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## **CHINA-PAKISTAN ECONOMIC CORRIDOR: A ROUTE TO PAKISTAN'S ECONOMIC REVIVAL THROUGH THE CONNECTIVITY AND INFRASTRUCTURAL DEVELOPMENT IN REGIONAL INTEGRATION**

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### **Abstract**

The challenge of the countries (China and Pakistan) to connect and develop its infrastructure at the regional level is neither a straightforward nor an easy task since the two economies are performing at a different pace. Pakistan, being a developing country, has faced a lot of economic and political instability. Due to which it became difficult for Pakistan to reach stability. Though China has a stable economic growth with political and economic policies designed to support the smooth functioning of the country. The objective of this research paper will be to explore the possible sectors in which china can assist Pakistan to develop its infrastructure. As the CPEC is launching its project to connect the Pakistani city of Gwader port which is located in the southwestern Pakistan to the northwestern Xinjiang region with a wide network of railways and the highways. The other projects are railway and roadway infrastructure development. The energy sector development and the science and technology cooperation are also covered by CPEC.

This will be an exploratory research which will cover the infrastructural development of Pakistan which will connect with the China Infrastructure to provide support for the development of Pakistan economy. It is the good luck of Pakistan that it got China as a sincere friend to support the economic development. CPEC is carrying strategic value for Pakistan. This concept is developed by China as China wants to become global. China dream is "Go Global 2001". Pakistan is receiving the benefits of this dream as china want to receive stable energy supply along with proper developed infrastructure (roads and railways) to maintain its Global presence. Pakistan have been receiving grants and loans to run its economy for years and with its increasing burden of loans, Pakistan have to come up with a strong infrastructure to connect with China. The future prospects of this connectivity at the regional level are showing bright returns. As China developed its infrastructure and have developed its global presence. The China "Silk Road Economic Belt" and "Maritime Silk Road" is China's greatest achievement and its glimpse can be observed through the economic development of China. The purpose of this research will be to provide a sound base to why Pakistan needs CPEC.

As Pakistan have faced several economic and political turmoils which almost destroyed the economic system of Pakistan. With increasing inflation and out of control energy crises, Pakistani industries have suffered. This research will shed light on the significance of CPEC. A snapshot of the past five years of economic performance of Pakistan and China will be reviewed along with the reforms taken place in Pakistan and China to develop the infrastructure which will support economic development. The study will help in identifying the gaps in China and

Pakistan economy to initiate infrastructural development in Pakistani sectors to bring it to the expectations of foreign investors and help china receive a smooth route to the sea for its trade.

**Keywords:** China-Pakistan Economic Corridor (CPEC), Infrastructural Development, Regional Integration.

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## 1. Introduction

CPEC is a network of transport routes built by China to provide China an easy accessibility to the sea through the Gwadar Port of Baluchistan, Pakistan. It is a megaproject whose target is to connect Gwadar Port in southwestern Pakistan. Sustainable development and growth in China in the last four decades have made China reach its optimal level of economic performance. The financial crises faced by the world in 2007-08 have not damaged the Chinese economy; in fact the strength of the Chinese economy became visible to the world during this period of crises. The year 1990 was the turning point for the Chinese government to rethink its growth and development strategies as the world was set to protest against the War against terror. Instead of engaging in war, China decided to make business partnerships with the other countries. The president Xi Jinping was the first president of China who set a slogan of constructive engagements of China with other countries all over the world.

The neighbour of China, South Asia have received many benefits from this constructive engagements set by the Chinese government. Multiple investments projects were offered along with trade enhancement programs were launched. In this strategic plan of China, now Pakistan will receive the benefits from the Chinese growing economy. This process of investments and partnerships started in 1990; however, a concrete plan of action; a declaration was signed during a meeting which was between the President Hu Jintao and General Pervez Mushrraf in the year 2003 in Beijing (Fmprc, 2003). This statement was signed to set the future areas of further cooperation. A statement was announced in the 2006 was a joint statement which added strength to Free Trade Agreement (FTA) signed by President Hu Jintao during his visit to Islamabad in 2006.

This agreement helped Pakistan so much that its trade grew from \$1 billion in the year 1998 to \$15.5 billion in the year 2015 (VANDEWALLE, 2015). China –Pakistan collaborations have set the main foundation of CPEC. This agreement is an opportunity for Pakistan to recover its economic losses in the past. There is a lot of debate on the routes of the corridors; as some provinces through which the road will be constructed showed their concern. The south Asian countries have already received the benefits from the outclass performance of the Chinese economy. Different countries are of the different point of view as some countries are welcoming this cooperation, while the rest are looking at this as an alliance against their interest.

## 2. Literature review

### 2.1. China – Pakistan Relations Historical Background:

Pakistan and China are having a good and friendly relationship since 1950. The first decade was not very productive as it was observed in 1960. China and Pakistan Relationship improved after the war between China and India and the war between Pakistan and India. China proposal was unacceptable to Pakistan in the beginning because China is a capitalist and a communist country. Because of these differences, Pakistan and China have not come to cooperation although even after the declaration. Pakistan's Minister of Foreign Affairs, Mr. Zafarullah played a key role in making Pakistan understand the benefits from resolving the bilateral problems as he was aware of the Chinese mindset (Chaudhri, 1987). The Indian currency devalued in 1949 which badly impacted Pakistan's economy, but it also helped in strengthening the relations

between China and Pakistan. Pakistan had to join hands with China to trade their cotton for coal on barter basis because Pakistan was badly affected due to the devaluation as it halted the trade process. At that time, Pakistan was importing coal to provide support to its industry. Pakistan provided support to China's seat at United Nations Security Council (Arif, 1984). A trade agreement was signed between China and Pakistan in 1953 which helped in improving the trade relationship between the two countries (Dixit, 1987).

China was reluctant to sign SEATO and CENTO in 1954 and 1955 as China became a little suspicious because they thought it can create a threat to their national and regional security. Pakistan then had to provide a clarification that this agreement is just to provide security to Pakistan from India (Syed, 1974). In the Bandung Conference Pakistan provided further clarification of the doubts of China and China then endorsed seven pillars of peace with Pakistan in that conference (Chaudhri,1970).When President Ayub Khan made an announcement in the 1959 about the Tibet again which created a lot of problems for Pakistan in regard with the relations with China (Jain, 1981). Fortunately, Zulfikar Ali Bhutto controlled this damage who was the Foreign Minister at that time and S.K. Dehlavi who was the Foreign Secretary. Mr. Bhutto then signed agreement on the border demarcation in 1963 which gave a further trust to the Pakistan-China relationship. China then played a very important role in helping Pakistan during 1965 war, which made the two nations to develop better understanding. However, China neutral role was also observed during 1971 which was conceived as China having no interest by many Pakistani leaders ( Javaid and Jahangir,2015).

From the year 1970, Pakistan and China relations have seemed to strengthen in all sectors. China showed support to Pakistan in its military, especially the nuclear and missile programs, and the different sectors of the economy. Even at the time of sanctions which were imposed by US on Pakistan. China proved its long standing friendship with Pakistan in the form of China-Pakistan Economic Corridor (CPEC).

## **2.2. China Dream of Becoming a Global Leader:**

China has been working for years to revive its lost glory. Since Mao's time, China incorporated a policy of cosmopolitanism and China made this policy a pillar for all its policies. This policy of the country first developed a working relationship with a group of Non-Allying countries which then helped China to gradually enhance its role. Bandung Conference played an important role as a launching pad and it helped in strengthening China relationship with developing countries. China policy directed the country to take keen interest in building economic relationships and economic development by keeping aside international affairs. During the financial crises of 1990, China provided assistance to South East Asian countries (Vaughn and Mossison, 2006). President Hu Jintao, remained focused on finding economic development opportunities. China then developed healthy relationships with Central Asia, Middle East and Africa.

A new direction to the foreign policy was given by President Xi by initiating a "Constructive Engagement" policy. The prime focus of this policy was to have more and more economic engagements. President Xi pursued this idea through the Silk Route, which was a network of roads and railway and a maritime route. It is called "One belt One Road". The Silk Route helped China in promoting its financial and trade initiatives. These initiatives by China made many experts believe that the initiatives are not only focusing over China trade and economic cooperation's, but also is playing an important role in expansion of China at the world level. The policy helped China to build its leading role in the continent of Asia and helped China to develop political and economic collaboration through "One Belt One Road" (Wang. 2015). Naval bases and Development Bank and Asian Infrastructure in different countries of the world are stated as some of the examples. In the international financial sector considers the creation of the Asian Infrastructure and Development Bank as supremacy of USA (Xu, 2015).

The series of connected Sea ports which connects Sri Lanka, Bangladesh, Pakistan and Burma is an important investment which serves strategic purpose to limit Indian access. This series of ports are called “string of pearls” (Kabraji, 2012). Another example is the construction of Djibouti base. China marked a vast area as its territory in South China Sea. China is making fast progress, although USA (State Department) has opposed their moves along with the South East Asian partners. Academicians, international media, India and many western countries believe that China-Pakistan Economic Corridor (CEPEC) is an opportunity for Pakistan at a strategic level. This economic corridor will cover the trade and development needs. As with positive debates, some negative opinions are hindering in the implementation of CPEC progress.

### **3. Purpose of the Study**

Pakistan is a country of rich resources which from its independence have being mismanaged. Due to this mismanagement, the economy of Pakistan has suffered. The purpose of this study is to find out about the potential of China-Pakistan Economic Corridor (CPEC) and how it can contribute to the (Gross Domestic Product) GDP of Pakistan as well as how much it can contribute towards the growth and development of the economy.

### **4. Research Problem**

Pakistan’s economy is suffering because of mismanagement. Due to lack of resources and improper implementation of the policies designed by the government. Lack of development programs and insufficient funds allocated for the development of the infrastructure which is a major contributor towards promoting trade. The growth and development of the economy have slowed down because Pakistan faces problems in managing trade and sustain growth and development.

### **5. Research Methodology**

This study used the documents and research papers as the prime source of data. These documents include the reports, policy papers, credentials, workshop reports, conference reports, committee reports and plans of strategic development.

### **6. Connectivity and Infrastructure Development in Regional Integration: An Analysis of Transportation System of Pakistan**

Roads and railway system is the most important in economic growth and development of any country. Unfortunately, Pakistan doesn’t have a strong infrastructure which’s major hurdle in the economic growth and development of the country.

#### **6.1. Road Transport**

Pakistan Vision 2025 is focused on transport infrastructure development which will ensure economy to provide safety in mobility, decrease in transportation cost and create an integrated network of economic hubs, effectively connecting markets/ urban centers and rural areas, as well as creating high capacity transportation facilities and corridors which will connect major regional trading partners.

The density of the road of a country indicates that county’s development and prosperity. The government has decided to increase density of the road to level of 0.45 km/sq. km by the year 2018 from the existing road density of 0.33 km/sq. km. This network of road will increase from 263,942 km to 358,000 km. The total length of the roads is given in the table below (Economic Survey of Pakistan, 2014-15).

Years	Category	Punjab	Sindh	Khyber Pakhtunkhwa	Balochistan	GB & AJK	TOTAL
2009-10	Total	105,085	81,618	42,765	29,727	1,565	260,760
	Low	32,179	24,993	13,095	9,103	480	79,850
	High	72,906	56,625	29,670	20,624	1,085	180,910
2010-11	Total	105,253	80,625	42,550	29,500	1,535	259,463
	Low	32,147	24,000	13,000	9,000	450	78,597
	High	73,106	56,625	29,550	20,500	1,085	180,866
2011-12	Total	106,455	80,960	42,975	29,625	1,580	261,595
	Low	32,590	24,335	13,140	9,125	465	79,655
	High	73,865	56,625	29,835	20,500	1,115	181,940
2012-13	Total	107,805	81,385	42,980	29,655	1,590	263,415
	Low	33,090	24,685	13,140	9,130	470	80,515
	High	74,715	56,700	29,840	20,525	1,120	182,900
2013-14	Total	107,973	81,493	43,035	29,692	1,592	263,755
	Low	32,729	24,415	12,996	9,030	465	79,635
	High	75,214	57,078	30,039	20,662	1,127	184,120
2014-15	Total	107,992	81,543	43,072	29,742	1,593	263,942
	Low	32,428	24,215	12,846	8,930	460	78,879
	High	75,564	57,328	30,226	20,812	1,133	185,063

Source: National Transport Research Centre (NTRC)

During the past five years, National Highway Authority (NHA) has constructed 1,275 km of road all over the country. The following table is a province wise road construction break up.

Sr. No.	Province	Kms
1	Punjab	70
2	Sindh	235
3	Khyber Pakhtunkhwa	124
4	Balochistan	846
	Total	1275

The government is now planning to develop 2,395 km of China- Pakistan Economic Corridor (CPEC) which will connect Gwadar to Kashghar (China) and also planned to connect Karachi-Lahore Motorway (KLM) which will be a 6-lane controlled access. KLM is the Phase 1 of the China-Pakistan Economic Corridor (CPEC).

## 6.2. Pakistan Railways

The railway system of any country plays an important role in facilitating trade and commerce, promotes national integration and helps in reducing the cost of transportation. The Network of railway in Pakistan is 7,791 route kilometers, 452 trains, 15,948 freight wagons, 1,732 passenger coaches. Pakistan railway has faced worst crises due to unavailability of locomotives. The passenger and the freight services have declined in the past years. The following table provides evidence of the decline in the earning of Pakistan railways because of poor infrastructure and rolling stock.

Fiscal Year	Earning (Rs in million)	% Change
2007-08	19,973	--
2008-09	23,160	16.0
2009-10	21,886	-5.5
2010-11	18,740	-14.4
2011-12	15,444	-17.5
2012-13	18,071	17.0
2013-14	22,800	26.2
2014-15 (July-March)	23,234	--

Source: Pakistan Railway

The Passenger and the freight services of Pakistan railways also declined in the previous years because of increase in fuel prices, increase in the dollar exchange rate, old infrastructure and subsidized railway fares. In 2007, the Pakistan railway was unable to bear the expense. The Ministry of Railways takes new initiatives for the development and improvement of the infrastructure and performance of Pakistan railways. The Vision 2025 is a ten year development plan which includes the infrastructural development of Pakistan railways. The plan is to increase the share of the Pakistan railways in transport sector from 4 percent to 20 percent. Regional connectivity can be achieved through Economic Corridor development. The plan is to upgrade Mainline-1 (ML1) and construct a dry port and handling cargo will also be included. The preparatory work has already begun on the Early Harvest Projects (EHP) under the agreement.

The National Railway Administration, Ministry of Railways and the Government of the People's Republic of China and Government of the Islamic Republic of Pakistan have made a joint feasibility to upgrade ML-I and to setup Havelian Dry Port of Pakistan Railways which was made in 20.04.2015. A project titled "Infrastructure for e-Office at Ministry of Railways" is also initiated.

## 6.3. Pakistan International Airlines

The year 2014 is considered the year in which Pakistan International Airline decided to set a mission of "Revival of PIA". A plan of action is set to replace the fleet so capacity constraints can be managed by the Corporation; aircraft with fuel efficiency on the wet and the dry lease were to be acquired. The main vision of this mission is to increase the capacity and fleet modernization. PIA got rid of nine old aircrafts. Now PIA has 14 aircrafts which were previously 17. PIA has taken a financing support of US \$ 55.0 million from EXIM Bank of USA. General Electric (GE) also signed with PIA to provide maintenance of engines of the PIA Boeing AirCraft. Further

support was also provided by the Islamic Corporation so the Insurance of the investment and the export credit can be assured.

The Performance of the PIA can be observed through the following table. The year 2014 has observed better performance of PIA as compared to 2013, this is due result of the investment made by PIA by taking financial support.

<b>Indicators</b>	<b>Units</b>	<b>Year 2013</b>	<b>Year 2014</b>
Passenger Revenue	Rs. billion	78.4	90.39
PIA Fleet	No. of planes	34	34
Route	Kms	411,936	389,445
Available Seat	million Kms	17,412	16,536
Passenger Load Factor	in percent	70	72
Revenue Flown	ooo Kms	63,144	61,389
Revenue Hours Flown	Hours	106,476	101,556
Revenue P Passengers Carried	ooo nos.	4,449	4,202
Revenue Passengers	million Kms	12,237	11,903
Revenue Tonne	million Kms	1,351	1,241
Revenue Load Factor	in percent	55	52
<b>Operating Revenue</b>	<b>Rs. million</b>	<b>95,771</b>	<b>99,519</b>
Operating Expenses	Rs. million	126,164	118,084
Available Tonne	million Kms	2,471	2,396

Source: Civil Aviation Authority

#### **6.4. Ports and Shipping**

Pakistan's National Shipping Corporation (PNSC) fleet has 9 vessels (5 bulk carriers and 4 Aframax tankers) with a sum of cargo capacity of 681,806 metric tons. The Financial and Commercial performance of the past nine months from 1<sup>st</sup> July 2014 to 31<sup>st</sup> March 2015 of Pakistan National Shipping Corporation (PNSC) is given below.

<b>Years / Cargo Lifted</b>	<b>Liquid Cargo</b>	<b>Dry Cargo</b>	<b>Total (Dry + Liquid)</b>
2011-12	7.7	2.6	10.3
2012-13	10.7	2.7	13.4
2013-14	11.3	2.0	13.3
2014-15 (July-Mar)	10.8	1.1	11.9

Source: Pakistan National Shipping Corporation (PNSC)

The Financial Performance of the PNSC has improved, but because of increasing expenditure the gross profit has declined.

Years	Revenues	Expenditures	Gross Profit
2011-12	8.9	6.8	2.1
2012-13	12.3	8.9	3.3
2013-14	15.7	14.0	1.7
2014-15 (July-Mar)	12.2	11.0	1.2

Source: Pakistan National Shipping Corporation (PNSC)

#### **6.4.1. Gwadar Port**

Gwadar is Pakistan's first free port which is located on the southwestern Arabian Sea, Balochistan. It is 120 kilo meter from the Iranian border and 700 km from the city of Karachi. Gwadar port is a deep sea port and strategic warm water. The phase – 1 of Gwadar port is developed by the China Government and Pakistan with total investment of US\$ 288.0 million. This development was held in the month March, 2007. The CPEC is covering the development of Gwadar Port. When Gwadar will be linked with Kashgar, this port will be bringing China closer to the ports of Middle East. Gwadar port performs as a gateway of the agreement and the city of Gwadar. Special Economic Zone (SEZ) of agreement is being developed in the city of Gwadar. This agreement between China and Pakistan has created bright prospects for maximum utilization of connectivity at the regional level for trade with the deep sea ports of Pakistan, Afghanistan, Central Asian Republics and China.

Under China Pakistan Economic Corridor, “Gwadar Port Eastbay Expressway” has been agreed under the funding by CPEC to connect the port with the highway. The project is approved by ECNEC at a Rs. 14 billion cost. This project is executed in 2015. The expressway will link Mekran Coastal Highway to Gwadar Port. It will pass by the bay of east of city of Gwadar. The estimated length of is 18.98 km, including a 4.3 km along and off-shore and 14.6 km on the shore. A railway link is planned in this project.

##### **6.4.1.1 Gwadar Port Free Zone**

The Concession Holders are handed over land by the Federal Government through PSDP to develop Gwadar Port Free Zone (FZ). The Zone will be 9.23 sq. km, adjacent to Port. Gwadar Free Zone Company has started its development in 2015. The transshipment and export/import will increase significantly. The company will establish Exhibition Centres for the Port to display the Chinese and Pakistan products. The port of Gwadar will provide a lot of opportunity to the investors that will include warehouse and storage capacity. Motels, hotels and tourism and travel, other industries will also be encouraged not only the seafood export and processing, date export and processing, office space will be constructed etc.

Other infrastructure and social sectors; road network, telecommunication, railways, special economic zone and the construction of the airport will be providing benefits to the investors. The investors of China take interest in the establishment of “Marine Silk Route and the establishment of industry in the industrial zone”. A 2-day conference was also organized on 2-3 April 2015 by ICBC-HBL at Suzhou, China. The purpose of this conference was to promote common prosperity, mutual benefit and a win-win approach so both the countries can be benefited. Special Economic Zone in Punjab and Balochistan is to be developed by ICBC-HBL for the investors. Chinese are planning to set up a cement factory and a steel mill in Gwadar.



## **7. China-Pakistan Economic Corridor (CPEC): A Route to Pakistan Economic Revival**

China and Pakistan have managed their productive relationship despite of some confusion over certain issues between the two countries. Nevertheless, Pakistan has also helped China to achieve its dream of becoming global. Pakistan has opened their air space for Chinese airline and PIA offered to make travelling easy for Chinese. Pakistan provided support to China in the admission to the United Nation system and to become a permanent member of the United Nation's Security Council. Pakistan played an important part in arranging the visit of the Henry Kissinger to China, which then motivated President Nixon to visit in 1972. China also helped Pakistan to built Heavy Mechanical Complex in Taxila in 1968 to develop Pakistan military and economic capabilities. China also helped in developing Aero-nautical Complex and Ordnance Factory in East Pakistan in 1970 (Javaid and Jahangir, 2105).

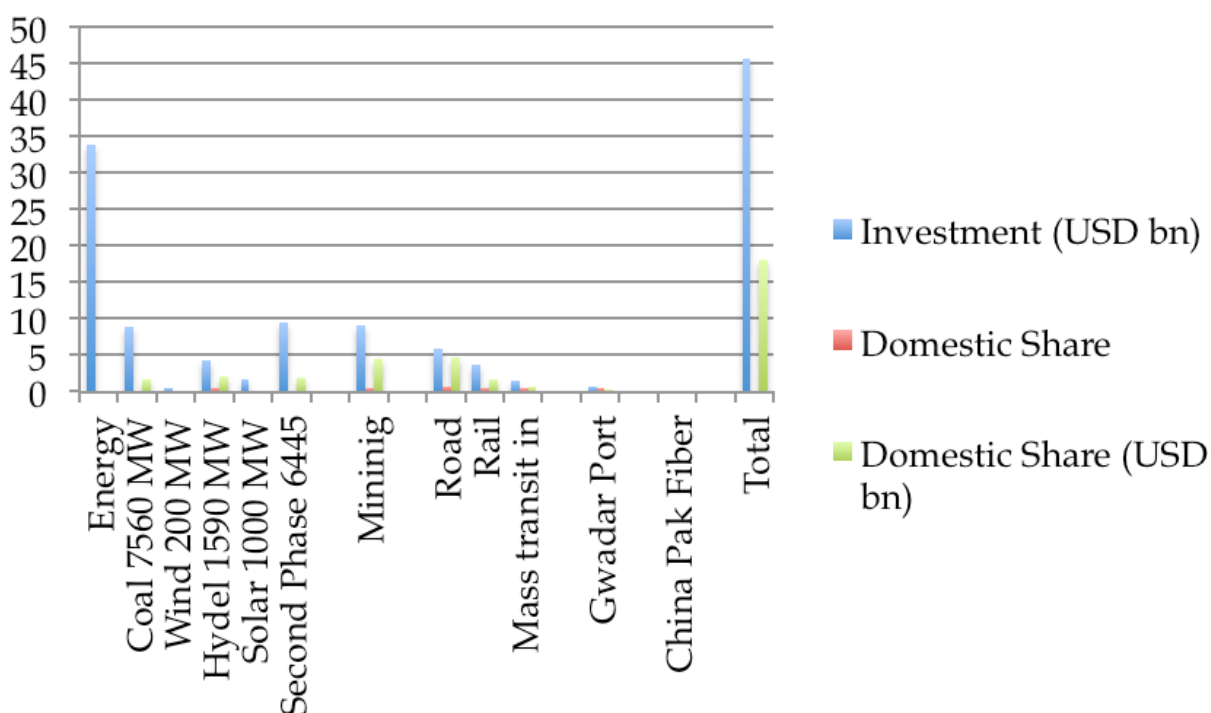
China also helped Pakistan during the sanctions which were imposed by USA in 1980's, 1990's and 2000. When USA left Pakistan after the Afghanistan war was over, Pakistan faced many problems in handling its economy. In 1990's, when USA imposed sanction on Pakistan because of the missile and nuclear program. China kept on helping Pakistan. Andrew Small (2015) was of the opinion that deals are to be kept a secret so criticism can be avoided. He described this relationship as" Cooperation in Shadows". Chinese foreign policy is focused on providing benefits to Pakistan also. China-Pakistan Economic Corridor is the most prominent example of the Chinese foreign policy. The China and Pakistan governments are working on this concept for the last two decades. A joint declaration in 2003 was the first document to be signed by President Musharraf which outlined the plans of cooperation's between the two countries. Later, a Free Trade Agreement was also signed in 2006. Because of this agreement the trade reach to \$ 15.15 billion in 2015 from \$ 1 billion in 1998 (VANDEWALLE, 2015).

A Future plan of government is increasing trade to \$18 billion till the year 2018. President Asif Ali Zardari also actively pursued CPEC and the cooperation from China in his period of governance. President Xi inaugurated some projects during his visit with the Minister Nawaz Sharif. The economic significance of China Pakistan Economic Corridor is very prominent. An analysis by BMA capital was done on CPEC to investigate the significance of CPEC for the national economy; they first divided the total investment into two categories, the Chinese investment and the local investment.

	Investment ( US\$ bn)	Domestic Share	Domestic Share ( US\$ bn)
Energy(Breakup is given below)	33.8		
Coal 7560 MW	8.8	20%	1.8
Wind 200 MW	0.5	20 %	0.1
Hydel 1590 MW	4.2	50%	2.1
Solar 1000 MW	1.7	0%	0
Second Phase 6445 MW	9.5	20%	1.9
Mining Expenditure	9	50%	4.5
Road	5.9	80%	4.7
Rail	3.7	50%	1.8
Mass transit in Lahore	1.6	50%	0.8
Gwadar Port	0.7	50%	0.3
China Pak Fiber Optics	0	0%	0
<b>Total</b>	<b>45.7</b>		<b>18.1</b>

Source: BMA Capital Management Limited

**Graph 4: Estimation of Local Component in China Pakistan Economic Corridor**



Secondly, they then analyzed that how much potential this investment has on National GDP. This study analyzes that if 1 unit of growth in Gross Domestic Product (GDP) is required then 3.6 units of incremental investment is needed. China- Pakistan Economic Corridor (CPEC) is targeting to increase the Gross Domestic Product(GDP) growth from 1.5 percent in the coming next three years. CPEC will also increase the private investment because it will create economic opportunities, positive environment, stable economy, improved infrastructure and the need of generating energy. The investments which are private will also add 0.5percent to the Pakistan

Gross Domestic Product. The total investment would reach 2 percent in 2016-2018. The growth rate will be more than 6 percent (Naseem, 2015) per year.

GDP-FY15	US\$ bn	287
Total Size of Investment	US\$ bn	46
Total Size of Investment	% of GDP	16%
Time Duration	Years	3
Annual Addition to Investment/GDP Ratio	% of GDP	5.30%
Addition GDP growth Potential (ICOR=3.6x)	"	1.50%
Increment Private Sector Investment	"	1.80%
Addition GDP growth Potential (ICOR=3.6x)	"	0.50%
Total increase in GDP Growth Potential	Percentage Points	2.00%
Source: BMA Capital Management Limited		

Although CPEC have a lot of potential, but still it is faced by a lot of controversies. The province KPK and Baluchistan are arguing that the government has changed the routes. By the end of the year 2013 and in the start of 2014, there were a lot of controversies. When PSDP allocation was made in 2014-15, the government kept silent which further increased the doubts. After this situation was created, the government made an announcement that there will be no changes in the routes. Meanwhile, there was another direction which took some speed that was that there will be two main routes, western route and eastern route, and out of these two routes Western route will be preferred.

When the budget was allocated, it was totally opposite to the government claims that the priority will be given to the western routes. The government is giving more priority to Eastern routes. Dr. Qasir, tried his level best to conclude the debate by providing some rationale on the actions taken on the routes. His analysis on land, population and production factors are given in the table below. He presented the following routes which were there in the year 2005.

	Central Route	Eastern Route	Western Route
Average Population Density	156	264	98
Total Area under cultivation ( 000 ha)	5829	10322	2933
Production of four major crops(000 tones)	13754	30928	7430

Source: Dr. Qasir Bengali, Paper for Chief Minister of Baluchistan

### **Conclusion**

Eastern routes seem to be costing more based on population displacement, loss of production and losing productive land (Bengali, 2015). The central route is the original main route. Deputy Chairman of Planning Commission was to present this route to President Musharraf in the year 2006. His emphasizes was to revive the first route. Moreover, stress was placed on treating the western route same as that of the eastern route. CPEC is also important to China because it will help in achieving China dream of becoming global. China is focused on regional connectivity to achieve its dream. The neighbours are given priority in China on all fronts and President Xi, during a speech to the Committee of Foreign Affairs at the meeting of Communist Party in the

year 2014 made it clear that Pakistan development plans are very important to China. (Xi Jinping, 2014). The other objectives of the policy are to ensure healthy relationships with the developing countries that are rich in resources, including the countries rich in energy also. This will provide a support in branding China as a partner in development and an ally with no interfering (Godement, 2014).

President Xi, visited Egypt and Saudi Arabia (with Iran as the next destination) because China wanted to develop close ties with these countries according to the foreign policy of China. A development loan of \$ 55 billion to the Middle East countries is offered by China to develop the infrastructure, road, and industry and energy exploration. Mr. Xi inaugurated the joint oil refinery which is ventured in Saudi Arabia. Both the countries are working on “Comprehensive Strategic Partnership”. A very important statement was made by Mr. Xi in Egypt; he said” We are not building influence in region and are not setting up the proxies“(abc, 2016). This statement played an important role as it is the reflection of the CPEC which is focused on increasing the constructive engagement. The investment in the region will not only increase the trade, but also will increase the demand of the Chinese products.

After the brief look at the above mentioned plans under CPEC. The importance of CPEC can be visible. The location of the proposed plan is very important as it’s located where the Road Belt and The Maritime Belt meet (Shah, 2015). This will support China to strengthen its current position in the Indian Ocean. Not only this, but china will secure its energy routes which are from Africa and Middle East, this is very important for the future development of China. China will further shorten the route of energy (Bhattacharjee, 2015). This strategy will help China to be cost effective in reaching the Middle East and North African Markets. By analyzing the facts, it is concluded that this agreement is very important. Pakistan has to fight its social, development, economic and problems related with energy. China need CPEC because they want to increase its periphery of influence, creates a stable supply of energy; consolidate its dream of becoming global and trading routes. This concept is a part of policy of China “Go Global 2001”. Pakistan will receive the benefits of this dream of China. It’s crucial for Pakistan to keep its focus on the development of Pakistan rather than giving time to small issues. Provincialism can damage the development plans, but Pakistan have to keep its focus on the implementation of the development plans.

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