

Essay: CPEC & its Socio-Economic implications for the region and the world.

Outline:

1- Introduction:

1.1. The socio-economic implications for both Pakistan and China, ^{and regions globally} includes a lot of benefits and CPEC is considered as flagship project of China. It will enhance the economic security of China. It will improve the infrastructural development in Pakistan and western China, also geo-political implications of the project are very fruitful. However, with the potential benefits, there are some threats; internal such as from Balochistan extremism groups and external from Afghanistan, India, & ~~USA~~ Iran.

2.1- CPEC as the flagship project

2.1.1 with the completion of CPEC, China will be able to make other 5 legs of BRI.

2.1.2 Pakistan will come out of US influence.

2.2. Positive implications of CPEC for Pakistan

2.2.1 Provide employment opportunities

2.2.2 Development of roads and infrastructure.

2.2.3 Strengthening of the economy and the value of Rupees.

2.2.4 Increased growth rate of businesses

2.2.5 Improvement in the living standards of people.

2.3 Positive implications of CPEC for China:

2.3.1 CPEC will provide China the shortest route or access to the market.

2.3.2 Geopolitical goals of China

2.3.3 Development of the western part of China i.e Xinjiang

2.3.4 China will be able to secure its agri-demand in future.

2.4 CPEC's positive implications on Region

2.4.1 Growth in the trade and business

2.4.2 Geographic linkages will enhance.

2.4.3 People to people contacts will increase

2.5 Positive implications of CPEC globally

2.5.1 Shift from the unipolar world

2.6 Negative implications of CPEC

2.6.1 The burden of debt on Pak may increase

2.6.2 Environment issues may increase

2.6.3 Trade war of US and China

2.6.4 Threats (internal as well as external)

2.7 How the benefits could be enhanced from CPEC

2.7.1 By improving the relations with other countries

2.7.2 All the processes needs to have accountability and transparency

3- Conclusion

The Essay :

CPEC is a game changer not only for Pakistan and China but ^{for} all the other stakeholders in South Asia. It is one of the sixth leg and it is a part of BRI Project. BRI is a project by China to make the whole region to develop together in connected with other regions via a metal road connectivity. China is doing work to make the world a multi-polar instead of uni-polar and the strategy to make the world multi-polar is to make a regional configuration via a road infrastructure so that it can develop a multi polar world. CPEC is the first step upon which the rest of project is based on.

The socio-economic implications for the region and the world of due to CPEC includes a lot of benefits and CPEC is considered as the flagship project of China. It will not enhance the economic security of China. It will improve the infrastructural development in Pakistan and western China, and also geo-political implications of the project are very fruitful. However,

with the potential benefits, there are some threats; internal such as from Balochistan extremist groups and external threats from Afghanistan, India ~~and~~ ^{China}. This essay will discuss the implications of CPEC for the region and the world.

Since, CPEC holds more importance that is why fifteen years have been dedicated to it, its purpose is to develop an industrial zone and to build western Pakistan and China. China will be able to make other five legs of BRI from this one leg. The milestone to achieve is to establish security first and then counter Indian influence and then American influence. Pakistan is an enemy of India and friend of USA, & have been remained in the influence of USA. CPEC will let Pakistan out of US influence. In New York Times' it was stated that Pakistan is drifting away from America & going towards China.

Firstly, Pakistan will ~~face~~ enjoy a lot of positive socio-economic implications from CPEC. CPEC will provide infrastructure, road structures, small underdeveloped and deprived regions will be improved like Balochistan. With the success of CPEC, there are chances for many people to get livelihood. Industrial areas will set up

which will ^{be} generating a lot of employment and other opportunities for people. Pakistan would become a transit corridor for all the neighbouring regions with the help of CPEC. HL-2 would be connected with Central Asia through Uzbekistan - Peshawar railway track. If these two projects are materialized majority of the trade of CARs and Afghanistan which are landlocked countries would be conducted through Pakistan. Furthermore, Russia, Azerbaijan & other Caspian countries would trade through this mass transit project. Moreover, the world's going to be largest economy, China would be overwhelmingly dependent on Pakistan for accessing Middle-East, Iran, Africa and South Asia. Annually more than \$500 billion would be conducted by China through CPEC. CPEC, now especially Phase II is providing with the investment in the energy, transport sector and making of specialized economic zones (SEZs) and business activities has increased the growth rate level and will strengthen the economy which will help in stabilizing the value of Rupee. With the growth and development, the living standards of people living even in Balochistan will become better.

The benefit of CPEC to China is connecting to UAE, Persian Gulf, Red sea region, Middle-East, and African Continent which will be the cheapest and smartest way for connectivity, very low in time cost and expenditure cost, it is also an alternate to South China Sea route that is 16000 km long route for China to connect these regions, which is now reduced to 2500 km.

The plan is to complete CPEC by 2030 and by 2049 China plans to be the world power and celebrate / announce being the superpower (as Mao Zedong's 100 years will be completed).

In the years from 2030 to 2049, China will complete its other 5 legs of BRI. China wants to overcome its Energy deficiency, to overcome that they need to get the energy sources from Iran, Saudi and Gulf countries and the Strait of Hormuz is very sensitive place, as it is situated at the mouth piece of Gawadar, is near Iran. China wants to control and influence on Strait of Hormuz via Iran, Saudi and Pakistan and for this China has helped Pakistan to build a new maritime navy in the Arabian Sea which is equipped with latest technology. Moreover, it has promised Iran a \$400 ^{billion} investment and in return Iran is selling its oil to China and will give its place for investment. Iran rejected the \$100 billion offer of India of investing in Chabahar.

Though, Chabahar will be connected to Gawadar

and Gwadar will be connected to China. India wanted to stay there and wanted its hold to block Chinese route with help of Americans and create issues in Balochistan. In all, the point is to control the Strait of Hormuz and this is called Indo-Pacific O.2. ^{Additionally,} China intends to develop the western part of China (Beijing) a land locked region called Xinjiang. Xinjiang will be center of BRI. Overall, China and Xinjiang in particular would become a transit corridor for different parts of Asia and Europe. China also needs to secure its agri-demand. As till 2025, the estimated consumption is \$1300 billion and China is the world largest importer of agri-goods mostly from North America. Therefore, now it intends to invest in the agricultural sector of neighbourhood to meet its future demand.

In the coming years, CPEC will radically transform the entire Asian region geo-politically and strategically. Millions of people will be benefitted from it as the initiative has the capacity of economic boom, mounting trade, enhanced cooperation and amplified cultural connectivity among the people in the region. South Asia in general and India in particular could also be the major beneficiaries of CPEC. Currently, India opposes the project but Pakistan is

The only country that provides ground, shorter, multiple routes to India to access Afghanistan, CARs, and even Iran. If ML 1 is completed and Uzbekistan - Peshawar railway track is also completed, India would just need a link from Wagah till Lahore & it would easily export and import hydrocarbons and other minerals from Central Asia, Russia and Afghanistan.

Afghanistan will be a beneficiary too as it can bring country's fragile economy and security to stabilization (Butt & Butt, 2015). Also, the landlocked Central Asian Republics can easily transport their goods to Middle East and Europe via Gwadar port. Iran and Middle East would be the major beneficiaries of CPEC too. The largest exporting market for Iranian hydrocarbons is China. The largest exporting market for the oil of KSA is China. If CPEC is completed all these countries would have stronger trade relations with China that is emerging as the world's largest economy.

Additionally, with the help of CPEC China will be able to play a major role globally as well.

Economic investment is the major tool used by world countries to influence the decision making process of the other countries. The way USA dominated the world politics through economics with the help of IMF, World Bank (WB) and investment

by US itself and aid. China is playing by the same books, investing in BRI countries to influence or to increase the Chinese influence that is role in decision making process of BRI countries. Majority of trade routes have always been through sea and USA became the hegemon of international water's. Now, China wants to develop a parallel trade route system, in the form of BRI and CPEC is it's main leg, which will be led by China. This is the faster, ^{shorter} and alternative trade route for China, Asia and Europe. Thus, world countries dependency on sea would decline and uni-polarity would also come to an end.

Despite the potential benefits of CPEC for the whole region there are many restrictions faced from neighbouring countries i.e Afghanistan, India & Iran. ~~The~~ India is against CPEC because of regional rivalry & disputed territory of Jammu & Kashmir. India claims that CPEC routes are passing from disputed territory which is not acceptable for them. Moreover, Indians are also against the direct access of China to Indian ocean because of China's naval presence in Arabian sea and India considers that presence of military in the region will disrupt the peace & prosperity. Iran has concerns because of the working of Gwadar port. Additionally, Afghanistan is ^{one} major constraints that posing threats to successful completion of CPEC. Beside regional concerns,

There are some internal threats too to the successful completion of CPEC such as insurgency and extremism in Balochistan and restrictions from local people because they feel exploited. Also, the political disagreement between major political parties in Pakistan such as lack of political consensus and lack of transparency. Moreover, another significant problem CPEC is facing is the issue of unpaid loans. The project has been largely financed by Chinese loans & Pakistan has struggled to repay them. This is leading to the financial burden and has added to Pakistan's economic difficulties. The situation has been exacerbated by allegations of corruption with reports of funds being misused or siphoned off by officials involved in the project. The security situation in Pakistan has also posed a major challenge to the successful implementation of CPEC (by Dr. M. Akram Zaheer).

Although the benefits of CPEC could be enhanced by resolving regional issues and internal issues. As the scholars state that CPEC will also increase the GFA and exports of Pakistan. Socio-economic development across the country will elevate poverty and increase peace and stability in the country by reducing terrorism and conflict resolution between rival conflicting stakeholders like India & Pakistan. Pakistan and China can play major roles in transforming

Afghanistan, could improve socio-economic development in landlocked countries like Afghanistan. Moreover, the government needs to take action against the threats like security, corruption and delays in the project. As if China will lose hope or will step back then Pakistan would be in a debt-trap. In the start of August, Prime Minister of Pakistan announced that Chinese citizens would be exempted from visa fees, as part of Pakistan's efforts to secure Chinese support.

In a nutshell, the benefits of CPEC are enormous for both the countries and even for the other regional countries too as it would make the trade easier and shorter by connecting the regions with the roads. The dependency on the sea routes will decline with which the hegemony of US will also decline. Moreover, if Pakistan gets only $\frac{1}{4}^{\text{th}}$ of what China will make out of CPEC, it will greatly boost Pakistani Economy. However, for this Pakistan needs to work on its corrupt systems due to which the Chinese interest is waning which is the moment of reflection for Pakistanis. The government of Pakistan needs to work on securing the interest of China back to the project because this project would make Pakistan, the transit corridor. Although, corruption has devoured the

social, economic & moral fibre of Pakistani society, by acting out the suggested remedies Pakistan can again be set on the path to progress.