

Assignment

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Q2) China-Pakistan Economic Corridor (CPEC) is considered as a game-changer. How the CPEC can be uplift the Pakistan economy? Discuss

Introduction:

China and Pakistan signed a memorandum of understanding on China and Pakistan economic corridor (CPEC) on July 5, 2013. The agreement was signed by Nawaz Sharif PM of Pakistan and President Xi Jinping's. The project is integral to the bigger plan of reviving the traditional silk Road and establishing new Silk Economic Belt. The CPEC is a 3218 km network of roads, railway, pipelines linking Kashgar in northwest China's to southwest of Pakistan's Gwadar port.

CPEC is seen as game-changer for whole region but its great benefit to Pakistan. CPEC boost Pakistan economy through billions of dollars investment from China into Pakistan. It is improved connectivity, Pakistan connected to Central Asia, this will open new markets of Pakistan exporter. CPEC will improve technology & skills.

CPEC Game Changer

CPEC as a Game Changer for Pakistan:

Pakistan and China economic corridor (CPEC) is a game changer for Pakistan. Under CPEC \$64 billion ventures in Pakistan. It is not offers but boost economic prosperity and geostrategic position. CPEC has ability to transform region Geo-economics and Geo-Politics through trade and development. This initiative helps to eradicate terrorism from the region and Pakistan. Terrorism has great risk for region. CPEC uplifted the Pakistan economy. CPEC will improve Pakistan access to central Asia. The Central Asian market are open for give easy access for Pakistan supporter. CPEC creates the revolution of Jobs in Pakistan. IMF estimate CPEC creates 2.3 million Jobs by 2030. Pakistan is already facing a high debt ~~burden~~ burden, If CPEC phase 3 completed it will help to repay loans. CPEC have also role in energy project, Defense cooperation, Infrastructure development, Agriculture development, Social expansion, Nuclear cooperation, Advance communication.

CPEC Uplift Economy

1) Infrastructure Development:

CPEC involves a wide range of infrastructure developmental project that aim to boost Pakistan economy through enhance connectivity trade between Pakistan and china, or Pakistan china with other region countries.

Road & Highway:-

- **Karakoram High upgradation** :- project is the part of CPEC. The project estimated cost is \$5.7 billion and completed in 2023. Under this project Building 13 new tunnels, 99 new bridges, upgrading highway to a 4 lane road and improved safety features. This project has benefit to generate revenue for Pakistan through toll tax, trade taxes, tourism revenue. In March 2023, Pakistani government announced KKH upgrade project is 80% complete.

In April 2023, Chinese government release \$1 billion additional

- **Multan-Sukkur Motorway**:- This motorway is 392 km long and that was completed in 2021. Total estimate cost is \$2.9 billion dollar. According to express tribune, M-S motorway has generated Rs 8.7 billion toll tax from opening to June 2023.

Railway Projects:-

-ML1:- ML1 project is a 1872 km long project of railway that is currently under construction. The line will connect Karachi to Peshawar with high speed railway in Pakistan. The estimated cost \$6.8 billion and completed in 2025. The ML1 total annual revenue expected to be around \$1.6 billion.

-ML2:- ML2 is a 1100 km project that is currently under construction. The line connects to Lahore and Quetta with second high speed train. The estimated cost around \$4.5 billion and completed in 2027. Total revenue is expected \$825 million per year.

Ports and trade route:-

-Gwadar port:- Gwadar port will improve connectivity China and middle east. Gwadar port creates job opportunity in construction, shipping, and logistic sectors. Gwadar port expected petroleum product and export generates around \$1 billion per year. The duties are expected to generate \$2 billion per year.

-Khunjerab Pass trade route:- is currently under process of upgradation. This project completed in 2023. The estimate cost of this project is \$2 billion. The custom duties generate \$1 billion per year and tourism generate \$500 million per year.

2) Energy Sector:-

Energy projects under CPBEC boost Pakistan economy through address energy shortage and help to boost industrial production

- Hydro Power:- Hydropower project have several projects. These project generate electricity to meet energy need of Pakistan.

Diamer-Bhasha Dam is most expensive hydropower project. The estimated costs is around \$14 billion. The dam completed in 2028. The dam generate 4500 megawatts of electricity.

Mohmand Dam generate 800 megawatt electricity and completed in 2026. The estimate cost is \$2.8 billion.

Dasu Dam generate 4320 megawatt electricity and completed in 2024. The estimate cost is \$1.6 billion.

- Coal Projects:- Several coal fired power plants develop in Pakistan.

Sahiwal Coal Power project is constructed with consortium of Pakistan and Chinese companies. This project is 1320 megawatt coal fired power plant with estimate cost is \$1.9 billion and 1.2 billion generate revenue per year. Project completed in 2024.

Port Qasim Coal Power project is a 1320 megawatt coal fired power plant. The estimated cost of this project is \$1.9 billion and generate 1.2 billion per year.

5) Special Economic Zones:-

CPBC aims to establish special economic zones (SEZs) which where industries developed.

Karachi Economic Zone (KEZ):- KEZ has a multipurpose economic zone that focus on manufacturing, logistic and tourism. The total area of KEZ is 6000 acres. The estimated cost around \$10 billion to develop. The KEZ generate revenue around \$5 billion per year.

Guadar Economic Zone (GEZ):- It is located in Guadar and the purpose of GEZ is trade, logistic and energy. It is cost \$5 billion to develop and total revenue generate around \$3 billion per year.

Dhabeji Economic zone (DSEZ):- It is located in sindh. The main focus of DSEZ is renewable energy. It is estimate cost is \$3 billion to develop. REZ is generate around \$1 billion per year.

Rashki Economic Zone (REZ):- It is located in KPK. The purpose of REZ attract foreign investments in textile, food processing and pharmace. sector. The estimated cost is \$2 billion to develop. The revenue generate around \$ billion per year.

7) Economic Diversification:-

The development of various sectors including energy, infrastructure, manufacturing, aviation water infrastructure and services can lead economic diversification.

Airport & Aviation:-

-New Gwadar International Airport:-

The New Gwadar International airport completed in 2023 and able handle up 2 million passengers per year. The estimated cost is around \$2 billion to built and total revenue generate \$500 million per year.

-Upgrade Karachi Airport:- The Karachi airport is being upgrade under CPBL. This upgradation include new terminal expansion of runway and install new air traffic control system. The \$1 billion is estimated costs and it generate \$500 million per year revenue.

-Construction of Dhabaji Airport:- The Dhabaji sindh a new airport built. It is completed in 2025 and able to handle 500,000 passenger per year. The estimated cost of the construction of Dhabaji airport is around \$250 million. The airport generate revenue of around \$125 million per year.

Conclusion:

In conclusion, China Pakistan Economic Corridor is the game-changer for the Pakistan. CPEC has potential to enhance or boost Pakistan economy & its regional standing. CPEC aim to foster the connectivity, trade and economic growth between Pakistan and China.

The CPEC has \$62 billion cost project and divide into different phases. The 1st phase is estimated cost is \$35 billion and completed in 2022. The Second phase is during 2025 to 2030 with estimated cost is ~~\$35~~ \$27 billion. The third phase of CPEC started to 2035 to 2050.

Under the CPEC, roads project estimate cost is \$10 billion, and generate \$1 billion per year, Railways project cost is around \$5 billion and revenue is \$500 million per year, Ports estimated cost is \$3 billion and generated \$1 billion, Special zones generate \$500 million per year and aviation generate \$200 million. However, CPEC project uplift the Pakistan economy, Pakistan and China both share this revenue. The CPEC stands a testament of positive outcomes that can emerge strategic partnership between China and Pakistan.