

Strategic Importance of CPEC: Prospects and Challenges

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ABSTRACT

The friendship between China and Pakistan has accentuated new bench mark with the culmination of China-Pakistan economic Corridor. A cluster of projects abbreviated as (CPEC) has opened new avenues of cooperation between the two countries. It is believed to be a game changer for Pakistan and Considerable impetus for the Chinese political system. Initially, China promised to invest US \$45.6 Billion in this economic Corridor. Subsequently, the volume of investment reached US \$62 billion in 2017. At present the quantum of investment ranges between \$55b to \$62b. CPEC consists of networks of roads, Railways, Development of Gawadar Port, Construction of special industrial zones and energy oriented projects. Gawadar Port and Kashgar City have been the connecting points of this project. The in depth study of CPEC has reflected certain challenges parallel to numerous benefits for both countries. The 3000 KM long route will ensure shortened trade pathway for China and great impetus to the bewildering economy of Pakistan. Besides this, concrete infrastructure, Pakistan will get 10400 MW electricity in short term Goals and further 22000 MW in long term targets of CPEC. This research paper aims to study the prospects and potential challenges associated with this corridor for both China and Pakistan. The strategic importance of CPEC has been unearthed as well. Qualitative research design with historical/Analytical approach has been employed to study the central Theme.

Keywords: *CPEC, Strategic Relations, Pakistan, China*

Introduction

In contemporary era, the economic endeavors of states have gained preponderance amongst the determinants of foreign policy. Major players of the international regime are persistently pursuing a strong surge for economic stability. (Makhdoom & Sami, 2018) David Ricardo, a renowned economist enunciated the fundamentals of economic relations among states in terms of comparative advantage. Along with it, the geo-strategic primacy of states has induced certain long term aims in regional and international politics. (Sial, 2014; Sakib, 2015). The culmination of 20th century has marked the accentuation of new concepts in relations of the states. Establishment of economic corridors gained momentum in latter half of the previous century. (Ramay, 2018; Iqbal, 2018; Khan, 2018). As per the connotations of GMS eight ministerial meeting in 1998, Economic corridors hold potent position in years to come for the international players. Forums such as G8, G20 etc. spell out the prospective outlook of the states (Masami, 2009).

China-Pakistan Economic Corridor (CPEC) is an eye catcher over the last few years. CPEC falls in the ambit of the economic corridors as entailed above. Chinese foreign minister said that CPEC is the flagship expansion of One Belt One road project of china. (Ali, 2018; Khan, 2018). In 2003, Hu Jintao, the president of china revisited the foreign policy of China and declared their policy as constructive instead of competitive (Jaleel, 2018; Afzal, 2018; Sial, 2014). He

further said that China resorts to develop interdependence with other countries. The resolve of China was shown through the term of “good neighboring policy” by the president of China. In 2013, President Xi Jinping, expatiated the strategic goals of china by elaborating the project of one belt one road. He showed resolve to reach the world and extend the old silk road project by including projects to link the roads with maritime resorts of the world. (Khan, 2018). CPEC has been one of the projects falling under the ambit of this long term endeavor of china. It aims to connect the city of Kashgar of China with Gawadar port of Pakistan. CPEC includes a network of roads, highways, railways, fiber cables, industrial zones, economic zones, airports, ports and energy projects. (Arif, 2018). The length of the CPEC in terms of roads network is around 3000 KM. whereas the proposed investment thus far has been around 46b to \$55b. (Avais, 2016). The formal announcement of CPEC was done on the visit of Jingping of Pakistan in April, 2015. However, the former prime minister of Pakistan Nawaz Sharif had discussed the plans on his visit to China in 2013. (Ali, 2018).

Furthermore, Pakistan enjoys unique strategic position in south Asia. It is situated at the juncture of energy deficient and energy rich countries of the world. (Makhdoom, 2018). Two major players; India and China share borders with Pakistan. In addition, Afghanistan has a long border of 2252 KM with Pakistan which is going through the phase of transition in the wake of war against terrorism. The Gawadar Port is located at the mouth of Strait of Hermuz, which is holding one-third trade of the world. (Hussain, 2018). On the other hand, China has strategic goals to reach out to the world through ports and roads. In this perspective, it has designed an inclusive map including network of Roads and other connecting tools. The eastern ports of China are already having connectivity with the world. However, its Northern and western spheres require this instrument. China-Pakistan economic corridor fulfills the demand of this ever ongoing economic giant of the world. CPEC ensures the accessibility of China to south Asia, central Asia and Middle East. (Munir, Khalid, & Latif, 2018). It can find alternate routes of trade except the Malacca Straits. Currently, China imports 80% oil from the Strait of Malacca which is prone to political entanglement by other states of the world. (Iqbal, 2018). The Gawadar Port ensures an alternate trade route to China through which 12000 KM would be shortened for the products to reach China by using road networks of Pakistan.

The paper aims to address the following research questions. What are the geo-strategic considerations of CPEC for Pakistan and China? What are the prospective challenges/impediments for both countries stemming from CPEC? How the project would be beneficial for the signatory countries in future times. Furthermore, the paper intends to analyze as to how the project would be a Win Win situation for both countries.

Prospects and challenges of CPEC have been debated in different quarters of the region in particular and global level in general. This paper intends to discuss and analyze the internal and external challenges confronting this mega project. Side by side, the prospects for both China and Pakistan have been entailed considerable length.

China-Pakistan economic corridor has myriad facets to be mentioned in its significance. The parties to the project possess marked differences in scale and

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magnitude both economically and politically among the comity of sovereign states. China is the largest exporter of products and second largest economy of the world. (Husain, 2015). The sleeping actor of international politics is rising as the most rapidly growing Economic giant of the world. On the other hand, Pakistan is receiving investment of \$46 billion which is One-fifth of its whole economy. (Shaikh and Fan, 2016). An important facet of this project relate to the capacity of Pakistan to complete the targets of marathon plans with dwindling economic fabric. On the flipside, the Chinese dreams are materialized to reach out to other continents of the world. The road and maritime networks include access to more than 60 countries and 4.7 billion human beings ranging from Asia to Europe. (Husain, 2015).

Conceptual Framework

The conceptualization of China-Pakistan Economic Corridor is done in nexus of economics and politics. Keeping in view this configuration, The theory of Constructivism and concept of Scarcity have been grounded as the base of this work. Constructivism belongs to the social ambit of international relations. This theory holds that states define their interests, counter the threats to their interests and follow the international norms. On the other hand, realism advocates the given reality for the states to define the interests. Under constructivism, the value of identity, social norms, international norms and social interactions are more important for states. (Goldstein, 2007). The paradigm shift in Chinese peripheral diplomacy as enunciated in 2013 falls in this arc.

Along with this conceptual proposition, the concept of Scarcity which was propounded by Lionel Robins has an important role to define the financial course of action by the states. Scarcity refers to an uneven distribution of resources all over the world. This very essence of distribution compels the states to surge for resources beyond their borders. (Barnett, 2013). The nexus of constructivism and scarcity of resources constitutes the bedrock of CPEC in this research paper.

Methodology

The study is designed under the penumbra of qualitative Method of Research. The exploration or comprehension of meanings and beliefs that individuals/groups ascribe to the social interactions or Human problems (Creswell, 2007). Generally qualitative research is aimed to ensure the purpose of social justice agenda (Denzin and Lincoln, 2005). Qualitative research studies words, images and objects. The sample is small and not sequential. The study is inductive and may change in accordance to the responses and textual analysis during the study. Qualitative research revolves around the biases, beliefs and images of the researcher and respondent. It is revolving around the social interactions in light of the observations, phenomenon and interpretation of the researcher in which the responses may be construed according to the apparently revealing definitions of the study. This research is often subjective as compared to the objectivity of the quantitative method. (Manen, 1990).

This research would use historical and analytical approach to unearth the Facets of CPEC.

Pretext

Roots of Pak-China relations can be traced from early days after independence for both the countries. Formally, the bilateral relations got developed in 1951. (Khan, 2014; Arif, 1984). Pakistan extended immense support to the Peoples Republic of China right from the outset in different segments. Pakistan extended its air services to approach to the people of China in their needs of traverse. (Chaudhry, 1970). Both the countries faced hurdles in their relationship during the decade of 1950 due to marked differences of ideologies of communism and capitalism. Pakistan did not strictly pursue the policy of neutralism rather it joined defense pacts of SEATO and CENTO in 1954-55. These pacts raised shadows in relations. (Khan, 2017; Lim, 2015; Ramay, 2016). However, Pakistan clarified its position later on through its first foreign minister, Sir Zafar Ullah who understood the mindset of Chinese people and government better than others. (Chaudhry, 1987).

The decade of 1960 proved productive for the improvement in bilateral relations. Both the countries signed geographical and trade agreements to settle the outstanding issues. Two wars of 1962 between China and India, and 1965 between Pakistan and India acted as a catalyst to enhance the trust and confidence amongst each other. (Bengali, 2015). The Chinese government supported Pakistan during the war of 1965 against India. This positive tinge continued till the culmination of reapproachment between USA and China. Pakistan facilitated the visit of Kissinger to China for breaking the ice between the two ideologically opposing countries. (Battacharjee, 2015). China supported Pakistan in latter decades in the pursuit for economic stability. In 1990's when America imposed financial sanctions on Pakistan due to nuclear explosions, China stood firm with Pakistan. It helped Pakistan to get out of this difficult situation strongly. China supported Pakistan under the penumbra of "cooperation in shadows."

The beginning of 21st century opened new avenues of cooperation between the two countries. The roots of CPEC could be traced back to the Chinese endeavor to built Silk Road and one belt one road project respectively. (, 2016). The constructive relationship instead of competitiveness distinguished the paradigm shift in foreign policy of China in current century. In 20th century, Chinese share of global economy was negligible. (Buzan, 2004). However, it had made significant strides of late. Hu Jintao explained new strategic plans of China in first decade of 21st century by declaring their relationships as constructive and interdependent. (Makhdoom, 2018; Iqbal, 2018). An important aspect of this strategy revolves around the argument that as the USA was going against the terrorism in the world, China focused on its economic needs and ambitions. With passage of time, America got stringent in their foreign policy, China opened horizons for their economic expansion based on road and maritime networks to link themselves to south Asia, Middle East, Europe and Africa. (Jawad, 2013. Chowdury, 2013). According to an estimate, China will be the world's largest economy by 2050 and America will be way behind this number one economy. (Jacque, 2009). One belt one road initiative and economic corridors would involve more than 60 countries of the world. (Husain, 2015).

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In the light of above considerations and strategic goals, China started to negotiate the China-Pakistan economic corridor which formally got signed in 2015. The negotiations began during the era of General Retired Musharraf. However, the discussions remained confined to the documents. In the meanwhile, both the countries did a free trade agreement in 2006 which enhanced the quantum of trade. (Ramay, 2016; Husain, 2015; Sial, 2018). The era of Pakistan People's Party also pursued the national agenda and progressed on same lines. In 2014, the president and prime minister of Pakistan visited China to finalize the terms and conditions of the plan. Subsequently, China president, Xi Jinping made a return visit in April, 2015 to Pakistan and signed the deal. The total volume of the deal mounts up to \$46 Billion. It includes 36% investment on infrastructure and 64% in the sector of energy which would produce 10400 MW of electricity for Pakistan.

Before discussing the challenges and prospects of this massive project, it is pertinent to enlighten few essential points about economic corridors and one belt one road initiatives.

After the end of Second World War, countries have entered in to various financial agreements and pacts to restore the hard hit economies of their states. In 1945, European Economic Community was formed to augment the fragile economic conditions of the European countries. This configuration got transformed in to European Union in 1957. (Sharani, 2015). The union experienced major shifts and reached apex position in 1993 with the free flow of goods, capital and people across borders. According to the Economic Research institute of (ERIA), economic corridors were first discussed and defined during the eight ministerial meeting of GMS in 1998. Under this forum the definition of the economic corridor was lay down. As per their connotations economic corridors are the special economic zones that encompass networks of roads, highways, railways, energy projects, airports and special arrangements for shipment of the ships along the sides of ports. (Masami, 2009). These economic zones are built parallel to the borders of countries. Asian development bank has also defined the economic corridors in simple and clear manner. According to ADB, economic corridor is the link between economic agents to connect nodes and hubs of economic resorts that are usually centered in urban localities (Iqbal, 2015).

The above discussion helps the researcher to derive following four points related to economic corridors:

This is socio-economic instrument which pools up political will among the states.

The economic corridors help to connect diverse and versatile regions of the world.

These zones create economic stakes of the agents which ensure support for peace and co-existence.

Economic corridors provide the mechanisms for the economic prosperity and progress of the countries at inter-intra-regional and sub-regional levels in world.

The instrument of economic corridor is the core apparatus of Chinese policy of (One Belt One Road (in which two legged policy is anchored. The historians are convinced that this has been the most primal foreign policy decision by Peoples Republic of China since its independence. (Christopher, 2016). The belt road

policy includes the Silk Road economic belt and maritime Silk Road economic belt. The former relates to the networks of roads and railways. Whereas, the latter relates to the establishment of ports and connecting routes to link the land locked areas of China with nearby ports. In 2013, the Polit Bureau of China held an essential conference. The working conference of 18 congresses was convened under the title of "Peripheral diplomacy". The policy statement given by Xi Jinping spelled out the strategic endeavors of China. He said that China intends to have constructive and interdependent ties with its neighboring countries. It wants to have peaceful neighborhood so that it can pursue its economic goals (Zhai, 2015). This Belt and Road initiative is the colliery effect of this fundamental working conference held in 2013. This network of roads and economic zones would connect China's backward and land locked area Xinjiang with nearby ports of world. CPEC is the core project in this respect. The western and northern China would be connected with central Asian and south east Asian countries to reach the European markets.

The road based projects include the networks of roads, railways, gas and oil pipelines and fiber cables. It starts from Xinjiang, which is situated in central China. It would end up in Venice while crossing central Asia and Moscow. This network would cover the regions of north and East Asia, the west Asia, Central Asia, North Africa, Central and East Europe. (Ramachandran, 2015). The Maritime Silk Road initiative covers the establishment of ports, coastal areas and other connecting infrastructure for the trade and other motives. It covers the South and East Asia, the east Africa and ends up at Mediterranean Sea. (Rizvi, 2015).

As per the aforesaid dilution of the facts, China-Pakistan Economic Corridor has immense strategic importance for both the countries. The president and Prime Minister of Pakistan visited China in 2014 to negotiate the framework and mechanisms for this project. The Prime Minister of Pakistan, Mr. Nawaz Sharif floated four assumptions stemming from the barrel of CPEC.

Firstly, huge investment of US \$45.6 billion in roads, railways, pipelines, energy and infrastructure would result in immense development in Pakistan. (Sial, 2014). Especially, the remote areas of Balochistan and KPK would get great value from these projects. (Wagner, 2016).

Secondly, the connectivity of Kashgar with Gawadar would provide a shortened trade route to Chinese imports of products and oil. At present China imports 60% of its total oil needs from Middle East and 80% of the oil is traded from Strait of Malacca which is a volatile trade route. The distance via Malacca Strait is 12000 KM with additional 3500 KM within China. The route from Gawadar to Kashgar is mere 3000 KM. In this way China would save expenses and time of around US \$2 billion and 12000 KM respectively. (Husain, 2015; Battachargee).

Thirdly, China would get an easy access to the Southern Asia, Middle East and Europe. The eastern side of China is already utilized for trade. Whereas, the western China would be connected through the Gawadar port.

Fourthly, the strategic goals of China would be materialized and their dream to become the largest economy of the world accomplished. China is the second largest economy of the world. However, it is the biggest exporter in prevalent

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trading sector internationally. The route of CPEC would add impetus to its goals and dreams. (Makhdoom, 2018; Ramay, 2018).).

Besides these assumptions, the former Minister for planning and development of Pakistan, Mister Ahsan Iqbal declared that Gawadar port, Communication infrastructure, Energy projects and industrial zones hold the bedrock of CPEC. He further remarked that this massive network would benefit all the Provinces of Pakistan including Gilgit Beltistan. The Pak-China border, Khunjerab would be connected with Gawadar port which at the mouth of Hermuiz Strait. (Rizvi, 2015).

Contours of CPEC

China-Pakistan Economic Corridor has three proposed stages and routes respectively. The framework and mechanisms were discussed between the higher authorities of China and Pakistan. The prime Minister of Pakistan, Mister Nawaz Sharif showed conviction and confidence to initiate the plans. The corridor has been bifurcated in to Short term; Medium term and long term projects. (Catanza, Qi, Jia, and Shan, 2015). The time line was set forth for the relevant stages. The short term projects were supposed to be completed by the end of 2017. Whereas, the medium term projects have been outlined to be completed by the end of 2025. Finally, the long term plans have been set up to be accomplished in 2030. (Ran, Shahbaz & Mufti, 2015). The projects in all the three stages range from the geographical, maritime and energy related facets. The first phase of the project envisaged the establishment of Gawadar port and an airport at Gawadar to facilitate the participants in this locality. Along with construction of this port, the Korakaram highway would be widened between the two states which considered 8th wonder of the world. (Kreutzmann, 2009; Ali, 2015; Meher, 2015). IN addition, a railway network would be built between Peshawar, North and Karachi in southern Pakistan. Along these networks, the fibre cable would be rooted for connectivity purposes.

Gawadar port holds great significance in whole project of CPEC. It has been considered as the tail of the entire scheme. The benefits and envisaged ideals could not be achieved without the construction of Gawadar port in its full blossomed form. (Makhdoom, 2018). The entire route of CPEC starts from Gawadar port, which is near to the Hormuz Strait and connects the city of Kashgar in Western province of XiJian in China. The strategic importance of Gawadar port for China and Pakistan is enshrined in the unique location of this port. One-third of the trade of world is done from the Strait of Malacca. There is no second thought Chinese import of Oil products is done from this Strait up to 80%. (Iqbal, 2018). The Strait is always prone to the threats in case of strife among countries. (Sial, 2018). These considerations induce China to invest heavily in CPEC projects. The city of Kashgar is 3500 KM away from the Eastern ports in China. Whereas, the distance of Kashgar from Gawadar is mere 1500 KM. In addition, the total maritime route through Malacca Strait to China is around 12000 KM. On the contrary it shrinks to total 3000 KM to reach Kashgar from Gawadar. These points elevate the importance of CPEC for China in particular. The Gawadar port also opens gateway to Indian Ocean for second largest economy of world.)Syed, 2013; Choudhry, 2013). It is veracious argument that China intends to have its presence in Indian Ocean to curtail the influence of regional powers. At the same time, India is

willing to develop the Chabahar Port of Iran to provide gateway to Afghanistan where it has invested heavily to curb Pakistan. (Husain, 2015).

So far as the routes of Corridor are concerned, three proposed maps are Eastern, Western and Central. The connecting points of the project are Gawadar in Balochistan, Pakistan and Kashgar in XiJian, China. The proposed maps for the CPEC run through entire Pakistan from the provinces of Punjab, KPK, Sindh Balochistan and the administrative territory of Gilgit Beltistan. The eastern alignment of the corridor starts from Gwadar, runs parallel along Makran Coastal Highway eastwards (towards Karachi). After crossing through segments of interior Sindh, and southern, central and northern regions of Punjab, it reaches Islamabad. From Islamabad, it extends to Haripur, Abbottabad and Mansehra districts of the relatively peaceful Hazara Division in KPK. This part of the corridor will also run through Muzaffarabad, the capital of Azad Jammu and Kashmir and reaches Khunjab after crossing through Diamer and Gilgit Beltistan areas in northern Pakistan. The corridor will also pass through the Pamir Plateau and Karakoram mountains. A link from Taxila through Peshawar and Torkhum will connect the eastern alignment of the corridor to Jalalabad in Afghanistan. Regional connectivity with India through the eastern alignment is designed to be provided through the Hyderabad-Mirpurkhas-Khokhrapar-Zero Point link and the Wagha border, Lahore. (Sial, 2018; Iqbal, 2018; Makhdoom, 2018).

The negotiations revealed that Western route was proposed to be the original and primal alignment for the project which would be completed in the first phase. However, The consensus could not be reached on this factual point. Therefore, the work has begun on Eastern route. (Ramay, 2018). The western route Originates from Gawadar and runs through Southern and eastern parts of Balochistan. It passes through the southern Punjab and reaches DI Khan in KPK. From there it reaches Islamabad and continues to Abbotabad. The remaining route is similar to the Eastern route. The western route has been postponed till the completion of the eastern route. (Sharani, 2015). IN Pakistan some quarters raised voice against the proposed route on the ground that it has ignored some areas in the country. This argument may be true in short run of the project. Whereas, in the long term projects, all the important points would be connected under this scheme. At the same time, the Provincial capitals have been made the nodes of the entire project.

Prospects of CPEC

The Prospects of CPEC can be split in to two parts; its potential benefits for Pakistan and China. This paper sheds light on both the questions. In this Passage the benefits of CPEC for Pakistan have been discussed followed by the productive outcome for China.

Development of Infrastructure: Pakistan holds pivotal position in all projects of CPEC. The investment of US \$45.6 billion roughly equates to one-fifth of the total economy of Pakistan. (Husain, 2015). Around \$12 billion have been reserved for infrastructure development in Pakistan. (Husain, 2018). The bedrock of the project falls in this country. Pakistan has immense potential beneficial value from the investment under CPEC. The road network from Gawadar to Kashgar passes from all the provinces of Pakistan. As mentioned above, the roads and their related economic industrial zones pass through Balochistan, Punjab, KPK, Sindh and administrative area of Gilgit. Along with roads, networks of Railways will be

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constructed that have additional value for the whole project. (Munir, 2018). The infrastructure which would be built under CPEC will benefit Pakistan greatly in all domestic needs and trading requirements with other countries. Amongst the projects of infrastructure development, the existing Korakaram highway is planned to be widened along with the projects of CPEC. Apart from the internal benefits of infrastructure development, the enhanced network of roads and rail will ensure connectivity of the country with parts of Asia, Central Asia, Europe and Africa. The myriad benefits of the trade would be enjoyed by the country in near future. An important factor which is worthy to be noted is that 4 out of the 6 short term goals of the infrastructure have been completed within three years. (Khan, 2018).

Incentives in energy sector: Energy is termed as the life line for any economy. The utility and indispensable nature of energy has been catalyst for the major chunk of investment for energy related projects. A significant portion of \$46 billion has been devoted to the energy oriented projects. To be exact, US \$33 billion have been devoted to the small and big projects of energy. (Mukhdoom, 2018; Ali, 2018). The value of energy projects under CPEC is paramount for Pakistan due to its current dismal situation all over the country. The entire country has been going through long black outs and e energy outages. As a result, the country has faced serious economic and infrastructure specific losses. The harvest or the short term goals of CPEC included production of 10.400 MW of electricity. Apart from this target, an additional 6.600 MW is destined to be produced during the projects of CPEC. The private sector is also guaranteed with support from government sector to produce electricity up to 16000 MW. (Iqbal, 2018; Ramay, 2018). This quantity is negotiated with Independent power production (IPP) units. An essential feature of the energy projects under CPEC is that it includes the Solar, Wind and hail sources in the ambit of Energy. Pakistan can benefit greatly from the additional production of energy in coming years. The ever growing demand of this life wire would add a catalyst for the progress of the citizens in country.

Economic incentives: The potential benefits are estimated in enormous numbers for Pakistan. Ishrat Husain has reported that the economy of \$274 billion of Pakistan will receive expansion by 15%. The investment of \$46 billion is equivalent to one-fifth of whole economy of Pakistan. Since 2001, Pakistan has received enormous US aid. The investment from China has superseded the US aid received since 9-11. Pakistan would receive immense benefit in terms of employment opportunities due to the establishment of special economic zones alongside roads and rail. The remote areas would receive special attention with respect to CPEC. Especially, the regions of Gawadar and Balochistan have been heavily pampered with economic investment and instruments. At present, there are only 3 to 4 fund equities to ensure private participation along with government endeavor. On the other hand, India has more than 150 equities and funds for the private and government efforts. (Afzal, 2018; Zubedi, 2018). The former finance minister of Pakistan, Ishaq Dar said that huge economic investment will remove the war phobia of states and it will encourage economic progress with enhanced financial stakes.

Catalyst for balance in South Asia: This project is nothing less than paradigm shift for Pakistan. The investment is a crown jewel for the country externally. Once the goals and aims of CPEC are met in full quantum, it will enhance the bargaining

power of Pakistan in power constellation in front of India, Afghanistan and Iran. At the same time, Pakistan can have better position to confront the undue challenges imposed by USA in this region. The feeble and fragile economy of Pakistan has been major impediment for Pakistan when it comes to handle and absorb the pressure from western states in general and USA particularly.

Elevation of poverty: Poverty is an old standing and lingering social and economic evil in Pakistan. New ray of light has been perceived with the inception of these massive installment of projects. It has been expected by the economists and experts that construction of roads, railways, economic zones, dams, energy projects, hospitals, vocational institutes etc. will uplift the deprived and neglected segment of society. The government has raised the hopes of the people to a large extent. (Husain, 2015). The government of Pakistan has quoted the Chinese success in elevation of 80 million people from the poverty bar. (Husain, 2015). The government is determined to learn and implement the same course of action in remote areas of the country.

Peace and balance among provinces: History is cognizant of the fact that Uneven development in whole country is creating feelings of alienation and deprivation among certain segments of country. Especially, the interior Sindh and major chunk of Balochistan has been grouped in this susceptible scenario. (Jaleel, 2018). This mega investment runs through these areas to bring them at par with other areas of the country. Recently, government has legislated to include the agencies of federally administered tribal areas under the autonomy of KPK. Though this measure falls outside the CPEC projects, yet the integration of the areas will receive impetus from the works of the investment. (Ramay, 2018).

CPEC caters for the requirements of china as well. The closed economy of China earned internal strength for this major power of the world. Historical assessment of China reveals unique aspects of socio-political structures in the country. The sleeping giant of the world politics exhibited paradigm shifts in 21st century. (Markey, 2013; Awaiz, 2016). President XI Jinping enunciated new strategic goals of China in second decade of 21 century. He stated that China will pursue a constructive and interdependent peripheral outlook. (Amir, 2015; Arif, 2015). For this endeavor, two-prompt strategy will be formulated. the silk road economic belt (SREB) and Maritime silk road Belt (MSRB) CPEC falls under the purview of these initiatives. The potential benefit for China is immense with the completion of the targets of CPEC. It is mentioned earlier that Eastern sphere of China is already accessed with ports and such networks for trade. This old route passes through the Strait of Malacca which is volatile trade route for china. Apart from its vulnerable nature, it spreads over 15500 KM. (Esteban, 2016). The western and northern spheres of China bear huge finance and time to receive the net benefits of trade. The route of CPEC is 3000 KM from gawadar to Kashgar. (Bhattachargee, 2015). IN this way China will save finances as well as time. As per the oil needs of China, it has become the largest oil consumer in 2015. The oil needs of China have rose up to 7.4 million Barrels per day as compared to 7.2 million Barrels for USA. (Husain, 2015). It imports 60% of the oil from Middle East and 80% of the oil is transported from the Strait of Malacca. The gulf region has the biggest oil reserves in the world. Gawadar port is at the mouth of Strait of Hormuz which is conducive for the new trade for China. An alternate trade route via Pakistan will serve the purpose of Chinese strategic ambitions. (Irshad, 2015; Hali, 2016).

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Besides trading considerations, China will get an easy gateway to support its remote areas of province Xijiang. These regions are located in West of China. If the trade is continued from Eastern sphere of the country, the net benefits will be marginalized. (Lateef, 2017). Gawadar-Kashgar trade Route is easier and beneficial for the backward areas of China.

The power fulcrum of south Asia, central Asia and Europe will be reshaped with CPEC. China will have constant presence in these regions due to higher stakes in CPEC. This presence is valuable for China since India and USA are present in Afghanistan. India is also willing to develop the Iranian port of Chabahar. These configurations in International regime induce and compel China to have other ideas in the region.

Challenges

Inspire of the prospects entailed above, various challenges hover around the whole scheme of CPEC. Amongst these opposing forces, a few have been prescribed below.

Security upheavals: The entire belt from Xinjiang to Gawadar contains many pockets where the militant groups and terrorists reside. (Perveen, 2015; Qureishi, 2015). The worth mentioning groups include East Turkestan Muslim movement, Tehreek-e-Taliban, Lashkar-e-jhangui and ISIS. (Ramay, 2018). These organizations do not have negative designs against China, but their activities have been aimed to disturb the Pak-China relations by targeting Chinese projects. In the past, many Chinese engineers and staff members have been targeted and killed to disrupt the plans and Chinese commitment in Pakistan.

The external factor also adds to the escalation in the opposing activities. American CIA, Israeli Mossad and Indian RAW have been reported to be operating in Balochistan province of Pakistan. (Ranjan, 2015). Apart from these groups, The balochistan liberation army and balochistan liberation front are also causing serious hurdles for the completion of the goals of CPEC. (Husain, 2018).

To tackle these challenges, Pakistan has formed a special security unit 'Special Security Division' to protect the engineers and other related staff of these projects. The 9th Battalion of army along with 6 other paramilitary groups have been deputed for the safeguard of the vicinities and working lot.

Concerns of Baloch Leaders: Balochistan is the bedrock in all projects of CPEC. Virtually, the success or failure of CPEC depends upon this vicinity to a large extent. Historically, the terrain of Balochistan has remained under developed due to various reasons. The ethno-sectarian factors has added fuel to the dilemma of security in this area. The leaders of Balochistan oppose this project due to demographic changes to be incurred in near future. (Rizvi, 2015). The Gawadar port is attracting more and more people to settle in this area. As a result, the demography of the area may change against the wishes of the local leaders. (Shaikh, 2016). These concerns are halting the progress of Gawadar and other planned works in Balochistan. The government is committed to convince the leaders about their stakes in economy. However, the political strife is an ongoing phenomenon in Balochistan. To ensure the ascertainment of the goals of CPEC, the government should create a harmonious environment in whole province.

Different Voices in KPK: The original route of CPEC was western route which has been halted till the completion of Eastern route. China also preferred the completion of the Eastern route due to less security concerns on this map. (Qureshi, 2015). These shifts in plan and map have created different feelings among the leaders of KPK. The leaders of few political parties tabled a resolution against the initiation of Eastern route instead of the original route. However, China intends to focus on the Eastern route to avoid major obstacles and hurdles in near future. The former Planning and Development minister, Ahsan Iqbal assured the leaders that KPK will get its due share from the project. The route is not changed, it is just deferred till the completion of the Eastern route.

Political Instability: There is no second thought about the contention that political stability holds key in all economic activities. Pakistan is a country that faces serious challenges in this realm. The power fulcrum has been following the post-dictatorial phase of democracy since 2008. In the meanwhile, the transition of governments has posed concerns for the continuity of projects under the penumbra of CPEC. Though the broader spectrum of political and economic affairs claims to hold the national agenda above the parochial considerations, yet the inconsistent policy framework has caused significant shadow over the mega investment. (Wolf, 2016). The current government of Pakistan Tehreek-e-Insaf (PTI) showed different thoughts about the transparency in projects. The subsequent interactions with Chinese government has clarified their concerns which is shown in their later policy statements.

CPEC and competitors: An important point of contention for the projects of CPEC stem from the barrel of Iranian Chabahar port. In this way, the competitors are creeping in to counter the massive investment in Gawadar port. India is heavily investing in Chabahar Port to tackle and marginalize the benefits of Gawadar Port. Chabahar port is few miles away from the Gawadar port. If this port of Iran is developed, it will open trade route to land locked region of Afghanistan and central Asian states. India is trying to get transit route from Gawadar port. (Ranjan, 2015). However, Pakistan is reluctant to ensure this facility. As a result, the Indian Government is showing its intentions to make functional the port of Chabahar of Iran.

Issues of Tariffs and duties: Under the agreement signed between Pakistan and China, all the tariffs will be lifted from the exports and imports flowing between the two countries. However, Federal Board of Revenue is showing resistance to act upon this deal. China is showing concerns on this hurdle. Once the duties will be lifted, the Local industry of Pakistan will face serious challenge and competition from the industries of China. An important consideration in these deals revolve around the protection of local industry against the large scale industries in China.

Indian voice of Dissent: Indian prime minister, Modi raised voice against the heavy investment in Pakistan by China. The control of Gawadar by China is a cause of concern for Indian government. They have shown serious concerns on this configuration. The matter of fact that China is not investing in economic zones, it is also assisting Pakistan in enhancement of the naval capability. China is providing support in the field of Air force and other relevant equipment's. India is reacting in the shape of insurgency in Baluchistan to disturb the resolve of both countries under CPEC.

Repercussions

Economics and politics has an overarching impact for comity of sovereign States. There exists no doubt regarding veracity of the argument that economic strength of a country multiplies the bargaining space of the states in international relations. Along with this instrument, the geo-strategic location also plays a pivotal role to decide the fate in prospective years. The questions under discussion for this research piece revolve around the strategic significance of China-Pakistan economic corridor and how both the countries can derive maximum benefit in the shadow of external and internal challenges. It is an admitted fact that strategic importance of Pakistan is peculiar and has myriad advantages for the entire proposed map of CPEC. The fragile economy of Pakistan is prone to positives and benefits from the construction of networks of roads, railways and energy projects. At the same time, the Economy of China is looking forward to shrink its sea trade route by 12000 KM. Besides this, China endeavors to have peaceful presence in South Asia to act as a balancing state actor. IN superficial analysis, the proposed corridor is conducive in long run for both Economies of the world. However, this proposed terrain is full of potential concerns and threats. Internally, the political instability, deficiencies in governance, presence of extremists, terrorists, Separatists and militant groups pose a serious threat for China and Pakistan. Amongst these challenges, the inconsistent governing apparatus and volatile nature of political system create an eternal shadow of worry for Chinese government. Circumstantial evidence of this concern is reflected by the postponement of original western route.

Another worth mentioning point of deliberation revolves around the transparency of the projects negotiated between China and Pakistan. Some quarters in political system of Pakistan have raised serious voices against the secrecy or the hidden clauses of the agreements between the two states. The parliamentary political parties have been urging the government to share the details of negotiations in Parliament. It rests with the government as to how they proceed in these projects. There is no doubt that establishment is providing full caution to these projects. Yet, the political backing and political will requires further material for acceptance. Inspire of these analytical precepts, the government of Pakistan is fully convinced that Gawadar and CPEC has much more to offer for our country. Furthermore, procrastination on part of Pakistan will compel China to pursue other proposed corridors in the region. Succinctly, the ultimate success or failure in CPEC lies on the shoulders of leadership of Pakistan because the concrete shape of the projects is to be laid down on the turf of Pakistan.

Findings and Recommendations

- China-Pakistan economic corridor will serve the geo-strategic goals of Pakistan and China in longer run.
- Pakistan has received unprecedented investment since its inception.
- The fragile and vulnerable economy of Pakistan will get immense boost in years to come.

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- The remote areas of Pakistan will have different and pivotal role in the prospective framework for the economy of Pakistan
- The deep port of Gawadar will act as a catalyst for transforming the fortunes of Pakistan in South Asia.
- The capacity of the political system of Pakistan will be tested in forthcoming years to handle the large scale investment and absorb the internal and external pressures.
- China has great opportunity to develop its under-developed areas of the Xijiang province.
- China will get a shortened route to import oil from Middle East via Gawadar.
- China will be able to avoid the threats of blockade at The Strait of Malacca.
- China will have presence in South Asia and access to Central Asia, Middle East, Europe and Africa via Gawadar-Kashgar route.

Recommendations

- The council of common interest under article 153 of the constitution of 1973 should be made functional to monitor the projects of CPEC on regular basis.
- Economic coordination committee should be invoked to analyse the projects of CPEC.
- The government should arrange in-camera session of Parliament to brief the representatives about the secret clauses of the CPEC.
- The political parties should raise themselves above regionalism and parochialism in context of national level projects.
- There should be national consensus on mega economic and political agreements and memorandums signed by Pakistan with foreign powers.

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