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China-Pakistan Economic Corridor (CPEC): From Geo-strategic Preferences to Economic Integration

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Abstract: *The China-Pakistan Economic Corridor (CPEC) is a 'fate-changer' for Pakistan's starved economy. China's foreign policy achieves a glorious past after fulfilling the 'Chinese dream.' To fulfil the national objective, China outlines economic integration in the face of the Belt and Road Initiative (BRI), and CPEC is the flagship project of BRI. China's financial foreign policy objective is to get economic prosperity through exclusive economic integration. This paper aims to answer the puzzle; how does economic integration lead to political alignment? After an analytical observation, the authors argue that political integrity runs parallel with 'economic prosperity' and 'state's security'. If states can achieve it, partnership leads to strategic integration. The study uses secondary data and attempts to construct the hypothesis on the observation that is based on three levels of integration; economic, political & strategic.*

Key Words: CPEC, Security, Terrorism, Strategic Integration, China, Pakistan

JEL Classification:

Introduction

The economic history of various states tells us that smaller states prosper when deeply integrated into the global economy by applying the Economic theory. The structural process is followed by economic integration. Economic integration can facilitate states to access a more extensive consumer market base, additional sources of financing, a more incredible pool of qualified workers, and innovative technologies. In simpler terms, economic integration between states can create an environment to grow existing firms and become more productive. This integration

structure is essential for small, developing, and underdeveloped economies.

The term economic integration does not have a clear-cut meaning. States perceive the concept of economic integration on their very own, primarily based on their national interests. According to Bela Balassa, economic integration is 'the abolition of discrimination within an area (Eduard, Economic Determinants of Regional Integration in Developing Countries, 2014).' The concept of discrimination is related to financial barriers and economic integration involves removing those discriminations which usually occur at

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national borders. While interpreting economic integration, one should make a distinction between cooperation. Economic integration is based on measures that entail suppressing some forms of discrimination, whereas cooperation prescribes actions for lessening discrimination (Eduard, Economic Determinants of Regional Integration in Developing Countries, 2014). It is argued that China aspires to become a global power which compels the leadership to form policies to integrate domestic economic policies with the global economic system through economic cooperation, bilateral agreements infrastructure development programs (Hussain, 2021).

Contrary to popular belief, China-Pakistan relations were based upon strategic preferences throughout the course of the 70 years of their friendship. During the Cold War India was the cornerstone of strategic concerns for both countries. Especially for Pakistan, which fought two wars with India in 1965 and 1971 during Cold War. Contemporary China-Pakistan Relations have integrated into security, political, economic, and cultural engagement. Hartpence stresses that China-Pakistan Economic ties have truly blossomed in the past decade. China-Pakistan economic ties persisted in political motives and exports of weapons to Pakistan until the end of 1990 (Hartpence, 2011).

China's foreign policy demonstrates the process of economic integration through its version instead in a very customized pattern. Firstly, Belt and Road Forum for International Cooperation in 2017, the General Secretary of the Chinese Communist Party (CCP), Xi Jinping, outlined his vision for the region in the form of the Belt and Road Initiative (BRI), highlighting core dogmas: peace, prosperity, opening up, innovation and connection between civilizations (ZD, 2017). The 'Flagship' project of BRI is 'The China Pakistan Economic Corridor (CPEC)' declared by the Chinese leaders. CPEC is an 'Economic – Strategic' project that aims to enhance economic prosperity while attempting strategic sustainability between China and Pakistan.

The BRI is China's ambitious project, which exclusively revolves around the idea of 'inclusive globalization. The CPEC peculiarly demonstrates a cranium of 'China's Corridorization' (Rippa, 2020). The rationale behind the respective integration is economic prosperity which eventually led to strategic sustainability. The Foreign Policy of Xi Jinping is primarily based on rejuvenating the glorious past of Chinese Civilization through economic prosperity. From the Pakistani perspective, CPEC projects have wide-ranging implications for its economy, which is at a devastating pace due to several factors, especially terrorism. Furthermore, China intends to develop a close partnership with Pakistan to set up its economy because the geographical location of Pakistan could provide a connectivity junction to other BRI states.

The term 'Economic Corridor' in CPEC put limitation(s) against the implications related to economic sustainability exclusively. This essay builds upon a preliminary understanding based on the extensive analysis of political and security episodes. China's regional integration would be impossible unless and until Pakistan provides security to the trade routes, and CPEC plays an essential role in this regard. Pakistan's geographical and strategic location is at the intersection of the world's most sensitive regions – namely Central Asia, South Asia, the Middle East, and the Indian Ocean, which is sophisticatedly crucial for economic and security purposes in the world. In the contemporary, regional connectivity is an imperative plank of any government. Pakistan's unique geographical location provides the economical and shortest sea route for trade through Karachi and Gwadar. The development of Gwadar is envisaged as an energy, trade, and logistic hub for the entire region that would lead to deeper regional integration.

The political elements and economic integration are systematically interconnected in a structured form. Political factors will determine the economic gains from economic integration in the end. One of the possible motives of economic integration is to strengthen the bargaining power of an aligned

state in international negotiations. Another incentive for integration is achieving security. Furthermore, schemes of economic integration unconsciously encourage intra-regional security. In this regard, the international experience of the European Union (EU) and el Mercado Común del Sur (the Common Market of the South, MERCOSUR) enhanced the argument. The economic integration very sophistically entangled the states' economies that, relatively – security became their prime concern (Hosny, 2013).

This paper aims to answer the query of to what extent economic integration leads to politico-strategic alignment. To answer this puzzle, the authors take CPEC as a case study. For analytical purposes, the authors will explain why does the geopolitical significance of CPEC be indispensable? The paper's first section will cover the CPEC Phase - I, following the CPEC Phase - II in the second section. Likewise, to discuss the role of China in state-building through CPEC. The authors argue that economic prosperity is not the only motive of CPEC, though – geopolitical strengthening' strategic alignment' is another one.

CPEC Phase-I

The China-Pakistan economic ties have bolstered in recent years, especially since 1999 was the beginning of a significant policy shift in both countries, which eventually led to more profound and broader strategic and economic cooperation (Hartpence, 2011). The CPEC, in effect, has rebranded the long-term cooperation between both countries, which has been in progress since the 1950s (Garlick, 2018). Over the period, Sino-Pak relations have become deeper and transformed into people-to-people relationships. Pakistan sees its economic prosperity as aligned with China as PM Imran reiterated that "Whatever will happen, our relationship between the two countries, no matter what pressure is put on us, will not change (Dawn, 2021)."

On April 20th, 2015, Chinese President Xi Jinping visited Pakistan. During the visit, China and Pakistan signed 51 MOUs and agreements

initially worth \$46 billion, which rose to \$62 billion in investment, including the "China-Pakistan Economic Corridor (CPEC)," a landmark deal (Dawn, 2015). The decades-old friendship thus transformed from geostrategic importance to geostrategic reality and geo-economics partnership. The CPEC is considered a fate changer for the whole region, experts coin it as a transformational project for South Asia. This is mainly for energy-starved Pakistan, which desperately needs foreign investment to increase its stagnating and fragile economy. Pakistan's former Prime Minister Imran Khan stressed that "Pakistan's economic future is linked to China, and Pakistan can benefit from China's experience with poverty alleviation and development (Khan P. I., 2020)."

CPEC could be seen as the crown jewel of China's grand strategy of BRI, which was launched in 2013 and comprised an overland belt stretched across China, Central Asia, and Europe. Maritime Silk Road stretched through South East Asia, the Indian Ocean, and East Africa. According to the Chairman of the National Development & Reform Commission – of China, the CPEC is an essential link in a larger chain of BRI projects that can enable the 21st century Maritime Silk Road (Official Message Chairman of National Development & Reform Commission - China, n.d.). China is exploring new markets with significant growth potential for the consumption of Chinese products (Small, 2017).

The BRI is expected to connect China with Eurasia, the Middle East, and East Africa. The core idea of China's grand vision of the BRI is to enhance connectivity and explore new economic and strategic partners. China plans to connect billions of people through the development of infrastructure and integrated economic markets. China's ultimate goal of investing in CPEC is to achieve more excellent connectivity, enhance trade infrastructure across the regional countries and build new economic and strategic partnerships. The CPEC is considered transformational mainly for energy-starved Pakistan, which desperately needs foreign investment to boost its stagnating and fragile economy.

The BRI initiative in the beginning was aimed at developing six corridors that would connect Asia, Europe, and Africa. For instance, CPEC is the most prominent. The other corridors are Bangladesh- China-India-Myanmar, China-Indochina Peninsula, China-Central Asia-West Asia, the New Eurasia Land Bridge, and the China-Mongolia-Russia (Amin, 2018). The CPEC was chosen as the pilot project among all other corridors specifically based on China and Pakistan's historic friendship and, set an example of successful cooperation and attracted other countries to join China's ambitious BRI project. The CPEC project is considered a fate changer for the region; experts coin it as a transformational project for South Asia. This is mainly for energy-starved Pakistan, which desperately needs foreign investment to boost its stagnating and fragile economy. Similarly, the CPEC has increased Pakistan's posturing in the Indian Ocean, cushioning Pakistan's exclusive paradox and reinvestigating foreign policy.

Phase I of CPEC consisted of developing energy projects and infrastructure projects to link North-western China and Gwadar Port in Pakistan. Phase I also aimed at developing transport and telecommunication infrastructure (Dawn, 2015). Phase I emphasized connectivity between both countries by constructing roads, railways, and pipelines, including fibre optic cables to connect China's Xinjiang province with the Arabian Sea through Gwadar Port. The project's initial phase Brought in over \$62 billion in investment from China in the shape of direct investments and soft loans directly from the Chinese government and the Asian Infrastructure Investment Bank (AIIB).

On its completion, this project would also help China to develop its western provinces, especially Xinjiang province, where over 200 million people are still living under the poverty line, according to a statement from China's prime minister. (Pak-China economic corridor to restore peace in Region: Chinese PM, 2013) This initiative is important because China needs to increase its strategic presence in South Asia and the Middle East.

CPEC Phase-II

The Second Phase of CPEC envisaged a long-term plan (2017-2030) to address significant bottlenecks in Pakistan's economy as part of the early completion of Projects. According to President Arif Al, as part of the early harvest, about 90 projects related to power and connectivity infrastructure have been completed, including 28 in the implementation phase and 41 in the pipeline. (Business Recorder, 2012) It is estimated that CPEC will be able to provide about 2.3 to 2.5 million jobs and will add 2-2.5% to the country's economy until 2030. (Cpec-Centre, 2018) Hence, it is imperative to mention that the first Phase of CPEC has helped Pakistan remove its energy bottlenecks through CPEC power projects. Pakistan is the seventh-largest recipient of Chinese development financing, with 71 projects worth \$27.3 billion underway as part of CPEC. (Dawn, 2021)

The phase-II of CPEC is envisioned to boost Pakistan's economic growth and alleviate people's livelihood by its completion. The establishment of exclusive CPEC authority has paved the way for the smooth transition of Phase I into Phase II. CPEC authority aims at a mechanized structure that could limit the complications and obstruction in several projects, Such as the construction of Main Line 1 (ML1), the establishment of Special Economic Zones (SEZ), and the transfer of technology to Pakistan have been the primary component of Phase II. Further, in the second phase of CPEC, the government established the Gwadar Special Economic Zone to attract investors from Chinese investors and other international companies to invest and move their manufacturing facilities to Pakistan. Apart from Gwadar SEZ, there are 9 SEZs planned under CPEC, including three priority SEZs in Sindh and others in Punjab and KPK (Ministry of Planning, Development and Special Initiatives, n.d.).

The Gwadar SEZ phase I consists of 60 acres, completed 46 enterprises registered, out of which three companies are already functional. The Gwadar Port SEZ phase I has generated over twelve thousand jobs for the local population. There are estimates that after

the completion of Gwadar Port SEZ phases II, Gwadar Port and the Gwadar SEZ would generate around \$10 billion in economic activity (Bajwa, n.d). On July 5th, 2021, Pm Imran Khan Inaugurated six megaprojects, including the Gwadar Economic Free Zone Phase II, Gwadar Fertilizer Plant, Gwadar Animal Vaccine Plant, Henan Agriculture Industrial Park, Hengmei Lubricant Plant, and Gwadar Expo Centre (Dawn, 2021). In his address, he emphasized that Gwadar will be pivotal from which all of Pakistan and especially Baluchistan, (which was left underdevelopment) will reap the benefits in the coming future".

It is no secret that a significant chunk of Pakistan's Foreign Direct Investment (FDI) has come from China in the last ten years. With the establishment of SEZs, a friendly business environment could be created that would benefit from attracting high-value investments with technology transfer. It would also help attract investments from China and other players which could create a buildup of Pakistan's softer image in international markets that Pakistan is a safe destination to invest in.

Currently, Pakistan and China must overcome several challenges to complete the project successfully, including terrorism concerns, security concerns, the influence of external forces, and political concerns stemming from within Pakistan. As CPEC is progressing, it has brought an opportunity for economic prosperity for Pakistan. However, this ambitious project faces unsurmountable challenges. This paper will highlight the challenges both countries face to achieve the goals under CPEC. This research will also lay out some suggestions on how both countries could enhance their engagement to play a vital role in rebuilding and enhancing their engagement in the region.

The CPEC is a flagship project which is part of China's BRI initiative (Markey, 2015). According to scholars, the BRI project can be characterized as a move by China to access new economic markets and strategic partners across the Silk Road. According to Professor Yan Xuedong, China so far has only one ally in the region, Pakistan (NY Times, 2016). He

argues that the most crucial goal of the One Belt, One Road initiative is to secure a strategic position for China in Eurasia and Central Asia. If the CPEC project is successful, it will also play a vital role in this endeavour because China wants more strategic depth in South Asia and the Middle East. Recently China has been focusing on increasing its influence in the Middle East. In the contemporary situation, the United States has shifted its attention from the Middle East to the Asia-Pacific region as it considers China the main threat of the 21st century. (NY Times, 2020) It provides China with an opportunity to expand its role in the South Asian Region and the Middle East. Hence, the contemporary developing geopolitical scenario in South Asia, especially the revival of the Sino-Indian Ladakh Conflict, the US withdrawal from Afghanistan, and the resurgence of the Quad (US, India, Japan, Australia) in the Pacific has raised the stakes of China. (Qayyum, *The Strategic Maritime Environment Of The Indian Ocean: An Analysis Of The Challenges And Prospects For Pakistan.*, 2021) The fears and anxiety of realignment in the region have further strengthened China-Pakistan's Economic and Strategic Partnerships.

As CPEC projects progress, the cooperation between Chinese enterprises and Pakistani firms is expanding. China's engagement with Pakistan is growing in multiple dimensions than the traditional focus on trade, construction, and investment. Chinese policymakers interact with local Pakistani actors in politics, education, and the media to promote a favourable atmosphere to develop and promote China's soft image. (Safdar, *The Local Roots of Chinese Engagement in Pakistan*, 2021) These increased efforts, in turn, are helping to promote a better image and goodwill toward the CPEC and BRI more generally. The establishment of the Joint Consultative Mechanism for CPEC in 2019 has leveraged China and different political parties of Pakistan to get together and develop a consensus on significant issues, especially those from Baluchistan, the resource-rich province of Pakistan, which is strategically vital for the CPEC trade routes (Jingping, 2021). During the

second round of the JCM conference, the political parties pledged to work together to develop a smooth political environment and favourable public opinion on CPEC projects (NEWS, 2021).

Strategic Importance of CPEC

The leadership on both sides is very well aware of its strategic vulnerability and has recognized the strategic importance of the Malacca Straits. In 2003, President Hu Jintao reiterated that "certain major powers were bent on controlling the strait and called for adopting new strategies to mitigate the perceived vulnerability" (Storey, 2006). China has devoted tremendous effort to exploring new opportunities to find alternatives to this vulnerability. A 2020 Pentagon Report on China's military power stressed that Under the BRI initiative and the construction of CPEC and Gwadar port are intended to "decrease China's reliance on transporting through strategic chokepoints, such as the Strait of Malacca" (Military and Security Developments Involving the People's Republic of China, 2021). Garlick Argues that Beijing's engagement with Pakistan is mainly inspired by deliberations of geopolitics based on "physical geography" (geo-positional balancing). Specifically concerning the most important country situated in the Indian Ocean Region (IOR), India, this brings China and Pakistan's interests into alignment (Garlick, Deconstructing the China-Pakistan Economic Corridor: Pipe Dreams Versus Geopolitical Realities, 2018). It can be argued that Gwadar Port is a geostrategic harbinger for China and Pakistan. China realizes the importance of Gwadar Port through the current progress that seems to be moving slowly. However, China intends to grab the opportunity and expand its strategic alignment with Pakistan to enhance its influence in the region.

As CPEC serves as a transit route for goods and energy to flow between Xinjiang and Gwadar Port, thus reduces China's vulnerability to maritime chokepoints (Small, 2017). Hence, China's risk-free access to the Indian Ocean has been enabled through Pakistan. China's Presence in the Indian Ocean

fulfils its aspirations to be a fully legitimized great power (Li, Leandro, & Figueiredo, 2022). China's investment in strategic locations such as Gwadar Port can help China broaden its horizon to transport much-needed natural recourses such as oil and gas and reduce its vulnerability and dependency on strategic choke points like the Strait of Malacca China currently transports most of its oil and gas (How Will the Belt and Road Initiative Advance China's Interests?, n.d.).

Since the Biden administration has taken charge of US foreign policy, the strategic calculus of US preferences has shifted from terrorism. Especially after the US's complete withdrawal from Afghanistan indicates that the United States is no longer interested in keeping its focus on the South Asian region (NY Times, 2021). In a recent address to the Institute of Business Administration (IBA), the current Special Assistant to Prime Minister (SAPM) shared his concerns about the recent US tilt toward India is conniving against the "economic lifeline" of Pakistan (Alam, 2021). The current intensified excellent power competition between the US and China might also affect CPEC.

The development of Gwadar Port under CPEC, China's Control over Hambantota Port, and Payra Port's construction in Bangladesh have minimized China's Vulnerability in the South China Sea. Gwadar port is at the gateway of the Persian Gulf, which provides Beijing with a strategic edge and less reliance on the Malacca Straits (Butt, Kharal, & Khizar, 2021) The CPEC could provide the most feasible and secure contingency trade route to the Malacca Straits. China's access to Gwadar port has bolstered China's Geostrategic edge over its rivals in the Indian Ocean. If this project is completed, it would be the fastest way for Beijing to import its oil from the Middle East.

Challenges to CPEC – BRI

The CPEC has progressed and entered into the second phase, which is envisaged to alleviate Pakistan's economy and alleviate people's livelihoods. Nevertheless, the government had to work hard in the initial stages since the early

infrastructural development projects were mapped out to pass through Gilgit-Baltistan (GB), Khyber Pakhtunkhwa (KP), Punjab, and Baluchistan. However, a significant chunk of the initial projects in Punjab Province raised severe anxiety and challenge among the local population and provincial stakeholders, including politicians, rights activists, and enterprises, who voiced their concerns (Hussain E., 2019). For instance, thousands of people have staged protests in Gwadar port city for a legitimate right to basic needs of life. The protesters have highlighted the inadequate health facilities, shortage of water, and scarcity of jobs for the educated youth as some other major problems facing the people of Gwadar (Baloch, 2021).

Nonetheless, the major challenge both countries face is the security of Gwadar and CPEC. In the past, Pakistan has suffered greatly from terrorism and regional insurgency. Pakistan's war on terror has significantly impacted its economy and law and order. Which resulted in a significant drop in Foreign Direct Investment (FDI); estimates show that Pakistan suffered over \$100 billion loss to its economy and over seventy thousand casualties (Impact of War in Afghanistan and Ensuring Terrorism on Pakistan's Economy, 2014). Since the formulation of the National Internal Policy (NISIP) and the implementation of the National Action Plan, Pakistan's law and order situation has significantly improved. Pakistan's measures for security have effectively upgraded CPEC's smooth progress.

One must stress that in contemporary Regional Peace and Stability are Paramount to progress and development for any country. During his address at the International Conference in Uzbekistan, the former PM Imran Khan pointed out two significant challenges: the looming threat of the Civil War in Afghanistan (International Conference on Central and South Asia Regional Connectivity and Opportunities Summit, 2021). Afghanistan plays a role of a natural land bridge between South and Central Asia. Peace and stability in Afghanistan are vital to realizing this connectivity vision into reality. After the withdrawal of foreign troops from

Afghanistan, the role of regional countries in facilitating the peace process has become stable and prosperous. Pakistan is essential not only for South Asia's stability but for US national interests in terms of its complete withdrawal from Afghanistan (including Afghanistan policy), China's regional interests, global counterterrorism, and the Muslim world's stability.

One may argue that CPEC is a vital opportunity for Pakistan's Socioeconomic development and its future role in the region. With constructive policy planning to develop CPEC projects, Pakistan can attract immense commercial activity into its markets. Hence, with socioeconomic stability in Pakistan, Chinese and US economic and security interests in Pakistan and the region can converge. To un-tap the full potential of CPEC, Pakistan's social and political stability is vital. Different regions and political parties showed some resentment regarding the fair distribution of CPEC projects in the past. Pakistan's civilian government believes that with CPEC investment and new projects, there will be job creation for the youth and business opportunities for investors from both sides. Pakistani Society is depleted with ethnic, sectarian, and political cleavages and populated by extremism and militant networks. The need for a healthy growing economy takes on special significance among the civil and military institutions.

Since the launch of CPEC, security concerns have been at the centre of policymaking, especially in Pakistan's sub-national conflict in Baluchistan, which directly poses a severe challenge to development projects connected with CPEC. Most importantly, the Gwadar Port's future lies in the hands of Pakistan's tackling of the militancy and external destabilizers who see CPEC and Gwadar Port as a strategic disadvantage. A shift in regional geopolitics and a new strategic alliance between regional and extra-regional players have posed a security challenge for CPEC. The CPEC is significant strategically. However, Pakistan's unstable governance structure directly jeopardises economic growth. Luan Jianzhang at the Central

Committee Communist Party of China stated that some of the daunting challenges such as insufficient management, lack of accountability, and external threats like terrorism could be a grave obstacle for the project. Pakistan faces many internal and external challenges that hinder the execution of CPEC projects (Abid & Ashfaq, CPEC: Challenges and opportunities for Pakistan, 2015). The security challenge is a critical challenge for CPEC, the presence of separatist and terrorist outfits disrupts the completion of various CPEC-related projects. The Western course of Baluchistan and any remaining defeats are powerless against dread assaults from these outfits. For instance, on May 24th, 2017, two Chinese language teachers were abducted in Quetta, Baluchistan, The militant Islamic State (IS) accepted responsibility for the abduction later both teachers were killed (Reuters, 2017). Furthermore, terrorist outfits, having a presence in the Tribal Areas and KPK in the form of sleeper cells, are a severe threat to the CPEC.

Moreover, the Arabian Sea is becoming a militarized zone due to the US-India military alliance. The United States has already deployed substantial naval forces in the region. A complete naval fleet is guarding the Strait of Hormuz and a nuclear submarine. As of late, the US Defense Secretary too empowered India, in his discourse in 2019, to improve maritime exercises in the Arabian Ocean (Rourke, 2023). One can say that the RAW involvement in Baluchistan is a loosely held bit of information. The catch of Indian agent Kalbushan Yadav on March 3rd, 2016, while passing the Saravan line at the Pak-Iran border, is likewise a good example. In his confessional video, he admitted, "Crude funds the killing of the FWO labourers in Baluchistan." Mr Sarfraz Bughti, Interior Minister of Baluchistan, likewise voiced the same worry by saying that "If India succeeds in its detestable plan, it will be a mishap for the economy of Pakistan and China.

Another significant test is the popular assessment. Different renewed residents, columnists, bureaucrats, and even parliamentarians are voicing hesitation about

the fulfilment and size of this task, which is turning into one more test for CPEC. The popular assessment is partitioned into two groups: the people who think about the CPEC as a distinct advantage and some who interpret it as another East India Company. A Pakistani administrator, and representative, Tahir Mashhadi, the former executive of the Senate Standing Committee on Planning and Development, cautioned in the Parliament that "Another East India Company is in the offing" as the CPEC. Resultantly, an Indian submarine abused the water privileges of Pakistan multiple times in 2016.

Beijing has expanded its security presence throughout the region and has pushed economic development programs to tackle the tense situation. Implications of these efforts are directly associated with Pakistan. Some militant groups such as Al-Qaeda, Tehrik-e-Taliban Pakistan (TTP), and Islamic State Khorasan Province (ISKP) have sought refuge in the areas of Pakistan and Afghanistan. Hence, after the US forces' withdrawal and the looming uncertainty in Afghanistan's deteriorating political and security landscape, the terrorist attacks and violence from these terrorist groups continue to pose a significant challenge. Since the Taliban takeover, the security situation has been deteriorating. There has been a surge in targeted killings and deadly bombings by the ISKP (Afghanistan Event of 2021, 2021). According to a UN report, there are between 8000 to 10000 foreign fighters in Afghanistan linked with AL-Qaeda, ISKP, TTP, and the Afghan Taliban (United Nations Security Council, 2023). The worsening security and humanitarian crisis in Afghanistan could pose a grave danger to Pakistan's hard-fought battle against the war on terror in the tribal region.

Though Pakistan has suffered dramatically, there has been a drastic reduction in attacks and casualties since 2018. Pakistani Law Enforcement Agencies (LEAs) have undertaken primary preemptive measures against militant groups within Pakistan. Furthermore, The Pakistan Army's Operation Zarb-e-Azb and Operation Radd-ul-Fassad to eliminate the militants and

sympathizers have eliminated the anxiety between the two states. In the Past China's decision to agree with Financial Action Task Force (FATF) to put Pakistan on the "grey list" indicated Chinese concerns about the Pakistani-based militant groups that are considered a great threat to the region's security and development. Since then Pakistan has taken concrete steps to comply with the FATF recommendations to exit the grey list.

China and Pakistan Perceive militancy in the region as a persistent threat to their interests, specifically regarding the CPEC. As China-Pakistan economic cooperation is expanding through the CPEC, the security challenges to both states' interests have heightened as well. It is estimated that 35,000 thousand Chinese nationals are living in Pakistan (Khan D. A., 2019).

In the coming years, these numbers of Chinese nationals travelling to Pakistan could go much higher until or unless Pakistan creates a secure and safe environment for foreign nationals. Hence, the security challenges are also getting graver. Some critics of CPEC believe that the projects of CPEC in Baluchistan are exacerbating grievances among the local population. They perceive that they have been marginalized and suppression by the authorities. These grievances have provided an opportunity for enemies of Pakistan to destabilize the region by exploiting local marginalized groups in the province Furthermore, The CPEC has reignited anxiety among some Baluch tribes who have historic resentments of being neglected in the past. Some of these militants complain that Baluchistan does not receive its due share from the Centre. There are rising concerns among neighbours at the regional level, especially India, which is worried about China's growing influence. It has rejected the BRI initiative since its inception. India has been questioning the implications of Chinese investment in the CPEC project and Beijing's future ambitions in South Asia. Similarly, Gwadar Sear port's development adds to the Indian anxiety feels that the development of this port would serve as a Naval base for the Chinese blue water naval fleet (Kanwal, 2018).

As part of the BRI project, CPEC is important for both sides. Pakistan realizes the security concerns of CPEC-related projects and Chinese nationals working in Pakistan. The government has established the Special Security Division (SSD) and Maritime Security Force (MSF), comprised of over 15,000 personnel dedicated to safeguarding projects under the umbrella of CPEC and providing security to the foreign engineers and personnel working on these projects (Pakistan Army's Special Security Division- A Response to CPEC security challenges, 2017). Similarly, MSF will be responsible for safeguarding the Gwadar Port and the coastal areas of Pakistan. It can be stated that the significant challenges CPEC faces are the Militancy in Pakistan's tribal areas and insurgency in Baluchistan holds the key to the success of CPEC. (Khan & Khan, 2019).

Further, political rifts between the current government and the political parties could increase anxiety and affect the CPEC projects (Afzal, 2022). The current political turmoil causes a serious threat to the progress of CPEC. The war of words among the political parties emerged in response to the no-motion confidence against PM Imran Khan, in April 2022 (Batool, 2022). Further, all the political parties came into the ground trying to hands of the government to put its energies into the no-motion confidence rather than focus on this multi-billion project. The current political uncertainty in the country can further impede the speedy process of the completion of the CPEC. It has become serious challenge than the other ones rather.

Conclusion

This article claimed that 'CPEC will be a harbinger of economic prosperity and well-being for Pakistan' and China. CPEC-Phase-I emphasized connectivity through transport, and telecommunication infrastructure, by constructing roads, railways, and pipelines, including fibre optic cables. The primary purpose of this infrastructure is to connect China's Xinjiang province with the Arabian Sea through Gwadar Port. The respective connectivity provides security and a diminutive edge to China's trade. In the CPEC-

Phase-II, roughly 27 projects are envisaged. The phase-II emphasizes agricultural development, industrial cooperation, and, particularly, trade promotion. Meanwhile, the tourism sector is likely to expand. CPEC is a win-win situation for both China and Pakistan. However, socioeconomic integration is expected to disrupt due to prevailing adversaries in the region. The conflictual

situation of Afghanistan, India's opposing stance towards CPEC, and continuously trying to destabilize the projects are a matter of concern for both Pakistan and China. These factors put severe challenges on CPEC. However, after securing trade routes, China and Pakistan will be able to achieve economic prosperity through connectivity and eventually lead to strategic integration in terms of sustainability.

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