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## A DECADE OF CPEC: SUCCESS AND FAILURES

### INTRODUCTION

The China-Pakistan Economic Corridor (CPEC) stands as a symbol of the deep-rooted and unwavering friendship between Pakistan and China, initiated in 2013. The year 2023 marked a significant milestone for China-Pakistan Economic Corridor (CPEC) as it celebrates its 10<sup>th</sup> Anniversary since its inception. As a flagship project of China's Belt and Road Initiative (BRI), the CPEC has emerged as a transformative force, reshaping Pakistan's economic landscape and strengthening bilateral ties between China and Pakistan. Over the past decade, the corridor has witnessed several major achievements including the development of Gwadar Port City, energy projects, transportation infrastructure and industrial cooperation. It has also paved the way for enhanced people-to-people exchanges, fostering cultural understandings and diplomatic cooperation between the two nations. However, it has also faced some shortcomings along the process.

### TARGETS OF CPEC UNDER BRI:

The targets of CPEC under Belt Road Initiative include infrastructure development, economic

growth and industrialization and regional connectivity - ~~is~~ in four phases.

#### 1- Infrastructure Development:

CPEC aimed to transform Pakistan's infrastructure by constructing modern transportation networks, including highways, railways, ports and airports. The goal was to enhance regional connectivity and enhance/facilitate trade and economic growth.

#### 2- Energy Security.

Addressing energy crisis of Pakistan was a core objective of CPEC. The corridor aimed to develop various energy projects including coal, hydro, solar and wind power plants to boost the country's energy capacity and reduce its dependence on costly energy imports.

#### 3- Economic Growth and Industrialization

CPEC aimed to stimulate Pakistan's economic growth by attracting foreign direct investment from ~~the~~ China. The investment was expected to create job opportunities, spur industrialization and improve living standards for the Pakistani people.

#### 4- Regional Connectivity.

As a part of BRI, CPEC envisioned fostering regional connectivity by creating a network of roads, railways and pipelines linking

China to The Arabian Sea through Gwadar Port. This connectivity aimed to benefit China, Pakistan and landlocked Central Asian countries.

These objectives were to be achieved in four phases. First phase, Early Harvest (2015-2018) with most of projects related to energy sector. The second phase, short-term projects upto 2020 with including roads, gwadar development, hydal and power projects. Third phase include medium projects upto 2025, we targeting railways and industrial zones. The last phase includes long-term projects upto 2030 with grant projects like mines and minerals, gas sectors, transportation, tourism etc.

## ACHIEVEMENTS OF CPEC SINCE LAUNCH

Since its launch The CPEC under Belt and Road Initiative have achieved success in energy sector, transport infrastructure, regional connectivity and development of Gwadar.

### 1. Energy Sector:-

In the energy sector, both Governments envisaged overcoming the critical issue of energy under CPEC, with multiple projects of 17,045MW (FDI of \$33 billion). As of now 13 power generation projects with a total installed capacity of 8,020 MW and one ~~HVDC~~ HVDC transmission line with evacuation capacity of 4000 MW have achieved their commercial

operation. One energy project 884MW Sukki-Kinari project is expected to be completed by July 2024. In addition, 700.7MW Azad Paltan Hydro Power Projects, 1124MW Kohala and 300MW Gwadar Coal Power Project are in the pipeline.

## 2. Transport Infrastructure sector:-

In transport infrastructure sector, CPEC effectively helped Pakistan improve the major transport networks from north to south and laid the foundation for resilient infrastructure including ports, airports, roads and railway lines. In the early harvest projects of CPEC, six mega infrastructure projects were completed; Havelian Thakot section of KKH, Multan-Sukhu Motorway, Rawal-Hakla D.I. Khan Motorway, Optical Fibre Cable, Eastbay Expressway and Orange Line Metro Train. Furthermore on the western alignment of CPEC, works on different sections is ongoing and will be completed in July 2024. Since most of these highways pass through the far flung areas of Pakistan, it has opened those areas for business to bring prosperity. According to the statistics, approximately 200,000 jobs were created in the first phase of CPEC development for locals, including engineers.

## 3. People-to-people connectivity-

CPEC is also playing a significant role in enriching people to people connectivity.

Before COVID-19, 28,000 Pakistani students were studying in China in various disciplines, showing a strong lobby of goodwill Ambassadors. Studying and training in China is an important opportunity for future researchers to gain first-hand knowledge of Chinese culture, business models and practices. Moreover, China is also offering several scholarships besides training programs.

#### 4. Socio-economic development:

A socio-economic development framework agreement was signed with China under CPEC whereby Chinese Government pledged a grant of USD 1 billion for assistance. Moreover, small interventions are being planned and implemented in numerous fields including agriculture, medicine, education, vocational training, poverty alleviation and fresh water supply across the country.

#### 5. Development of Gwadar Port City:

The development of Gwadar smart port city has been a major focus under the CPEC framework. The city is ready to become a hub of international trade and commerce as it provides direct access to the Arabian Sea and the Strait of Hormuz. Gwadar has significant implications for Pakistan's economy and the region's geo-economics, particularly in trade, investment and

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employment. The development of Gwadar includes the construction of deep sea ports, a new international airport inaugurated in July 2023, highways and other infrastructure projects. With Gwadar Free Zones as the port's hinterland and the country's largest airport spanning over 4300 acres of land under construction in the port's vicinity, all of the necessary ingredients are in place to kick start the socioeconomic development of Gwadar and beyond.

CPEC has been a major contributor in the economic development of the Pakistan. To sustain the momentum of economic growth, Pakistan must focus on technological advancements and human resource development. Investing in vocational training and skilled manpower will ensure that Pakistan has a competent workforce to meet the demands of modern industries.

### SHORTCOMINGS OF CPEC

While the CPEC has achieved remarkable success, it also faces challenges that must be addressed to ensure sustainable growth and mutual benefits. The success and sustainability of the corridor depends on ensuring security of projects and personnel along with managing repayment of loans, socio-economic issues, geopolitical tensions and environmental issues.

### 1. Debt Sustainability:-

Accumulating debt from Chinese loans has raised concerns about Pakistan's ability to manage repayments. Ensuring debt sustainability and responsible financial management are essential to prevent an unsustainable debt burden. Almost 25 billion dollars out of which 15 billion is private liability and will be paid by power companies and the remaining 10 billions dollars are direct G2G loan liability (government to government).

These loans are a game changer, if government authorities handle it properly. Unfortunately Pakistan's internal political unrest has destroyed pace, sentiment and trust of existing and new investors. Pakistan was supposed to boost its economy through the help of Chinese brothers, but we did not put our house in order at the right time.

### 2. Security Challenges:

CPEC faces security threats, particularly in Balochistan and Khyber Pakhtunkhwa which have impacted the progress of certain projects. Ensuring a secure environment for CPEC's implementation and operation remains a top priority to Pakistan.

### 3. Socio-Economic Issues

Land access acquisition for CPEC projects has raised concerns about fair compensation and

the resentment of local communities. Addressing these issues transparently is essential to maintain public support.

#### 4. Geopolitical tensions:

The strategic location of CPEC has raised geopolitical tensions particularly with India, which views corridor as infringing on its sovereignty due to its passage through disputed territories.

#### 5. Environmental issues.

Before CPEC, there was no coal power plant in Pakistan. CPEC added almost 5,500 MW of coal electricity to the national grid of Pakistan. Although these all are environmentally compliant. However, it triggered the international agencies to blame CPEC and China for environmental flood disasters of 2022 in Pak. Pakistan.

### CONCLUSION

The China Pakistan Economic Corridor under the Belt and Road Initiative has strengthened the historical relationship between Pakistan and China and created new avenues for economic growth and regional connectivity, it also has faced challenges like security issues, environmental issues, debt sustainability. These challenges demand well thought-thorough strategic planning and collaboration for the success of next phase. As CPEC



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continues to unfold, it stands poised to become a driving force for economic growth, regional integration and friendship, embodying the enduring bond between Pakistan and China.