

# EVOLVING REGIONAL AND GLOBAL DYNAMICS AND FUTURE OF CPEC

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## Abstract

*The CPEC is a vital element of BRI. In this paper, an effort was taken to study the evolving regional and global dynamics of the CPEC and its future. China has initiated a mega project named Belt and Road Initiative (BRI) related to infrastructure development and global connectivity. Its development strategy aims to strengthen connectivity and cooperation across six major economic corridors from Singapore to Syria including commercial and cultural transmission routes of the Asian continent connecting the rest of the world. Policy coordination, connectivity of facilities, unhindered trade, people-to-people contacts, and financial integration are the important aspects of BRI. It follows the principles of globalization through international cooperation and interdependence. The goals of the BRI are to foster peace, prosperity, openness, green development, innovation, and a road that unites different civilizations. This study aimed to analyze the geopolitical, geostrategic and geo-economic significance of the BRI along with the convergences and divergences of global and regional stakeholders with a focus on socio-economic development of Pakistan under CPEC. In this study, SWOT analysis was carried out, mainly focusing on the events connected to the CPEC. This project has the potential to integrate geopolitical and geo-economic environment in Asia, the Middle East, Africa and Europe. It is the practical manifestation of China's vision of "Peaceful Rise" and regional integration for a win-win situation for partner countries. CPEC is considered to be the "flagship project" and a game-changer for its potential to link sea and land routes. Nonetheless, this project is planned to be completed by 2030 to generate tangible outcomes.*

**Keywords:** Silk Road, Globalization, BRI, CPEC, Flagship Project, Game-Changer

## Introduction

One Belt One Road (Later called BRI) was launched in 2013 by China as a strategic project connecting 60 nations and many international organizations. It aims to strengthen connectivity and cooperation along the six land corridors namely, 1) China-Mongolia-Russia Economic Corridor, 2) New Eurasia Land Bridge Economic Corridor, 3) China-Central Asia-West Asia Economic Corridor 4) China-Pakistan Economic Corridor, 5) Bangladesh -

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China-India-Myanmar Economic Corridor and 6) China-Indochina Peninsula Economic Corridor and a Maritime Silk Road called “String of Pearls”. The BRI has pros and cons related to its projected impact on the nations concerned. Main feature of the BRI is a win-win situation for participating countries by reducing the industrial overcapacity in the short-term while enhancing markets for products of China and other associated nations in the long-term. On the other hand, the host countries will have their infrastructure under strict financial conditions and deeds with fixed mortgages.

The main plan of BRI was launched by two ministries, namely Foreign Affairs and Commerce, with the permission of the Council of State. The acceleration of economic growth can be achieved by bridging the gap of infrastructure in the regions of Asia-Pacific and Eastern and Central Europe. China looks forward to be on the centre stage by connecting the industrial activities of the partner nations. China's diplomatic efforts have already started in countries ranging from Asia to Europe getting assurances of cooperation and related networking. BRI projects range from Southeast Asia to the Middle East. The associated companies would explore new lands that are of strategic importance for foreign relations of China

### **Historical Background of the Study**

Chinese Emperor Wudi of Han Dynasty expanded the borders of China in 150 BCE and started the trade routes which were later called the “Silk Roads” by German geographer Ferdinand Von Richthofen in 1877. These routes were used for the sale and trade of silk and other items, transmission of culture and ideas, and movements of soldiers and people. The road connected regions and cities across Asia. The vision of the BRI is to revive the Silk Roads by broadening and strengthening regional connectivity, synergized by networking. China is funding these innovatively designed projects, relying on available treaty-wise connection methods with geographical and historical linkages.

The BRI provides strategic direction to China's "go out" initiative, which boosts its companies to go abroad for further expansion. Financial consultants predict that China has targeted projects worth more than USD250 billion (citation?). The project was created through two banking institutions—Asian Infrastructure Investment Bank (AIIB) and the Silk Road Infrastructure Fund (SRIF). Four projects have already been approved by the banks: 1) The Indonesian project, “The National Slum Upgrade Project”, 2) The Bangladesh project, “The Distribution System Upgrade and Expansion Project”, 3) The Uzbekistan Project, “Dushanbe-Uzbekistan Border Road Improvement Project, and 4) The Pakistani Project, “M-4 National Highway Project (Shorkot - Khanewal Section) in Pakistan.<sup>1</sup>

In the early 1980s, Deng Xiaoping transformed China from a meagre economy to the second largest economy. However, China adopted the BRI to harness the global economic environment, connect with countries in Europe, Africa, Asia and other nations across the world, through improved connection of infrastructure, commerce and people-to-people interactions. The main objective of the BRI was to connect 18 Chinese provinces with 48<sup>2</sup> nations in the European, African and Asian regions. It seeks to build a network between these counties with the aim of better communication and with the aim of further increasing the activities of exchange. It was the first sole initiative and investment to connect maritime, road, rail, communication networks, pipelines of oil and gas systems as well as ports, airports and multimodal platforms. According to the Chinese government, the main objective is to develop a multimode complex avoiding difficulties in the South and East China Seas, linking Western Europe to China through the Middle East and Central Asia.

The Belt and Road Initiative combines two initiatives: Firstly, to establish the land-based economic belt, consisting of hexa-development corridors, and the Maritime Silk Road. Secondly, to invest in industrial platforms and the development of infrastructure in towns located at critical points along the route. The main effect of this initiative is to strengthen Chinese influence on partner countries and regions by protecting the supply of energy reserves from the regions of Central Asia to China and on the sea route through Malacca--initially the oil fields of the Kazakhs with expansion of the gas pipeline and gas imports from Turkmenistan. The Secretary General of the World Peace Forum views the BRI as a remedy for China in connecting with its neighbours located in the Silk Economic, Maritime Silk and Indo-Myanmar zones.<sup>3</sup>

### **Current Situation**

The Indian Ocean, being an "active" sea, is seen by several scholars as the evolving hub of gravity in the premeditated globe.<sup>4</sup> Hence, the forecast of the maritime strategist Admiral Alfred Thyer Mahan: "Whoever controls the Indian Ocean will dominate Asia, the fate of the world will be decided on its waters" .<sup>5</sup> These words are especially accurate in the context of the tussle to gain maritime control in the area. Regarding the land initiative, from the Chinese perspective, this project is common to all, as it involves 65 nations (60 nations earlier) and the BRI as a whole. China and the other sixty-four countries comprise 62% of the world's population and 30% of its economic output.<sup>6</sup> In the economic domain, China is moving from an economic model focused on exporting to the one based on consumption and investment abroad. The adverse situation created by the post 2008-09 world financial crisis, which particularly affected the European nations and US, allowed China to maximize its investment efforts in the third world and first world too.<sup>7</sup>

## Priorities and Cooperation of BRI

The BRI consists of six collaboration significances, namely 1) Policy management: advancement of interstate collaboration, intergovernmental interchange of macro-policies and dialogue, 2) Integration of facilities: Improved integration of infrastructure development plans and systems of procedural standards, 3) Free trade: lessening of investments and trade blockades, advancement of regional economic connectivity, 4) Financial connectivity: harmony in monetary policy, formation of financial establishments, 5) People-to-People links: social and academic exchanges and dialogues, media collaboration and 6) BRI is at the service of the mammoth economic growth of China, as well as US and other powerful nations and China balance in terms of commercial and fighting power.<sup>8</sup> The BRI's emphasis on connectivity and communication between developed, developing and underdeveloped regions has a constructive influence on infrastructure development, market development and financial performance of the participating countries by ensuring a better contact and better communication.<sup>9</sup> The BRI follows the principles of globalization through international cooperation and interdependence. The goals of the BRI are to 1) promote peace, 2) prosperity, 3) openness, 4) green development and innovation, and 5) a road that unites different civilizations.<sup>10</sup> Ventures in BRI countries alongside the overland path bring a sizeable expansion in China's soft power, where the Western world sees the same as China's sharp power. For its success, it needs to eliminate trade barriers between the participating countries by exchanging major products and promoting the commercial market. However, it is observed that some of the developing countries are forced to resume any product quality standard to safeguard the development of sustainable ecological agriculture by ensuring the safety of products and goods, reducing pollution of the ecological environment, maintaining forest coverages and protecting biological diversity.<sup>11</sup>

The critics of BRI underscore the negative influences of Chinese labour-related entries which can substitute for home-grown workforces, forfeiture of local identities and autonomy, possible mishandling, perceived competitive pressure from China which creates threats for local vendors, further violating the authentic rights of home-grown workers, contractors and suppliers to avail such a scarce prosperity opportunity.<sup>12</sup> China is often accused of "debt trap diplomacy" which strategically traps recipient countries with loans they cannot repay due to high interest rates and loan instalments, which affect through strategic seizing of assets, thus threatening host nation's sovereignty. The Chinese building and operating forty-two ports in thirty-four countries has increased their military presence in key strategic locations against growing global and regional threats. The rapidly growing sea power is alerting rivals such as the United States, Russia, and India to prompt commercial and strategic

responses to acquire influence over limited strategic assets. These measures can create global slowbalization, economic downturns, financial catastrophes, market disturbances and may lead to interstate conflicts even.<sup>13</sup>

### **China Pakistan Economic Corridor – CPEC**

CPEC is a vital instrument of the BRI. This has the ability to reshape the geopolitical and geo-economic landscape with better connection across Asia, Africa, Middle East and Europe. The CPEC project is the practical manifestation of China's vision of "Peaceful Rise" and regional integration. Beijing describes the CPEC as a "flagship project" which has the capability to link the two roads (Land corridor and Maritime Silk Road) of the BRI. CPEC would help Pakistan to elevate its position in the region while China would enjoy more influence in the Arabian Sea. The CPEC must strengthen regional harnessing to be successful in its operational aspect. Three regions of Asia, namely South, West and Central are connected by Pakistan and it would become a key player and collaborate for the economic growth of the region. The CPEC will not only benefit China and Pakistan, but will have a positive impact on Iran, Afghanistan, India and the countries of Central Asia. CPEC is a multifaceted project in which connection of agencies performs an important part and Pakistan would create a competitive advantage to take the lead and improve management practices which should be more widely used in the country. However, with a multidimensional configuration of lines of communication, the CPEC would significantly expand the collaboration and development of the regions. The CPEC would change the face of Balochistan if the right implementation takes place, wherein the future Pakistan would be the ultimate beneficiary.<sup>14</sup>

The aim of CPEC is to construct Gwadar Port and operate it as a regional maritime hub. To achieve the said target, this deep seaport was leased to China for 43 years in 2016. During the interview, the panel had with the president of Gwadar Port Authority,<sup>15</sup> it was pointed out that there are four distinct features of Gwadar Port: 1) Strategic location 2) Deep Sea port ranging from 11 meters to 18 meters, 3) Access channel of 4.7 kilometres and 4) Potential for expandability, even up to 100 berths. Phase I of the port of Gwadar is fully operational- which was confirmed by Naseer Kashani Khan, president of the port of Gwadar.

On the other hand, this economic corridor will link the Gwadar port with Kashgar through a network of three thousand kilometres of roads, railway lines and energy pipelines. Special Economic Zones, Industrial hubs will be constructed in addition to the mentioned projects. CPEC will provide sophisticated and essential logistics base in Pakistan and add approximately 17 GW to the national grid,<sup>16</sup> ending Pakistan's energy shortages. Likewise, CPEC will connect China to the Indian Ocean and facilitate a novel energy corridor in the Middle East and beyond. Moreover, it is debated that Gwadar port would

allow China to monitor regional maritime activities and provide an alternative path to Chinese crude oil supplies. A SWOT analysis was carried out by a team of researchers at the National Defence University, Islamabad during 2020/21. It was narrowed down mainly on events connected to the CPEC.

## **SWOT Analysis**

### **Strengths**

1. Pakistan is strategically located at the middle of Central Asia and West Asia, Middle East and the Persian Gulf.
2. The Chinese economy has experienced double-digit annual growth and generated billions of dollars in capital reserves, which assures sustainability of the project.<sup>17</sup>
3. This corridor would enhance a sizeable portion of different sectors of China and Pakistan.  
The CPEC is a global project that covers broader areas such as energy, infrastructure, trade and commerce, financial cooperation, agricultural and poverty alleviation, clean drinking water, tourism, healthcare, educational links, telecommunication routes and person-to-person exchanges.
4. A corridor that will link Gwadar with Kashgar.
5. In addition to bilateral connectivity, the corridor may integrate Afghanistan, India, Iran and the Central Asian republics.
6. The CPEC is connected to many other projects such as the Orange Line train, etc., besides its original plan which will bring many benefits for the Pakistani economy.
7. The completion of the Main Line - 1, would reposition the Pak Railways on the track-- attracting new cargo to make it vibrant again.
8. The presence of the Pakistani Army assures successful implementation and smooth functioning through intelligence-based operations (IBO) with an infantry division of the Army, forming Task Force-88, raised as a part of the Coastal Security and Port Defence Force for the security of the port and its approaches and a 24/7 Air Defence system with air assets, including Pakistan Air Force drones.
9. Once the CPEC is completed, it has the potential to transform Pakistan into an emerging economic power with industrialization and a modern power in the near future.

### **Weaknesses**

1. The fragile security situation is a major obstacle to the project, in particular, the security situation in Balochistan.

2. The differences between the Federal Government and the Provincial Government in their objective of port development has become another weakness.<sup>18</sup>
3. The diversion of the original CPEC plan by linking the domestic economic poles such as Sialkot has become a serious obstacle and has caused the initial budget plans to be exceeded.
4. This mammoth project still requires a gigantic labour force, and the skilled labour shortage continues to delay the completion of the project.
5. In addition, the result and impact will be delayed due to the long-term lease.
6. One of the main weaknesses of CPEC is to keep the Karakoram Highway operational throughout the year. The Karakoram Highway is prone to mountain hazards and seasonal weather changes and operations during the period from December to April would be tough.
7. The government should be more concerned with transparency and accountability, practices in the evaluation, prioritization and implementation of public investment projects, as well as the public finance management system.
8. The rising cost of electricity is also a weakness.<sup>19</sup> Coal-fired power generation adds to the escalating unit cost. In addition, the electricity harvest is excessive, whereas utility is less. Due to short-sighted planning, Pakistan has to pay high unit cost for electricity besides capacity charges.
9. The slowness of the arbitration process takes a long time for the litigation process related to labour issues where investors are discouraged from investing.

## **Opportunities**

1. Use China's potential to find a quick and lasting solution to the current endemic energy crisis.
2. CPEC will provide opportunities for Pakistan to materialise its regional connectivity ambitions by 2025 and has the potential for regional connectivity and trade with SAARC, ASEAN and CAREC.
3. CPEC is a multidimensional project involving roads, railways, and oil and gas pipelines. In addition to these projects, special economic zones will be built and open up more opportunities.
4. With the modernization of existing infrastructure in all sectors, commercial activities will open up avenues to connect less developed areas and disadvantaged areas with developed ones.

5. Pakistan will have the opportunity to attract more foreign direct investment through a thriving CPEC.
6. The expected results of the CPEC include human connectivity and cultural exchanges to enhance communication between civilizations and the collaboration of diplomatic strategies to build a favourable neighbourhood.

### **Threats / Challenges**

1. The efficiency of heavy vehicles operating at high altitudes (waste of labour) and excessive greenhouse gas emissions would present a greater environmental disadvantage unless new technologies are employed to minimise this factor (hybrid vehicles and alternatives fuels may diminish this threat).
2. The launch of the CPEC project which was designed for the corridor is threatened by the growing activism in Balochistan province, the hub of CPEC projects. Pakistan and China may need to jointly adopt strategies to counter such challenges. The two countries would require harnessing of security-related intelligence and information.
3. In addition to threats of activism, other threats may also include ethno-political unrest in Karachi, notably Taliban activism in the KP and erstwhile FATA. In addition, religious radicalism and growing extremism, intolerance and polarization, as well as the internal insurgency in Balochistan, would be potential threats to the process.
4. The influence of regional power and the struggle between the superpower and the emerging powers on the CPEC intensifies as the project proceeds according to plan. In addition, CPEC partners must be vigilant about the influence of a regional power to ensure that Afghanistan builds a stable situation.
5. The CPEC will face immense internal and external threats during and after its completion. The Iranian port of Chabahar is located 72 kilometres from the port of Gwadar and Iran has signed a memorandum of understanding with India and Afghanistan.
6. The strategic partnership between China and Pakistan has always shaken India, which has led India to enter into strategic partnerships in the Gulf and other countries in the region.
7. Indian intelligence agency, RAW, has been actively involved in funding and training of terrorist groups on Pakistani soil. RAW has opened a special office in Delhi to disrupt CPEC.
8. The fluid situation in the Indian Ocean due to the superpower rivalry and the ambitions of the regional powers would influence the success of CPEC.

9. Proxies of global and regional powers can interfere with security and stability in Gwadar and its proximity.
10. Afghan The National Directorate of Security of Afghanistan – KHAD, supported by RAW has been a threat to security in Pakistan. Taliban-ruled Afghanistan may reduce this threat.

## Recommendations

The authors did an analysis of the collected facts, figures and data and wish to suggest the actions deemed necessary by Pakistan and China to ensure the expected results of the CPEC. Regarding Pakistan's role, as a major actor and host nation of CPEC, Pakistan should ensure:

1. Equitable distribution of the economic outcomes/gains of the CPEC project across Pakistan. It is important to thwart attempts by external elements to create internal disharmony.
2. Pakistan must overcome its turbulence in economic growth and development by strengthening the coherence of its economic plans and policies.
3. Prompt dispute resolution needs to be implemented to minimize dissatisfaction and conflict between different stakeholders in order to eliminate time-consuming litigation processes.
4. Even though Pakistan has sufficient professional skills, it lacks a skilled workforce to respond to the opportunities generated.
5. To deal with the anti-state elements and thwart their nefarious plans, Pakistan must design and implement a multidimensional approach covering both soft power and hard power, which requires the formation of a joint mechanism with the Chinese.
6. To ensure acceptable impact of CPEC for Pakistani economy, Pakistan must expand the space of economic and political backing for the CPEC projects to cater for different sectors of the economy as well as energy and transport.
7. Pakistan should switch to renewables and hydropower to address rising energy costs.
8. Delays in the justice system should be eliminated to achieve speedy justice and results.

## Conclusion

The BRI's emphasis on connectivity and communication between developed, developing and underdeveloped regions will spur infrastructure growth and economic development in all participating nations by assuring superior access and better communication.<sup>20</sup> Safeguarding the development of sustainable ecological agriculture requires ensuring the safety of products and goods, reducing pollution of the ecological environment, maintaining forest

coverages and protecting biological diversity.<sup>21</sup> China is building and operating 42 ports in 34 countries under BRI, thus increasing its military presence in key regions. The rapidly growing sea power of China has alerted her rivals for control over limited strategic regions and resources. Pakistan views CPEC as a game-changer for Pakistan and the entire region, but a grace period of a decade or so is needed to pluck the fruits of CPEC. Most of the human resources, professionals and laborers such as engineers, technicians and workers, would work in Pakistan to build critical infrastructure. Therefore, their safety and security would be a challenge. The collaboration of Pakistan and China will lead to counterbalancing the strategic alliances in the region and help transform Pakistan economically, and boost its geographic location into an asset. Pakistan must ensure better performance and quality in projects related to the CPEC, which plays a vital role in BRI. Therefore, China should focus more on the sustainability of Pakistan in the face of traditional and non-traditional threats.

## Endnotes

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