

CPEC Becomes a Game-Changer for Pakistan

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Abstract

China invested billions of dollars in Pakistan and made this project based on the benefit of both countries. China tried to abandon trade through the Malacca Strait from South China Sea because there was too much risk of terrorism and the route was too long. China chose South Asia because there was less competition for their products, low labor wages and then China saw no other country in South Asia as credible except Pakistan. Pakistan accepted China's offer because at that time Pakistan's economic condition was very bad, because of the proxy war fought from the United States after the 9/11 attack. Other countries were afraid to invest in Pakistan because of the rule of terrorism. Both countries faced problems before and after starting this project and are still facing problems but the benefits outweigh the problems due to which both countries are running this project till now. Many people are talking that CPEC can become the East India company in the future. No one has seen the future but CPEC will never become East India Company because China wants to see itself as a super power in the future and this project is a ladder on their way to super power. China will never want risk its path to becoming a superpower for a country whose economy is already in dire straits. Developed countries are against the project, because it has the potential to compete with Dubai, Singapore and Hong Kong port in the future. If the two countries continue to work for the development of this project with mutual cooperation, this project can become back bone in improving the economic condition of both countries.

Keywords

CPEC, Pakistan Politics, China Politics, East India Company, Superpower.

Introduction

CPEC is an immense developmental project that connects Pakistan's Gwadar port with the northwest region of China (Xinjiang) by airlines, pipelines, railways and a highways network. The project has improved relations and trade between the two countries. Its development is more rapid than all the projects under China's Belt and Road initiatives.¹ It was a masterpiece of Chinese leader Xi Jinping's government. In 2019, the idea of creating this belt was formalized as part of the

¹ Muhammad Saqib Irshad, "One Belt and One Road: Dose China-Pakistan Economic Corridor Benefit for Pakistan's Economy?," *Journal of Economics and Sustainable Development* 6, no. 24 (2015).

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constitution.² The Chinese government has set a target to achieve this idea of belt by 2049.³

China's trade depends to a great extent on the South China Sea and the sea of Malacca before CPEC. Rout of South China Sea passed through the Sparkly Island and Parcel land. China did not have good relations and it was very dangerous to trade with them.⁴ The environment between China, Taiwan, the Philippines, Vietnam and USA are very tense along the route of the sea of Malacca. The distance between Gwadar to Xinjiang is 3000km and between Gwadar to China's Eastern Coast is 3500km.⁵ Apart from this, China had two alternate routes, one was Sundra Strait and the other was Makasar strait. Sundra Strait was very narrow where trade was impossible. The Makasar route was very long and would have cost about \$220 billion per annum.⁶ China tried to sign agreement with Thailand. Thailand refused because it could threaten its sovereignty in the future if China invades their country.⁷ Pakistan's economy needed support and China also needed a safe place, this project came into being. The China's dependency on the South China Sea and the sea of Malacca has reduced significantly due to Gwadar port.⁸

In 2013, Pakistan Muslim League Nawaz (PMLN) came to power after winning the general election. This government comes into power, but now in front of it is a disturb structure of industrial zone and face energy crisis problems. And Pakistan's economy was not able to support all these things. The Chinese government was currently looking for a country that would help them complete their project. And the Pakistani government also knew where to get money to get out of such a situation. The China Premier Li comes to Pakistan and signs an agreement with the Sharif government to complete the project.⁹ Convincing China to invest in Pakistan was not an easy task. When China's premier comes to Pakistan, Pakistani government and military people give him a very warm welcome, after which he agrees to invest in Pakistan. If the Pakistani government had not done this step, Pakistan would never have come out of the IMF debt and begging bowl.¹⁰

CPEC's impact on economic growth in Pakistan is analyzed through various lenses. CPEC can have positive effects like improving corporate logistics and local cement production, it might not be a game-changer due to Pakistan's existing

² The Economist, *The Pandemic Is Hurting China's Belt and Road Initiative* (2020).

³ One Belt One Road Forum, "Crowd Reviews Partnered with Strategic Marketing and Exhibitions to Announce," (2019).

⁴ China Radio International, *Full Text, Vision and Action on Jointly Building Belt and Road, Report* (2015).

⁵ BBC, "Is China-Pakistan 'Silk Road' a Game-Changer?," 2015.

⁶ Sudha Ramachandran, "China-Pakistan Economic Corridor: Road to Riches," *China Brief* 15, no. 15 (2015).

⁷ Michael Sliwinski, "Dire Straits: National Security Competition between China and the United States in the Strait of Malacca," (2014).

⁸ Shannon Tiezzi, "No, China Isn't Building a Game-Changing Canal in Thailand (yet)," *The Diplomat*, 2015.

⁹ Rizwan Zeb, "Pakistan-China Relations: Where They Go from Here?," *Revista UNISCI*, no. 29 (2012).

¹⁰ Andrew Small, *The China Pakistan Axis: Asia's New Geopolitics* (Random House India, 2015).

economic conditions. The lack of evidence showing improved corporate logistics and doubts about the transformative power of CPEC raise questions about its long-term economic revitalization potential.¹¹ Therefore, the successful implementation of the CPEC projects is crucial for Pakistan to prevent a debt trap scenario and ensure transparency, accountability, and effective management of the initiatives.¹² While Pakistan is transitioning towards a geo-economic orientation, it is crucial to balance concerns such as regional geopolitics, internal economic challenges, and sustainability to maximize the benefits of this shift in foreign policy.¹³

China's involvement in the CPEC is viewed as a means to transform Pakistan from a fragile and vulnerable state into a more modern and moderate Muslim state. This transformation aims to align Pakistan's behavior with China's interests, reducing its reliance on militant proxies and nuclear arsenal. The project also serves as a platform for China to showcase the successful export of its economic model to other countries, potentially reshaping Pakistan's socio-cultural landscape.¹⁴ CPEC project faces challenges such as debt sustainability, governance issues, environmental concerns, and geopolitical tensions, which need to be effectively managed to realize its transformative potential. Ultimately, the success of the CPEC as a game changer will depend on how these opportunities are leveraged and challenges are addressed, emphasizing the importance of sustained commitment, transparency, and sustainable development practices for long-term impact.¹⁵

Research Methodology

The secondary source of data has been used for this research. The data collected from various journal research papers, eBooks, magazines, thesis, and interview of famous personalities and from many websites. The data were read, analyzed and then described in this research. In this research, it has been explained what was the purpose of CPEC in Pakistan? Both Pakistan and China have benefited from this. While collecting the data, it was kept in mind whether CPEC could become an East India company in the future. After taking the data from one place it is re-verified with different websites and research papers. A Google search with different keywords was useful because different types of research papers and

¹¹Matthew McCartney, "The China-Pakistan Economic Corridor (Cpec): Infrastructure, Social Savings, Spillovers, and Economic Growth in Pakistan," *Eurasian Geography and Economics* 63, no. 2 (2022).

¹² Naeem Shahzad et al., "Opportunities and Challenges of the China-Pakistan Economic Corridor (Cpec): A Game Changer in South Asian Countries and Impact of Cpec on Pakistani Economy," *Journal of Positive School Psychology* 7, no. 5 (2023): 17.

¹³ Iqra Fazal, Waheed Ahmad Khan, and Muhammad Irfan Ali, "Geo-Economic Benefits of the Cpec Project for Pakistan," *Pakistan Social Sciences Review* 7, no. 4 (2023).

¹⁴ James Schwemlein, *Strategic Implications of the China-Pakistan Economic Corridor* (JSTOR, 2022), 9.

¹⁵ Ahmad Rashid Malik, "The China–Pakistan Economic Corridor (Cpec): A Game Changer for Pakistan’s Economy," in *China's Global Rebalancing and the New Silk Road*, ed. B. R. Deepak (Singapore: Springer Singapore, 2018), 13.

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articles on websites with different titles were read and helped to extract more worthy data.

Following are the hypothesis of research:

Can CPEC become East India Company in future?

Does this project have only advantages and no disadvantages?

Will Pakistan's relations with other countries deteriorate due to this project as a cause of harm?

Testing of Hypotheses

1st Hypothesis: The first hypothesis is whether CPEC can become an East India Company in the future? If look at the history of the East India Company, it matches perfectly with the CPEC. The British also came to the subcontinent for the purpose of trade and then they started bringing their army and finally the result was that the British occupied the subcontinent. The British took advantage of the fighting between these people and they fueled the fighting so that they could do their work in peace. But in the case of CPEC, there is a little difference here that CPEC has been implemented according to the will of the government of Pakistan. When the British brought their army to the subcontinent, the Mughals did not have the time to know what the British were doing. But here it is noted that Pakistan is also suffering from political instability and China can occupy them if it wants. Many people say that China has captured the port of Sri Lanka, just like China will capture Pakistan one day.

But the fact is that China did not capture the Sri Lankan port. The Sri Lankan government had failed to repay their loan to China and the government did not appeal to anyone for help and did not ask China for time. The Sri Lankan government found the easy way out to simply hand over the port to China. The Chinese army present in Pakistan and because of training together, they are familiar with every thought and every action of the Army. But even then, China has very little chance to think of taking over the Gwadar port. Because China has a dream of becoming a superpower and if it gets involved with Pakistan, then it can never become a superpower. Apart from this, China has made its investments in 65 countries, not in Pakistan. America had its claws in Afghanistan, but when its economy did not support it, it too had to flee Afghanistan. When a superpower like America has to flee, China will never create hurdle in the form of Pakistan on its way to become a superpower. But the political condition of Pakistan is such that it is also like the government of Sri Lanka. Gwadar port should be handed over to China itself.

2nd Hypothesis: The second hypothesis is whether the project has only advantages and no disadvantages. Everything has two sides, one good and one bad. Similarly, CPEC also has two aspects, one harmful and the other beneficial. In terms of damage, China is facing a lot of problems. When the project was to be implemented in Pakistan, terrorist attacks were on the rise, corruption and crime were everywhere. At that time, no country in the world even liked to look at Pakistan, making investment was a far-fetched thing. In Balochistan, the problem of the ethnicity was at top and terrorist attacks were taking place. Despite this, China chose Pakistan. In other words, it can be said that choosing Pakistan was a compulsion for China. South Asia is developing and has low labor wages and competition. If China moves to advanced countries, it faced higher inflation and higher labor wages. Pakistan was the only country in South Asia that China could

trust on. China used to trade through the Straits of Malaka, which was full with risks. Every day there were terrorist attacks there and China's enemy America Singapore was also present there. China wanted a short and safe passage which they got in the form of Gwadar port. The government of China saw more benefit than loss, so they decided to install CPEC there. Pakistan also did not ask China at that time that they are giving loans at what kind of interest rate, only the Pakistani government told them to invest in our country.

Because Pakistan had suffered a lot by fighting against terrorism at that time and the United States also refused to give financial assistance to Pakistan after expressing its opinion. Pakistan was in dire need of foreign aid at that time and China wanted a safe route, so both countries decided to set up the project ignoring the losses. After installing the projectors, Pakistan's internal problems increased, but they found the need of financial assistance. The Pakistani government has not been able to distribute the project resources equally among all the provinces, which is now resulting in provincial wars. Pakistan's export level has increased but it is also noted that Pakistan's local industry is completely disappearing due to Chinese products.

3rd Hypothesis: The third hypothesis is whether Pakistan's relations with other countries have deteriorated due to CPEC? China's presence in Pakistan is most offensive to America, Afghanistan and India. And none of these three countries is a country with which Pakistan's relations were good earlier. America has showered Pakistan with kindness when it needed it, but as soon as the objective was achieved, it pushed Pakistan back. In Soviet Union USA needed Pakistan; the United States made a friendship with Pakistan. Pakistan was also needed in the 9/11 attack, then America started providing financial assistance to Pakistan and re-established the relationship of friendship. As soon as the US objective was achieved, it not only severed ties with Pakistan but also accused it of spreading terrorism. Till today, Pakistan is suffering the consequences of the war fought by the US with the Taliban of Afghanistan.

The Taliban of Afghanistan feel that Pakistan is responsible for their destruction, so they are now venting their anger by carrying out terrorist attacks in Pakistan. Pakistan's relations with the government of Afghanistan were already not good because of their conflict on the Durand Line. After that, if we talk about India, they are the biggest enemies of each other in the world. Not since independence, but during the British rule, they were great enemies of each other, which was the reason why Pakistan and India were freed from the British, not the subcontinent. By installing CPEC, Pakistan's relations with any country have not deteriorated because of this project. But it is definitely happening that now these countries are opposing Pakistan and China.

Conclusion

CPEC is a part of China's Belt and Road Initiative project. The Chinese government has to invest billions of dollars on it and this agreement was signed between Pakistan and the Chinese government in 2013. Pakistan gave Gwadar port to China for forty-three years. When the Chinese government launched the CPEC project in Pakistan, the Pakistani people and the Chinese people also criticized it to some extent. The Chinese government and the Pakistani government immediately set up the energy projects to shut people's mouths because at that time there was a huge shortage of energy in Pakistan. China was facing tax problems, corruption in Pakistan, terrorist attacks, fighting in Baluchistan and fighting in their own

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province Xinjiang. Pakistan has no clear policy related to tax and other countries instead of China are reluctant to invest money in Pakistan. The Pakistan's institutions lack strong accountability. The higher authorities stole the money and made a bad image in front of world. Some people of Pakistan said that why should we give the land of our country to another country for use because they can become a problem of sovereignty for us in future. Despite the criticism, both countries decided to complete the project. The unequal distribution of sources becomes a fire problem for both countries. The future tells us that the CPEC is become an East India Company or not.

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