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Subject:- General Knowledge II (C.A)

Part-II

Q no 3-

Decade of CPEC:-

China - Pakistan Economic Corridor (CPEC) is a \$50 bn project under the Belt and Road Initiative (BRI). On **1st August 2023**, China and Pakistan celebrated the completion of a decade of CPEC. Chinese Vice Premier He Lifeng paid a three-day visit to Pakistan. He narrated an official letter from President Xi Jinping, congratulating Pakistan on the achievement of this milestone and encouraging it to enhance cooperation with China across multiple fronts.

The development has been significant not only because it determined the official launch of the second phase of CPEC, but also because it debunked the myths surrounding the feasibility and success of CPEC.

The success of CPEC can only be determined against the set standards as well as the broader implications of the accomplished projects. After the decade-long development, it is safe to say that CPEC has withstood strong winds of criticism and false propaganda. Future prospects depends upon its progress through the existing challenges.

The project hold importance for both nations, as for Pakistan the investment from China is crucial to survive the economic crisis

while for china it hold significance because success of CPEC will determine the success of BRI at large.

Achievements of CPEC:-

Energy: Through the first decade, China has made an investment of around \$25bn in the energy sector, 14 projects have been completed 2 are under construction and 5 more projects are under consideration. A total of 7280MW of energy has been added, while about 4400MW of energy is in process of addition.

Transport: Multiple Motorways have been completed and many highway linkages are made. A total of 6 projects of 1656km have been completed, while about 4200km of projects are underway. There are some metro-train projects too.

Economic Zones: Only about 20% of the economic projects have been completed.

Employment: CPEC has created more than 200,000 jobs and the employment rate of Pakistan will be boosted further.

Challenges to CPEC:-

The delays in the actual plan of CPEC are subject to numerous challenges. Internally, political and economic instability in Pakistan has hindered the smooth development of the projects considering the fact that even the upcoming visit of Chinese President has been delayed till decision.

Energy:- Most of the energy projects of CPEC are coal projects and hydro projects due to which the electricity

produced by the projects are expensive due to indigenisation of electricity resources. There is only a single solar power project in the CPEC that has been completed.

Transport:- ML-1 project is still pending, western and Eastern linkage are also pending. Gawadar-KP motorway's progress is snail paced.

Economic Zone: Projects related to economic zones are slow in progress. While the most important technological and industrial zones are not even started.

Opportunities for Pakistan:-

Most of the projects of CPEC are loan based that might lead Pakistan into another debt-trap, But it might

be life time opportunity for Pakistan for a massive industrial and economic progress, and not all the projects are ~~Down~~ based. Critics of CPEC do not have any alternative proposal to promise regional connectivity and economic cooperation. Therefore, CPEC will be the uncentered Priority for Pakistan.

Q NO 7:-

Reforms of power sector

The power sector of Pakistan has undergone a substantial power sector reforms in 1992. Under this program, the government allowed participation of Independent Power Producers (IPPs), followed by

break up of the water and power development authority (WAPDA) into various entities and the establishment of power sector regulatory authority.

The power sector reforms in Pakistan have not been evaluated sufficiently to determine the actual costs and benefits incurred by different sections of society, to correct the path of the upcoming reforms.

The restructuring and competition process in the energy sector has remained extremely slow due to political and economic barriers, so, the governance of the power sector is a fundamental challenge for policy makers interested in socio-economic development and sustainability.

Several critical factors such as security, political uncertainty, shrinking market demand and trade barriers among others are behind the lack of economic progress in Pakistan, however, the power sector can be considered as the root cause.

Industry:-

Pakistan's biggest industry, textile exports dropped from 9.22% to \$12.4 bn in 2014 due to frequent power shortages. Similarly, in Pakistan, many local and foreign companies are forced to shut down due to power shortages or their relocated to other countries. Cheap and reliable electricity supply is a vital tool to attract foreign investment and help local industry grow.

Current Power situation:-

Currently, Pakistan's power situation seem relatively stable mainly due to China and CPEC. For the importance of BRI, energy takes up to a large share of CPEC projects. CPEC aims to add 12000 MW to national grid, which will decrease consumer cost, increase productivity, expand export and boost Pakistan's GDP. So, the power sector reforms can be a gateway to the socio-economic stability in Pakistan.

Challenges:-

The prime issues with energy sector lies in management, corruption, electricity theft and transmission losses in the non-transparent supply chain.

Power crisis have escalated to new heights due to the circular debts. Pakistani policy makers need to design a new energy policy which should thoroughly consider deregulating power generation companies, so they can reach a market price level without government interference.

Deregulation will prevent corruption and electricity theft while improving the collection of electricity bills and reducing circular debt which will positively affect the socio-economic conditions of Pakistan.

Conclusion

It is time to realize that issues in the energy sector are not only related to the economic stability of

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a country but its national security, foreign policy, job market and socio-cultural development.
