

Question no: 03

# I INTRODUCTION

On 10<sup>th</sup> of March, 2023, Iran and Saudi Arabia announced the restoration of their diplomatic ties with the help of China. This agreement is a peaceful step towards reducing long-standing tension. This will bring positive results for the Middle East and also for a country like Pakistan. The most significant outcomes were: the General Agreement for Cooperation in various fields such as economy, trade, investment, technology, science and culture, and the other one was the Security Cooperation Agreement. This could be significant for both KSA and Iran because both of them have been involved in some complex rivalries. Not only for them but for a country like Pakistan normalization of ties would bring



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Positive implications and promising opportunities for the socio-economic development.

Let's discuss its implications for the Middle East.

## II. IMPLICATIONS For the Middle East

- i Could end Tehran's isolation  
→ more constructive role in the Middle East region

This agreement could end Tehran's isolation from the west. Over the time Iran has been sanctioned by the USA and for that it has not played the role that it would have liked in the Middle East region. With having the support of China and KSA it can play a huge role in geo-political and geo-economics of the Middle East. It could share off pressure from the west.



-ii KSA reliance on USA would be reduced  
As China is granting its geo-economic  
and geo-politics mantra, this  
would reduce the reliance of  
KSA on USA. China is approaching  
KSA by creating strong ties  
in the diplomatic and economic  
ties.

-iii USA might change its policy  
in the Middle East.  
USA might change its policy  
in the Middle East because one  
i.e. KSA is a strong ally, and  
one is an adversary and due  
to strong growing influence of China  
we might see a change in  
the policy of USA. KSA might  
ask USA to change its policy  
towards Iran.



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-iv More stability in the Persian Gulf  
~ win for China and other  
beneficiaries

China imports most of its hydrocarbons from the Middle East. By having stability in the region means there will be free flow of oil and other imports. This will also benefit other Middle Eastern countries who export oil including KSA and Iran.

v Could help open the door to a security dialogue

This deal could help open door to security dialogue among Iran, Iraq and Gulf states. It might have a salutary impact on war in Yemen. Similarly it can also lower tensions in Iraq because Iraq has tribal, trade and religious ties with Saudi-Arabia and other



help the ease of tensions between Iran and Iraq.

vi Can put an end to the "destabilization" of the area wrought by Zionist-American intervention.

This agreement can end the intervention of Israel and America in the Middle East region.

This decision is welcomed by almost all Middle <sup>Eastern</sup> countries like Yemen, Syria and Lebanon. Houthi Spokesman said it can end the interventions of Israel and America.

### III. IMPLICATIONS for Pakistan

(a) Pakistan now can engage with Middle East without any hesitation. We have seen in the past that Pakistan was reluctant to take one side between Iran and KSA. We have seen that Pakistan



abstained from sending troops to Yemen. Pakistan has always been hesitant to advance its diplomatic and economic ties in the Middle East. This <sup>agreement</sup> would help Pakistan to engage in Middle East without any hesitation.

- ii More geo-economic cushion to Pakistan

This agreement would give more geo-economic cushion to Pakistan. Pakistan provides China the easiest route to Indian Ocean and West. By having stability in the Middle East would give more economic opportunities for Pakistan.

- iii Pakistan Trade route will be safe

Pakistan's imports most of its hydrocarbons like the LNG and oil which passes



through Strait of Hormuz. With having peace in this region, hence these imports can pass without any blockade. If there is a blockade it will have a devastating effect on Pakistan's economy.

-iv KSA might fulfill its promise for investment in Gwadar. Gwadar and Chabahar Port of Iran are approximately 72 km away from each other.

By having strong relations among KSA and Iran would mean that KSA might complete her promise of investment in the Gwadar Port.

-v Can Enhance its CPEC Projects by diversifying. Pakistan and China can diversify their flagship project CPEC. Iran is already a part of ~~CPEC~~ BRI and with investment



of KSA in these projects we might see tremendous progress in the socio-economic spheres.

This will benefit all of these low countries but Pakistan whose economy is already struggling can take advantage of this initiative.

-vi Can counter Al Qaeda, ISIS by sharing of information

With having peace in Middle East Pakistan, Iran and Saudi Arabia can exchange or share information regarding extremist outfits like Al Qaeda, ~~ISIS~~ ISIS

-vii Sectarian violence in Pakistan might get reduced

There supposed to be "sectarian violence among different sects especially Sunni and Shia. When both the sects see that there has been peace between Saudi Arabia and Iran we might see peace between these sects in



Pakistan. This could improve the <sup>internal</sup> security concerns especially in Balochistan and can be beneficial in boosting CPEC.

-viii Pakistan can overcome the burgeoning energy crisis. Iran has vast reserves of untapped natural gas and energy sources that could Pakistan to develop gas and electricity transmission. Similarly investments from KSA in exploration and production can help reduce the country's reliance on imported oil.

ix Can ease tensions between Pakistan and India. Saudi-Iran diplomatic relations can also help Pakistan to reduce regional tensions. As we know Iran and KSA enjoy cordial relations with Pakistan.



and India, both Iran and KPA  
could use their influence to ease  
tensions between the two atomic  
powers.



Question no: 1

CPEC

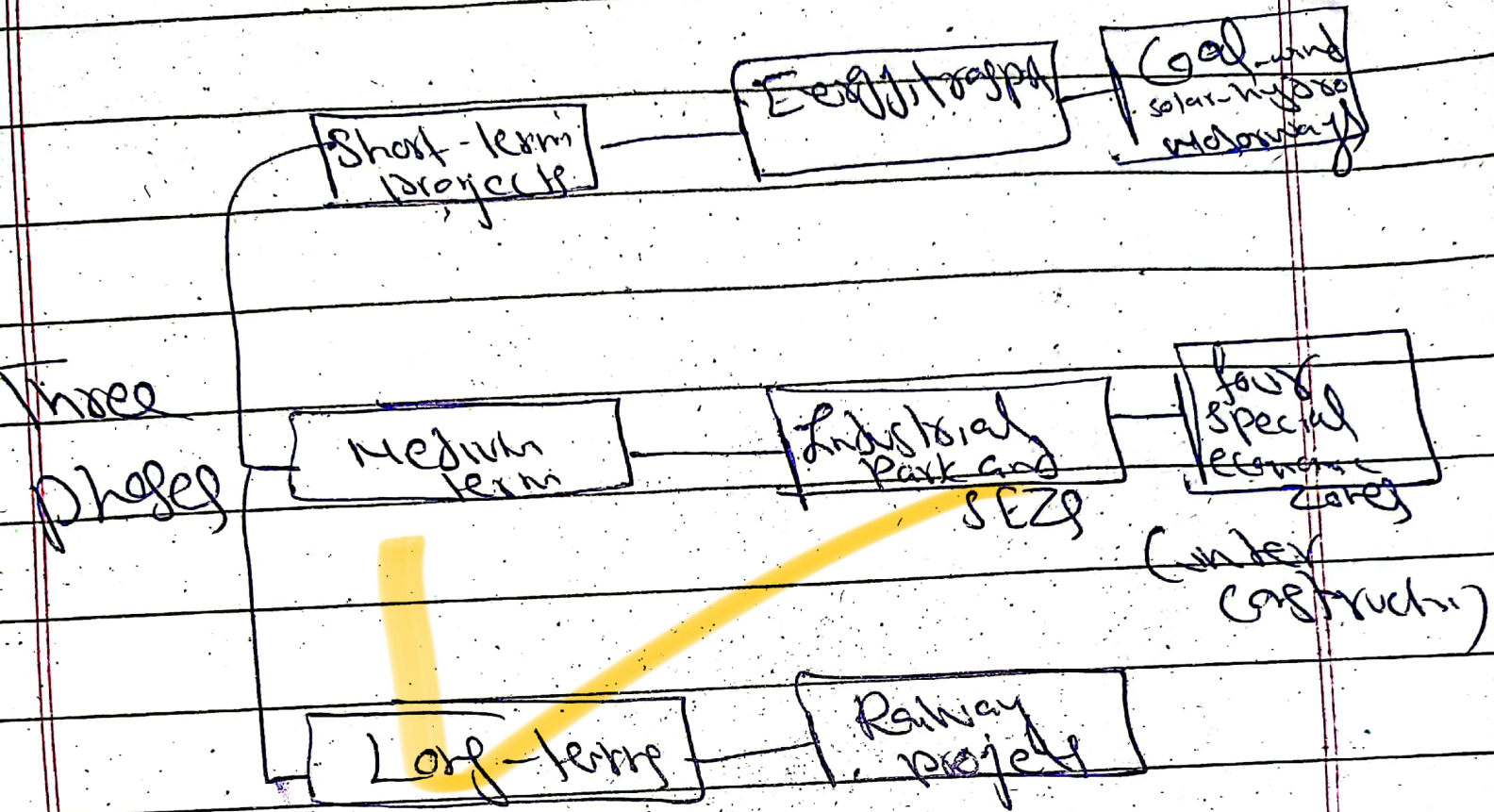
## 1. INTRODUCTION

The China Pakistan Economic Corridor (CPEC) is an ambitious project that aims to change the geo-economic dynamics of Pakistan and China. Started in 2013, it focuses on economic growth, meeting the energy shortfall, investment in the infrastructure, employment generation and other.

The project has achieved tremendous success along with some failures also. But if these failures are tackled effectively it can benefit both China and Pakistan to a whole new level.



# II - Phases of CPEC





## II - Achievements

### -i Energy sector

In the energy sector, the projects that have been completed are of coal, solar, hydro and a transmission line.

#### (a) Coal Projects

1320 MW Sahnewal Coal fired Plant

1320 MW at Pott Lohm

1320 MW China Hub Power Plant

6600 MW - Ergo Tar Coal Power Project

#### (b) Solar Project

1000 MW Grand-e-Azam Solar Park

#### (c) Wind Projects

50 MW Hydro - Chini, Thatta

100 MW, Thumper

50 MW - Sached, Thatta



400 MW three gorges

(d) Transmission Line

Multan to Lahore 650 KV

Transmission Line

(e) ALNCI Project - 1100 MW (f) are hydroelectric

- ii Transportation Sector:

(a) Havelian - Thakot Section

(b) Peshawar - Karachi Highway  
(c) Muzaffargarh - Sukkur Section

(c) Orange Line Metro Train  
Lahore

(d) Cross-border Optical Fibre  
Project

(e) Digital Terrestrial Multimedial  
Broadcast

These projects  
significantly helped Pakistan to  
improve major transport network  
from north to south

- iii Job creation

According to the Pakistani officials  
approximately 2000,000 jobs were  
created in the CPEC development



1/202  
projects including locals and engineers.

iv Enhanced People to People Connectivity  
CPEC has enhanced people to people connectivity. Many Pakistani students are currently studying in China and similarly many engineers are working in Pakistan.

v Small interventions in different fields

A number of small interventions are being planned and implemented in numerous fields, including agriculture, medicine, education, vocational training, sports, alleviation and health work.

## IV- Failures of CPEC

(a) ML-1 much awaited project is still not completed  
Karachi-Peshawar Railway



Line that would have revolutionized  
the transportation system  
that would have targeted  
China and CAPG i.e. the  
railway would have passed  
through it. But it has  
not been initiated yet

-ii Crawwater ~ Only 5 bottles  
have been completed

There is a slow process  
going on Crawwater. It would  
have been the largest sea-  
port of Asia-Pacific with  
120 bottles but unfortunately  
to work on it is really slow.  
If Pak want to move  
towards geo-strategic to  
geo-economic, then ~~work on~~  
completion of Crawwater is  
necessary

iii Pakistan got only \$25 bn in  
investment although its worth  
is \$12 billion

The privatisation minister



Said that projects worth way  
 & 1.2 trillion but Pakistan has  
 so far got only 8.5. He  
 further added that it's Pakistan's  
 own fault that it has not  
 been able to realize full  
 potential of CPEC. There can  
 be many reasons for that.

(i) Failure to increase exports  
 by Special Economic Zone  
 Pakistan and China had  
 agreed to set up five SEZs  
 but none of it is still  
 functional. Pakistan could not  
 increase exports by putting  
 together special economic  
 zones.

- IV Not able to segregate  
 strategic development interests  
 from our political interests  
 Pakistan have not put  
 aside their political interest  
 in terms of dealing with  
 CPEC project Pakistan's

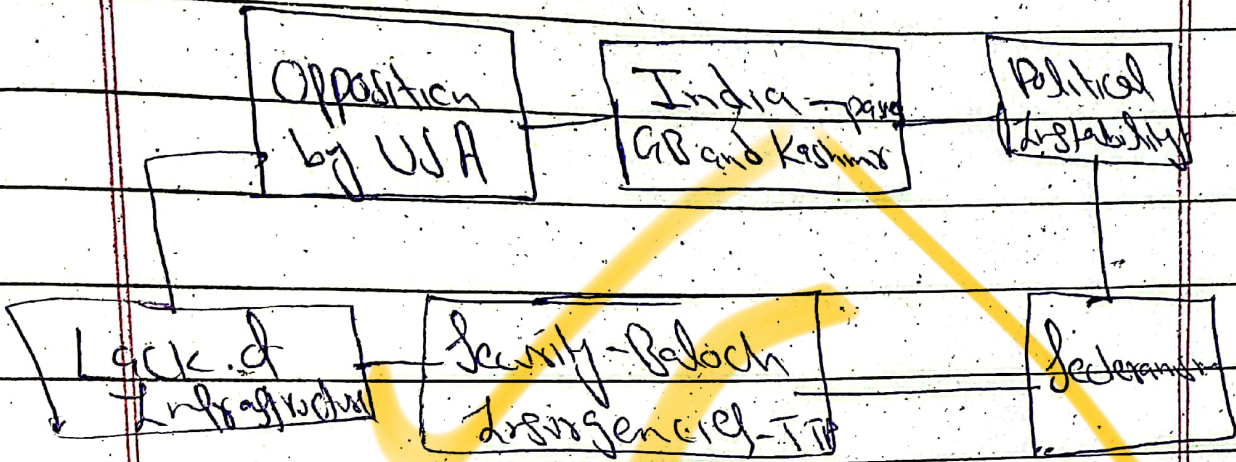


leadership <sup>mgmt to the</sup> have persuaded their  
own interests rather than  
country's interest. Conventional  
approach does not work  
any-time. Governments  
must set-up new bodies for  
~~doing~~ implementing projects.

-v Chinese approach of not  
partnering with local companies  
This has hindered  
employment opportunities  
although CPEC initiative  
was to create jobs  
and to have a sustainable  
future.



# V- Hindrances to the CPEC



# VI. What can Pakistan do for the success of CPEC

