

# CPEC 2.0 (2020-2025)

China Pakistan Economic Corridor (CPEC) 2.0 is the second phase of CPEC with focus on industrialization, agricultural modernization, information technology and scientific technological cooperation.

Today, we signed certain important documents which

Hurdles and solutions to speed up the project. will further enhance cooperation and undertake the second phase of CPEC under a new model."

Industrialization - Prime Minister Shahbaz Sharif (Remarks during 10th anniversary session of CPEC)

Information technology



Scientific and Technological Cooperation

Agricultural Modernization

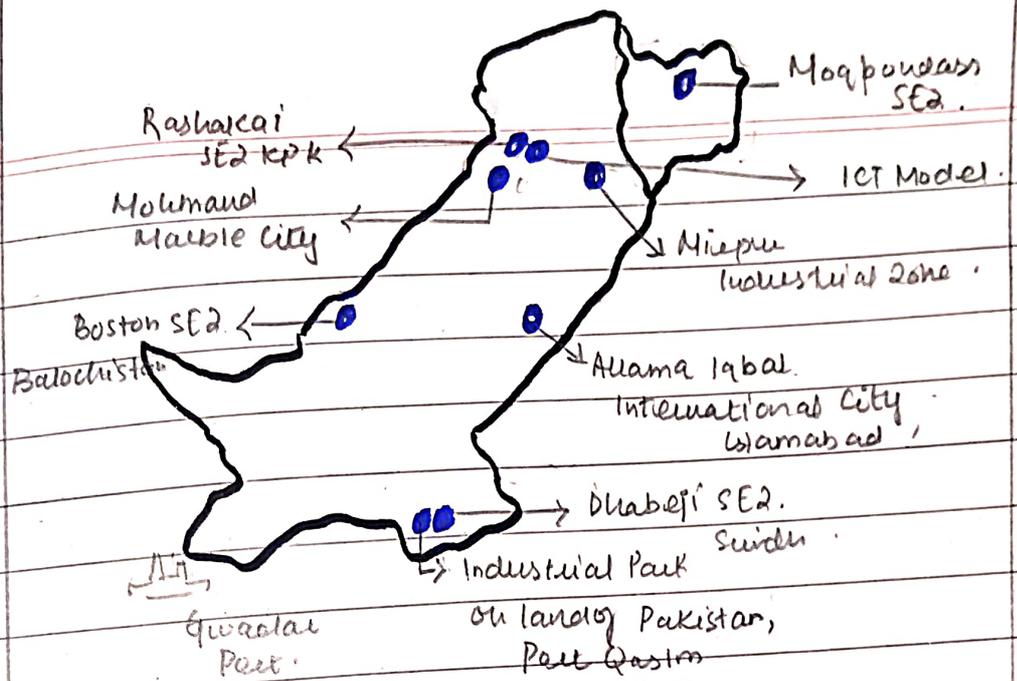
## Establishment of Special Economic Zones.

### Provincial

- Sindh: Dhabaji SEZ.
- Balochistan: Boston SEZ.
- Punjab: Allama Iqbal, Industrial
- KPK: Rashakai SEZ City
- FATA: Mohammad warke city
- Azad and Jammu: Muzpur
- Gilgit Baltistan: Kadnu SEZ.
- Mogbadoras Zone SEZ.

### Federal

- (i) Industrial Park on Pakistan Steel mill land.
- (ii) Islamabad city territory (ICT) model Industrial Zone.



Investment in Energy And Environment:

## Prospects of CPEC 2.0

- ↳ Boost to Pakistan Economy.
- ↳ Advancement in Agricultural Sector.
- ↳ Advancement in Science And Technology.

### (1) Boost to Economy

- Special Economic Zones (SEZs) would boost the economy by accelerating industrialization.
- Manufacturing exports and job creation - a true employment creation candidate in Phase II
  - The SEZs has attracted number of investors. Foreign direct investment would be boosted.
  - Thus Pakistan can overcome the energy crisis.

### 2) Advancement in Agriculture - Better Food Production:

The agriculture Joint working Group under CPEC was setup in year 2020. The work has been started for highly quality seed production. Pakistan can lift people out of poverty if it would be able to increase productivity in agriculture.

→ Project includes agriculture and technology transfer, high-yield seed provision, irrigation schemes and rural development programs.

→ The aim is to enhance Food security.

**For Example:** (Cooperation in pest control, food processing, and establishing FMD-Free zones for livestock exports have been discussed under CPEC agricultural plans).

Pakistan faces economic challenges and financial difficulties, and we can help transform its resource advantage into capital advantage.

- Ambassador of China Jiang Qidong.

### 3) Advancement in Science And Technology:

Pakistan could reach heights in the field of science and technology. A joint working group (JWG) for science and technology was established in year 2020.

→ Fostering collaboration in information technology, artificial intelligence, fintech, biotechnology and other high tech fields. It includes:

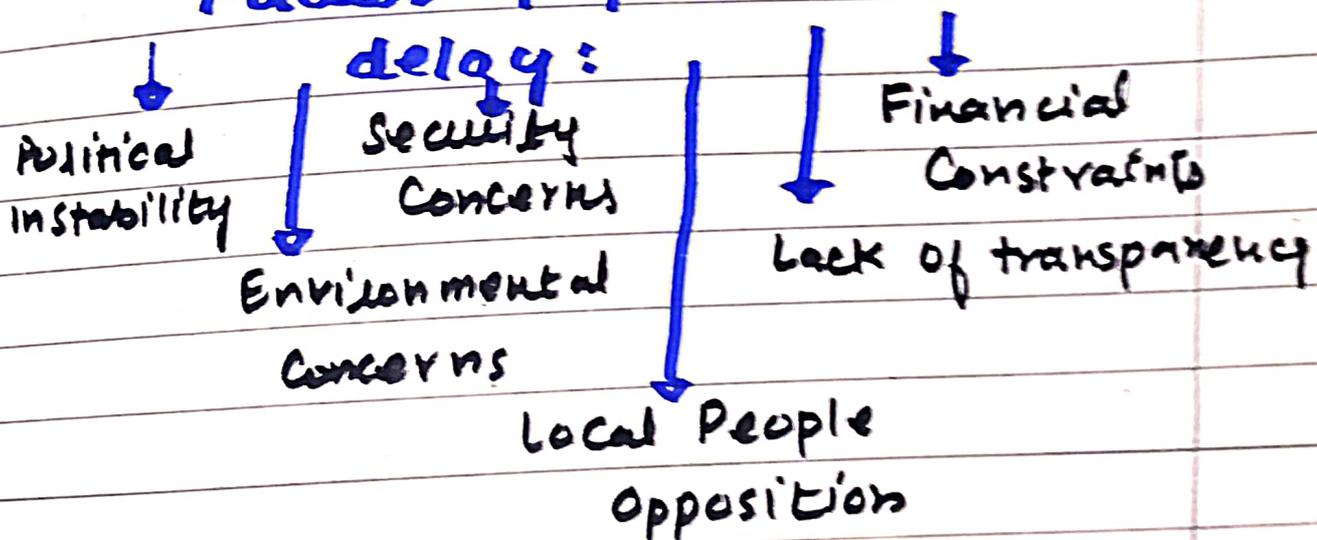
→ This includes future initiatives like CPEC Future Skills Program for IT and robotics training, and joint research centers, & university partnerships.

→ The goal is to integrate Pakistan into the digital economy and promote tech-based entrepreneurship under CPEC.

## 4) Investment in (Energy And Environment) Green Corridor:

- After Phase I's heavy reliance on oil and coal-based power; Phase II plans greater investment in solar, wind, hydropower and grid upgrades. (Green energy corridor).
- Environmental conservation and climate-smart infrastructure (eg Electric public transport, reforestation and disaster-resilient construction) are part of this vision.
- Notably, Pakistan and China have agreed upon projects like Matiari-Lahore HVDC transmission line (already operational) and are exploring solar and hydel projects in Gilgit-Baltistan and KPK as green initiatives.

### Factors Responsible for the



### 1) Political Instability:

Owing to political instability in the country, China rejected investment in new projects related to energy, climate change, tourism etc

### 2) Security Concerns:

Seven Chinese nationals have been died in attacks of march 29, 2024 and Oct 7, 2024. This rising weakened security would sabotage the ties between China and Pakistan

### 3) Financial Constraints:

One of the major hurdles which is slowing CPEC's progress is the financial constraint on both China and Pakistan. Initially, cost was set up at \$62 billion, which is now hiked up to \$90 billion. Pakistan is already facing rise in current account deficit and debt. This condition has led to delay in the projects completion. For instance, Gwadar Liquefied Natural Gas Terminal (LNG) is initially funded by Pakistan, but is now awaiting Chinese investment.

### 4) Environmental Concerns:

**Coal Fired** power plants under CPEC raised concerns about air pollution and green house gas emissions. Another concern is **deforestation** that is taking place to clear land for CPEC infrastructure. CPEC projects are responsible for the loss of over 54000 trees in Pakistan. (According to report presented by Sustainable Development Policy Institute)

### 5) Lack of Transparency:

The 2017 "exclusive master plan leak" raised concerns about unequal distribution of benefits under CPEC. Transparency International Pakistan highlighted weaknesses procurement processes for CPEC projects" raising concerns about potential misuse of funds.

## 5) How Pakistan Can Speed up the CPEC Progress

### 1) By prioritizing green solutions:

Pakistan could invest in renewable energy sources projects like solar and wind power projects to mitigate environmental concerns.

### 2) By Strengthening transparency and Governance:

Pakistan could implement open data initiatives, publish regular project reports and strengthen anti-corruption measures to rebuild trust with China.

### 3) By Fostering regional Cooperation to address Security:

By engaging in open dialogue with India and Afghanistan, Pakistan could address its security concerns.

### 4) By enhancing communication:

By establishing a central CPEC authority and improving communication channels between stakeholders to ensure smooth coordination, Pakistan could speed up its CPEC projects.

### 5) By Fulfilling Three Core Demands:

Pakistan can boost CPEC by fulfilling three core demands that were presented at Pakistan-China Joint Conference in 2020. These are:

- (1) Ensuring physical security
- (2) Ensuring political stability
- (3) Pay the remaining debt amount (1.7 trillion PKR).

## Conclusion:

CPEC 2.0, being the second phase of CPEC covers the development areas of industry, agriculture, science and technology. However, certain factors are responsible for its delays are political instability, security issues, and financial constraints. Pakistan and China could benefit from the CPEC if Pakistan addresses these issues and concerns.