

Current Affairs

11/20

Question - 1 (Attempted in 50 min)

Critically evaluate the reasons for the slowing down of CPEC projects. What options would you recommend to Islamabad and Beijing to re-invigorate the project and make Phase II a tangible reality?

Introduction :

The China-Pakistan Economic Corridor (CPEC), a flagship project of China's Belt and Road Initiative (BRI), presents significant opportunities for economic growth and development in Pakistan, it also faces substantial threats related to geopolitical tensions, security threats and economic volatility. These issues has led to a significant delay in project in recent years. To address these issues, careful strategic planning, robust security measures are

required. Mitigating risks related to the CPEC is crucial to maximizing its potential benefits and ensuring sustainable development in Pakistan.

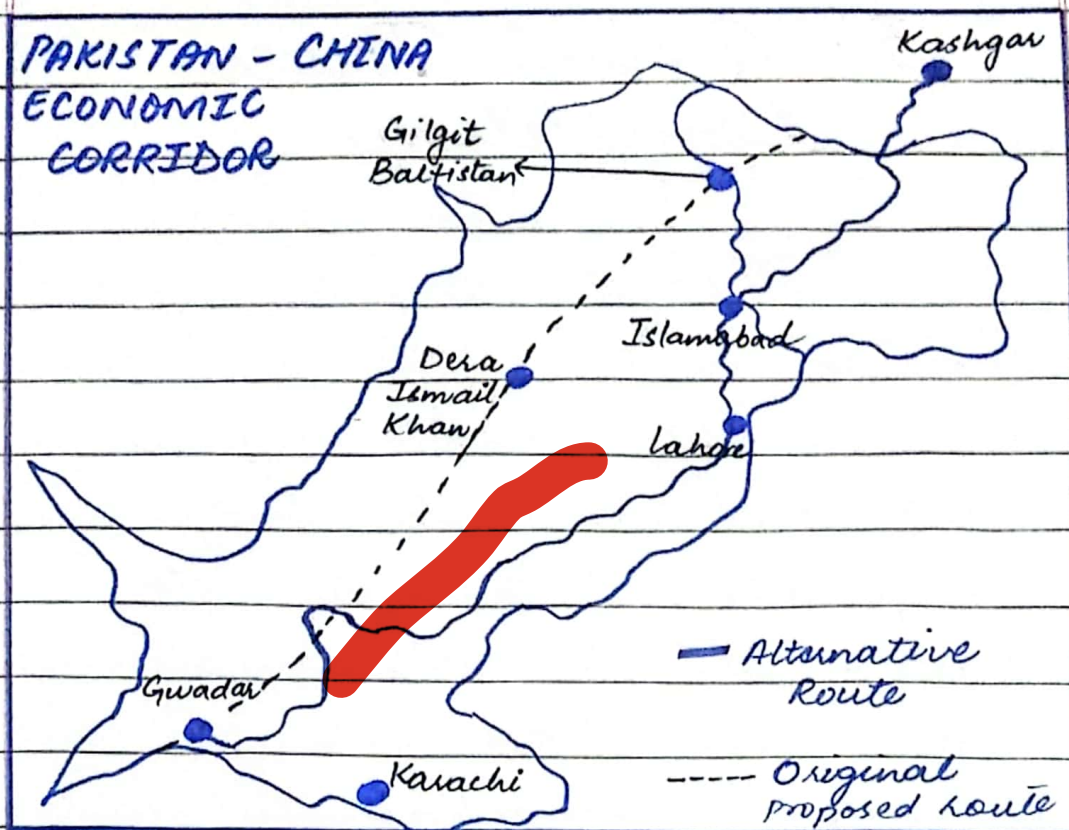
Reasons for the slowing down of the CPEC Project

Following are the reasons for the slowing down of the CPEC project, focusing geopolitical tensions, security risks and economic volatility.

1- Geopolitical Tensions: Disputed Territories

CPEC's route passes through Gilgit-Baltistan in Pakistan-administered Kashmir, a region claimed by India. This has exacerbated tensions between India and Pakistan, with India viewing CPEC as infringing on its

sovereignty and territorial integrity.



2- Diplomatic Confrontations between China & India

The perception of CPEC as a Chinese strategic initiative in Pakistan has strained relations with India, which views China's increasing influence in the region with suspicion. This rivalry could escalate into diplomatic confrontations and affect regional

stability.

3- Global Power Competition

CPEC's strategic significance places Pakistan in the midst of global power rivalries, particularly between China and the United States.

The project's alignment with China's BRI has drawn scrutiny and opposition from the U.S and its allies, impacting Pakistan's international relations and geopolitical positioning.

4- Terrorism And Insurgency

Pakistan faces security challenges from various insurgent groups and terrorist organizations, particularly in Balochistan and Khyber Pakhtunkhwa. These groups target infrastructure

projects, personnel and supply routes associated with CPEC, posing operational complexities.

5- Budgetary Pressures And Debt Sustainability

The scale of investment required for CPEC projects can strain

Pakistan's fiscal resources and lead to inflationary pressures.

Financing CPEC through loans and external investments raises concerns about Pakistan's debt sustainability. Thus, high-debt levels impact the overall CPEC project and resulting in its delay.

Recommendations For Reinvigorating CPEC And Realizing Phase II

For Islamabad

Strengthen Economic
Fundamentality

Reforms to stabilize
economy, control
inflation

Enhance Political And
Bureaucratic Coordination

To streamline decision
making and expedite
project approvals

Security Improvement

To protect project personnel,
introduce policies to reduce
local opposition

For Beijing / China

Recalibrate Investment Strategy

Shift loans to equity-based investments, ensure mutual economic benefit

Enhance Project Feasibility

Thorough studies to ensure sustainable project in Phase II, avoid resource wastage.

Increase Regional Partnership

Involve central Asia and Gulf countries to enhance CPEC's strategic significance

Conclusion:

The slowdown of CPEC is a result of intertwined economic, political, and security challenges. However, both Islamabad and Beijing have the means to reinvigorate the initiative by more collaborative approach. For Pakistan, more focus should be on political stability and mitigating security threats while China must make strategic project allies. Phase II CPEC can only be realized by adopting these measures and ensuring mutual benefits.