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## Current Affairs

Test - 3

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(001)

Q1

Answer :

CPEC is a Pilot Project of BRI and it has now turned 10, multiple achievements and failures and hurdles to attain the goal. Both the sides will get equal benefits on completion of this flagship project. This project has made advances in the promised sectors; however it has also posed certain internal and external challenges.

On 1st August 2023, China and Pakistan celebrated the completion of a decade of CPEC. Both the sides concluded a series of new documents, including the document on the formulation of joint cooperation committee on CPEC, as well as MOUs on industrial workers exchange program and findings of 21st conference of ML-1 commission were also acknowledged. After a decade-long development, it is safe to say that CPEC has withstood strong winds of criticism and false propoganda. Future Prospects, nevertheless, depend upon its progress through the existing challenges.

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### \* Milestones Achieved in the First Decade

Through the first decade, China has made an investment of around 25 Billion dollars.

In the energy sector, 14 projects have been completed, 2 are under construction, and 5 more are under consideration.

10000 MW capacity installed 6000 MW coal projects, 2200 MW civil nuclear, 900 MW solar power project, 1000 MW wind power project, and 730 MW powerful hydro project.

Technically Load Shedding is over because our need is 28000 MW, CPEC gives cheaper electricity generation. Pakistan produces most expensive electricity in Asia at per unit cost of 40 PKR, average cost 34 PKR, CPEC reducing this through civil nuclear projects and coal project, maximum cost will be 17 PKR wind and Solar 9 PKR and water would be 8 PKR.

### - Higher Employment Opportunity

In Addition to this CPEC has created more than 192,000 jobs, and the employment rate of Pakistan will further be boosted, as it has an overall potential to generate, 1.2 million employment opportunities.

### - Achievements in Economic Sector

CPEC has also helped to stabilizing the economic sector of Pakistan, By

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providing means for cheaper Agriculture & industrial products and Domestic burden will get reduce, and by providing cheaper electricity Pakistan would not be dependent on imported hydrocarbons for electricity generation.

### Achievements of Transport Sector

After Energy Sector, Transport was Prime Sector focus of CPEC, in which 20 B invested and more to invest. A network of Motorways and highways developed in Pakistan, Lahore to Multan, Gawadar-Basima, Burhan to Batagram is completed. and Sukker, Hyderabad, Rathore Dairo, Gawadar motorway is under construction. Burhan, DI Khan to Quetta, Gawadar to be constructed. It would transform Pakistan. About 500 B \$ annual trade.

- 1) China
- 2) Central Asia
- 3) Russia
- 4) Afghanistan
- 5) Iran
- 6) Middle East

Pakistan is expecting 1.5 B \$ trade by completion and all these mentioned region will be interested in investing.

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## Investment in SEZ ; Special Economic Zone

Under CPEC the major investment is supposed to be arrive in industrial sectors, 9 Special economic zones to be build in which Gwadar port and free zone, Gwadar Smart-port city master plan, Pak-China Technical and Vocational institute at Gwadar is completed and faislabad economic zone, Rashakai economic zone, Mardan 230 industries with large portion of marble, granite and copper. Also the Gwadar economic zone 230 industries large copper, gold, silver, food, marble, edelectronic industry.

In total 2400 industries to be participate in 9 economic zones (SEZ). Pakistan's industrial capacity ~~to~~ will get its double and our economy will switch from import base to export base

## \* Hurdles of CPEC and failures

### • Failures of Energy Sector

Out of 10000 MW added to the system, 8000 is from imported fuel, There are 3 projects of coal each generating 2200 MW and Nuclear rods are importing from China, 1100 MW from imported LNG projects, we are currently facing Dollar shortage and do not have enough sources to import raw material

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and it cause serious down phasing in Production, The prime object being told was, clean energy to be installed wind, water and solar but till now the installation of clean power project is significantly slow.

### failures of Transport Sector

The focus of transport sector is imbalance, Most of the motorways highways are focused in Punjab while other provinces are ignored, last Govt of claimed that wester align is not a part of CPEC and it is known by letter of Chinese ambassador to CM of KPK. on The other hand. Balochistan's eastern part is focused while central and western is not focused. if we want to trade with Iran and Middle East than it should be focused. ML 1 is still pending; it is a railway line and it should have been the top priority of federal Government because largest project for mass transport. ML 1 has capacity to make transit corridor with 106 km/h speed, it should be our focus but we focused more on metro trains and buses.

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## Failures of SEZ

Special economic zones are declared for investment, substantial investment is not coming, only 7 arrived including medium small size 20 industries. Multiple reasons Lack of conducive environment for investment, higher GDP and Sustainable GDP. we are also facing higher production cost and Political disputes, and lack of security, lack of doing business that's why the objectives to be achieved are not yet achieved.

## Hurdles in Business

Investors are only be attracted where their is ease of doing business. Such as

- Lesser taxes
- Lesser Price of electricity
- Cheap labor
- Cheap Production cost
- Administrative hurdles lesser and lesser
- Lower GSTs
- Lower procedural measures

## Conclusion

In a decade of CPEC, the project has faced multiple failures and bundles of achievements including infrastructure development and development of Power

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Sector. If these projects are completed on time, this may reduce the cost of electricity generation which eventually leads to cheaper production of industrial and agriculture goods. The failures can be resolved using effective policies to enhance the project scope and stable politics can be helpful in overcoming of the failures. Government need to ensure the investors that they get all type of assistance from the Government for investing in Pakistan. CPEC will show its potential after overcoming these problems.

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