

Q. Discuss the prospects and challenges to the construction of 'China - Pakistan Economic Corridor'. How will CPEC become a game changer for the region?

Introduction:

China-Pakistan² economic corridor is a flagship project of China under BRI, launched in 2015. It is a monumental project and has ability to transform the future of Pakistan in multiple ways, including construction of a wide network of roads and railways, industrial growth and development, agricultural transformation, trade boom, job creation energy efficiency and sustainability and increasing foreign direct investment. Yet it is faced by multiple challenge that continue to malign its potential. These include security issues; Chinese

concerns about huge financial backlog, debt trap, political instability and diplomatic tension. However, if these issues are timely resolved, CPEC can act as a game changer for the whole region by providing China shortest route to Arabian sea, making Pakistan serve as transit hub, increasing economic potential of Pakistan, connecting Middle East, South Asia and China and reducing regional isolation of Afghanistan.

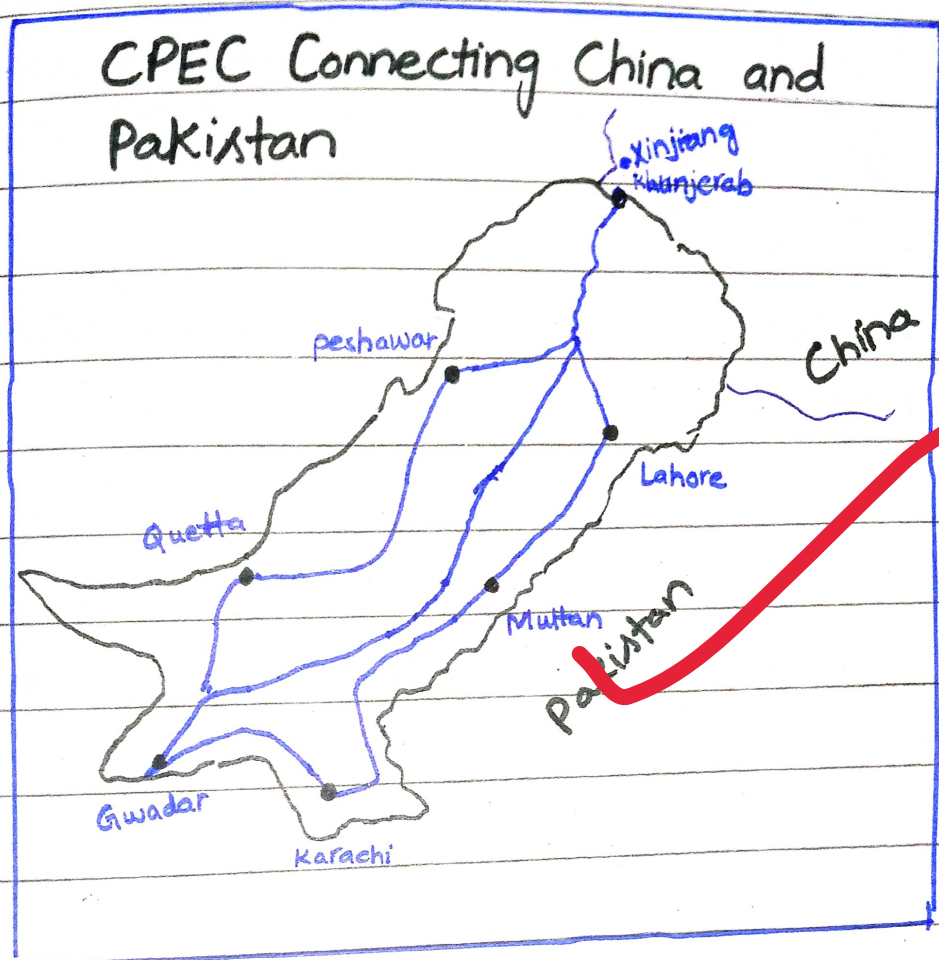
Prospects of CPEC for Pakistan

- 1- Huge network of roads and railways, increasing the connectivity of various regions across Pakistan

The CPEC provides a huge network of roads, railways and ports, mainly Gwadar port, that increase integration of across Pakistan.

China's province Xinjiang is directly link to Gwadar port, providing china

the shortest route to Arabian sea.



2- Industrial growth and development

Under the CPEC various social economic zones have been planned where foreign investors would install their industries leading to skill and technology transfer, increase in local employment and increased exports of Pakistan.

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Rashakai Economic Zone are under construction near Faisalabad and Mardan respectively focusing on textile, medicine, and pharmaceutical production.

3- Agricultural transformation and innovation

Pakistan's agricultural sector employs 40% of its population but is underperforming due to obsolete farming practices, poor water management and lack of skill and development. The CPEC provides an opportunity for Pakistan to bring transformation in its agriculture sector by increasing research and development, bringing good breeds, selecting right seeds and efficient water management, leading to obtaining food security, increase in crops yield and exports and improvement in livelihoods of those concerned with this sector.

4- Trade boom

As the CPEC has connected the various cities and regions of Pakistan together, by further innovating its agriculture and industrial sector, the CPEC helps Pakistan serve as trade and transit hub. This has mass potential for Pakistan to earn ^{through} by transit fees by providing land routes to land-locked Central Asian Countries and Afghanistan.



5- Energy efficiency and sustainability

Phase-1 of the CPEC provided Pakistan with energy resources, including coal-based, and wind, solar and, hydro power plants, reducing the decade-long problem of load-shedding in the country. Various Chinese IPP are working in Pakistan including China Power Hub Generation and Port Qasim Electric Power. During the first half of 2024, Pakistan became the 2nd largest market for solar imports from China after Europe.

6- Job creation

Various projects under the CPEC have helped in generation of multiple jobs in various sectors in Pakistan, the country having 45% of its youth unemployed. Until now, the CPEC has created 2,36,000 jobs by enhancing

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skill base and technology transfer. This has further helped Pakistan to utilize its youth's potential in the right way. As the CPEC proceeds further, it will further add to uplifting of economic meltdown of Pakistan.

Challenges to the construction of the CPEC

1. Security issues in Pakistan

Security issues in Pakistan remains the major concern for both Pakistan and China and disrupts the timely and efficient progress of CPEC projects. Since its inception, multiple terrorist attacks against Chinese official working in Bisham, Karachi and Balochistan have taken place, posing as great threat to lives of Chinese workers and damaging their trust in Pakistan, leading to slow progress and developments in CPEC.

2 - Huge financial backlog and Chinese concerns

China has demanded multiple times from Pakistan for favourable project conditions, including stringent repayment terms. Various Chinese IPPs are pressurizing Pakistan to pay their debts which now amount to **\$1.98 bn**. This is a major concern for Pakistan as it slows down the CPEC development amid Pakistan's fragile growth of economy.

3 - Political instability

Unstable political condition in Pakistan, marked by multiple inconsistent governments and political shifts, has further strained the growth of the CPEC. Policies regarding the CPEC change as soon as new government hold the power, leading to short-term, inconsistent frameworks regarding CPEC and poor

management of projects.

4- Diplomatic tensions

While China and Pakistan are close allies, tensions are growing due to unmet project expectations, Pakistan's debt obligations, security concerns and geopolitical pressure from India and the USA. Pakistan need to navigate these challenges with long-term planning and bold security measures as these hurdles are a major concern for China and put chinese life at stake

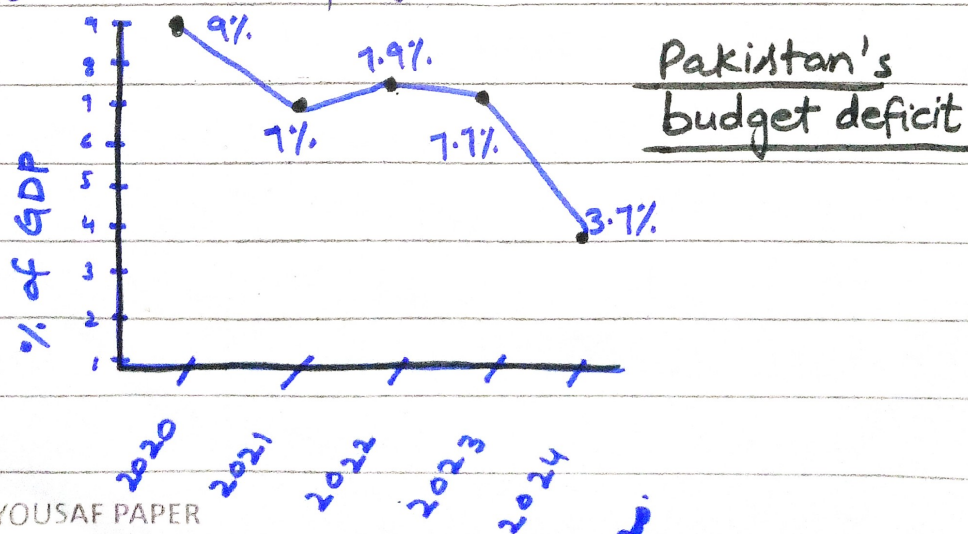
"It is unacceptable for us to be attacked twice in only six months"

~ Chinese Foreign Minister

CPEC as a game Changer for the region

1. Economic lift of Pakistan

Under the CPEC, various jobs have been created, multiple educational and vocational programs have been initiated and multiple socio-economic zones are being developed. These SEZs would bring foreign direct investments, boosting Pakistan's exports and service delivery. Moreover innovation in agriculture sector would provide food security, increased exports and jobs to local population and decrease balance of payment crisis, budget and trade deficit.

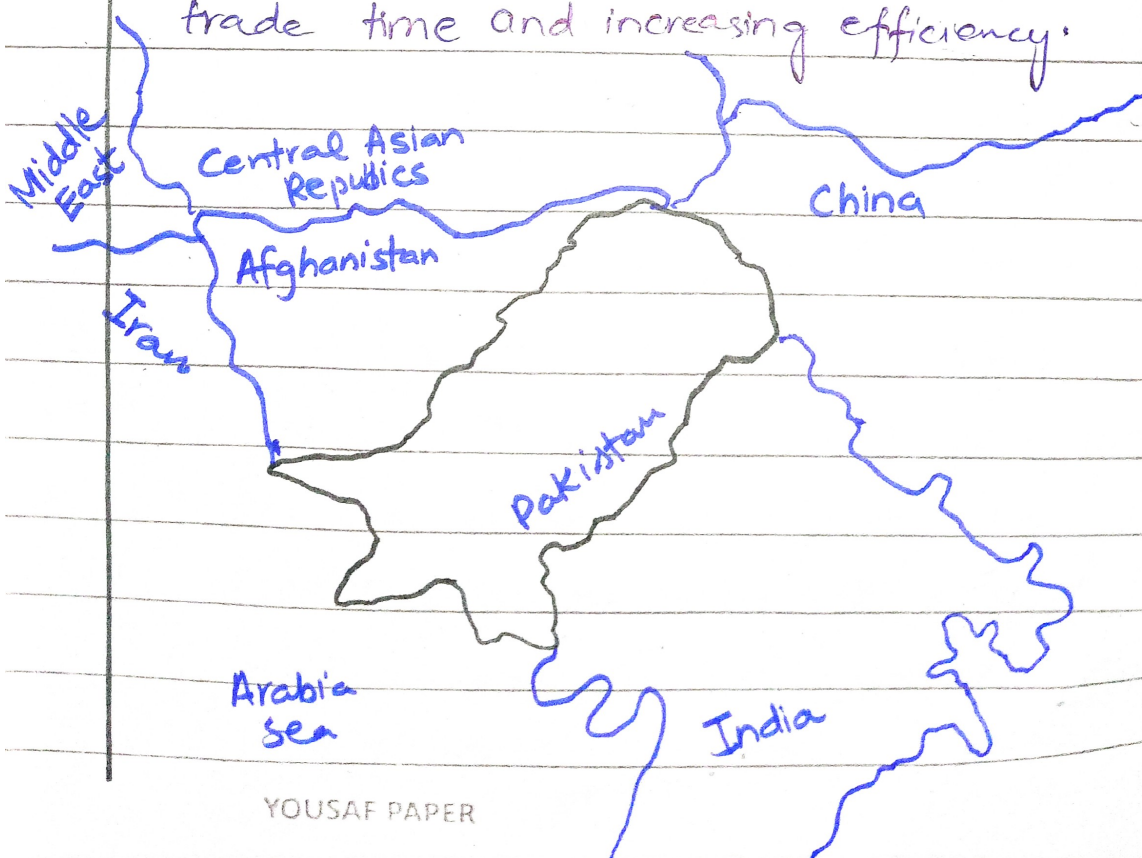


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2. Pakistan serving as trade transit hub

As wide road and railway network of CPEC connects and integrates distant regions of Pakistan and bring them close, it also provide safe, shortest transit route to Arabian sea and across multiple countries in the regions Land-locked central Asian republics including Tajikistan, Kyrgyzstan, Uzbekistan and Middle Eastern states and China use Pakistan for ^{transit} trade reducing their costs and trade time and increasing efficiency.



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3. Reducing regional isolation of Afghanistan

Since Taliban rule in Afghanistan in 2022, Afghanistan has faced extreme diplomatic isolation due to some humanitarian concerns. CPEC provides Afghanistan transit route to connect with the region and get access to Arabia sea to prosper economically.

In turn, Pakistan could earn through transit fees, further leading to economic prosperity in the region and integration of Afghanistan into global economic chains.

Conclusion:

The CPEC is the project of high potential and value if it proceeds smoothly. It can change the fate of not only Pakistan, but also of the entire region. Since it faces multiple issues that continue to hinder its timely progress, its great economic potential is at stake and requires stringent measures.