

China-Pakistan Economic Corridor (CPEC)
**A decade of China-Pakistan
development partnership:
achievements and expectations**

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Bonn, 19 September 2023. Since its launch in 2013, no other initiative has gained such global limelight as President Xi Jinping's Belt and Road Initiative (BRI). There is hardly a policy think tank or academic institute across the globe that has not addressed the enterprise. One artery of the BRI is the China-Pakistan Economic Corridor (CPEC), a USD 62 billion venture aimed at building power plants, infrastructure and Special Economic Zones (SEZs). Given the unprecedented scale of Chinese investments and pledges, Pakistan's leadership labelled the project a 'game changer' and 'fate changer' that would transform the country's development and economic trajectory by enhanced regional connectivity. However, it seems Pakistan is too optimistic as it ignores the fact that in the prevailing hostile geopolitical environment in the region, it is a distant dream to accomplish the goal of regional connectivity and economic transformation via Chinese-financed infrastructure.

One of the six economic corridors planned under the BRI, CPEC is distinctive for various reasons. First, CPEC is the only corridor where the overland Belt and maritime Road meet at Gwadar, a port city strategically located not far away from Iran's Chabahar Port and the Strait of Hormuz, one of the world's most strategically important choke points where 30 per cent of the global seaborne-traded crude oil passes every day (S&P Global Commodity Insights, 2018). Second, unlike other BRI corridors, CPEC is a 'one-country corridor' where all infrastructure projects traverse Pakistan without involving a third country. Third, the corridor has accomplished several milestones as many projects have been completed.

The two governments decided to celebrate a decade of CPEC in 2023. Chinese Vice Prime Minister He Lifeng visited Pakistan for the commemorative ceremony in July 2023. During the last ten years, significant progress has been made as USD17 billion have already been invested in 26 schemes and 30 projects worth USD 8.5 billion are underway. Another 36 projects worth USD 28.4 billion are in the pipeline. Thus far, CPEC projects have directly or indirectly generated 200,000 jobs in Pakistan, added over 6,000 MW of electricity to the national grid, built about 809 km road infrastructure and installed 886 km power transmission lines. Thus, CPEC has made substantial progress as numerous projects have been completed across Pakistan, including the first metro line in Lahore, Pakistan's second most populous city.

While Pakistan has made significant progress in energy-generation and building road infrastructure, progress on the development of nine prioritised SEZs under CPEC has remained slow. Also, little progress has been made on proposed railway projects. For example, the Karachi-Peshawar railway line, known as Main Line-1 (ML-1) has not made any headway. With the completion of ML-1, trains will be able to travel much faster, reducing transit time from Karachi to Peshawar by half. Also, the new line would create over 170,000 direct jobs, according to a 2021 publication by the government of Pakistan. Once operationalised, it is expected to generate a fivefold increase in freight, from 5 million to 25 million tons annually, and passenger traffic is supposed to witness an increase from 55 to 88 million travelers per annum. After delays and re-negotiations, ML-1 costs have escalated to USD 9.9 billion, an increase of more than USD 3 billion, or about 45 percent of the preliminary estimates. Hence, when it comes to the development of the railway sector under CPEC, Pakistan has not made any tangible progress.

Concerning the goal of regional connectivity, Pakistan's location at the cusp of Central, South and West Asia makes it ideally suited to become a hub of trade and logistics. This has also been acknowledged by the World

Bank. The country itself has laid out in several policy documents that it aspires to become a regional trading and logistics hub. To achieve that, the expected extension of CPEC to landlocked Afghanistan might bring significant dividends in terms of increased connectivity. The inclusion of Afghanistan can enable Pakistan's long-cherished goal of further expanding its commercial and economic ties with Central Asian countries. Also, landlocked Central Asian countries could utilise Pakistan's Gwadar Port. The country provides the shortest land link to Central Asian countries to reach warm waters – Pakistani shores are about 2600 km via Afghanistan as compared to Iran (4500 km) or Turkey (5000 km). China and Pakistan also want to integrate Afghanistan into CPEC to ensure stability in the region and to promote their economic interests. While all three countries have agreed to the proposal, a concrete roadmap is yet to be developed.

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Similarly, the inclusion of India could have a multiplying effect on the initiative. For that to happen, Pakistan would need to allow India overland access to Afghanistan and Central Asian markets. India's willingness to join CPEC/BRI could also revive moribund initiatives such as Turkmenistan, Afghanistan, Pakistan and India (TAPI) gas pipeline and the Central Asia-South Asia (CASA) power project involving Kyrgyzstan, Tajikistan, Afghanistan and Pakistan. There is significant potential to connect energy-rich Central Asian states with heavily populated energy-starved South Asian countries, and China has the wherewithal to assist in these initiatives. However, this is a long shot as India has officially stayed away from the BRI. New Delhi has objected to CPEC as it sees the growing role of China in its backyard a security threat to its dominance in the region. Due to this, geopolitical temperatures have remained high not only between Pakistan and India but also between Beijing and New Delhi. The existing hostile geopolitical environment in South Asia, somehow exacerbated by the growing role of China in the region makes the situation quite challenging for enhanced regional connectivity and shared prosperity.

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