

CPEC 2.0 : A Flagship Project

CPEC 2.0 is a flagship project of Pak-China "iron brotherhood". The transition to CPEC phase II was formally marked on September 26, 2025. It marked a major shift from infrastructure development to agricultural modernization, diversification of exports, innovation, sustainable growth. The development strategy of CPEC 2.0 includes integration of 5E's of Pakistan with 5C's of China. 5E's of Pakistan refer to National Economic Transformation Plan (Nraan) designed to ensure sustainable growth i.e exports, environment, E-Pakistan, energy; and equity and empowerment.

Fig: Development Strategy of CPEC 2.0

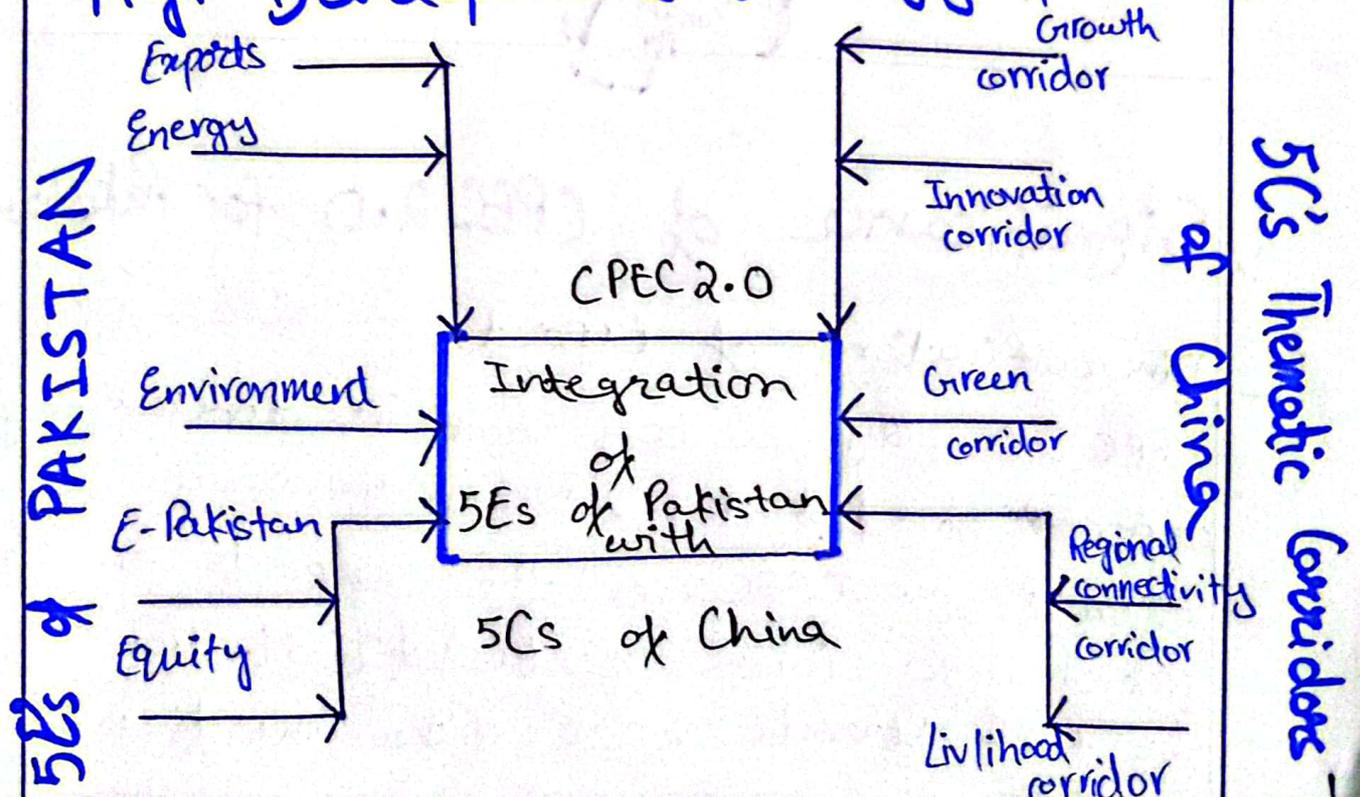
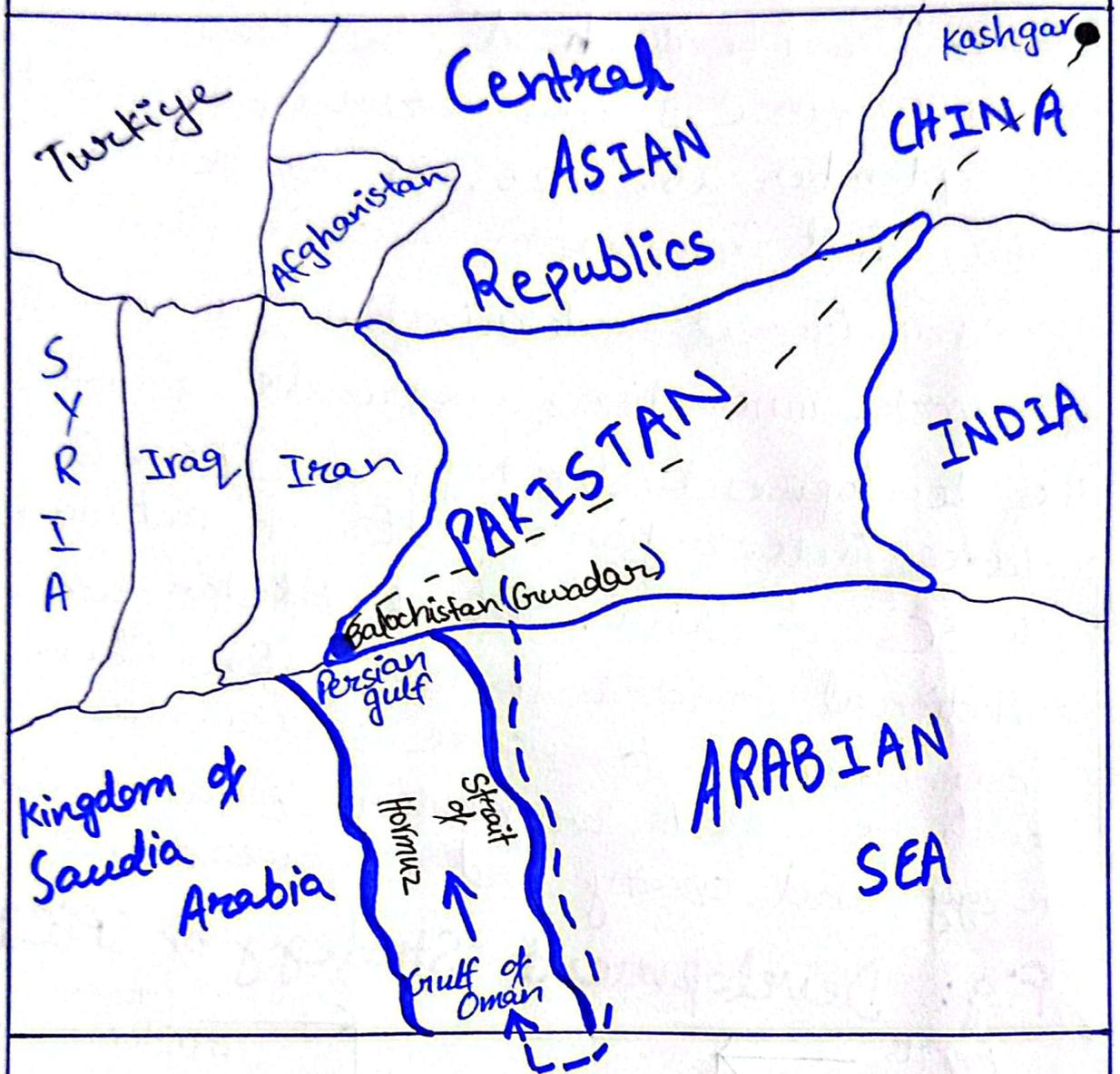


Fig: Geographic Significance of Pakistan for CPEC



1. Significance of CPEC 2.0 for Pakistan

i. Diversification of Exports

CPEC 2.0 plays a key role in diversifying exports of Pakistan. For instance, as a result of CPEC 2.0 the exports of Pakistan to China reached \$2.8 billion as till March 2026 (The Guardian,

increase in exports of Pakistan to China, March 2026).

ii- Expansion of Special Economic Zones (SEZs)

CPEC 2.0 has led to expansion of SEZs in Pakistan. These SEZs are export engines. For instance, as an outcome of CPEC 2.0 the exports from Rashakai SEZ increased by 25% in 2026 (Tribune, expansion of industries in Pakistan, Feb 2026).

iii- Amelioration of Energy Sector

Under CPEC 2.0, Pakistan has launched an Action plan 2023 to 2029 that focuses on making transition from imported coal to Thar coal for reducing circular debt of energy sector (Dawn, Reforms of Energy sector of Pakistan, Jan 2026).

iv- Addressing Environmental Concerns

Under Green corridor of China, Chinese EV giants have made agreements with Pakistan to set up assembly plants in Allama Iqbal and Rashakai SEZ for addressing issue of climate change in

Pakistan (BBC, Green Corridor of CPEC 2.0, Dec 2025).

v- E-Pakistan (Digitalization)

Under Innovation Corridor of CPEC 2.0, China and Pakistan signed 24 tech MOUs under which Pakistan is collaborating with Chinese tech firms to boost IT sector. Through this initiative, IT exports of Pakistan have reached record level of \$336 million in Jan 2026 (Al Jazeera, Digitalization in Pakistan, Jan 2026).

vi- Promoting Equity and Empowerment

Under Livelihood Corridor of CPEC 2.0, in Thar Block III Development project nearly 70 local women from underprivileged background have been granted job opportunities (The News, Equity promoted under CPEC 2.0, Feb 2026)

2- Significance of CPEC 2.0 for China

Following corridors of CPEC 2.0 clearly show the benefits gained by China under CPEC 2.0.

Benefits gained by China under Thematic Corridors of CPEC 2.0

i- Growth Corridor

Under CPEC 2.0, China is relocating its labor intensive manufacturing industries to from China to Pakistan while retaining exports profits. For instance, The Challenge Group (Chinese company) invested \$170 million in textile park of Pakistan under CPEC 2.0 for shifting its labor intensive manufacturing industry to Pakistan (ISSI (Islamabad) Institute of Strategic Studies Islamabad, Significance of CPEC 2.0 for China, Feb 2026)

→ Agriculture Modernization: Under CPEC 2.0, China is utilizing Pakistan's land and Chinese technology like drip irrigation, hybrid seeds to grow Sesame seeds and Red Chillies to secure \$100 million agri-commodity supply (CNN, Agricultural Modernization in China, Dec 2025)

ii. Innovation Corridor

expansion of
Its best example is Pak-China fibre optic cable which would grant China alternative land route for telecom data to Middle East, Europe and Africa while reducing reliance on vulnerable undersea cables.

iii. Green Corridor

Under CPEC 2.0, China is providing green technologies to Pakistan through which China earned exports of around \$1.8 billion till Jan 2026 (The New York Times, Green corridor of CPEC 2.0, Jan 2026).

iv. Regional Connectivity Corridor

Under CPEC 2.0, China and Pakistan have decided to extend this corridor into Afghanistan. Its contemporary example is commitment to build Peshawar to Kabul Highway. This would give China direct access to Afghanistan's untapped mineral wealth estimated at \$1 trillion (IPRS Islamabad Policy Research Institute), Regional Connectivity under CPEC 2.0, Sept 2025).

v- Livelihood Corridor

Under this corridor, China is providing employment opportunities to nearly 50,000 Pakistani skilled youth via different training programs (Economic Times, Employment Generation under CPEC 2.0, Feb 2025).

This projects China's image as global economic leader.

Concluding Thoughts

CPEC 2.0 is a flagship project of Pak-China iron brotherhood. It reflects a saga of reciprocal developments. CPEC 2.0 is beneficial to exports, energy, environment, employment, industrial sectors of Pakistan.

CPEC 2.0 is significant for China as it boosts exports of China, enables it to access mineral wealth of Asia; and projects (Pakista) China's image as a global economic leader.
