

Assessing CPEC: Potential Threats and Prospects

Abstract

China sees Pakistan as her longstanding and committed ally. Since the establishment of diplomatic relations, Pakistan and China have successfully maintained cordial ties muddling through all challenging circumstances and serving their national interests. As Pakistan's physiographic feature placed her at the junction of South Asia, West Asia, Central Asia and Western China, she is sited in a region which is strategically significant for world trade. She proposes the shortest route to China towards Middle Eastern and European countries and plays a vital role in transit economy. China depends a great deal on Middle Eastern states to satiate her energy needs. Presently, Pakistan and China are agreed to build an economic corridor; a multi-dollar's project, China has ever invested in any foreign country. With China Pakistan Economic Corridor and Gwadar port being functional the shipping cost would be reduced and delivery time for China to reach Middle East and beyond will be cut short. Integrating 2,000 km transport link between China's Kashgar region to Gwadar port at Pakistan close to Iran's frontier through physical roads and railways and oil and gas pipelines, the corridor will increase economy and trade, improve regional integration, expand transport and communication infrastructure and overcome energy shortage that are coupled with potential threats and challenges.

Key words: Pakistan, China, fate changer, corridor, connectivity, challenges, threats.

Introduction

Regionalism in South Asia has entailed the search for collective efforts to engulf frail economies, political downfall, social and religious cleavages and the resultant inherent discords among various states. The Economic Corridor (EC) is employed as a means to enhance regional cooperation, invigorating economic development and deeper integration of Asia's sub-regions. In South Asia, it is a hottest phenomenon that the development of economic corridors has gained impetus. The recent example is the China-Pakistan Economic Corridor (CPEC) (Wolf, May 11 2016).

With the onset of the 21st century, under the leadership of Hu Jintao has seen People's Republic of China's (PRC) development trajectory leading to modernization and power shift in the international system. It rising demand for energy and global pursuit for resources has captivated worldwide attention (Ali, 2010). China's policy of "Peaceful development" was initially regarded as a threat by the U.S. and the U.S. tried to 'contain' China. Domestically, the concept of "peaceful rise" of China has been proposed to build a harmonious society and at external level, China actively endorses a peaceful international environment. As Guo explains, the new policy of China "seeks to reassure the U.S. and other

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countries that China's rise will not be a threat to peace and stability in the region and the world and that the U.S. and other countries can benefit from China's peaceful development." (Lotta, 2009)

Since the introduction of economic reforms in 1978 and opening up to foreign trade and investment and implementing free market reforms in 1979, China has become one of the world's fastest-growing major economies with growth rates averaging 10% over 30 years. At regional level, she has emerged as a great economic power. Now, she is world's second largest economy after U.S. and world's largest economy (on a purchasing power parity basis), manufacturer, merchandise trader, and holder of foreign exchange reserves. As a great political, economic and military power, China emphasizes soft power towards regional neighbours and she is committed to improve her own internal issues and to avoid unnecessary international confrontation.

The significant objective of China's diplomacy in regional context is to make a zone of peace within which she can maintain her economic progress. She views South Asian countries as neighbors to expand cooperation and to advance her political and economic influence and to prevent other powers to harm Chinese interests in the region. While establishing her ties with developed countries of the world, China is improving her relations with neighbouring countries and regions; she is not only investing in the China-Pakistan Economic Corridor (CPEC) but she intends to capitalize in the Maritime Silk Road (MSR) with Southeast Asia, the Silk Road Economic Belt (SREB) with Central Asia, and while conversing with Indian Premier Modi, Chinese Premier Li Keqiang has demonstrated his deep interest to develop Bangladesh-China-India-Myanmar (BCIM) Economic Corridor that is important in China's vision for economic integration in South Asia and beyond (Bhattacharjee, May 12, 2015). China has demonstrated the capacity to solve serious issues confronting the Asian region in the process of modernization and speedy social and economic recovery (Belokrenitsky, July 2007).

The world has seen China's transitioning of a brisk rise from a sleeping giant to ink accords valued more than \$46 billion. China-Pakistan Economic Corridor gives China with the opportunity to promote a "Look West" Policy to further her ties with Afghanistan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Russia and Europe. The CARs can be leveraged by China to use the CPEC and Gwadar as a trading link (South Asia Defence & Strategic Review, 2016). In 2000, US researchers in response to Chinese investments along the Indian Ocean littoral proposes the idea of 'string of pearls' (Marantidou, June 2014) that is used to describe a string of sea ports, i.e. Bangladesh, Burma, Sri Lanka and Pakistan that is considered as strategic investment to constrain India.

Pak-China Friendship: All-Weather and Time-Tested

Pak-China relations are marked as "higher than the mountains, deeper than the oceans, stronger than steel, dearer than eyesight, sweeter than honey, and so on." (The Economist, May 12, 2011) In 1950, diplomatic relations between Pakistan and China were launched, in 1966, military support was started, in 1972, a strategic coalition was shaped and in 1979, economic co-operation was commenced (Small, 2015). Since the establishment of diplomatic ties, relations between Pakistan and China have stood the test of time.

“The beginning of 21st century witnessed the dawn of a complex reconfiguration of the world strategic picture driven by Chinese phenomenal economic development and her upswing as a leading global power.” (Irshad et al., 2015) China appeared as a leading trading ally of Pakistan equally in terms of imports and exports. Since January 1963, bilateral trade and commercial links between Pakistan and China were founded and both countries got involved in the first mutual trade deal.

Maintaining close ties with China is an essential feature of Pakistan's foreign policy. In 1950, Pakistan was the first Muslim and third non-communist state to recognize China. In 1951, formal diplomatic relations between Pakistan and China were established. Later, the Bandung Conference between Pakistan's Premier Mohammad Ali Bogra and Chinese Premier Zhou Enlai played crucial role in promoting understanding and cooperation and ripening of friendly ties between the two. Pakistan supported China in affairs of Tibet, Taiwan and Xinjiang. In 1961, Pakistan voted for the restoration of China's legitimate rights in the UN. Besides diplomatic relations, Pakistan served China as an outlet to open up to the West. The decade of 60s saw the fortification of Pakistan- China ties. In 1961, both sides wished to resolve the boundary conflict. In 1962, Sino-Indian border war was fought. In 1963, a common border was agreed between the China and Pakistan. In 1965, China supported Pakistan's stance against India in Indo-Pak war and supplied her with artilleries during the war when the United States discontinued the delivery of arms, which was key source of armaments for Pakistan. In 1970s, Sino-Pak ties further strengthened. China supported Pakistan diplomatically as well as economically in war against India and in 1972, Pakistan orchestrated U.S. president Richard Nixon's visit to Beijing.

In order to enhance communication links and increase cooperation in economic field, both sides decided to reconstruct and upgrade the Karakorum highway linking China's Xinjiang Uygur autonomous region with northern areas of Pakistan. Pakistan opened up her markets for Chinese investment that proved to be mutually beneficial. Pakistan-China cooperation reached its economic high points, when on April 20th 2015, Chinese President Xi Jinping signed 51 Memorandums of Understandings (MoUs) alongside the proposal of China-Pakistan Economic Corridor (CPEC) and the infrastructural investment projects at Gwadar. Notably, the Pak-China ties have now grown from strength to strength that has been an eyesore for India. According to an Indian perspective, China-Pakistan ties are still bolstered by a collective discord with India, however, viewing that, Pakistan can perform a credible balancing role to tie down India (Mishra, 2015).

One Belt, One Road (OBOR)

China's One Belt, One Road (OBOR) is a development strategy which is proposed by Chinese visionary leader Xi Jinping (Li, 2016) that focuses on connectivity and cooperation among countries mainly between China and the rest of Eurasia. OBOR initiative runs along two alignments; terrestrial and oceanic, i.e., the Silk Road Economic Belt (SREB) and the 21st century Maritime Silk Road (MSR). It is also unveiled and promoted by Premier Li Keqiang in 2013 during his state visit to Asia and Europe. “The plan involves more than 60 countries, representing a third of the world's total economy and more than half of the global

population”. (A brilliant plan One Belt, One Road, 2015: CLSA). China has launched the Asian Infrastructure Investment Bank (AIIB) and set up a USD 40 billion for Silk Road Fund. The OBOR connects China with Central Asia, Middle East, Africa and Europe. “It is envisioned that the plan would knit much of Asia, Europe, Africa, and the Middle East closer through latest infrastructure and free trade zones.” (Catanza *et al.*, 3 July 2015) Both plans are founded on the common pillars of economic centrality, infrastructure development, regional connectivity, unimpeded trade, inclusiveness and enhanced people-to-people ties.



Source: <http://www.economist.com/news/china/21701505-chinas-foreign-policy-could-reshape-good-part-world-economy-our-bulldozers-our-rules>

Since 2006, China has been facing the problem of overproduction. By exploring new markets in adjacent states through OBOR, China hopes to solve the issue of overcapacity. The OBOR project will provide more opportunities for the development of China's less developed border regions (Zhang, September2, 2016).

In 2013, China has accentuated the ancient trade routes linking China, Europe and Central Asia by developing three major corridors via northern, southern and central Xinjiang. The CPEC is China's resolve to enhance her trade and commercial activities with diverse regions of the world. On the other side, China has of late increased concentration on the Bangladesh-China-India-Myanmar (BCIM) corridor that will deliver China's landlocked Yunnan region access to the Bay of Bengal (Chowdhury, 2013).

CPEC- A Game Changer

The 3,000 km economic corridor under the aegis of CPEC is the leading project of China's ambitious vision for a modern reconstruction of the Silk Road. The inclusion of the project as part of China's 13th five-year development plan reflects its significance. CPEC was first proposed in 2013 by Chinese Premier Li Keqiang that has now become a route for wider connectivity. In 2013, PM Nawaz

Sharif took office with the intent of reinvigorating economy and undertook a series of measures to improve Pakistan's economic prospects and signing a deal with China is its significant example.

In April 2015, the visit of Chinese President Xi Jinping to Pakistan with CPEC plan after the time span of nine years has cemented Pakistan-China friendship further, opened new avenues for cooperation and made Pakistan the investment destination at national and international levels. Pakistan and China are now moving in the era of geo-economics and towards regional connectivity. The year 2015 is marked the implementation year of CPEC. Bulk of the projects are largely intra-Pakistan in nature (Small, Nov. 15, 2016: Herald) that calls for completion by 2030.

Touching new heights of friendship; Pakistan and China have signed 51 Memorandums of Understandings (MoUs) in different areas of cooperation. The ground breaking ceremony and signing of financial agreements have shown the strong will on both sides to implement the CPEC plan. It is \$ 46 billion infrastructure project currently under construction that is equal to roughly 20 per cent of Pakistan's annual GDP (Stevens, April 20, 2015: CNN Money) and the Asian Development Bank (ADB) is agreed to lend \$8bn additional to upgrade the main railway line from Karachi to Peshawar. Chinese investment on CPEC is equivalent to all the foreign direct investment inflows (FDI) into Pakistan since 1970 combined (Rakisits, 2015: World Affairs).

It is an overland route connecting Kashgar, the north-western city of China and Gwadar port in southern Pakistan through the development of a network of highways, railways, and natural gas and oil pipelines. The physiography of Pakistan makes her the direct beneficiary of ambitious economic and energy corridor. When the corridor will be operational, it will function as a doorway for trade between China, Africa and the Middle East. In particular, oil from Middle East can be deposited at Gwadar and carried to China via Balochistan that will lessen the 12,000km route that Middle East oil supplies takes to reach Chinese ports. CPEC has been designed as the flagship project for economic rejuvenation and the region will share a "Community of Common Destiny". Hua Chunying, the Foreign Ministry spokesperson stated that the corridor will "serve as a driver for connectivity between South Asia and East Asia." (Tiezzi, Feb. 20, 2014: THE DIPLOMAT)

In order to support new infrastructure, several major outdated infrastructures are upgraded. Located at the junction of South Asia, Central Asia and China, Pakistan has a lead to serve as a manufacturing and service hub through CPEC and she can create a big market for three billion people. This corridor could see Pakistan emerge as a regional trading hub. Opening new vistas of cooperation in trade, commerce and industry, CPEC has proved to be a game and fate changer for Pakistan because it will bring about development and prosperity to country's dwindling economy. The chairman of the Pakistan-China Institute, Mushahid Hussain emphasized that the economic corridor "will play a crucial role in regional integration of the 'Greater South Asia', which includes China, Iran, Afghanistan, and stretches all the way to Myanmar." (Tiezzi, Feb. 20, 2014: THE DIPLOMAT)

Fig.1 A Map of China–Pakistan Economic Corridor (CPEC)



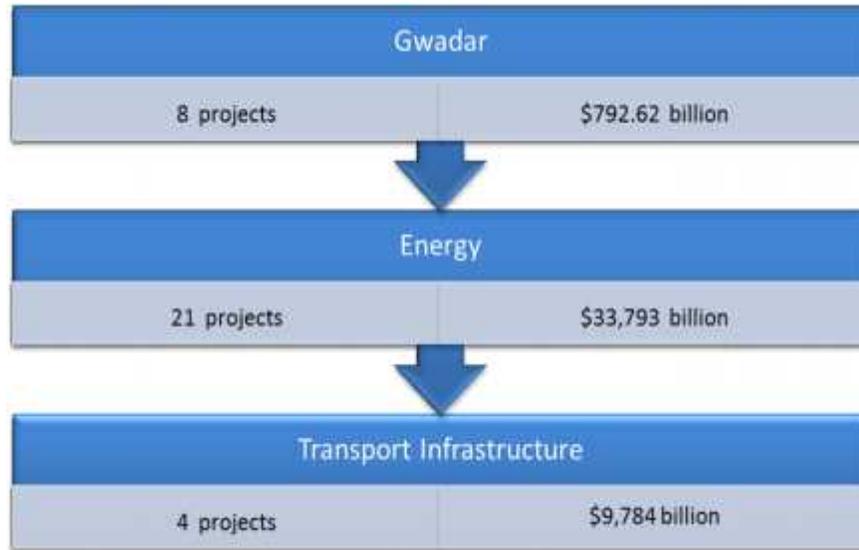
Source:http://img.dunyanews.tv/news/2015/May/05-01-15/news_big_images/276963_55238751.jpg

Having a time frame of 2014 – 2030, it's a long-term project. There are five main chunks of CPEC.

1. Development of Gwadar (including the Port city)
2. Energy projects
3. Transport Infrastructure
4. Investment and Industrial Cooperation
5. Any other area of interest mutually agreed (CHINA PAKISTAN ECONOMIC CORRIDOR (CPEC), 2015: BOI Pakistan).

Total Chinese investment on CPEC is about \$46 billion. The split up of CPEC venture portfolio investment is following.

Fig. 2 CPEC Investment Tree



Source: (CHINA PAKISTAN ECONOMIC CORRIDOR (CPEC), 2015: BOI Pakistan)

It is projected that \$34 billion will be spent to the energy sector that will help assuage the power shortage in Pakistan with the proposed wind, hydro, coal and solar power plants producing a total generation capacity north of 10,000 MW while \$11 billion will be provided on communication and infrastructure development.

As part of CPEC, the proposed gas pipeline between Iran and Pakistan will help address Pakistan’s acute energy shortage and the much needed gas to Pakistan by offering alternate low-priced natural gas. The Iranian part of the pipeline has been completed and by 2017, Pakistani side of the pipeline is expected to be completed (Shah, April 9, 2015: The Wall Street Journal). Planning and Development Minister Ahsan Iqbal avers that Pakistan and China always enjoy consummate political ties in the history and CPEC adds economic facet to cordial and friendly relations, further stating, “CPEC is the first drop of big ocean to pave the way for more Chinese investment in various sectors.” (THE NATION, December 03, 2015).

“According to a study, for one-unit incremental growth in GDP, there is need for 3.6 units of incremental investment. CPEC will increase GDP growth rate at 1.5 per cent in next three years. Cumulative impact of investment would be 02 per cent during 2016-2018. It is expected that growth rate during that period would be beyond 6 per cent per year.” (Ramay, 2016) Additionally, it will improve the private investment thanks to trade and business environment, commercial opportunities, developed infrastructure, strengthening economy and production of much wanted energy. Private investment will include 0.5 per cent to country’s GDP (Ramay, 2016).

Pakistani Premier Nawaz Sharif assured China that Pakistan will leave no stone unturned to complete all development projects in CPEC within the given

time frame. He applauded the Chinese President Xi Jinping's "vision of shared regional prosperity which coincides with Pakistan's vision of development of 2020" and called it "the need of the hour in a conflict-ridden and increasing polarised world." (THE EXPRESS TRIBUNE, Nov. 14, 2016)

There are three routes that have been expounded will mutually connect Gwadar and Khunjerab.

The western route commences from Gwadar will pass through Turbat, Panjgur, Qalat, Quetta, Qilla Saifullah and Zhob and reach Dera Ismail Khan, Islamabad and then lead to Khunjerab. Several roads between Gwadar and Quetta are presently at developing phase of construction (Sial, 2014).

The central route originates from Gwadar and reaches Dera Ismail Khan via Basima, Sukkur, Muzaffargarh and then leads to Khunjerab.

The eastern route starts from Gwadar, Khuzdar, Sukkur, Rahimyar Khan, Bahawalpur, Multan and Lahore/Faisalabad, Islamabad and then reaches to Khunjerab (DAWN, May 15, 2015)

With the implementation of CPEC, Pakistan would appear as a hub of trade and commerce that would require instituting numerous industrial and economic zones, physical roads and railways linking Pakistan to China. When the CPEC would be operational, it would enhance peace and stability in the region.

Apart from huge potentials, CPEC is encircled by controversies on the routes. Baluchistan and KPK provinces argue that the government has altered the initial route. The government maintains the standpoint that there is no change in the route. According to a study carried out by the provisional government of Balochistan "CPEC: The Route Controversy" throws light on the aspect that eastern route is costlier and secure as compared to the central and western routes because it will pass through highly populated areas. On the other hand, the western route is likely to be shortest and least costly. However, the central and the western routes carry security threats. If the western route is ignored, it will result in continued socio-economic backwardness of Baluchistan, FATA and KP and will continue to harbour terrorism. Therefore, all the three routes should have equal weightage and rigorous security measures should be ensured along the entire CPEC alignment (Bengali,2015).

Gwadar Port

Pakistan's Gwadar port is an important strategic marine outpost that is cited at the Makran coast. "Being the third largest port of the world, Gwadar port is ideally located at the doorway of Straits of Hormuz. Located on the shore of Arabian Sea at Gwadar in Baluchistan province of Pakistan, near the mouth of the Persian Gulf and close to several important sea routes" (Ahmed, 2016) through which 20 percent of the global oil shipments pass. It is approximately 533 km from Pakistan's largest city, Karachi and 120 km from the Iranian border and 380 km northeast of Oman across the Arabian Sea (China Overseas Ports Holding Company Pakistan Pvt. Ltd., 2015: <http://cophcgwadar.com.192-185-11-8.secure19.win.hostgator.com/>).



Source: <http://defence.pk/threads/regarding-gwadar-port.375846/>

Due to its geo-strategic location, it can serve as trade transit connectivity to Middle East, Afghanistan and Central Asia. Former President Gen. Pervez Musharraf in the groundbreaking ceremony in 2002 stated about its geo-strategic significance, “If we see this whole region, it is like a funnel. The top of the funnel is this wide area of Central Asia and also China’s western region. And this funnel gets narrowed on through Afghanistan and Pakistan and the end of this funnel is Gwadar port. So this funnel, futuristically, is the economic funnel of this whole region” (Gul, April 1, 2013). He further highlighted that, “We offer the critical overland routes and connectivity for mutually beneficial trade and energy transactions intraregionally and inter-regionally.” (DAWN, June 16, 2006) From a military perspective, Gwadar port can be strategically used to watch eastern rival India’s nautical occupations in the region (Azeemi, 2007). The port will enable China to have a strategic footing on Indian Ocean and Arabian Sea. Moreover, Chinese engagement in proximate ports e.g. Chittagong in Bangladesh, Hambantota in Sri Lanka and Sittwe in Myanmar is viewed by some Indian political analysts as reflective of a wider encirclement policy on part of Chinese.

The Gwadar port will provide Pakistan an alternate maritime base remote from Indian frontiers that is crucial for the very existence of the country. “It’s geo-strategic location in the Arabian Sea could facilitate electronic surveillance to monitor naval activities in the entire Arabian Sea and Indian Ocean. In fact, Gwadar port lies diametrically within the domain of Mackinder’s Rimland concept which was used during the Great Game. During the time, Gwadar remained military powers’ main focus in the Indian Ocean. In history, warm waters of Gwadar attracted Greeks, Arabs, Portuguese, Persians, Russians and the British.” (Kalim, 2016)

The initial infrastructure work at Gwadar initiated in 2002 and ended in 2007, however, the up gradation designs to develop the port remained stuck. In

2013, the Chinese Overseas Port Holding Company (COPHC) is granted control of port's operation that was previously under the Port of Singapore Authority (PSA). As a chunk of CPEC, Gwadar is considered to be an essential link between China's "One Belt, One Road" (OBOR) and "Maritime Silk Road" (MSR) projects aiming to link northern Pakistan and western China to set up a special economic zone (SEZ) spread over 152 hectares in the strategic deep-water seaport. China is proposing around 80% of the outlay in the form of soft loans and grants to construct and develop the port and adjacent sites. Under CPEC project, Gwadar will at the outset be upgraded and expanded to allow for docking of heavy ships with deadweight capacity equivalent to 70,000.

For Beijing, Gwadar is essential to consider certain geopolitical aspects. Security in the Strait of Malacca, stretching between the shores of Malaysia and Indonesia, is carried out by the US navy. This can turn into a factor of political pressure in case of future conflict of interests between Washington and Beijing (Belokrenitsky, 2007). The high dependence of China on deliveries of oil by sea, through the troubled water lanes of the northern portion of the Indian Ocean was one the major reasons behind Beijing's attempts to diversify the routes of oil transportation (Belokrenitsky, 2007). As 60 percent of the oil reaches China from Persian Gulf by ships traversing more than 16,000 km, however, Gwadar will cut the distance to merely 5000 km. For the very reason Pakistan has been used as a transit route between China and rest of the world through expanding and improving connectivity to fidgety Xinjiang. The Chinese naval activities at Gwadar are a matter of grave concern for India. Countering the impact of Gwadar, India has been working to develop Chahbahar port in Iran.

Taking Pakistan-China friendship to new heights, more than 500 Chinese workers have been working on a 24-hour basis to fulfill the port project. On 14 November 2016, Gwadar port became fully operational and was inaugurated by Premier Nawaz Sharif and Pakistan's Army Chief Gen Raheel Sharif. On Oct. 29, 2016, harnessing its geo-strategic location into a geo-economic advantage, the trade cargo departed from Kashgar and entered Pakistan on Oct 30 and reached Gwadar safely on Nov 12 traversing through Gilgit Baltistan under the strict security provided by Pakistan Army and other security agencies. It will now be shipped to its next export destination. The arrival of the caravan wastermed as 'a watershed event'. The operationalization of Gwadar proved that "the Pak-China friendship cannot be seen in the context of dollars and pounds. It is much beyond that." (Malik, May 10, 2001) For the economic uplift and development of China's hitherto comparatively underdeveloped Xinjiang province, China has adopted the strategy of 'Go west' and set Gwadar as its integral part (Malik, 2012). The construction of the port will jack up trade and investment in Pakistan by making it a regional hub for commercial traffic. It will boost economic development in China especially the restive south western Xinjiang Province. With the initiation of international trade through Gwadar will create new patrons in Afghanistan, this, in turn, can normalize situation in Afghanistan and can harmonize Pakistan's relations with her neighbors by becoming beneficiaries of the transit trade to Central Asia.

Indian Threat

India is alarmed by China's growing footprints in Indian Ocean and South Asia. China's naval presence at Gwadar poses grave challenges to India. Phunchok Stobdan, India's former ambassador articulates that Pakistan and China plan to fabricate the corridor not only for economic reasons, but it is driven by the "strategic intent of besieging India" he further states, "India can do little to scuttle CPEC, and that avoiding China's One Road One Belt project altogether would be to the detriment of India." (October 7, 2015) but the Chinese Premier rejects the apprehension by describing CPEC as a "commercial project" and that it will "not target any third party." China's investment in Pakistan is a catalyst for "enhancement of regional connectivity, as well as regional peace, stability and development." (Rumi, 09-06-2015) Andrew Small, a Senior Transatlantic Fellow, Asia Program Washington, DC claims that "the Sino-Pakistani military relationship evidently remains a long-term challenge for India and territorial disputes remain unresolved, but CPEC is not at the nub of either issue." (Nov. 15, 2016)

Indian Premier Modi's visit to China reveals the same aspiration where he speaks very firmly against the CPEC passing through Azad Jammu and Kashmir especially the Gilgit Baltistan region. He terms the idea unacceptable. India, on several occasions, states that she will go to any lengths to disrupt CPEC. In March 2016, Kulbhushan Yadav, a suspected spy from India's Research and Analysis Wing (RAW) has been arrested accusing that he enters Pakistan's region Balochistan to destabilize and sabotage implementation of CPEC. Secretary Defence Gen (retd.) Alam Khattak asserts that "RAW has established a special cell at its Head Quarters in New Delhi to sabotage CPEC project" (DAWN, April 14, 2016) and the plan is carried out via Afghanistan. On India's Independence Day speech, Premier Modi admits that RAW has links with Baloch separatist leaders. India's increasing diplomatic initiatives in Afghanistan intend to destabilize Pakistan by training and arming separatists in Balochistan (Rafi et al., 2016). India is also worrisome about Russia's of late increasing interest in CPEC thanks to its strategic significance for Eurasian integration.

On 23rd May 2016, Premier Modi met his Iranian counterpart Hassan Rouhani that resulted signing of 12 agreements. India anticipated Iran as a next best option after Pakistan's rejection to let India entree for transit to and from Afghanistan. A trilateral agreement between India, Iran and Afghanistan was also signed in which India decided to invest \$85 million for the construction of the Chabahar port, a few miles away from Pakistan's Gwadar port. While bypassing rival Pakistan, Chabahar will also be used a doorway to Middle East, and probably Europe, for exports emanating from Afghanistan and Central Asia (Falak, 2014: STRATEGEM). But, besides signing the agreement of developing Chabahar Port, Iran greets the inclusion of both China and Pakistan in the project. India, in the recent years, has actively engaged Central Asian states to satiate her energy requirements. If India is accommodated in the CPEC through eastern interface in Punjab and Sindh, she can be altered as a shareholder in realization of both Gwadar and CPEC.

Security concerns

The CPEC project is a major example of the risks and challenges in order to reach fruition that are widespread corrupt environs, absence of good governance and incompetency of public administrations facing the Chinese government and firms, eager to finance in Pakistan. A very grave concern that is faced by Pakistan for almost seven decades and has damaged the nation is security lapse. A wide range of militant outfits, consisting of local and foreign groups; Tehreek-e-Taliban Pakistan (TTP), Balochistan Liberation Army (BLA), Lashkar-e-Jhangvi (LeJ), Balochistan Liberation Front (BLF) and ISIS etc. are operating inside Pakistan. Pakistan's internal security and stability has been long affected by the threat of terrorism. Since the initiation of Global War on Terror (GWOT) Pakistan has worked hard to strike at extremist and terrorist activities though the situation of security has been improved a far better in recent years but there is still a risk that these projects' construction sites and engineering personnel may become targets of terrorism. Indeed, Chinese engineers working in Pakistan have been numerously attacked and even lost their lives in the past (Zhiqin & Yang, December 21, 2016). For the development and implementation of CPEC, Pakistan needs to dismantle the terrorist infrastructure within the country. The turmoil in Baluchistan province has domestic and global dimensions.

Due to the geo-strategic location of Gwadar port in Baluchistan, the enduring nature of insurgency in the province put severe challenges to successful completion of CPEC project. China's Xinjiang Uyghur autonomous region appears to be a major trouble spot. Since a long time, Khyber Pakthunhawa (KPK) has also been under the threat of terrorism but the Pakistan Army has launched successively successful military operations to dismantle the terrorist infrastructure from the country. In 2014, Pakistan launched "Operation Zarb-e-Azb" against local and foreign terrorist elements; East Turkistan Islamic Movement (ETIM) and Uzbek groups particularly that have been targeting China. For degradation of terrorist networks, Pakistan is progressively stepping towards urban centres. If this process goes on, rooting out terrorist infrastructure from Pakistan is not a remote possibility. A two-pronged strategy has also been implemented by Beijing to battling down terrorist acts: 1) mass arrests and trials 2) and, the approach of encouraging economic progress in the region as a means to addressing ethnic conflicts. The ETIM and the TTP have been destroyed successfully in Counterinsurgency(COIN) operations, besides this, Pakistan plans to launch a 'Special Security Division' (SSD) for Chinese workforces meant for providing foolproof security to Chinese engineers and CPEC related infrastructure. Under the rich experience of new Army Chief Gen. Qamar Javed Bajwa, serving the country's northern areas, one can assume that the army would devise an effective strategy to deal with security related issues for the CPEC route.

Benefits to Pakistan

For socio-economic development, Pakistan relies on China's massive investment project that will develop infrastructure, energy and communication sectors. Under the auspices of CPEC, China will establish 10 projects of 6,600MW in the Thar Desert that will be a positive addition in the direction of bringing prosperity to the underdeveloped and far-flung area and would also compensate the energy short fall in the country's economy. Chinese companies will set up \$35

to \$37bn in the FDI for independent power production (IPP) based on solar, wind, coal and hydropower generation of 16,400 MW and a transmission system as well that will be placed in all provinces and Azad Kashmir region of Pakistan. Accessibility of energy will rejuvenate existing industries to full production and put in an estimated 2 percent to Pakistan's GDP growth. With the cooperation of China, Pakistan is resolved to end energy shortage; a number of project totaling 10,400 megawatts has been installed in the early harvest projects that will be completed by 2018 and will make an attempt to upgrade Pakistan's collapsing power infrastructure.

The development of transport infrastructure; physical roads, railways, ports and highways is the other significant chunk of CPEC that will expand Pakistan's infrastructure links with all sub regions as well as improve connection between Asia, Europe and Africa that will attract the whole world. It will also confiscate all investment and trade barriers that will generate markets for manufacturing goods and will help Pakistan modernize. In the first phase of development, new dry port at Havelian and up-gradation of Main Line 1 tracks are expected to be completed by 2020. In the second phase, ML-2 track from Kotri to Quetta through Gwadar will be completed by 2025 and the ML-3 will be extended from Quetta to Kotla Jam.

Realization of CPEC and completion of Gwadar will bring economic revolution and prosperity in the region by creating new placement opportunities. China's investments to Pakistan will advance her GDP over 15 %. As a fate changer project, CPEC will lift up millions of Pakistanis out of poverty and destitution. It will revive Pakistan's industries by building a robust business environment which will bring peace, stability and economic advancement. By boosting trade flows and serving as a regional hub for commercial traffic, Gwadar will earn profits in transit fee. The project will also improve trade with Middle East and CARs. With the onset of CPEC, Pakistan is given with the opportunity to normalize her ties with regional neighbours; Afghanistan, India and Iran by reinforcing economic relations with them.

Benefits to China

CPEC is likely to benefit China economically and strategically. As the largest importer of oil, energy security is of greater concern for China. China's 60 per cent of power resources pass through the Persian Gulf and Strait of Malacca and an oil shipment takes 45 days to get to its destination while through Gwadar, the same oil shipment will reach merely in 10 days. The corridor will cut China's route by 12,000 kms towards Middle East. It will increase trade with CARs and Africa.

Merely 460 km away from Karachi, Gwadar can allow China to monitor Sea Lines of Communications (SLOCs); to keep an eye on US maritime movements in Persian Gulf and oversee India's Naval Bases of Mumbai and Gujarat. The control and utilization of Gwadar port makes possible China's footprints in Indian Ocean and close to the Strait of Hormuz.

Conclusion

The CPEC is destined to be a game changer project under Pak-China economic partnership that encompasses 2,000km trade link from Kashgar, China to Gwadar at Pakistan. For Pakistan and China, CPEC appears to be a significant project. It provides China with an alternate secure trade channel to import energy and explore new avenues of investment for its export based economy. Positioning herself at a key transit point linking Eurasian region with South Asia and South East Asia; China helps to counter Indian sway in the region and Pakistan is provided with a much needed base to kick start her economic progress. They both face multifarious challenges in the operationalization of CPEC but after the materialization, Pakistan and China both will reap its gifts.

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potential to create an enabling environment for entrepreneurial actions that can lead to regional and national economic growth. With about 40% population below poverty line, Pakistan needs a modern approach to economic growth so that benefits of CPEC may be enjoyed by all tiers of the society. A large majority of the population, about 70% of the total is directly or indirectly dependent on agriculture for its livelihood in Pakistan making a contribution of about 23% in the annual GDP. CPEC has included agriculture as a priority area that includes two contracts for establishment of cotton and marine research institutes. Agriculture holds immense potential for development of small and medium scale enterprises that can support indigenous value addition and employment.