



Development in Different Sectors through China–Pakistan Economic Corridor (CPEC)

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Abstract: China–Pakistan Economic Corridor (CPEC) under the Belt and Road Initiative is one of the most notable collaborations (BRI) through the use of networks of roads, highways, and railroads, CPEC seeks to link China and Pakistan with the rest of the globe. CPEC will provide opportunities for the growth of the energy industry, rail and road infrastructure, and other areas. Since the bulk of the research focuses on the difficulties connected with the China–Pakistan Economic Corridor, the goal of this study is to examine the beneficial effects of this project, particularly for Pakistan (CPEC). To evaluate the contribution of CPEC to Pakistan's sustainable economic growth, this research evaluates the relevant literature. This research suggests that the CPEC is an ambitious development project since it requires a more extensive reorganization of Pakistan's economy. In addition to generating significant amounts of foreign direct investment for Pakistan, this project will also provide China access to a new market, which will increase its trade potential. This analysis found that the CPEC would boost regional connectivity, solve energy shortages, expand infrastructure, and foster people-to-people ties in both nations, all of which will assist to boost the tourist industry.

Introduction

China's prime minister made the China–Pakistan Economic Corridor (CPEC) announcement during his 2013 visit to Pakistan. Through the construction of roads, oil and gas pipelines, railroads, and optical fiber, this project will connect Gwadar Port in Pakistan and Kashgar in China. A deep-water-purpose port called Gwadar Pot will be built in the sea and utilized for commerce between China, Africa, and the Middle East (Rizvi, 2014). As a result, the 12000 km oil supply route from the Middle East to China will be shorter. Along with all of this, the CPEC also entails building massive physical infrastructure in Pakistan, such as a railway from Khunjrabad to Gwadar that provides access to China and a 2700 km long expressway from Kashgar to Gwadar.

This whole network would improve regional connection, economic integration, and the establishment of the most advantageous economic zones (Javaid, 2016). The three stages of the CPEC projects—short-term, middle, and long-term—are scheduled to be finished in 2017, 2025, and 2030, respectively. It is anticipated that more than 21000 MW would be generated, taking Pakistan and China's energy demands into account. CPEC put a special emphasis on supplying both nations' energy needs. Pakistan will profit from improved infrastructure to connect with other nations, but it will also be able to meet the rising demand for electricity inside the nation (Ali, Daud, & Ibrar, 2021; Muhammad

Ibrar, Kakepoto, Manzoor, & Khan, [2022](#); Javaid, [2016](#)).

According to empirical research, trade volume will decline as a result of limited market access and rising transportation costs as a result of inadequately developed and enhanced physical infrastructure. Costs rose by 40% and 60%, respectively, due to poor infrastructure in coastal and landlocked nations (Lima & Venables, [2001](#)). The Gilgit–Baltistan region of Pakistan is making headlines not for its delectable cherries and dried apricots, but rather for the CPEC, which will travel through this picturesque area and assist in reaching the port of Gwadar in the south. As previously mentioned, this line will link China's Kashgar metropolis with Gwadar port (Beeson & Studies, [2018](#)). 14 projects will begin generating 10,400 MW of electricity by March 2018 if the project is completed on time and according to plan. According to a merchant from Gilgit–Baltistan who exports cherries, apricots, and apples, CPEC would shorten travel distances. As a result, the authors also claimed that the CPEC is about tourism since it would increase tourists' trips to the 73,000–square–kilometer region. The Gilgit–Baltistan area is known as a mountaineer's paradise since it has several mountains higher than 7000 meters and five mountains higher than 8000 meters. The local Pakistani insurance market, particularly in the non–life sector, would have new business prospects under the aegis of CPEC (Muhammad Ibrar, Mi, Karim, et al., 2018; Muhammad Ibrar, Mi, Rafiq, & Ali, 2019).

A network of roads enables increased transportation facilities in undeveloped economies, improving the sociocultural and economical standing of the community. For instance, public access to locations like schools, hospitals, parks, etc (Muhammad Ibrar, Mi, Mumtaz, Rafiq, & Buriro, [2018](#)). According to (Muhammad Ibrar et al., [2022](#)), better roads would make it easier to reach educational institutions, healthcare facilities, marketplaces, and other government agencies in the vicinity of a particular corridor. As a result of the development

of this argument, it can be concluded that Pakistani students will have the option to study in Chinese universities, which will raise Pakistan's literacy rate. Additionally, Pakistan's poverty and unemployment will decline as a result of the increased work prospects (M Ibrar, Mi, & Rafiq, 2016; Muhammad Ibrar, Mi, Rafiq, & Karan, [2016](#)). Based on the literature and facts now accessible, it can be concluded that CPEC will have a favorable impact on employment prospects and assist Pakistan to advance its lifestyle and educational system (Aqeel, [2016](#)).

Pakistan's poverty rate is greater than that of other countries in the globe, and this problem poses a real threat to the country's ability to progress economically. The Pakistani fruit producers will have a new export channel thanks to CPEC, which would allow them to contribute more to the country's economic development. CPEC may also be seen as a step toward modernizing Pakistan's horticulture system since the locals will accept technological advancement in this sector (Aqeel, [2016](#)). With the completion of this project, the production and benefit of agricultural goods will fundamentally be enhanced. The local farmers, agriculturalists, merchants, exporters, and the government will gain from the completion of the CPEC since the trade route will be simple, affordable, and convenient, which will reduce the cost of transportation and eventually result in larger profit margins for the sellers. They are driven to provide a favorable image of Pakistan to the world, and CPEC provided them with the opportunity to do so. If it grows, the involvement might improve the prospects for these individuals to work on other projects in Gwadar, reducing their likelihood of engaging in illegal activities. If allowed to contribute to the growth of this project in terms of employment, education, etc., the residents of this area will quit engaging in criminal and violent acts.

The CPEC would aid in lowering the degree of neediness while also changing the socioeconomic landscape of the two nations. Assembly of goods,

expanding agriculture, and improving the current state of communication and information exchange may all easily have an impact on Pakistan's economy. As the CPEC is built, communication and information exchange in the area will be upgraded (Aqeel, [2016](#)). CPEC will finally encourage the development of strong relationships with many countries and streamline business and travel. Agribusiness exports now go via Dubai, which significantly raises the cost of the transaction. One may argue that the Chinese people's insatiable need for agricultural goods would be sated thanks to CPEC, which will enable Pakistani exporters and local transporters to fulfill this demand. With the use of cutting-edge inventions and equipment designed by Chinese experts, Pakistan's water and water system will be improved, benefiting the local community, especially its ranchers (Mumtaz, [2015](#)). The manufacturing of different goods will also be improved due to the availability of cutting-edge technology and the potential for helping the Pakistani people advance and elevate their economic growth. So, one might conclude that the China-Pakistan Economic Corridor is one of the most important steps for the development of Pakistan's economy (Irshad, Xin, & Management, [2014](#)). The readily available evidence makes it clear that Pakistan's economy has seen persistent ups and downs throughout its history, and the China-Pakistan Economic Corridor (CPEC) presents a chance to significantly and positively alter the situation. The development of the China-Pakistan Economic Corridor would significantly and restrictively enhance Pakistan's sociocultural and economic situation (CPEC). The two countries' populations will converge via the interchange of goods, and they will enhance each other's way of life in their respective regions. It might be seen as a benefit of the China-Pakistan Economic Corridor (Aqeel, [2016](#)).

But a coin flip is also necessary. Due to the enormous amount of money that China would be contributing to the CPEC, several analysts have predicted that Pakistan will have to pay more than \$50 billion for this. And while paying back the

money to China over 30 years, there will be an interest of 4.5 percent annually. This will cost around 3.5 billion dollars annually throughout the project. And analysts are raising the issue of whether the infrastructure built in Pakistan as a result of this investment would be able to produce enough revenue for Pakistan to be able to repay everything. It is possible to use Sri Lanka as an example. After receiving significant investments from China, Sri Lanka was unable to generate enough money, and as a result, it was forced to transfer its important assets and a plot of land that was designated for an industrial zone totaling around 15000 acres. So, the majority of analysts pose this question: Is this in Pakistan's best interests? To get a clear picture, it is essential to do a thorough cost-benefit analysis of this substantial expenditure that takes into account all relevant elements as well as those that are often left out of analyses. And according to the experts, the benefits of this expenditure can only be assessed and estimated after taking terrorism into account. The Chinese government has often expressed worry about terrorism in Pakistan, and the Pakistani government and army in particular have pledged a safe route and location for investment. Pakistan must thus support anti-terrorism operations, which raised the demand for contemporary weapons and strengthened its dependency on China. Pakistan and China are significantly expanding their military collaboration. and boosting military expenditures (Nasir, 2017).

Transport Sector

The governments of the two nations, which are part of the CPEC, have finalized agreements for the development of a vast network of roads and railroads costing \$12 billion. According to Pakistan's Ministry of Planning and Development, \$1.6 billion has been designated for the Lahore Metro Train Project (orange line), \$3.5 billion has been designated for the development of the Islamabad motorway area, and \$6 billion has been designated for the development of the

Lahore–Karachi motorway. The local population will have new employment opportunities thanks to these huge initiatives, and new infrastructure will be built to accommodate the demands of the contemporary period. Because Gwadar Port and the Karakoram Highway are connected, the country's economic security is heavily dependent on a reliable, safe, and economical transportation system. In this way, the importance of the transportation sector has come to be crucial for the import and export of the nation. The government is concentrating on building top-notch expressways for regional and local commerce activity. Pakistan is receiving assistance from the National Expressway Authority (NHA) and several donor institutions, including the World Bank, USAID, the Asian Development Bank, and other willing countries. According to reports, China has revealed plans to build a road connecting the present Karakoram Highway and Gwadar Port (KKH). In his speech to the Karachi Chamber of Commerce and Industry (KCCI) on September 24, 2013, the China Representative presented his views in this way (Khetran, 2014). The construction of the Karakoram Highway in 1978 provided China with land-based trading opportunities. The KKH was upgraded in 2006 to foster business and financial ties between China and Pakistan. The KKH, which crosses the Khunjerab Pass, now extends to Gwadar.

The KKH expansion will improve economic activity and the practical upper limit for the use of heavy trucks. The building of the corridor between Gwadar and Kashgar has received support from high-ranking Chinese and Pakistani specialists during recent trips. It is expected that the reciprocal trade between China and Pakistan, which totaled \$ 16 billion in 2014, would continue to grow. The legislatures of China and Pakistan are determined to develop reciprocal economic ties and advance their respective political relations by implementing a joint improvement scheme. Joint ventures have a good chance of success in a variety of industries, and by improving their respective commercial ties; China

and Pakistan may gain more. Given its promising potential in several industries, including mining, energy, foundation, agriculture, assembly, domesticated animals, and tourism, Pakistan is seen as a key target for Chinese investment (Khetran, 2014).

Railroad Construction

The train system is sometimes referred to be a country's lifeline. The expansion and modernization of Pakistan's train network is the second key component of the CPEC. Since its founding in 1947, Pakistan Railway has played a key role in transportation across Pakistan. President General Pervez Musharraf coordinated the construction of rail links with China in 2006. To further improve economic ties between China and Pakistan, the government allocated a total of Rs. 72 million to conduct a feasibility study for the construction of a rail connection with China in 2007. The study was conducted to create a 750-km region between Havellian and Khunjerab Pass, which is 4,730 meters above sea level (Khetran, 2014). Havellian is currently connected to Pakistan's railway system. The inquiry proposed that the Chinese government construct a 350 km train track in Kashgar, where they had established a Free Economic Zone.

According to railway sources, a quick rail link will be built from Karachi to Peshawar, with a maximum speed of 120 km/h. The speed would increase to 160 km/h or higher after that. Pakistan Railways to purchase 58 locomotives from China as part of the Government's sincere efforts to modernize the railroad system. Freight trains have received unusual attention since they generate significant revenue from the transportation of goods because it is a faster and less costly way to move goods from one player in the country to another (Khetran, 2014).

The China–Pakistan Economic Corridor Project also includes the creation of brand-new lines as well as the modernization of existing ones. The Pakistani government has approved a huge railroad project for \$7.89 billion. 3.65 billion

dollars have been allocated for the upgradation of the present train route from Karachi to Peshawar (ML-1). A second track, costing \$4.2 billion, will be constructed from Gwadar to Jacobabad through Besima and Khuzdar. China is grateful for the CPEC's enhancement to use the Gwadar Port for commercial reasons. China's access to the energy-rich Center East through Gwadar and other Pakistani ports may be ensured by a reliable and safe rail network (Khetran, [2014](#)).

China's main goals for the Corridor's development are twofold. To start, China envisions using its western district transportation system as a safe backup route for Middle Eastern oil and other energy supplies to China. China is focused on constructing an instantaneous raw petroleum pipeline from Gwadar to Xinjiang as part of the CPEC expansion. China constructed a new oil pipeline from Central Asia in 2013, which delivered 86 million barrels of oil. China also announced plans to develop the "Maritime Silk Road," which would increase its influence on the maritime communication routes extending from the Indian Ocean to the South China Sea. This development via Pakistan would enable China to get a safe and secure energy supply from the Middle East area and to quickly transport its goods from western economic zones to the Middle Eastern markets (Khetran, [2014](#)).

In addition, when compared to the eastern seashore areas like Shanghai, Guangdong, and Tianjin, China's western regions, including Xinjiang and Tibet, are less developed. China has anticipated that the expansion of CPEC will increase exchange in the Xinjiang region even though it is now largely focused on the development of its western region. The expansion of CPEC would boost economic growth and flourishing while resolving the concerns of the Uyghur population in the region of Xinjiang. China would be in a position to have rapid, safe, and reliable international trade channels to the Middle East and Central Asian nations via Xinjiang after the completion of CPEC. China will be able to transport goods from Gwadar through

the shortest route from Karachi to Peshawar as well. Additionally, the train network might provide Xinjiang with oil from the Persian Gulf. China may make use of Pakistan's domestic railroad network to reach Iran as well.

Energy Sector

The Pakistani government has allocated significant funds for energy projects totaling \$ 20.2 billion. These funds include \$ 500 million for the construction of the Power Park foundation at Gadani, \$ 700 million for a jetty to supply coal to the 10 x 660 MW coal-based power stations at the Power Park Gadani, \$ 1.85 billion for the development of 2 x 660 MW coal control stations by Genco Holding Company at Gadani, and \$ 1.440 billion for the construction of a new transmission 23 The aforementioned projects are a part of the CPEC and will provide enough electricity after they have been completed. To rid Pakistan of the energy crisis that is impeding its path to financial recovery, the government of Pakistan is pursuing several additional energy-related initiatives in various regions of the country (Khetran, [2014](#)).

Along with CPEC, China needs to build an energy pipeline extension. In this way, China would be able to build an energy pipeline extension that could surely get energy from the Middle East without using the Strait of Malacca. According to Selig S. Harrison, China intends to take control of the region by giving unfettered rail and road access to the Middle East through Pakistan. Typically, it takes 16 to 25 days for Chinese oil tankers to reach the Gulf region. China will construct roadway and rail links via Gilgit and Baltistan to enable it to have quick and secure freight connectivity from Eastern China to Gwadar while reducing time and hazards. Additionally, the expansion of the Karakoram Highway, which is connected to the region of Xinjiang, employs more than 10,000 experts. The Himalayan fringe region is changing due to the geopolitical situation, and Pakistan is willing to cooperate with China to offer it a better position for playing an important role in the regional

political order. After the Gwadar–Kashgar corridor is completed, Pakistan's economy would see another period of economic growth. It is crucial to note that this project will benefit more than simply Pakistan and China (Harrison, 2010).

Conclusion

CPEC is a once-in-a-lifetime chance for Pakistan to prosper. More than three billion people in China, South Asia, and the Middle East would profit from the successful execution and long-term operation of the CPEC projects, according to the governments and populations of both nations. By establishing connections with its neighbors on three sides, namely the east, north, and west, CPEC would help Pakistan resolve its energy dilemma. It offers a chance to revitalize Pakistan's economic structure, especially via the growth of its energy industry, and by encouraging better connectedness through the network of infrastructure. The government of Pakistan believes that although CPEC would alter the course of history for both Pakistan and the whole region, its successful completion hinges heavily on both nations' ongoing resolution. Projects must be completed successfully, all Memoranda of Understanding must be implemented in their entirety, the performance and quality of work on various projects must be closely monitored, and there must be precautions against corruption. Additionally, the protection of the engineers, technicians, and workers involved in CPEC ensures the timely completion of projects that will accelerate Pakistan's economic development. The CPEC initiative will make Pakistan's position an advantage. To ensure the success of CPEC, the business community and private sector must step up and take action. This analysis concludes that Pakistan can only benefit from the CPEC projects by managing the problems with security, political stability, transparency, good governance, and execution quality.

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