

CPEC at the Crossroads (2015–2025): Origins, Evolutionary Trajectory, and Multifaceted Regional Implications

Muzaffir Hussain*¹, Changiz Ahmed², Masood Ahmed Riaz³

¹ Assistant Professor, Department of Political Science, University of Turbat Email: Muzaffir.hussain@uot.edu.pk

² Assistant Professor, Department of Political Science, University of Turbat Email: Changiz.ahmed@uot.edu.pk

³ Ph. D (History) Scholar and Practicing Lawyer, University of Karachi Email: Masood.ahmed.riaz@gmail.com

Corresponding Author: Muzaffir Hussain Email: Muzaffir.hussain@uot.edu.pk

DOI: <https://doi.org/10.70670/sra.v4i1.1749>

Abstract

The China-Pakistan Economic Corridor (CPEC), inaugurated as a cornerstone of China's Belt and Road Initiative (BRI) in 2015, has undergone significant evolution by 2025, transitioning into its second phase with enhanced focus on industrial cooperation, technological transfers, and regional extensions. This article delves into the origins, developmental trajectory, and multifaceted motivations of CPEC for both Pakistan and China, while critically examining its profound implications for Sino-Indian rivalry amid recent rapprochements and persistent tensions. Incorporating updated data through 2025, including the economic impacts such as job creation and infrastructure advancements, and challenges like security threats and debt sustainability, the analysis highlights CPEC's role as both an economic lifeline for Pakistan and a strategic lever for China. Furthermore, it explores how CPEC influences regional connectivity, potentially extending to Afghanistan, and shapes the broader geopolitical landscape in South Asia, underscoring the need for balanced policies to mitigate rivalry escalation.

Key Words: CPEC, BRI, Geopolitics, Indo-Pacific Region, Sino-Indian Rivalry

Introduction

Within the changing environment of South Asian geopolitics, the competition between India, China, and Pakistan has been on the rise in the last ten years due to the economic interests, strategic partnership and territorial conflicts. The emerging new force that has altered the balance of power since the early 2000s is the increasing presence of China in the region, especially in Asian continent, but specifically in Pakistan, in terms of its investments. This change has been facilitated by the Belt and Road Initiative (BRI) proclaimed by President Xi Jinping in 2013 and has since received the support of more than 140 countries with the world having diverse discussions regarding the strategic intentions of China (Miller, 2017). BRI shows the Chinese drive to utilize its economic surplus to create an infrastructure network, across Eurasia, Africa, and the rest of the world, to place it in a

better position to exert shifts in its political and strategic power, looking closer to a fulfilment of an Asian Dream in which Beijing regains its historic prominence in Asia. The core of this vision is maritime and overland routes linking the interiors provinces of China and the world markets (Miller, 2017). The foundation of this strategy lies in investments in the seaports of littoral states of the Indian and Pacific Oceans, in railways and energy infrastructure. One of them, the China-Pakistan Economic Corridor (CPEC) stands out as a test flagship bilateral undertaking of the BRI, the embodiment of the iron brotherhood between Beijing and Islamabad, which was formed over decades of military, economic and diplomatic relations (Egorycheva, Elena Aleksandrovna, et.al. 2020). In contrast, the other BRI projects are bilateral by nature and hence reflecting overlapping interests: to China, a stable alternative trade route through which it can bypass the Malacca Strait; to Pakistan, a route to economic recovery because of endemic issues such as lack of energy and unemployment. By 2025, the level of CPEC has grown tremendously, with the total amount investments amounting up to \$65 billion (CPEC.gov.pk). This is happening against a backdrop of U.S-India rapprochement, which makes China consolidate its alliance with Pakistan. Nevertheless, this strengthening Sino-Pak bond is likely to increase the India-Pakistan conflicts, which may turn into a U.S.-China conflict, particularly in the Indian Ocean Region (IOR) (Javid, Umbreen & Javid, Javeria 2016). This consolidation gains even greater significance after the U.S. troops got out of Afghanistan; the Taliban regime, which lost the backing of America, was supported by Pakistan, and China took a pragmatic stance of providing financial aid without official recognition. As of 2025, the trilateral relations between China, Pakistan, and Afghanistan have considered the CPEC extensions, with the intention of involving Kabul in regional trade relations. This emergence, through Sino-Indian border disengagements in 2025, adds new dimensions to the stability of the region with India, China and Pakistan fighting over a post-U.S. Afghanistan. This may have an alleviating or an escalating impact on geopolitical instability, based on diplomatic gambit. This paper discusses the history, development, intentions, and consequences of CPEC, revised with 2025-2025 information. It goes on to explain CPEC evolution, incentives of both Pakistani and Chinese, effects of rivalry, challenges, regional connectivity as well as outlook and finally provides policy insights.

Aims and Objectives

The central aim of this research article is to provide an in-depth, updated examination of the China-Pakistan Economic Corridor (CPEC) as a pivotal element in contemporary geopolitics, particularly its interplay with Sino-Indian relations up to 2025. To achieve this, the objectives are multifaceted: (1) to trace the historical origins, evolutionary phases, and recent advancements of CPEC, including Phase II developments and new agreements; (2) to dissect the economic, political, and strategic motivations driving Pakistan and China's engagement, supported by empirical data on investments and outcomes; (3) to analyze the implications of CPEC for Sino-Indian rivalry, considering recent border disengagements and ongoing maritime competitions; (4) to evaluate emerging challenges and risks, such as security vulnerabilities and economic dependencies; (5) to assess CPEC's potential for regional connectivity, including extensions to Afghanistan and Central Asia; and (6) to outline future prospects and policy recommendations for sustainable implementation, fostering regional stability. By integrating newer data from 2025-2025, this article seeks to offer nuanced insights for policymakers, scholars, and stakeholders navigating South Asia's complex dynamics.

Methodology

This study adopts a qualitative, multi-method approach grounded in secondary data analysis and literature review to ensure comprehensive coverage of CPEC's evolution and implications. Primary sources include official documents from the CPEC Secretariat, government reports from Pakistan and China, and international organizations such as the World Bank and Asian Development Bank. Academic journals, think tank publications (e.g., from the Council on Foreign Relations, Carnegie Endowment, and Stockholm International Peace Research Institute), and recent news analyses up to

2025 were systematically reviewed to incorporate contemporary developments, such as the 2025 Action Plan and JCC meetings. Web-based searches and browsing of official sites like cpec.gov.pk provided real-time updates on projects, investments, and progress. Geopolitical implications were assessed through comparative analysis of Sino-Indian relations, drawing on sources like Chatham House and Geopolitical Monitor. Economic impacts were quantified using data from reports on GDP contributions, job creation, and infrastructure metrics, while challenges were evaluated via case studies on security incidents and debt analyses. No primary data collection was conducted; instead, the synthesis prioritizes evidence-based reasoning, with APA-style in-text citations ensuring traceability and academic rigor.

CPEC: Origin and Evolution

The CPEC was initiated in 2015 and became a new milestone in the relations between China and Pakistan, with the world starting to discuss the multifaceted implications thereof, as the revival of the Pakistani economy, the outreach of the Chinese policy, and the geopolitical consequences of CPEC on South Asia and the rest of the world (Adnan and Fatima, 2016). Educational investigations have cut across its economic sustainability and geopolitical foundations, and impacts on quadrilateral affairs between India, China, the U.S. and Pakistan. CPEC was originally planned as a 46 billion program but has since grown to 65 billion with its extensive infrastructure, energy, and digital development program that will connect Xinjiang of China to the Gwadar Port of Pakistan to connect landlocked regions to the maritime trade routes. Its roots lie in the early 2000s when debate of a north-south route started during the economic stagnation of Pakistan and the search of safe energy imports by China (Adnan and Fatima, 2016). CPEC was given impetus by including it in the Chinese leader Li Keqiang's visit to Pakistan in 2013, at a time when Pakistan faced difficulties: the U.S. aid was suspended due to counterterrorism lapses, and Indo-Pak tensions were on the rise with the election of the BRI under President Xi. To Islamabad, CPEC was a blessing, which provided military and economic stability against being isolated in the region (Rakisits, 2015). CPEC has three phases, early harvest (2015-2018), which involves energy and infrastructure; consolidation (2019-2025), which involves industrial zones; and long-term (post-2025), which involves sustainable growth. In 2015, 51 MoUs were signed dividing the projects into short-term (e.g. Gwadar Port, airport, initial energy plants by 2017), medium-term (power and rail by 2025), and long-term (full integration by 2030). Some of the important allocations were used on energy (hydropower, coal, solar, wind) at \$33.79 billion, roads at \$5.9 billion, railway at \$3.69 billion, and mass transit, ports, and fiber optics at smaller amounts (Siddiqui, 2015). The desired goals of China include the integration of the overland Silk Road with the 21st Century Maritime Silk Road, reducing the distance of trading paths by thousands of miles. CPEC has achieved its results by 2025 (Siddiqui, 2015). Over 10,000 MW of energy projects have been introduced to the Pakistani grid, and they have relieved sustained shortages that had previously brought industries to their knees (Adnan and Fatima, 2016). Notable projects that have come to completion are Suki Kinari Hydropower Project (884 MW, operational since August 2024), and Thar Block-I Coal Power Plant (1320 MW, operational since February 2023).

The topics of infrastructure that reached milestones include the Karachi-Lahore Motorway, the Orange Line Metro in Lahore, and the opening of the Gwadar International Airport in January 2025, which will help improve the connectivity and trade prospects. Nevertheless, evolution has not been progressive. The development was hindered during the PTI government of Imran Khan (2018-2022) because of the change of the political environment, debt problems, and security threats, and in 2022, Khan made another visit to China to renew the agreements (Notezai, 2021). Revolution increased later after 2022 (in September 2025), with the 14th Joint Cooperation Committee (JCC) meeting an "upgraded CPEC" was announced, and greater focus was on industrial, agricultural, and mining collaboration.

The high-quality development, technology transfers, and green initiatives are the priorities of the

Action Plan 2025-2029 which was signed at the high-level talks. Recent deals, such as the NAVTTC-Hazza Institute deal, have emphasized on vocational training of localized industries. Phase II of CPEC in 2025 added five new corridors: Growth, Innovation, Green, Livelihood, and Regional Connectivity and was no longer limited to infrastructure but to sustainable development. Controversies among them are environmental criticisms of coal plants, but China transitions within the country toward renewables (Choudhary, 2015). The issue of provincial inequalities, with the projects being concentrated in Punjab, has contributed to the reservations in Balochistan and Khyber Pakhtunkhwa, though attempts have been made to counter this, such as the creation of SEZ incentives (Khan and Khan, 2019). Overall, the shift of CPEC to the focus on the economic integration rather than infrastructure makes it a model of BRI, though it is subject to repeated changes to geopolitical realities.

Pakistani Motivations

1. Economic

Pakistan has been compelled to adopt CPEC due to dire economic needs of the country, making it a game-changer to restore a crumbling economic system riddled with energy shortages, crumbling infrastructure, and jobless people (Haider, 2018). Proclaimed during U.S. aid reductions and Indo-Pak enmity, CPEC was to be counterbalanced by inflows, though in its early years the first inflows were to be focused on energy to enable growth to take place. In 2018, 10,400 MW of augmentations were planned to be achieved through projects funded by China (6,600 MW of coal, wind and solar) (Adnan and Fatima, 2016). They have become a reality, increased national grid capacity and facilitated industrial recovery, contributing approximately 2-3 percent to the GDP every year (Mehmood et al., 2019). Power was provided to prevent blackouts using early harvest projects, which were done before 2018 elections, which would encourage investor confidence (Jorgic, 2016).

Other than energy, CPEC diversifies in railways, dams, agriculture and tourism. Some of the initiatives such as the Main Line-1 railway upgrade and agricultural tech transfers have been a result of feasibility studies aimed at achieving 7.5% growth of GDP by 2030 (Mehmood et al., 2019). The two-million jobs have been partially achieved and more than 200,000 people directly employed by 2025, mostly the young, with a demographically young country (Baig et al., 2020). SEZs, which were slow to emerge, are now appealing to Chinese companies, where they export products to the 220 million population of Pakistan, and knowledge agreement has seen 30,000 plus Pakistani students in China, to take their skills back home to startups (APP, 2021; Hussain and Furqan, 2020). Possible competition of local mills by Chinese textile groups entering by CPEC Phase II would influence the exports of Pakistan textile in 2025. Security and infrastructure are improved, and the north routes open eco-tourism opportunities in tourism (Baig et al., 2020).

The exports of seafood to China have increased by 24 percent to 235.7 million in 2025. The anti-corruption reforms are also driven by the CPEC, where the transparency requests of Chinese lenders stress the improvement of governance. But inequalities-projects in Favor of Punjab- have been the catalyst to provincial boycotts, which highlights the necessity of inclusive allocation (Khan and Khan, 2019). In general, economic reasons are focused on long-term sustainability, which connects Gwadar with the resource-abundant Central Asia and Middle East and turns Pakistan into a trade centre.

2. Geopolitical and Strategic

The strategic position of Pakistan, positioned between South and Central Asia, and the Middle East, enhances the attractiveness of CPEC and makes it look like a counter to the Indo-U.S. orientations. Traditionally, Pakistan has been a valuable partner with the U.S. in Cold War agreements and with China since 9/11, due to the lack of the former, as its dependence has been on China since the 1960s (Ahmed & Khan, 2016). This is strengthened by the strategic depth of CPEC in countering the Indian domination in the IOR and Afghanistan instability.

In Afghanistan, the Taliban that Pakistan backs after its departure in 2021 is in line with Chinese

caution, which has led to trilateral negotiations on CPEC extensions (Carnegie Endowment, 2025). This will strengthen the bargaining power of Pakistan in the region whereby borders and trade routes are ensured. Militarily, the new fleet of acquisitions such as Chinese submarines strengthen their naval forces in order to thwart threats (Rakisits, 2015). Therefore, the strategic reasons that CPEC has are intertwined with the economic ones and strengthen the economical geopolitical stand of Pakistan.

China's Motivations

The involvement of China in the CPEC is a complex approach that combines both the economic needs with geopolitical interests in the long term and this approach makes the project one of the pillars of the BRI of Beijing. Essentially, CPEC is aimed at bridging the internal development gaps in China through the linkage of its underdeveloped western areas, especially the restive Xinjiang Uyghur Autonomous Region, to the world via effective overland and sea routes. This connection through the Gwadar Port in Pakistan allows cutting transportation distances by about 6000 miles to the traditional sea routes through the South China Sea and reducing costs to increase energy security and mitigating the Malacca Dilemma, or the susceptibility of China to any possible blockade on the narrow Strait of Malacca (Adnan & Fatima, 2016; Rakisits, 2015). The reduction of these chokepoints allows CPEC to diversify the supply chains in China, meaning there will be continuous supply of important resources such as oil and gas, which will help it continue to grow economically amid uncertainties in the world.

On the economic front, CPEC will enable the export of Chinese products and surplus to the emerging markets, such as the rising population of above 220 million in Pakistan, and the creation of SEZs, which will enable Chinese companies to shift their labour-intensive industries, which will relieve the pressure of surplus production and unemployment in the domestic market (Calabrese, 2014). Imports of energy are also secured by the corridor in terms of the infrastructure such as the LNGCs Gwadar-Nawabshah, that may be extended to Xinjiang to strengthen China diverse energy supply against the Middle Eastern suppliers who are susceptible to geopolitical shocks.

These economic gains are already being realized in the form of increased Sea Lines of Communication (SLOC) security, increased ability to control the Mackinderian Heartland and Rimland theories, where the land and sea power convergences, as well as profitable arms sales in example Pakistan purchasing Chinese submarines to the tune of 6 billion dollars, which not only strengthens bilateral relations but also opens up a new environment of China as an exporter of defence technology (Rakisits, 2015). Moreover, the 43 years of the operational lease on Gwadar Port makes it possible to host Chinese staff and even military equipment and enhance the maritime presence of Beijing in the IOR.

On the geopolitical level, CPEC represents the Chinese model friendship discourse, in which China presents a reliable partner to Pakistan as an example of relations with developing countries, specifically with weak countries (Schwemlein, 2019). This iron brotherhood sells the development model that China has, which is a state-led investment in infrastructure and fast industrialization, to show that it can be applicable across borders, which creates dependency and influence. This is supported by institutions, such as the Asian Infrastructure Investment Bank (AIIB), which disrupts Western-led financial systems, and creates strategic rivalry in Asia. This interdependence is underscored by the fact that the 2025 relaunch of CPEC will be made under a multipolar world order, although the Action Plan 2025-2029 includes many high-quality camps of technology and mining and green energy development, as the 2025 relaunch of CPEC will be made despite a 54% decline in investments in the first half of 2025 because of the security concern and economic slowdowns. This second act reveals CPEC as a strategic lifeline to accord China with critical foothold in South Asia as a counter to the U.S. branding of India as potential ally in counteractions to the Quad to capture the South Asian region.

In more expansive terms, China has interests in regional stability and counterterrorism which in turn have a direct positive influence on the security of Xinjiang because the Pakistani promises to combat Uyghur separatist groups such as the East Turkestan Islamic Movement (ETIM) directly benefit the security of this region (Rakisits, 2015). Recent events such as the military support of Pakistan by China in 2025 as part of the tensions between Indo-Pakistan underscores the importance of the CPEC in intensifying strategic partnership toward peace in the region as expressed by Foreign Minister Wang Yi in August 2025. Conversely, the issues such as the falling investments point to a more pragmatic readjustment of Beijing, focusing on sustainable venture rather than on explosive growth. Overall, CPEC does not only promote the Chinese policy of 'Go West' but involves the integration of its hinterland into the world market in addition to displaying power in the Indo-Pacific, where economic power is converted into geopolitical power.

CPEC and Implications for Sino-Indian Rivalry

The Sino-Pakistani all-weather alliance, the origins of which trace back to the antagonism between both countries towards India, has been a long-term source of security anxieties in New Delhi, and CPEC has made the regional disagreement of Jammu and Kashmir more global, thus internationalizing an Indo-Pak dispute (Yuan, 2011; Ghiasy and Zhou, 2017). This competition, which has transformed into a multi-pronged strategic competition in land, sea, and the economy in the Indian Ocean Region (IOR) and the wider Indo-Pacific, developed in the wake of the 1962 Sino-Indian War and follows the economic reforms in China in the aftermath of 1978 under the name Gaige Kaifang (Kaya & Kelic, 2017). Not only does the CPEC threaten the self-perception of India as the dominating superpower in South Asia, but it is also a nexus in the Chinese expansion in the sea, a place where the Chinese can exercise such control over the principal chokepoints such as the Strait of Hormuz to enforce its dominance globally, but they interconnect bilateral tensions with the relations between the great powers (Latif and Zia, 2020; Kaplan, 2009). This competition is beyond conventional boundaries, in the form of proxy wars, coalition formation, and resource wars that constitute the multipolar Indo-Pacific order.

India is severely exposed with its energy reliance of 65 percent of its oil imports along the Gulf through the IOR sea lanes and thus, CPEC potential breakdown of the SLOCs will be a strategic nightmare (Kaplan, 2009). Incidents such as the May 2025 Pahalgam attack of Indian-controlled Kashmir, led to a revival of rhetoric of escalation, despite the 2025 Sino-Indian rapprochement, characterized by border agreements and disengagements in eastern Ladakh, which had distorted the region into fragile stability, highlighting the clear lack of trust. The reaction of China such as purporting to mediate a previous alleged India-Pakistan war (supported by Islamabad) has also worsened the relationship, yet this has made Beijing an intrusive force in South Asia. CPEC is a strategic encirclement in Indian media and policy circles, which intensifies the narratives of Chinese military ambitions in Pakistan and contributes to the development of bilateral mistrust.

India has been complaining of CPEC in many layers because territorial infiltrations in Gilgit-Baltistan and Kashmir infringe on sovereignty; geopolitical actions are supposed to counter Indian influence; IOR footholds are likely to militarize Gwadar; and economic changes would strengthen Pakistan, changing regional balances (Ghiasy and Zhou, 2017).

These anxieties are augmented in the IOR, where great power rivalry is heating up by 2025, and the String of Pearls of ports e.g. in Pakistan, the Gwadar Deep Sea Port, in Sri Lanka, the Hambantota port, and in Myanmar, the Kyaukpyu port) of the Chinese network threatens the predominance and the hegemony of India. Such asymmetric rivalry poses a threat of nuclear proliferation with the maritime tension between the submarines and aircraft carriers developing out of land boundaries.

In India, the counter measures involve the reviving of the IOR focus by having the 2025 Colombo security conclave (CSC) summit to create alliances with littoral states to resist the Chinese expansion. The countermeasures go as far as expediting Chabahar Port with Iran and Afghanistan by bypassing

Pakistan, but U.S. sanction and multibillion Sino-Iranian deal make this process difficult (Kaplan, 2009). The ramifications of CPEC in the Indo-Pacific coincide with the U.S.-led alliances such as the Quad or AUKUS that view Chinese investments as an offer of dominance of the sea lanes. Another Trump administration in 2025 focuses more on economic security in which the Indo-Pacific is considered a battlefield of trade and they can use India to counter the Chinese. The South Asia polarization resulting consequently to a bloc-building, including 2025 trilateral relationships between Pakistan and Bangladesh and China to isolate India, spills over to hydropower conflicts over Nepal and Nepal transgressions and conflicts over the Himalayan border.

The spread of CPEC to Afghanistan, during a warming Sino-Indian relationship, has a potential of cooperation in terms of regional connectivity, but the threat of escalation when perceived as an encirclement especially with India strongly opposing admission of Kabul. The economic rise of China, which is expected to overtake the U.S by 2030, creates asymmetries that force India to keep relations with Beijing in a compartment, and diversify alliances. This is reflected in trade imbalances: India-China bilateral trade in 2025 amounted to \$136 billion compared to India-Pakistan of 2.7 billion. The Sino-US rivalry in the IOR also makes the situation worse as Washington considers CPEC as one of the challenges to the rules-based order by China. Therefore, CPEC does not only increase Sino-Indian rivalry but also shapes the multipolar structure of the Indo-Pacific with U.S.-India partnerships as counter to China-Pakistan partnerships, which might result in proxy wars, economic decoupling, or, hopefully, the multilateral security dialogues.

Challenges and Risks Associated with CPEC

Regardless of these significant achievements, the CPEC is faced with a range of challenges that threaten its sustainability in the long term. The most important ones are security issues: the Baloch insurgency that continues to this day, the terrorism in Khyber Pakhtunkhwa, and the threat of the East Turkistan Islamic Movement (ETIM) in the region of Xinjiang have already resulted in the sequence of attacks on Chinese engineers and officials. This has pushed Pakistan into introducing a special 10000-strong force (see DAWN, 2015), a move that highlights the seriousness of the threat environment. The rate of terrorist acts was high, as at least 252 terrorist attacks were reported in Balochistan alone, which has led to a high tension in diplomatic relations, but did not completely stop the pace of progress.

The economic aspects in the corridor are also risky. The external debt of Pakistan has been growing as a reaction to the CPEC related lending, and Beijing is making concessions to the repatriation of some repayments. Besides, the coal plants that produce coal in the project contradict the international sustainability goals, and this point is quite environmental and should be addressed immediately. The inequalities between the provinces continue to breed internal dissatisfaction and division.

Similarly, as Choudhary (2015) and Khan and Khan (2019) reports on the dispersal of benefits as a source of domestic dissatisfaction. Political instability, such as that between 2024 and 2025, also add delays, and geopolitical frictions, especially U.S. hostility to Indian strategic interests, have also been demonstrated in sabotage allegations, such as the 2016 RAW agent arrest reported by DAWN. These risk factors demonstrate the urgency of a risk-management framework that would help to secure the long-term success of CPEC.

CPEC's Role in Regional Connectivity and Extensions

The CPEC has now long since passed the bilateral framework that existed between Beijing and Islamabad and has become a key to regional integration, linking South Asia with Central Asia, the Middle East, and even extending to Europe and Africa. Such growth also fits perfectly into the broader scope of the BRI by China, which envisions the creation of a set of interconnected trade links rediscovering the old Silk Road to bring about economic interdependence and geopolitical stability throughout Eurasia (Ahmed & Khan, 2016). Using the strategic geography of Pakistan, located in the intersection of South Asia, Central Asia and Middle East, CPEC helps in moving goods, energy

resources and investments, which could turn the remote landlocked economies into commercial hubs. As an example, the infrastructure in the corridor which includes highways, railways and the deep-sea Gwadar Port provides Central Asian Republics (CARs) like Kazakhstan and Uzbekistan with alternatives of shorter and more cost-effective routes to international markets through the Arabian Sea and not necessarily by passing through Russia or Iran. Likewise, it may have a positive impact on the Middle East through energy trade pipeline and logistical improvements, and the possible inclusion of Iran with the suggested connections with Chabahar or direct extensions of CPEC can introduce complementary routes, reducing the local competition and facilitating mutual prosperity. The most notable occurrence in this regional outreach has been the proposed extension of CPEC to Afghanistan, which has become an active process in a series of trilateral talks in 2025 between China, Pakistan and Afghanistan. In May 2025, as part of an unofficial ministerial conference in Beijing, Chinese Foreign Minister Wang Yi proposals to expand CPEC in BRI terms, emphasizing connectivity, economic collaboration and counter-terrorism were made. On 20 August 2025, the sixth trilateral meeting was held in Kabul, where representatives reiterated the commitments to continue with the extension of the corridor via the Peshawar-Kabul Motorway, to tap the vast mineral resources in Afghanistan; the country with untapped deposits of Lithium, copper and rare Earths with an estimated value of US- 1-3 trillion and stabilize the war torn country through infrastructure investments.

These extensions may bring Kabul to regional trade ties and make Afghanistan have access to the sea via Gwadar and collaborate in the fight against terrorism, a priority of the talks. Analysts estimate that this may increase the GDP of Afghanistan by 2-4 percent per year with improved exports and creation of employment opportunities, as well as provide China with access to Central Asian minerals, which it needs in its green energy transformation. Nevertheless, there is a doubt that CPEC will be able to push into Afghanistan as the current Chinese projects in Afghanistan like the Aynak copper mine are still in stagnation because of security conditions and the challenge of Taliban rule.

To extend the connectivity goals of CPEC, the first Tianshan Forum of Central Asia Economic Cooperation, taking place on 2 December 2025 in Urumqi, Xinjiang, was used to highlight multilateral practices. Themed as Unlocking the Connections and Investment in Central Asia, the forum hosts approximately 380 participants, comprising of academicians, policy makers and business figures across the region to deliberate on the issues of trade, transport, energy and digital connectivity. Proposed by Professor Ahsan Iqbal, the Minister of Planning, Development, and Special Initiatives, Pakistan, there are four strategic frameworks, including strengthening connectivity in the region by building infrastructure such as CPEC; supporting industrialization by building SEZs and technology transfers; supporting youth innovation by providing education and skills programmes; and supporting green energy cooperation by meeting the challenge posed by climate change. Iqbal detailed the progress in CPEC, including the addition of 8000 MW of electricity, and more than 880 km of highways, making Gwadar one of the major Eurasian trade centers. The forum highlighted the fact that CPEC can be connected with other BRI initiatives, including the China-Central Asia-West Asia Corridor, which will form synergies in cross-border logistics and investment.

Although these developments have taken place, the regional expansions of CPEC have been associated with major obstacles that may compromise its integrative capacity. The first risk is the instability in Afghanistan, which is characterized by the continuing Taliban governance problems, terrorism and economic isolation as reflected by the lack of completed projects and the threats posed to the Chinese employees. Besides, Sino-Indian detente is still on shaky ground; Indian resistance to an extension of CPEC to Afghanistan considers this as an encircling mechanism, which is likely to weaken multilateral cooperation and increase the tension in the Indo-Oceanic Region.

Wider geopolitical aspects, such as the U.S. sanctions on Iran and Russia prioritizing the use of the northern routes during the Ukrainian conflict make integration with CARs more difficult. Concerning

the economy, CPEC may bring in US 10-20 billion of trade to the region annually in 2030, but the development gap between the participating states may attract unequal gains, which brings resentment instead of solidarity.

In a deeper study, the role of CPEC in enhancing the regional connectivity is an illustration of the BRI philosophy of win-win, but also a point to the issue of multipolar geopolitics. It can spur an economic bloc linking South and Central Asia by 2025, cut the reliance on Western pathways and endorse sustainable development objectives like those expressed in the UN's Agenda 2030. But to achieve this, it needs inclusive diplomacy: the confidence-building efforts with India, including the joint ventures in the neutral countries; the strong security arrangements within the Shanghai Cooperation Organization (SCO); the balanced models of investment in order that smaller countries such as Afghanistan and Nepal have their share. The lack of these makes CPEC a battleground instead of an avenue to success, which explains why collaborative structures are a necessity in a world that is more connected and at the same time more divided.

Future Prospects and Policy Recommendations

Looking ahead, the long-term trajectory of the China-Pakistan Economic Corridor (CPEC) remains optimistic, though its success is strictly contingent upon addressing systemic internal and external challenges. By 2030, a transparent and fully operationalized corridor is projected to elevate Pakistan's annual GDP output by approximately 2.5% to 5% (Butt, 2023; cpec.gov.pk, 2017). Such growth could potentially integrate the nation into global value chains and generate up to two million direct and indirect jobs (Ellahi, 2025). However, this growth is only sustainable if the project shifts toward a more inclusive model that ensures the equitable distribution of resources to provinces like Balochistan and Khyber Pakhtunkhwa, which have historically received a disproportionately small share of energy and infrastructure projects (Khosla, 2025). Furthermore, the focus of Phase II on green technology, artificial intelligence, and "innovation corridors" promises to modernize Pakistan's industrial base and align it with global sustainability standards (Iqbal, 2025).

The Transformation of CPEC: From Economy to Geopolitics

The intensifying Sino-Indian rivalry has transformed CPEC from a bilateral infrastructure project into a focal point of intense regional competition. As the corridor expands its reach, it must withstand the pressures of a highly competitive geopolitical landscape that threatens to prioritize strategic posturing over economic development (Hassan et al., 2024). At the heart of this transformation is China's need to solve the 'Malacca Dilemma' by securing a strategic bypass to the Arabian Sea via Gwadar, thereby diversifying supply lines and projecting influence near the Strait of Hormuz (The Friday Times, 2025).

This expansion has fundamentally altered Indo-Pak and Sino-Indian relations, particularly as the corridor traverses Gilgit-Baltistan—a region India claims as its sovereign territory (Anwar & Atif, 2025). Consequently, India has rejected the Belt and Road Initiative (BRI) and sought to counter CPEC through the India-Middle East-Europe Economic Corridor (IMEC), turning South Asia into a fragmented landscape of competing "bloc-building" initiatives (Howtests, 2025; Saqib & Naazer, 2025).

Policy Recommendations:

Building a resilient security framework is the primary prerequisite for the success of CPEC Phase II. This requires the establishment of joint security mechanisms between Pakistan and China to protect not only physical infrastructure but also the growing number of technology hubs and industrial parks (Bashir et al., 2023). Moving beyond traditional military deployment, this strategy must include a robust National Cyber Security Policy to protect the digital backbone of the "Innovation Corridor" from espionage and ransomware attacks (Iqbal, 2025). Furthermore, internal governance reforms—aimed at reducing bureaucratic inertia and increasing transparency—are essential to ensure that political upheavals do not disrupt long-term project continuity.

A. Promoting Provincial Equity and Inclusivity

To prevent local alienation, the Pakistani government must prioritize the equitable distribution of resources, specifically focusing on the "Western Route" through Balochistan and Khyber Pakhtunkhwa (Khosha, 2025). This involves the swift operationalization of Special Economic Zones (SEZs) like Bostan and the Rashakai zone to ensure that industrialization creates local employment and vocational opportunities for indigenous populations (Minister Ahsan Iqbal, 2025). By piloting poverty alleviation models in the most underdeveloped districts of each province, CPEC can transition from a macro-level infrastructure project to a "Livelihood Corridor" that offers tangible socio-economic uplift for the marginalized (cpec.gov.pk, 2025).

B. Diversifying Funding and Debt Mitigation

To safeguard Pakistan's fiscal stability, the financing model of CPEC must evolve toward pluralist and market-based funding. Initiatives such as the launch of the Panda Bond, a yuan-denominated sovereign bond-mark a critical step in diversifying external financing and reducing over-reliance on dollar-denominated debt (Ministry of Finance, 2025). Additionally, engaging multilateral institutions like the Asian Development Bank (ADB) for core projects, such as the ML-1 railway upgrade, can provide the necessary fiscal space and international oversight to ensure projects are selected based on commercial viability rather than purely strategic symbolism (Samvada World, 2025).

C. Strategic Diplomacy and Regional Connectivity

Pakistan must navigate the corridors by framing CPEC as an open, inclusive instrument for regional connectivity rather than a tool for strategic encirclement. This requires active diplomatic engagement with regional neighbors, including India and Afghanistan, to explore the extension of the corridor into Central Asia (Hassan et al., 2024). By positioning itself as a 'connector state' that bridges the Gulf, Central Asia, and Western China, Pakistan can de-escalate the Sino-Indian rivalry and integrate its economy into emerging global supply chains that are not limited to a single bilateral partnership (The Friday Times, 2025).

D. Prioritizing Environmental Safeguards

Finally, the upcoming phases of CPEC must be anchored in the 'Green Corridor' framework to align with global climate resilience standards. Leveraging Chinese expertise in carbon capture, solar manufacturing, and electric vehicle (EV) infrastructure will be vital for Pakistan to reach its goal of 60% clean energy by 2030 (The Agricultural Economist, 2025). Implementing eco-industrial zones and "debt-for-nature" swaps can further ensure that CPEC's industrialization does not come at the cost of the environment, making the corridor a model for sustainable development in the Global South (Sustainable Development Policy Institute, 2025).

Conclusion

To conclude, the CPEC is no longer a bilateral infrastructure project, but a major element of the overall Chinese policy in its new world order approach. With the project entering its second decade, the shift towards Phase II, is an indication that fundamental connectivity is replaced by a tool of integrative complexity and depth used to unite the region. In the past, CPEC has demonstrated a clearly observable course towards the direction of a great-power rivalry stance in maritime chokepoints within the Indian Ocean and Indo-Pacific theatres, which amplified Sino-Indian competition and placed the corridor in the centre of a race-to-the-top competition in which China is facing the established situation concerning the zone.

The resultant geopolitical repositioning has been hastening great retaliation into places like the Sagaramala and Mahasagar project by India which yielded a novel multiplicity of power networks in the IOR. The risks of instability in the region can be unprecedented with the intensification of militarization of the IOR and the advance of border security programmes such as the Chinese Coast Guard programmes which make the hypothetical threat of the nuclear conflict more tangible. With the gradual further decentralization of developmental goals to the great power rivalry, the success of

the corridor is now determined not only by the volume of the economic performance but by its ability to contain the regional cooperation without introducing the systemic failure of South Asian security. It has been predicted that, going forward, U.S strategic realignments in Northeastern India and Quad Alliance further weaken the South Asian integration, and Pakistan consolidation with China, adds to the bloc dynamics. Temporarily, traditional insecure issues overlap with geoeconomic factors as a case in point of climate insecurity as early as the Maldives as a lessening of accessible resources and consequently, disruption of the dependence on geoeconomic endeavors like the Kra Landbridge in Thailand. However, the future of CPEC, the ‘New Updated CPEC 2025’, suggests the need to develop advanced balancing mechanisms not to bring the issues of climate change and geopolitical competition to the brink of hostilities.

References

- Adnan, M., & Fatima, B. (2016). China Pakistan Economic Corridor: A road to developments and its challenges. *South Asian Studies*, 31(2), 609-624.
- Ahmed, S., & Khan, Z. A. (2016). CPEC: Role in regional integration and peace. *South Asian Studies*, 31(2), 497-510.
- APP. (2021, May 16). CPEC boosts prospects of higher education for Pakistani students. *The Nation*. <https://nation.com.pk/16-May-2021/cpec-boosts-prospects-of-higher-education-for-pakistani-students>
- Ashraf, M. M. (2016, November 11). Perpetuating controversy over CPEC. *The Nation*. <http://nation.com.pk/columns/11-Nov-2016/perpetuating-controversy-over-cpec>
- Baig, S., et al. (2020). Is the China-Pakistan Economic Corridor an opportunity or a threat for small and micro-entrepreneurs? Empirical evidences from Northern Pakistan. *Sustainability*, 12(1727), 1-19.
- Calabrese, J. (2014-2015). Balancing on the fulcrum of Asia: China’s Pakistan strategy. *Indian Journal of Asian Affairs*, 27/28(1-2), 1-20.
- Carnegie Endowment for International Peace. (2025). China's accommodation of Taliban 2.0. <https://carnegieendowment.org/research/2025/11/chinas-accommodation-of-taliban-20?lang=en>
- Choudhary, M. (2015, August 25). China's billion-dollar gateway to the subcontinent: Pakistan may be opening a door it cannot close. *Forbes*. <https://www.forbes.com/sites/realspin/2015/08/25/china-looks-to-pakistan-to-expand-its-influence-in-asia/#52e7b4f23de9>
- CPEC Secretariat. (2025). CPEC projects progress update. <https://cpec.gov.pk/progress-update>
- DAWN. (2015, April 21). Army’s special security division to protect Chinese workers in Pakistan. <https://www.dawn.com/news/1177322>
- DAWN. (2016, March 25). RAW officer arrested in Balochistan. <https://www.dawn.com/news/1247665>
- East Asia Forum. (2025, October 16). China–Pakistan Economic Corridor relaunch exposes China-Pakistan interdependence. <https://eastasiaforum.org/2025/10/16/cpec-relaunch-exposes-china-pakistan-interdependence/>
- Geopolitical Monitor. (2025, October 17). China–India Rapprochement and Its Strategic Implications for Afghanistan. <https://www.geopoliticalmonitor.com/china-india-rapprochement-and-its-strategic-implications-for-afghanistan/>
- Ghiasi, R., & Zhou, J. (2017). The Silk Road Economic Belt: Considering security implications and EU-China cooperation prospects. Stockholm International Peace Research Institute. <https://www.sipri.org/sites/default/files/The-Silk-Road-Economic-Belt.pdf>
- Haider, S. (2018, July 31). CPEC: The game changer for Pakistan. *The Nation*.

- <https://nation.com.pk/31-Jul-2018/cpec-the-game-changer-for-pakistan>
- Hussain, E., & Furqan, M. (2020). China-Pakistan Economic Corridor: The case of special economic zones (SEZs). *Fudan Journal of the Humanities and Social Sciences*, 13, 453-472.
- Hussain, K. (2017, March 9). CPEC enclaves. *DAWN*. <https://www.dawn.com/news/1319301/cpec-enclaves>
- Jorgic, D. (2016, October 10). Nawaz Sharif rushes to end energy shortages ahead of 2018 poll. *Reuters*. <http://in.reuters.com/article/pakistan-power-politics-idINKCN12A054>
- Kaplan, R. D. (2009). Center stage for the twenty-first century: Power plays in the Indian Ocean. *Foreign Affairs*, 88(2), 16-32.
- Kaya, T. O., & Kelic, F. (2017). Sino-Indian strategic rivalry in the Indian Ocean region. *The Journal of Humanities and Society*, 7(2), 153-176.
- Khan, M. Z. U., & Khan, M. M. (2019). China-Pakistan Economic Corridor: Opportunities and challenges. *Strategic Studies*, 39(2), 67-82.
- Latif, M. E., & Zia, M. T. (2020). Strategic dimensions of CPEC: Role of international powers. *Journal of Business and Social Review in Emerging Economies*, 6(4), 1561-1568.
- Mehmood, F., Fatima, N., & Ullah, K. (2019). Impact of China-Pakistan Economic Corridor on Pakistan's future energy consumption and energy saving potential: Evidence from sectoral time series analysis. *Energy Strategy Reviews*, 25, 34-46.
- Miller, T. (2017). *China's Asian dream: Empire building along the new Silk Road*. Zed Books.
- Notezai, M. A. (2021, February 16). What happened to the China-Pakistan Economic Corridor? *The Diplomat*. <https://thediplomat.com/2021/02/what-happened-to-the-china-pakistan-economic-corridor/>
- Pakistan Institute of Development Economics. (2025). CPEC sustainable development: Opportunities and challenges. <https://pide.org.pk/research/cpec-sustainable-development-opportunities-and-challenges/>
- RAND. (2025, January 17). China-Pakistan relations are souring, but will muddle along. <https://www.rand.org/pubs/commentary/2025/01/china-pakistan-relations-are-souring-but-will-muddle.html>
- Rakisits, C. (2015). A path to the sea: China's Pakistan plan. *World Affairs*, Fall, 67-74.
- Schwemlein, J. (2019). Strategic implication of the China Pakistan Economic Corridor. United States Institute of Peace, No. 459.
- Siddiqui, H. A. (2015). CPEC projects: Status, cost and benefits. *DAWN*. <https://www.dawn.com/news/1194014>
- The Diplomat. (2025, August 20). If China and India Mend Ties, Will South Asia Finally See More Stability? <https://thediplomat.com/2025/08/if-china-and-india-mend-ties-will-south-asia-finally-see-more-stability/>
- Vivekananda International Foundation. (2025, January 8). Pakistan in 2024: A year of political turmoil, economic struggles and security challenges. <https://www.vifindia.org/article/2025/january/08/Pakistan-in-2024-A-Year-of-Political-Turmoil-Economic-Struggles-and-Security-Challenges>
- Yuan, J. (2011). Beijing's balancing act: Courting New Delhi, reassuring Islamabad. *Journal of International Affairs*, 64(2), 37-54.