressed in the years to come.

Keywords: China, Covid 19, CPEC, Pakistan

Introduction

CPEC is a massive investment from China, with an initial commitment of \$46 billion. However, it was then increased to 62 billion dollars for the completion of all of its projects, which are scheduled to be completed by 2030. China strategically chose Pakistan as the BRI's pilot project with the CPEC, and these lessons and experiences will enable other BRI host nations and corridors to undertake similar programs. The CPEC is an essential and mutually beneficial initiative that promotes both governments' aims and ambitions. It is also expected to develop financial and economic collaboration with other regional bodies in order to achieve shared growth. Because the CPEC is made up of roads, routes, and bridges, it will eventually have a significant impact on all surrounding nations that join the network. Because it is made up of roads, routes, and offshoots, the CPEC will eventually have a significant impact on all surrounding nations that join the network. The CPEC is undeniably a geostrategic strategy with the potential to be a financial windfall for the whole region, but several regional and extra-regional actors are concerned that this project may jeopardize their political and strategic interests (Rahim, et. al. 2018)

China is the only country that is simultaneously investing heavily in Pakistan. The CPEC's delay does not bode well for Pakistan, a cash-strapped country beleaguered by a plethora of issues, some of which are the product of its own unwise policies. CPEC has been contested in Pakistan since its inception in 2015, despite the fact that no major progress has been made in years. Because of the lack of progress, numerous newspapers have claimed that CPEC is coming to an end in the country. Both Beijing and Islamabad are fully aware of the difficulties experienced by previous Pakistani regimes. Pakistan's CPEC authority was created at China's request to better oversee CPEC projects among both sides' stakeholders (Rumi, 2016).

Despite the external factors for delay in implementation of the CPEC there are some internal issues that have caused hiccups in its planning and execution. There is little reflection on why CPEC progress has slowed from the start in Pakistan's dysfunctional democracy. For their political point scoring the Pakistani government in 2015 promoted the CPEC as a reward from China. All details were hidden from the public, which led to distrust over the project and its costs. Actually, much of the funding was concessional loans from the Chinese commercial banks. For China it was 'a partnership' with shared responsibilities between the two. Conflicting implementation strategies were a result of the concept's inherent duality. Pakistan never managed the enterprise in its proper context as a result. This poor political pitch by the previous administration is directly responsible for almost all following issues. Pakistan's diminished ability to contribute to the expenditures is currently resulting in dissatisfaction and delays (Schaffer, 2016).

Despite being billed as a "game changer" for Pakistan's economy, this program has fallen behind schedule. According to reports, despite their reputed patience, their Chinese counterparts are unhappy that the pace of CPEC projects in Pakistan has slowed in recent years. External forces are known to fund terrorist action in order to derail the enterprise. As a result, the CPEC remains contentious in Pakistan. Another goal of the CPEC in Pakistan was to improve inter-provincial cooperation. Nonetheless, Balochistan, which is home to CPEC's largest project in Gwadar, feels ignored. Terrorists opposing the project have discovered that the presence of Chinese workers on site makes them an easy target (Nawab, et. al. 2021 & Muzaffar, et. al. 2018). The recently deposed Imran Khan administration has been held accountable for the CPEC's implementation. Slowdown has deeper root causes. Externally, both India and the United States have attacked the CPEC. India's unilateral claims over the state of Jammu and Kashmir, which certain CPEC road construction projects pass through, are the apparent basis for the Indian complaints. India views the project as a means for China to expand its geostrategic influence and control over the Indian Ocean. It contests India's aspiration to play the regional hegemon, which is supported by the United States (Shah, et. al. 2020; Kugelman, 2017).

Issues and Challenges

Regarding the Pakistan China One Belt One Road Project, Pakistan has several internal and foreign difficulties. There have been some pretty major difficulties reported here.

Regional Security Challenges

One of the most pressing concerns confronting the project is regional security, particularly in relation to India and Afghanistan. Pakistan's fast economic development is predicated on political stability and peace. Following the withdrawal of US soldiers, the security and peace situation in Afghanistan has substantially worsened. Pakistan's fast economic development is predicated on political stability and peace. Following the withdrawal of US soldiers, the security and peace situation in Afghanistan has substantially worsened. As a result, regional stability is vital to the success of CPEC.

Internal Factor

Balochistan's security is critical for smooth trade between the two nations. There is some conjecture about CPEC that it will exclusively serve the interests of China. Those feelings of deprivation can be a major roadblock to the CPEC's successful implementation. The Baloch people's problems must be addressed. In the Balochistan area, several separatist leaders oppose the China-Pakistan Economic Corridor (CPEC). (Yaseen, et. al. 2017; Muzaffar, et. al. 2021). In this context, Brahamdagh Bugti, the leader of the banned Baloch Republican Party (BRP), criticized the CPEC and the expansion of the Gwadar port and demanded a UN-sponsored referendum in Balochistan to determine the future of the region.

Chinese employees have been kidnapped and killed on occasion in Balochistan. Separatists in Balochistan assaulted tankers delivering gasoline to a Chinese mining business. The port of Gwadar, which was recently taken over by a particular target is a state-owned Chinese company. Militants are against its development. It is past time for Balochistan's problems to be treated with caution. The nation cannot afford to fall prey to spoilers in a project as large as the CPEC, this has the potential to change all provinces' economy. The federal government is changing the original concept of this corridor, which will transfer economic gains to Punjab solely, which is the source of this disagreement.

Some political groups in Khyber Pakhtunkhwa are also opposed to the China-Pakistan Economic Corridor, posing a significant obstacle to the multibillion-dollar project. Furthermore, the people of Gilgit Baltistan have demanded their participation in the CPEC. As GB serves as an entry point to the CPEC, a number of protests and strikes have taken place, with locals seeking a fair portion of the project.

External Threat

This shift in the situation has disturbed Pakistan's detractors both inside and outside the country. Israel, the United States, and India are all dissatisfied. The China-Pakistan Economic Corridor (CPEC) harms India tractors both inside and outside the country. Israel, the United States, and India are all dissatisfied. The China-Pakistan Economic Corridor (CPEC) harms India. They've pooled their resources to devise new tactics to halt the project's progress. RAW has built a separate office in Delhi and been given \$300 million to demolish CPEC. The number of terrorist attacks in the three difficult regions has already skyrocketed. Several NGOs and think tanks have also been active to sow doubt and induce fear psychosis.

Political Instability

The China Pakistan Economic Corridor (CPEC) project's completion would be significantly hampered by Pakistan's lack of political coherence. Some sub nationalist organizations in every province have expressed vehement opposition to the CPEC, claiming that the federal government's change in the routes will only benefit Pakistan's eastern regions while depriving the western provinces. The governments of Pakistan and China have made an effort to allay concerns by holding talks with the political parties making the assertions since they do not reflect the reality on the ground (Iqbal, 2020).

Security Concerns

Security issues have been the most significant issue with the CPEC, and Pakistan and China have tried to overcome them. The East Turkestan Islamic Movement (ETIM), Tehreek-e-Taliban Pakistan (TTP), Lashkar-e-Jhangvi (LeJ), Daesh (ISIS), Balochistan Liberation Army (BLA), Balochistan Liberation Front (BLF), and the militant wings of some political parties have all formed an arc of militancy that extends from Xinjiang to Gwadar. In order to interact with the Pakistani government, the majority of these organizations don't necessarily harbor personal animosities toward China; rather, they intend to attack Chinese objectives like the CPEC. In addition to Gwadar, China is concerned about the security of the whole corridor. A danger still exists from terrorist infrastructure inside and outside of Pakistan's borders as a result of the military action in several regions of the nation (Syed Fazl-e-Haider, 2016). To disrupt Pakistani-Chinese efforts to create the CPEC, militant organizations and sub-nationalists in all provinces have been undertaking subversive operations and using terrorist elements across the country with assistance from the US CIA, Israel Mossad, and Indian RAW. In recent years, they have kidnapped and murdered a number of Chinese citizens in Pakistan, despite Pakistan's best efforts to provide the highest level of safety (Liping, 2015).

Corruption

Lt. Gen. Asim Saleem Bajwa, a former army commander and chairman of the CPEC Authority, has been named head of the Prime Minister's media management team. According to a news source from August 2020, Asim Bajwa amassed lots of unreported money and acquired offshore homes with his wife and brother during his tenure as chairman of the CPEC Authority. Despite protests, Bajwa refused to step down as chairman of the CPEC Authority, despite having resigned from Imran's media management team. Officials in China estimate that over 80% of the CPEC's investments would be lost to corruption, and that this leakage will be impossible to prevent (Ashraf, 2018).

Opportunities in Future

Economic development: Through the creation of new employment, greater trade and investment, and enhanced infrastructure, CPEC is projected to offer major economic advantages to Pakistan. As the projects are executed and completed, they will contribute to Pakistan's economic growth, potentially opening up new chances for Chinese investment in the nation.

Energy Security

CPEC includes a number of energy projects aimed at addressing Pakistan's chronic energy shortages and reducing dependence on imported energy. Overall, the energy component of CPEC is designed to address Pakistan's energy challenges and improve energy security for the country. As the energy projects are completed and come online, they will help to reduce dependence on imported energy, improve energy access, and reduce energy losses, develop renewable energy sources, import LNG and provide power to Gwadar. This will be an ongoing area of focus for both China and Pakistan in the future.

Regional Connectivity

The China-Pakistan Economic Corridor (CPEC) is seen as an important component of China's Belt and Road Initiative, with the potential to boost regional connectivity and economic integration. Overall, CPEC has the potential to foster better regional connectivity and economic integration, resulting in new possibilities for trade and investment, enhanced transportation, increased regional integration, access to new markets, tourism, and Gwadar Port as a trade and investment hub.

Human Capital Development

Overall, CPEC has the potential to promote human capital development in Pakistan through education and training, job creation, improved living standards, economic empowerment of women, support to SMEs, and technology transfer. These opportunities, if well implemented, will support the long-term economic growth and development of Pakistan and will improve the livelihood of its citizens. Through the CPEC, China and Pakistan have established a number of vocational and technical training centers to train the Pakistani youth to meet the needs of the labor market. This will help in the human capital development of the country and create opportunities for them in the future (Massarrat Abid, 2015).

Industrialization

Overall, through energy generation, industrial parks, SEZs, infrastructure development, technology transfer, and human capital development, CPEC has the potential to play a key role in Pakistan's future industrialization by creating new job opportunities, promoting economic growth, and encouraging foreign investment. These changes will help

Pakistan's long-term economic growth and development, as well as improve its residents' standard of living. The establishment of Special Economic Zones under CPEC is anticipated to attract foreign direct investment and improve Pakistani industry. This will lead to new opportunities for Chinese companies and investors to enter into the Pakistani market. As Pakistan's economy grows and becomes more connected to the region through CPEC, it will create new markets for Chinese goods, leading to increased exports and economic growth for China.

Modernization of Infrastructure

CPEC projects cover a wide range of infrastructure development, including transportation, power, and telecommunications. This will help in the modernization of infrastructure in Pakistan, which will lead to new opportunities for businesses and individuals, as well as improve the overall quality of life for the people of Pakistan. Overall, CPEC has the potential to play a key role in the modernization of infrastructure in Pakistan in the future by providing new power generation projects, transport infrastructure, port modernization, telecommunications, industrial parks, SEZs and other related projects. These opportunities will support the long-term economic growth and development of Pakistan and will improve the livelihood of its citizens (Muhammad Ishaq, 2017).

Pakistan in the Context of the Covid-19 Pandemic

Both nations have been working constantly on this project since its inception, but the arrival of COVID-19 has raised some questions about its development. Concerns have been expressed about the impact of the COVID-19 pandemic on the progress of CPEC. (Yaseen, et. al. 2020. It had some influence on the corridor's construction, although only a small amount. The impact of COVID-19 on the CPEC is determined by its propagation and control attempts. Both the Pakistani and Chinese administrations have kept constant communication going on COVID-19 and CPEC. Flights between the two nations were momentarily halted (Mohsin, 2020). When we look at the BRI (Belt and Road Initiative) projects that are part of CPEC and go across the nations that have been most affected by COVID-19, we can see that it is the most devastating blow for them. CPEC, as well as a number of other megaprojects in other countries, have been halted, threatening the infrastructure ambition. According to the Chinese government, 20% of BRI projects have been badly destroyed, 40% have been moderately damaged, and 40% have been moderately damaged.

- The China-Pakistan Economic Corridor (CPEC) has both opportunities and challenges for Pakistan in the context of the COVID-19 pandemic.
- CPEC projects are expected to provide a boost to Pakistan's economy, which has been hit hard by the pandemic. The completion of these projects will help to create new job opportunities and promote economic growth.
- CPEC features a variety of power producing projects that will assist alleviate Pakistan's energy constraint and increase electricity supply. This is especially crucial during a pandemic since energy security is critical to keeping the country operating.
- Gwadar port is being developed under CPEC which will improve the port facilities and will increase its capacity to handle cargo. This is expected to improve the connectivity of Pakistan with other countries and will provide access to new markets, which are important for economic recovery.
- The pandemic has affected global economic conditions, which has made it more difficult for Pakistan to secure financing for CPEC projects. This may lead to delays in the completion of these projects.

- The epidemic has disrupted global supply lines, affecting the delivery of products and materials required for CPEC construction. This may cause delays in completing certain tasks.
- The epidemic has resulted in workforce shortages in Pakistan, hampering the development of CPEC projects. This may cause delays in completing certain tasks.
- The pandemic has led to an increase in security concerns in Pakistan, which may affect the implementation of CPEC projects.

Several dynamics are at play here. The first is an emotion that seems too good to be true. There are grounds to doubt that a \$62 billion project can be completed fast and successfully anywhere, let alone in Pakistan, where security, basic infrastructure, and general capacity are all major challenges. Many individuals also question the idea that CPEC would solve Pakistan's energy crisis, which is rooted in a complex set of issues that cannot be solved magically with a single project, no matter how large it is, and which many people regard as ridiculously ignorant. Concerns about inclusion and equity, which are based in Pakistan's deep divisions, are another aspect. CPEC has been touted as a large-scale national enterprise benefiting a whole country. In truth, CPEC is increasing the country's ethnic and national divides. Some of Pakistan's poorest communities are concerned that CPEC would pass them by with no advantages, creating a situation in which only those in Punjab, the country's most rich province and the governing party's political base, will gain. However, let us be clear: CPEC is widely supported in Pakistan. In Pakistan, pro-China sentiment is high, and the prospect of China building infrastructure and easing Pakistan's energy issue appeals to a substantial portion of the populace. Furthermore, for the sake of democracy, CPEC security should be controlled by civilian institutions. However, this is Pakistan, and the army is far more capable of ensuring security. Another critical aspect is that the Chinese place military security ahead of civilian security. This question of who should supply security is part of a larger issue with CPEC, one that might lead to a slew of issues in the future. The Pakistani military and administration are now at odds over the CPEC. Because CPEC is such a treasure, both sides want a large stake in its management. The army has an advantage in CPEC not just because it has greater overall power than the government, but also because the Chinese have made large investments.

To repair any harm done by previous critiques of CPEC, the Khan government has been working hard to engage with its Chinese counterparts. However, it is their inefficiency and incompetence, rather than the current ruling party's unspoken concerns about CPEC, which are creating bottlenecks in the implementation of the multibillion-dollar projects at a time when Chinese investors are losing interest in politically correct but unsuccessful projects. As a result, the route to CPEC has grown more challenging.

Conclusion

The advantages of CPEC will be acknowledged and embraced by the Pakistani people if they can see and feel them directly, in order to make an influence and gain acceptability. Benefits include more employment and a developing economy, which enhances their quality of life and opens up new opportunities for them and their children. Pakistanis feel convinced that this will be the outcome. To attain this national aim, however, we must first identify both external and internal challenges, which is a critical first step in resolving them. Pakistan must overcome several hurdles in order to finish the China Pakistan Economic Corridor (CPEC). Internal or external challenges are possible. According to Dr. Luan Jianzhong, Vice Director General of the Policy Research Office of the International Department of the Communist Party of China Central Committee, some of the major barriers to the corridor's completion include political upheaval, security concerns, and administrative issues.

CPEC has both opportunities and challenges for Pakistan in the context of the COVID-19 pandemic as well. The completion of these projects will help to create new job

opportunities and promote economic growth, but the pandemic has made it more difficult to secure financing and there are disruptions in global supply chains and labor shortages which will affect the construction of the projects. The government of Pakistan is taking necessary measures to overcome these challenges and to ensure the completion of the projects on time.

Finally further delays are unaffordable for China and Pakistan, which would serve its critics well. It will provide the U.S. with a chance to attack China. For China to achieve its goal of attaining energy security, the project is essential. It will support China's objective of having the biggest economy in the world. Pakistan cannot afford to let the project to be delayed any further, despite the enormous advantages that would accrue, since its economy will not be able to handle more financial burdens. Pakistan must act rapidly to match China's sincerity and continue to be China's rock-solid sibling.

Recommendations

Based on the opportunities and challenges of the China-Pakistan Economic Corridor (CPEC) in the context of the COVID-19 pandemic, some recommendations for addressing these challenges and maximizing opportunities include:

- For the country's peaceful environment and commercial, economic, and cultural growth, the administration and all the provinces should collaborate.
- All political parties should completely support the China-Pakistan Economic Corridor, and they should also work together to resolve their conflicts and act in their mutual interests.
- Foreign employees employed by various CPEC projects should receive full support and assistance from the Pakistani government.
- The government should not put off work on CPEC since doing so may give terrorists and militants more room to obstruct the project's progress; instead, it should ensure security to the foreign employees employed on the various CPEC projects (Ahmad, 2021).
- Pakistan should work with China and other partners to improve the management of global supply chains, to ensure that goods and materials needed for CPEC projects are delivered on time.
- To guarantee that CPEC projects are completed on schedule, Pakistan should look at alternative sources of funding, such as multilateral development banks and private sector investment.
- To alleviate labour shortages, Pakistan should endeavor to enhance construction employees' working conditions and salaries, as well as investigate the usage of modern construction technology.
- Pakistan should work to improve security conditions in the country, to ensure the safety of CPEC projects and the people working on them.
- Pakistan should focus on Gwadar port development to improve the port facilities and to increase its capacity to handle cargo.
- Pakistan should focus on Industrial parks development under CPEC to provide a platform for the development of new industries and the expansion of existing industries (Ran, 2015).
- Pakistan should focus on Human capital development under CPEC to promote education, training and skill development of local communities.
- Pakistan should work to promote regional connectivity through CPEC, to improve access to new markets and to promote economic growth.
- Energy security: Pakistan should priorities energy security during CPEC to assure the availability of electricity for industry, homes, and the country's general growth.

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