

## **Dimensions of CPEC and Its Dividends**

Rahat Naseem Ahmed Khan<sup>1</sup>, Asmat Ullah Khan<sup>2</sup>, Mohsin Naseer<sup>3</sup>

<sup>1</sup> Ph.D. Scholar, International Relations, National Defense University Islamabad, Pakistan

<sup>2</sup> Ph.D. Scholar, International Relations, National Defense University Islamabad, Pakistan

<sup>3</sup> BS PCS, Independent Researcher

### **Abstract**

CPEC is a complex project and was given an official launch in April 2015 when then-Chinese President Xi Jinping visited Pakistan. It is a blend of structures, energy, ports, railway systems, and people-oriented development projects that improve Pakistan's trade access, export capacity, and strategic location (Kuszevska et al., 2021). Pakistan and China know that the provisions of the CPEC enhance the economic development of both countries and it would be a harbinger of prosperity in the less developed areas of Pakistan. The article discusses the consequences of the CPEC, which includes the components of early harvester projects, midterm and long-term strategic, and general sectors with social sector developments such as poverty eradication, clean drinking water, health, education, vocational training, and agricultural sectors (Ali, 2020).

It also assesses the opportunities and threats of the CPEC and policy implications for making this project sustainable and pro-poor. The CPEC is the highlight of the BRI that intends to connect western China with Pakistan's Gwadar port with a transportation and trade investment spider web (Bilal et al., 2022). Since construction forms part of the growth, employment, and development of the economy of Pakistan, the construction of CPEC has positive impacts on the construction industry of the country.

### **Overview of the Belt and Road Initiative (BRI)**

According to the Chinese, BRI includes the "Silk Road, Economic Belt" and the "Southeast Asian Silk Road." Due to its geographic position, therefore, Pakistan has the advantage of being able to connect both routes (Javed et al., 2021). China's government refers to the CPEC as a "Pilot Project" of the BRI. As Beijing quickly expunges the geostrategic rationale behind the CPEC, many critics have suggested for years that Gwadar may help China demystify the Malacca conundrum because 85% of Chinese oil imports pass through the single chokepoint in the Malacca Strait. However, the concept of Belt and Road was only revealed at the Chinese 13th five-year plan meeting presided over by President Xi Jinping in November 2015 (Zeng, 2021).

Moreover, BRI will give China an outlet to the Pacific and Indian Ocean; to Gwadar, Xinjiang will be nearer to the Indian Ocean than to Beijing. According to Anwar, (2020), BRI will make the Chinese economy linked with East Asia, Central Asia, West Asia, and Europe. Besides, it will connect China with the European Economic Zone (EEZ) and Asia Pacific Economic Zone (APEZ) which are the most active economic zones globally. Like its so-called "open up strategy" by which it attracted foreign investors and promoted its trade (Zheng, 2021), China has embarked upon BRI. Parallel to BRI, China's 'open up' policy toward the East as well as the West redefines its geopolitical relationship with another state. Similarly, this China-Pakistan Economic Corridor 69 strategy will boost the progress of the Silk Road Economic Belt among 64 countries in Asia, Africa, and Europe. China had envisioned some objectives in creating BRI, which included; making a group of countries along the new Silk Road: A community with shared interests, security, and future (Chaziza, 2021).

## **Role of CPEC as a Flagship Project**

Pakistan and China are in the process of enhancing strategic cooperation through trade investment and economic relations and CPEC is a dynamic stage of this process (Hussain, et al.,2021). The BRI has many advantages in terms of economic and strategic gain for host countries, which are financially constrained like Pakistan. As the subject of discussion of this article is CPEC, the following section will explain the prospects and threats that the CPEC could pose to Pakistan—an overpopulated country, short of money and eager to invest it to keep its people busy in productive activities. Wolf, (2020) discuss the criticism of the project by both the international and local actors who consider it as China’s neo-realism aggression and a debt trap for Pakistan while they fail to notice its opportunities for the country. stage of this process. The One Belt, One Road, or what is known as the Belt and Road Initiatives was launched by the Chinese in 2013 as a master plan to spur connectivity, trade and investment among the countries that formed the ancient Silk Route. The BRI consists of two primary components: the Silk Road Economic Belt which is based on the building of new economic and transport systems on land, and the 21st Century Maritime Silk Road – based on marine cooperation (Song et al., 2022).

The BRI has attracted a lot of awareness and discussion because of its large size Baruah, D. M. (2022), the influence it may have on different spheres of the world economy, and its environmental friendliness, numerous interpretations. For some people, it is to be construed as neo-colonialism and geopolitical competition; for others, as a new type of globalization and cooperation (Cheng, 2021). Among them, this literature review is focused on the effects of the BRI’s construction sectors in Pakistan to give a better backdrop and overview of theoretical literature on BRI and its consequences on economy, social, and environmental aspects.

The BRI is an endeavor to lure investments, trade, and integration between nations that linked by the important silk roadmap (Winter, 2020). It consists now of two major initiates: the Silk Road Economic Belt and the 21st century maritime Silk Road. The BRI has been described as the panacea to the infrastructure problem that developing nations face, bringing about regional and international cooperation and also as a platform to spur economic growth and industry employment.

Looking at the BRI it may be said that it will contribute towards the better connection and infrastructure within member countries thereby acting as agents of development for the global economy. Wang et al., (2020) estimates from IMF for the BRI, the annual growth impact in the five years, will be 0.1 to 0.2 per cent (IMF 2018). Nonetheless, criticisms have emerged about debt and credit risks linked with the BRI implementation specifically for the developing countries that participate in the project (Komakech et al., 2023).

Due to the extensive scale and integration of the CPEC, the administration departments, companies, and other units need joint participation. Lack of proper coordination has been blamed for project delays, Increment in project costs, and compromised quality of projects (Ullah et al., 2021). Second, there are the priorities of enhancing the use of locally produced materials and developing local capacity in the construction industry. But the kind of development that has been initiated by the CPEC employs Pakistanis, businesses, and labor but they have little to do with the project. There are several things to note about who has secured CPEC contracts thus far: while Chinese firms are mostly involved, Pakistani ones are present only in certain fields. This has reduced the ability to transfer technology and develop the local capacity of people (McCartney, 2021).

Third, the sustainability of the project in social and environmental contexts is perhaps the biggest challenge for the CPEC project. New setting up of infrastructure such as, railways, highways, and other infrastructure has involved taking up of land, eviction of communities, loss of biological diversity, and air and water pollution (Khalid et al., 2022). Civil society groups, Environmentalists, and affected communities want more development in the planning, utilization, and management of the CPEC’s projects; More participation and independence; and better decision-making and accountability. Fourth, some issues of security have emerged with the CPEC project, and these cut

across security in Pakistan as well as in the region. Baluchistan and Gilgit-Baltistan are two of the most climacteric provinces of Pakistan, where CPEC is most vulnerable to sectarianism, ethnic violence, terrorism, and insurgent activities. India and the United States view the CPEC as a political and security risk to their interests and within the region (Javed and Farooq, 2021).

Finally, risks for state economy and sovereignty increase due to the heavy indebtedness of Pakistan because of CPEC development. Based on this, the CPEC debt is expected to hit \$90 billion, out of the country's GDP (Gross domestic product) though that could be a fundamental overestimate according to some sources (Gelpern et al., 2023). This has enhanced relations and competitiveness through advocating for infrastructure growth in the Pakistani state. CPEC Automobile roads and railways, highways, and Ports & Awara developed under CPEC, make trade, investment, and movement of people and goods easy (Mahmood et al., 2022). Secondly, the CPEC has boosted projects in the construction industry in Pakistan. Chinese investors in various sectors and financial establishments have established considerable stakes in the CPEC which has led to the development of many construction companies and others in Pakistan (Mukhtar et al., 2022). Third, the CPEC has also provided investment in knowledge transfer and capacity building specifically in the infrastructure industry of Pakistan. Chinese firms have brought in new methods and skills that improved the efficiency of the construction industry (Babar et al., 2021).

These are some of the challenges that affect businesses, therefore to mitigate them there's a need to formulate good risk management policies and be receptive to stakeholders. Ethical variations and language barriers are other issues affecting multinational operation management with reference to BRI (Ram & Zhang, 2020) should best learn from the Chinese getting involved in the development of their local capacities. The domestic players can engage in the CPEC venture in terms of subcontracts or in various supply chain capacities to increase their competitiveness and development of their enterprise.

In response to these problems, the required elements for risk management by businesses have to be identified, and communication with stakeholders has to be conducted. Thus, the next challenge for multinational operation management in the BRI context is cultural differences and communication barriers. The BRI includes countries that differ in culture, having different attitudes and ways of perceiving things and communicating them to others. The organizations encounter these; They must improve diversity and communication, cultural communication and communication competence. Nonetheless, in the construction sector of Pakistan the positive significance of the CPEC construction is measured with the construction opportunities of new sustainable growth it contributed new opportunities for sustainable growth at the same time, unprecedented challenges for the environment, society and economy have also arisen (Li et al., 2021).

### **Strategic Importance of CPEC**

The role of geography cannot be underestimated in the world politics of a given country as demonstrated below Source. How it is critically valuable/non-valuable or essential/non-essential social, political, and economic to other countries is indicated by it (Baylis, J. 2020). Indeed, place of Pakistan is in the middle of energy-efficient to energy-scarce countries in the overall global strategic radar of the world. On the east, it shares a border with the Persian Gulf and on the west, it gives the landlocked countries direct access to warm water. Tactically from the business perspective, Pakistan can be considered one of the most naturally endowed locations on the globe as it neighbors giants like India, China, Afghanistan, and Iran which comprise rising economic titans and nations rich in natural resources respectively. Pakistan has the 5th largest reserves of Gold in Baluchistan, the largest reserves of Salt, and 6th largest reserves of Coal in Punjab. This youth is called to be a dynamic factor for the reason that, Pakistan become the 5th most populous country in the world and at the same time there is a huge bulk of the youth (Garlick, 2021).

After the soviet breakup, that made the world unipolar was a shift in world politics but the September 11, 2001 World Trade Centre attacks brought a shift to the extreme. Pakistan stood up

in the war against terrorism with the US as its first-line partner. From this region, the US has two fundamental objectives to meet First is safety from the terror of Iran going nuclear Afghan Mujahidin (Khan, 2022). and second is economic safety from the rising China which is taking hold of the global economy each day. The USA is aligning its commercial battles with India to prevent China from establishing its dominance in the neighborhood. Having estimated the economic and military consequences of having Pakistan as an ally and a friend for a long span, both the USA and China attempted to build their influence inside the country.

### **Historical Background of CPEC**

The whole concept of the CPEC lies in the interconnection of geo-politics and geo-economy. It is not just an economic endeavor and it offers not just a political advantage; it focuses on strategic priorities within the optimum of what brings the most out of the economic system. Hence, the concept and approach to geo-economics have expanded (Chakma et al., 2022). As for the current geopolitics, it is an indirect search for strategic and political objectives, not economic ones (Li et al., 2024). Whereas in the US world order the process of globalization of economies has pushed the process of trade and growth it has accelerated the quest for power and brought about a zero-sum power competition for the maximum power (Hall, 2020). As with, there is conflictual competition in this region that is home to two rising giants: India and China. Both of them are eager to play a stronger role in international and world issues and, thus, aggressively increasing the sphere of their control and constantly searching for new partnerships for trade.

Through participation in their own economic activities in their neighborhoods they meet other intrinsic strategic needs within them as well (Parepa, 2020). The shift of China from being the 'only' largest economy to a militarily and strategically powerful nation with aggressive intent to spread its sphere of influence by adopting BRI as a connectivity model is strategic. China has also stepped up the process of getting closer through creating economic cooperation areas with countries around, thus threatening a new division of global power.

They are not completely wrong. Of course, the cooperation between the two neighboring countries opens the possibilities to increase the position of Pakistan on both political and economic spheres, however for China it is rather more valuable for political aspect than for economical (Bencivelli & Tonelli, 2020).

### **Dimensions of CPEC Infrastructure Development**

#### **Geopolitical Dimension**

##### **Strengthening China-Pakistan bilateral relations**

China Pakistan Economic Corridor is probably one of the biggest strategic projects that aimed at making the two countries almost interdependent. Both nations being geographically connected and historically intertwined consider the corridor as a pivot in China's grand vision of Belt and Road Initiative (BRI).

To a certain degree, analyzing the flagship project as a separate domain irrespective of the two countries' relations might be a dream come true. It is based on the understanding of the strategic notion of both countries, upon the mutually beneficial development premise. It is noteworthy, however, that the fundamental opportunities in the socio-economic, security and political context already called for a change given the spectacular socio-business dynamics generated by the CPEC. It is crucial for Pak to get back into the world and reap from the next opportunities For Pak. The criteria hold the explanation of China's rapid growth and Pakistan's challenges in the partnership. Indeed, the revisit of their relationship at this stage would afford a chance to overhaul the pace of Pakistan's economic growth. On like basis, it would also allow it to renovate its capability to address concerns in the sphere of governance (Shahzad et al.,2023). At the moment and due to the security situation in the Pakistan the relations remain limited to limited sectors of defense and other areas of crucial necessity including the building of capacities are not given due regard.

## **Strategic regional impact on South Asia and the Middle East**

In this regard, the corridor had been expected to be the catalyst in boosting connectivity between South Asia and East Asia. It will play an important part in the further integration of the new concept of a 'Greater South Asia' which encompasses China, Iran Afghanistan and up to Myanmar. To begin with the CPEC project, the Chinese government has established a special economic zone in one of the ancient cities-Kashgar which is an all-time border city of both countries. This economic zone is anticipated to be through by the year 2020; for this period of development Pakistani industrialists, they have been given inducements of tax-free zone among other inducements. This economic zone will decide the bilateral trade relations between China or Pakistan with India, Afghanistan and eight other Central Asian states that are neighbours of China and Pakistan. There is establishment of a Railroad network that will enhance the fast transfer through this link.

Pakistan is a hub of business activities for South CPEC: A gateway either to South East Asia and East or to South East Asia and China or even Central Asia and China. In sum, it can be stated that the corridor project will impact over 3 billion of the population across the Asia region. Depending with the visionary initiatives of the CPE, one is China Pakistan economic corridor which involves energy sector investment \$ 34 billion and about \$11 billion infrastructural investment. Buryatia and Mongolia These projects provide immense potential for both these countries and will also contribute to the prosperity of Pakistan (Baig et al., 2020). From this strategic point of view, this project continues to be significant and contributes also to the economic growth of two countries. On completion, China would be free to access the Middle East and Africa via the Pakistani Gwadar port. For this purpose, in return, China will initiate development projects in Pakistan and will help Pakistan in overcoming the energy scarcity problem. This project will benefit three billion Asians. The CPEC projects include \$34 billion investment in energy sector and approximately \$11 billion in infrastructure sector (Ali, 2022). These projects pose great utility to the business organizations in the two nations and will greatly help Pakistan's economy.

On completion of the project, Chinese market would be able to access Middle East and Africa via the Pakistani port of Gwadar. In exchange, China will begin development projects in Pakistan and assist Pakistan in getting free from the energy problem. Thus, the economy of Pakistan will be made. The BRI is therefore geostrategic to locate itself in the region and spread its influence from Europe, including Asia to Africa. Although it has the ambition for power, it has affected off the regional and the global players like the Super Indian and Super America. China's rise as a world power can depose the US in the sphere of economic, political and strategic power without question, which evidently has undermined the incumbent super world power (Afridi et al.,2021).

## **Influence on neighboring countries and geopolitical stability**

China is linked to other regions and the rest of the world via the Old Silk Route that will also expand to the China and on via the Arabian Sea, South and Southwest Asia, and Central Asia. The rail linkage also will be launched between China and Pakistan and it is a multi-dimensional economic connective and in such a context the development of Gwadar port is one of the promising of crossing over great benefits for many regions (Mishra, 2020).

Afghanistan has already explained its readiness for participate in the CPEC as its ambassador in Islamabad, Omar Zakhilwal stated that Kabul has a keen interest in joining the CPEC and stressed that any project of such a mega size has its positive side for all the countries of the region. Both China and Pakistan support a stable Afghanistan due to the commercial importance of Kabul's natural and mineral products for the former while the latter has economic and non-economic gains including but not limited to access to energy-rich central Asian republics (Khizar, & Ahmad, 2022). Iran has demonstrated its continuing desire to be on board as the CPCs' policymakers consider the corridor as a keystone for the nation's economic development. For Pakistan, Iran's participation in the CPEC will certainly bring a new dimension to the relationship (Javed & Ismail, 2021). This cooperation will intensify the speed of inter-regional interaction leading to a highly sustained model of economy and less dependence on Western countries. Thus, Iran's participation in the

CPEC will certainly accentuate economic gains. These economic benefits will help Iran as well since its economic development has been severely restricted due to nuclear-related. With this backdrop, the CPEC is no less than a glimmer of hope for a struggling economy like Iran (Hilali, 2019). China saw Central Asia as a natural treasure and entry point to its steady economic and energy needs. They believed that the region would assume the role of future trading and appeal points in the world. Çakan, (2022), the interconnect and economic attraction for great powers have today provided an impressive position to rise as an important strategic actor and efficient the region of Central Asia could be used as a gun-boat for great power politics. Therefore, China's interests in Central Asia are primarily economic and, to a considerable extent, linked with the need for expansive access to energy sources (Lanteigne, 2019).

India perceives the CPEC as terrorism in the state of Jammu and Kashmir which is an integrated part of that country. In the context of the Stockholm International Peace Research Institute threat statement, it seems that the criticism of CPEC is from New Delhi's perspective on the maturation of the "internationalization of the Kashmir" issue since Beijing's growing foothold in the region including the Indian Ocean undermines New Delhi's jurisdiction (Verma, 2020). India also considers Gwadar a deep-sea port as part of China's "String of Pearls" strategy that stretches from the eastern coast of Beijing to the Arabian Sea. New Delhi believed that the CPEC formed part of the China strategy to access through the shortest route and supply lines by Gwadar and leverage the geostrategic choke points of the Indian Ocean.

## **Connectivity and Trade Dimension**

### **CPEC's Role in Improving Regional Connectivity**

China initiated the Belt and Road Initiative (BRI) in 2013, of transport infrastructure investment is made to construct sea and road networks or routes together with strategically significant countries for better global connection (Liu, et al., 2020). The most extended BRI branch is the China-Pakistan Economic Corridor (CPEC); it is the most investment recipient of all the six BRI corridors it forms. Thanks to the CPEC transport corridors the sea distance is cut down from 10,000 to 3,000 Kilometers while transporting goods to Africa, the Middle East, and Europe via the newly developed Gwadar seaport. The new route most importantly avoids the Strait of Malacca which is owned by Singapore and America (Hussain, 2020).

Recent research analysis on CPEC has also pointed to social and economic opportunities as originating from the CPEC projects. Whereas with the improvements in roads and railways the development in education and employment opportunities of the locals together with perceived health improvements will be expected as per this research. Perceived support from the residents to CPEC to achieve policy and effective economies was also crucial (Fazal, et al.,2023). As much as the perceived advantages are encouraging, several scholars have raised concern over the extent of realization as per the country's poor historic record in foreign investment in development projects. However, to some extent, the upgrade of infrastructure would stimulate the near vicinity's economic increase, although not necessarily the amount may be substantial.

Although many research papers have been devoted to discussing the opportunities and risks of CPEC and BRI, there is no standardized approach to measure quantitatively the connectivity improvement brought by BRI transport infrastructure projects in trans-national and trans-continental levels (Wang, et al.,2020). Whenever adjustments to the BRI infrastructures are made, governments and researchers will require the probabilities of BRI projects. An appropriate assessment procedure will enable the debate around project selection, location negotiations, and regulations of spatial and social gain arising out of accessibility improvement.

### **Development of Gwadar Port as a central trade hub**

The second will also include deeper development of Gwadar City to highlight industrialization hence ensuing energy, material, and petrochemicals aimed at the coastal city's relationship with the near Persian Gulf (Kalim, 2020). As pointed out above, Gwadar and the little-explored coast from the Iran border to the Indian border may also be turned into a belt for tourism. The leaked

draft of the full long-term plan also tends toward agricultural activities heavily, as Dawn noted above. It recommends the creation of Chinese agricultural technology demonstration farms in leased land in Pakistan (Kardon et al., 2020). China has employed agricultural technology demonstration centers in Africa and other areas as expert training and technology transfers as well as business opportunities for China's agriculture and agriculture technology-related industries. Surprisingly, agriculture has received little attention in the Chinese or Pakistani discourse on CPEC. Therefore, it remains ambiguous how it will remain part of the functionality of the CPEC plan in future. But one could approximate that agriculture is still a virgin area of cooperation potential since China is the biggest importer of food globally, and agriculture is 20% of the GDP and the primary source of employment in Pakistan. Pakistan is among the largest producers of cotton, rice, wheat, and numerous fruits and vegetables; however, in the supply chain, suboptimal coordination restrains Exportation diversification and value addition, making losses perilously high. It should be appreciated that sparing crops should also be irrigated in the states that have long-term water deficiency, for instance, Pakistan (Rathore, 2021). Apart from connecting central Pakistan for direct communication from Gwadar to Jacobabad, it would connect the Afghanistan border. The entry to Mastung would unlock connectivity to Afghanistan and the Reko Diq region close to Iran where China has mining interests.

These projects, however, are of doubtful economic returns and may be dependent on the results of the first phase. Pakistan may open more routes to China possibly, jointly with China or with other partners – one running through Azad Jammu and Kashmir to Khunjerab, the other through Gilgit-Baltistan to China (Rauf, 2021). Pakistani government officials also expect that the CPEC will connect to other regional countries; Afghanistan, Iran, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. Connections to India are also possible, whether at the active crossings between India and Pakistan or at other inoperative crossings connecting the two countries. Afghanistan and India have been having terrifying relations due to long-standing strategic competition. A pipeline that connects Pakistan with Kashgar through Central Asia to Gwadar is feasible, along with an electric power transmission line that transmits electricity generated in Xinjiang to the Gilgit-Baltistan region of Pakistan has also been considered. However, none of these projects seem to remain aligned with the long-term vision of the CPEC from the following plans.

## **Social Dimension**

### **Social and cultural impacts on local communities**

Social effects are starting to appear not only in several specific and defined areas but in a general sense as well. Preliminary quantitative information shows that Chinese enterprises have absorbed around 60 thousand Pakistani laborers outside and inside of CPEC. For instance, at the time of the completion ceremony of the power station in Sahiwal, In the large and clean room, Pakistani mechanics were able to run types of equipment and also scrutinize power stations and they had concern in their respective work on their faces. In the spacious and bright room, the Pakistani technicians were capable of operating the types of equipment and monitoring power stations with a passion for work depicted on their faces. Apart from investing and paying taxes, the Chinese companies transform the local population into skilled employees for higher opportunities and the young (Shah et al., 2021).

In Gwadar, what the Chinese are proposing is a large seafood processing industry. When complete it will improve the total sector associated with seafood including the aquaculture and fishing sector, processing and improving added value for the products, create job opportunities for the local citizens. Moreover, China has effectively laid out a China-Pakistan Friendship primary school; and the first-aid medical center and CPEC are shifting towards the Early Harvest list (Iqbal et al., 2021). At present, 19 active and completed projects are with an investment of \$ 18.5 billion. Policy Perspectives aims to construct the vocational technical college & all other constructions/developments related to the people of Gwadar and their quality of life.

## **Human Development Through Educational and Healthcare Projects**

Most significant form of intellectual exchange that is expected under CPEC will be placed under Research and Development in science and technology Malik. Pakistan is responsible for the involvement of its young generation in this particular post which is going to be highly significant in near future in concerns of defense and in search of information about the world.

In the health sector of the CPEC, investment goes to local community's health-related concerns while investing in the education sector comprises construction of universities for professional education, development of various research and development units, and technical training for creating manpower (John et al., 2020). Earlier the Rs2.048 billion assistance to start a smart university project to make the youth aware of new technologies at university level for the completion of the project was launched. Of the 124 public universities, and 400 smart classrooms proposed in the project, 50 public universities and 200 smart classrooms will be implemented in the 1st phase of the project.

The current project will further improve the capability of distance learning in Pakistani universities after its inception. This capability may also be used during and after the COVID-19 pandemic is over. In the short to medium-term, it will transform education sector of Pakistan. It is true that the young and middle-aged persons of Pakistan particularly the working class have a lot of interest and need for distance learning (Khan et al., 2021).

CPEC also provided the medical students in Pakistan of education facilities in China. At the moment, nearly 10000 students have studied and finished and those students are employed in various sectors. And more than 200 000 students from 64 countries have been receiving education with the help of governmental scholarships as well. Still, there have shown a high increase in number, finding their position at the top fourth among all international students in China (Jiang et al., 2020). The future of CPEC should also include: establishing of new medical colleges and universities; research and development laboratories; and pharmacies that are located along the CPEC. With all these integrated and incorporated in technology, we need to come up with establishment of the department of; Information technology patterned on the Chinese universities which has made tremendous achievements in military technologies, drones, stealth and space technologies, and now fixing sight on space technology (Qiping & White, 2023).

Also, special help is necessary for the departments of biotechnology as well as medical research. So, CPEC has all avenues to participate and develop in multiple sectors for the Pakistani youth and for future generation (Ali, 2023). That all hinges directly on the ability of the Pakistan Government to find those new frontiers of growth, as well as the relevant ministries, academics, students and all other stakeholders to get the maximum value added possible from the second phase of CPEC.

## **Addressing Concerns of Displacement and Inequality**

As the scale of CPEC continues to grow, issues close to Indigenous people, including displacement or socio-economic marginalization issues, are emerging with increased clarity where affected communities live along the CPEC projects. Development projects especially in the construction of railways, roads, energy production facilities, and other infrastructural development projects have entailed the process of land reclaim from the local population, hence disrupting their basic means of working. For instance, inhabitants of agricultural provinces have feared that their fertile land could be grabbed and they will be economically stranded owing to low compensation or worse still lack of other livelihood projects. These disruptions can worsen socio-economic inequity because the minority with little resources or connections cannot bounce back easily from such disruptions. Recently, an attempt to ensure natives get better treatment when relocated and fairly compensated is underway, however, some people pin it as inadequate because they believe that aspect is not enough to compensate for the loss these communities have incurred (Finucane et al., 2020). To rectify these problems, both the Pakistani authorities and Chinese actors are now searching for solutions to minimize displacement and increase economic opportunities. It has



emerged that sustainable urban planning and community engagement are two important issues, the new policies are that the compensation for affected communities needs to be rewarded, vocational training, and social support (Akhtar et al., 2021). However, efforts such as the construction of Special Economic Zones (SEZs) are intended to create employment for local people so that the social impacts of displacement are minimized.

### **Economic Dimension: Trade, Infrastructure, and Industrial Growth**

CPEC's industrial potential cannot be realized without an ample and reliable energy supply both electricity and gas. For the past decade, Pakistan has suffered from endemic electricity shortages, an expensive electricity fuel mix, an inefficient and lagging transmission system, and shortages of gas for industrial units. Adequate, cost-competitive electricity and fuel supplies are prerequisites for Pakistan's further industrialization. As a result, around 64 percent of CPEC's phase one expenditure will go toward electricity generation and transmission projects. Electricity projects offer guaranteed rates of return for independent power-producing companies and are attractive investments. Most CPEC energy projects are coal-fueled, in terms of both expenditure and electricity generated. Coal is currently a small component of Pakistan's fuel mix. Most of Pakistan's electricity is currently fueled by expensive furnace oil and high-speed diesel, which are being replaced by regasified liquefied natural gas, which is more expensive than furnace oil at current prices, but more efficient and less prone to price shocks.<sup>28</sup> An overreliance on furnace oil and high-speed diesel as electricity fuel sources increases Pakistan's vulnerability in the event of a surge in the price of oil.

The role of infrastructure in trade and economic growth of developing economies is well documented in the literature. Literature documented that the development of economic infrastructure uplifts production facilities, reduces transaction costs, and provides employment opportunities in poor nations; whereas the lack of infrastructure suppresses economic growth by increasing 40 to 60% cost of trading (Chin et al., 2021). It has been experienced in the USA that by increasing the port efficiency, they have increased the volume of bilateral trade and reduced 12 % trading cost. Additionally, improved infrastructure and extended regional connection caused to increase in foreign direct investment and volume of trade. Moreover, another study investigated the impact of CPEC on social welfare in Pakistan and concluded that the districts, Sindh and Baluchistan, situated near or on the route of CPEC will get maximum social welfare as compared to the other districts (Hussain et al., 2021).

### **Strategic Dimension: Regional Security and Military Implications**

Any positive change in economic, strategic, and military conditions in Pakistan is considered detrimental to India, the aim being to reverse such a situation at any cost. Second, the Indian perception is that only China is a competitor in the region that can match and overwhelm Indian economic, strategic, and military power. Xiaoping posits that the two overlapping strategic neighborhoods, India's security space on the one hand and China's strategic perimeter on the other, are the perfect cocktail for interaction, competition, and conflict in Southern Asia (Muraviev et al., 2022). The main friction for India is China Pakistan Axis. India has, therefore, built an Iranian port at Chabahar, less than 80 miles away from Gwadar Port, to counter Chinese influence along the westward IOR through Gwadar Port (Fassihi & Myers, 2021).

Gwadar and Chabahar ports have been constructed to provide continuous availability of fuel to dazzle the industries in China and India. The fact that both ports are situated at a distance from the nearest Strait of Hormuz only increases their importance. Gulf in its littorals; specifically, 'Strait of Hormuz—a chokepoint between the Gulf and the open ocean' (Johny & Rakesh, 2020) links the Middle East and CARs with the South Asian region. Gwadar with its deep-sea port has the capacity for the largest ships, one characteristic of a seaport more important than Chahbhar Port's importance. Due to its strategic position, now Gwadar Port is on the international map and has become 'geopolitical jewel (Khan, 2022).

## **Economic and Developmental Impact of CPEC**

The CPEC is of four pillars, Infrastructure, Energy, Maritime & Cultural, though all fall under same roof and has same brand image. However, the CPEC is not homogenous (Siddique, & Shafqat, 2021). Absolutely all the conditions for each project are unique and each project is concluded with a different state-owned Chinese company and likewise the CPEC project is also different from each other. For example, the Power China coal-fired power plant being developed is another one in which Power China has invested; the project is being implemented by a consortium from Qatar undertaking the venture in the build-operate-transfer (BOT) arrangement. On the other hand, Thar Block II's coal-fired power plant is built under a PPP where Sindh provincial government and CMEC & Engro have partnered Besides GIP, the infrastructure of Gwadar International Airport solely depends on grant (CPEC, 2019a). In all CPEC projects NDRC nominates a Chinese SOE that will execute the given project and is also accountable for monitoring of CPEC projects and its counterpart in Pakistan is the Ministry of Planning, Development & Reform (Ministry of Planning, Development & Reform 2018).

## **The Future of CPEC and Its Global Impact**

The Belt and Road Initiative (BRI) is creating the infrastructure and reconstructing the supply chains and trade connectivity. Subsequently, thus, 150 nations and 30 international organizations have responded positively to the BRI, an indication of the project's global appeal. That brings us to one foundational point that it infers: with BRI's development, a point has become clear: the economy is the new politics and future entanglements shall be driven by economic rationale (Schulhof et al.,2022). On the one hand, BRI's economic outreach opens doors of economic intercourse for the players now with the world, especially the OSs as 'developing' countries –On the other hand, this perception is mainly associated with the attainment of strategic goals. China's imports and exports with BRI nations from 2013 to 2022 stood at \$19.1 trillion and the total bilateral trade investment of China with other countries participating BRI countries was \$380 billion. China's economic relations with other nations and regions will enhance the status of the East Asian power in the global sector (Holzer, 2020).

## **Conclusion**

CPEC is the flagship project of BRI which is the core of the Chinese strategic and economic Belt and Road Initiative. In other words President Xi Jinping: CPEC exists where the Silk Road Economic Belt and the Silk Road Economic Belt of the twenty-first century, namely the Sea Silk Road converge. Pakistan has an array of accomplishments that it associates with CPEC and the latter has reconstructed the economic and social gathering of Pakistan. These energy projects and industrial development will help the economy of Pakistan (Khan et al.,2022). The construction of proper roads will provide improved transportation and therefore unveil more selling opportunities. The improvement of connectivity will also bring the backward areas closer to urban cities. On the regional front, the Gwadar seaport will turn Pakistan into a trade center, nay, all the trade to and for the central Asian republics is going to embrace the shortest route via Gwadar.

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