



# China-Pakistan Economic Corridor

A Decade of Transformation across Pakistan  
Regional Impacts and Progress





# **China-Pakistan Economic Corridor A Decade of Transformation across Pakistan: Regional Impacts and Progress**

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## Akncolwegement

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We appreciate the various universities and research institutions, especially the China Study Centers across Pakistan and China, for their collaboration and support. The intellectual environment and resources provided by these institutions have been crucial in shaping the research that forms the core of this book.

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## Preface

**Dr. Farhat Asif**

The China-Pakistan Economic Corridor (CPEC), a pivotal component of China's Belt and Road Initiative (BRI), has marked a decade of transformative partnership and development, reshaping Pakistan's economic and infrastructural landscape and reinforcing strategic ties with China. As we stand at the threshold of 2024, CPEC has entered a new stage of high-quality development, branching into diverse sectors and embracing more comprehensive cooperation between China and Pakistan.

The first phase of CPEC primarily focused on addressing Pakistan's acute energy crisis and infrastructural deficits, which have been significant periods in Pakistan's economic history. This phase has seen the development of critical energy projects, including coal, wind, solar, and hydroelectric power plants, collectively adding substantial capacity to the national grid. The alleviation of the energy crisis through these projects has been a monumental step towards economic stability and growth. The development of infrastructure, marked by the construction and upgrading of highways and roads, has notably enhanced Pakistan's connectivity. The development of Gwadar Port, a central feature of CPEC, stands out as a significant achievement with the potential to transform Pakistan into a major maritime trade center.

As we transitioned into the second phase of CPEC, the focus expanded to include industrial development, agricultural modernization, and socioeconomic projects. Special economic zones are set to catalyze industrial growth and attract foreign investment, creating new job opportunities and boosting economic activities. This phase is poised to diversify the economic impact of CPEC, promoting sustainable and inclusive growth. China continues to play a pivotal role, not only through financial investment but also through sharing technological expertise and industrial knowledge.

In the context of these developments, “China-Pakistan Economic Corridor: A Decade of Transformation Across Pakistan: Regional Impacts and Progress” emerges as a crucial contribution to understanding the diverse dimensions of this project. This book, comprising eight insightful chapters authored by eminent scholars, delves into the regional impacts of CPEC across Pakistan, offering a mosaic of perspectives highlighting each region’s unique experiences and transformations.

The book explores the diverse regions, from the mountainous terrain of Gilgit Baltistan to the picturesque valleys of Azad Jammu and Kashmir. It explores the specific opportunities and challenges these areas face, shedding light on the potential for economic revitalization and increased tourism. Additionally, the book examines the socioeconomic changes in provinces like Sindh and Punjab during the initial phase of CPEC, highlighting the challenges

and opportunities in these densely populated regions. The book further zooms in on specific projects and initiatives in Khyber Pakhtunkhwa and Balochistan, dissecting the opportunities, challenges, and potential trajectories for CPEC-driven development in these historically complex regions. Culminating in a vision for the future, the book celebrates the ten-year partnership between China and Pakistan under BRI, particularly emphasizing South Punjab's emergence as a potential gateway to regional progress and shared prosperity. Through this comprehensive exploration, readers gain a deeper understanding of the evolving impacts of CPEC across Pakistan's economic, social, and regional landscapes, equipping them to assess its progress and potential critically.

Dr. Liaqat Ali Shah's chapter provides an overarching view of CPEC, setting the stage for the subsequent regional analyses. Prof. Dr. Attaullah Shah discusses the opportunities and challenges for Gilgit Baltistan, a region of strategic importance. Prof. Dr. Samina Sabir examines the potential of tourism in Azad Jammu and Kashmir, a sector poised for growth due to infrastructural enhancements. Dr. Tahir Mumtaz Awan explores the socio-economic landscape of Sindh Province, while Professor Dr. Qaisar Abbas reviews a decade of economic development in Punjab driven by CPEC. Prof. Dr. Kausar Takrim & Muaaz Sayed focus on the projects in Khyber Pakhtunkhwa, and Dr. Abdul Sattar addresses the crucial aspect of CPEC in Baluchistan. Finally, Dr. Iqbal Chawla celebrates the BRI-CPEC partnership and its impact on South Punjab.

This book is not merely a collection of regional analyses; it is a testament to the power of strategic alliances in reshaping economies and fostering development. It underscores the importance of collaboration, innovation, and adaptability in facing challenges and opportunities. As we navigate through these chapters, the book offers a comprehensive view of the transformative impact of CPEC, showcasing the potential of such bilateral cooperation in overcoming developmental challenges and propelling nations towards a prosperous future.

We invite our readers to share their feedback, perspectives, and insights on this book. Your contributions are invaluable in furthering our understanding of CPEC and its role in shaping the future of Pakistan and the region. Together, we can continue to explore the opportunities and challenges presented by CPEC and work towards a more prosperous and interconnected future.

# Introduction

**Prof. Tang Jun (Richer TJ)**

## **China and BRI**

Throughout history, the Ancient Silk Road has played a pivotal role in connecting East and West, fostering trade, and facilitating cultural exchanges. From Zhang Qian's exploration during the Han Dynasty in 140 BC, the Silk Road evolved through the Tang, Song, and Yuan Dynasties, with land and sea routes contributing to its significance. Zheng He's voyages during the Ming Dynasty further emphasized the maritime aspect. This extensive network acted as vital "arteries," weaving through the Nile, Tigris and Euphrates, Indus and Ganges, Yellow River, and Yangtze River Basins, forming a nexus of civilizations—Egyptian, Babylonian, Indian, and Chinese—and converging Buddhists, Christians, and Muslims across diverse regions. The Silk Road became a melting pot of cultures, uniting people of various nationalities and fostering mutual understanding.

In 2013, President Xi Jinping introduced the transformative concepts of the Silk Road Economic Belt and the 21st Century Maritime Silk Road, revitalizing the ancient Silk Road with its rich history spanning thousands of miles and years. Beyond being a conduit for trade and barter, the ancient Silk Road was a pathway for the exchange of civilizations, profoundly influencing human society's development. By the 10th

anniversary of BRI in 2023, the initiative's cooperative network has expanded globally, encompassing Asia, Europe, Africa, and Latin America. Over the past decade, over 150 countries and 30 international organizations have entered Belt and Road cooperation agreements with China. Noteworthy achievements include three "Belt and Road" International Cooperation Summits and the establishment of multilateral dialogue platforms across diverse sectors such as railways, ports, finance, taxation, energy, green development, investment, disaster mitigation, anti-corruption, think tanks, media, and culture. Since 2013, BRI has prioritized connectivity, forming an extensive network anchored by economic corridors, major channels, information superhighways, railways, ports, and pipelines. Encompassing land, sea, sky, and the internet, this network facilitates the seamless flow of commodities, capital, technology, and people globally. China has undertaken over 3,000 practical projects, mobilizing an investment nearing US\$1 trillion. Beyond immediate benefits to participating nations, the Belt and Road construction promises to positively impact the trajectory of global economic globalization, address developmental challenges, and enhance the global governance framework. It stands as a beacon for collective human progress, offering a new paradigm for shared modernization and contributing to forming a community with a shared destiny for mankind.

The propelling force behind the perpetual evolution of human society lies in the trajectory of development,

and economic globalization stands as a potent catalyst for the advancement of the global economy. Since the advent of modernity, economic globalization has emerged as an inexorable historical force, gaining accelerated momentum post the 1990s. This surge has significantly bolstered trade, streamlined investment, enhanced human mobility, and propelled technological advancements, making pivotal contributions to human society's overall development and progression. However, against economic globalization, a pervasive and inclusive development paradigm has remained elusive among nations worldwide. Disparities between developed and developing nations, and even within developed countries, have burgeoned. Numerous developing nations have derived minimal benefits from economic globalization, facing challenges that impede independent development and thwart their trajectory toward modernization. Concurrently, certain developed nations have leaned towards unilateralism, protectionist measures, and hegemonic pursuits, injecting a countercurrent into economic globalization, consequently jeopardizing the global economy with the looming threat of recession. Urgent imperatives include rectifying the dearth of momentum in global economic growth, refining the global economic governance system, and addressing imbalances in global economic development. It is paramount to overturn the prevailing scenario wherein a select few countries dominate the world's economic development, control economic regulations, and exclusively reap the fruits of development.

Against the backdrop of deepening multipolarity, coupled with global trends in economic globalization, social informatization, cultural diversification, interconnections, and mutual dependencies among all nations have reached unprecedented levels. Humanity is gradually evolving into a community of shared destiny, fostering a mutual interconnectedness where one is inexorably tied to another. Simultaneously, persistent deficits persist in global peace, development, security, and governance. Challenges manifest in regional conflicts, arms races, food security concerns, terrorism, cybersecurity threats, climate change, energy crises, major infectious diseases, and the advent of artificial intelligence, both as traditional and non-traditional security issues. The Earth, our shared habitation, confronts imminent threats. In the face of this myriad global problems and challenges, the human community necessitates fresh ideas and concepts alongside a global governance system that embodies justice, reason, equilibrium, resilience, and effectiveness.

BRI is positioned not only for the advancement of China but also as a crucial contributor to global development. The inexorable historical trajectory of economic globalization is undergoing nuanced adjustments in both form and substance, necessitating its evolution towards a more open, inclusive, universal, balanced, and mutually beneficial paradigm. As both a beneficiary and contributor to economic globalization, China actively engages in this transformative process. Through dynamic participation, China has realized

rapid economic development, fostering a symbiotic relationship with the global community, and has successfully pioneered and propelled Chinese-style modernization, thereby broadening the spectrum of developmental pathways available to other nations pursuing modernization. The swift economic ascension and ongoing commitment to reform and opening-up by China have emerged as pivotal forces fostering global economic stability, growth, and the expansion of an open world economy. China steadfastly advocates for and defends the principles of economic globalization. BRI, intricately aligned with the UN 2030 Agenda for Sustainable Development regarding conceptual framework, initiatives, and objectives, represents a cornerstone of China's commitment to elevated openness geared towards fostering higher-quality development and disseminating developmental opportunities globally. Beyond being a strategic overture to enhance China's global engagement, it embodies a Chinese proposition for surmounting global development challenges. The initiative aspires to propel nations toward collective modernization and advocate for a more sustainable development trajectory. It constitutes a distinctly Chinese solution to the exigencies of global development, aiming to galvanize a collective march towards modernization, foster economic globalization that is more dynamic, inclusive, and sustainable, and ensure that the dividends of development accrue to the populations of all nations in an amplified and equitable manner.

## **CPEC and Progress**

In 2013, the formal initiation of CPEC marked a pivotal milestone as a flagship project within the broader Belt and Road Initiative (BRI). President Xi Jinping's visit to Pakistan in April 2015 further solidified this collaboration, articulating a comprehensive "1+4" cooperation framework. This framework, centered on the corridor's construction, emphasized critical facets such as the development of the Gwadar port, energy initiatives, infrastructure construction, and industrial cooperation. This strategic alignment materialized by signing 55 agreements encompassing diverse cooperation domains, with China committing substantial investments to Pakistan. President Xi Jinping's explicit designation of the CPEC as a cornerstone project under the BRI underscored its strategic significance. For Pakistan, BRI offers a transformative prospect to reshape its economic and infrastructural landscape significantly. By reshaping the global economic terrain, BRI aims to establish new trade routes, encourage economic collaboration, foster diplomatic ties with nations along the route, promote investments, and stimulate economic growth. Situated at the crossroads of pivotal trade routes connecting China, South Asia, Central Asia, and the Middle East, Pakistan assumes a central role in this ambitious venture, emerging as a key player in Asia's developmental dynamics. Undoubtedly, BRI serves as a critical linkage, connecting Asia, Europe, and Africa through an extensive network of roads, railways, and ports to foster inclusive development.

Over an extended period, Pakistan and China have nurtured a resilient friendship founded on unwavering trust, mutual respect, and shared values. This bilateral cooperation, surpassing conventional diplomatic ties, has facilitated a transition from geo-strategic collaboration to a new era of geo-economics. The transformative impact of CPEC is acknowledged as a “game-changer” for Pakistan’s economic landscape. Encompassing an expansive network of roads, railways, energy projects, and economic zones linking the Gwadar port in south-west Pakistan to north-west China, the CPEC holds strategic significance. Beyond providing China with an expedited trade route to the Arabian Sea, it strategically elevates Pakistan to the status of a regional economic hub, signifying a paradigm shift in the geopolitical and economic dynamics of the region.

CPEC evolved into a symbol of bilateral cooperation, poised to propel transformative development. The collaborative pursuit of the “China-Pakistan dream” has led to the realization of high-quality development projects. Reflecting on the achievements of the CPEC’s “1+4” cooperation framework, a notable breakthrough has been the corridor’s pivotal role in mitigating Pakistan’s energy crisis. The successful completion of 8,000 megawatts of energy projects has not only addressed the immediate needs of the Pakistani populace and industrial development but has also laid the groundwork for sustained economic growth. The expansive infrastructure initiatives, encompassing roads, highways, railways, airports, and the Gwadar

Port have not only created new trade routes and connectivity pathways but have also facilitated increased economic activity and the seamless flow of goods and services. Each landmark project has catalyzed heightened economic activity, attracted foreign investment, and generated employment opportunities, fostering tangible benefits for the people of Pakistan.

A decade since its inception, the CPEC has profoundly contributed to reshaping Pakistan's landscape. With the successful conclusion of the first phase, the commencement of the second phase signifies a strategic continuity centering on industrialization, agricultural development, and socio-economic upliftment. The collaborative efforts between Pakistan and China have led to extensive investment and industrial cooperation, marked notably by the establishment of Special Economic Zones (SEZs). These zones are anticipated to play a pivotal role in attracting foreign investment and facilitating technology transfer. The second phase of the CPEC aims to establish "five new corridors" encompassing growth, livelihood, innovation, green, and open corridors. This multifaceted approach is designed to foster a more inclusive and sustainable development model, emphasizing enhanced cooperation in science and technology, agriculture, and manufacturing. Institutional frameworks such as the CPEC Joint Cooperation Committee and platforms like the Corridor University Alliance, Think Tank Forum, and Media Forum underscore the commitment to collaborative dialogue. Decisions regarding areas,

priorities, and modes of cooperation are consistently determined through comprehensive consultations, facilitating increased Chinese investment and technology influx into Pakistan and reciprocally allowing access to the Chinese market for high-quality Pakistani products. Over the past decade, the synergistic efforts of Chinese engineers, technicians, and Pakistani counterparts have manifested in remarkable construction achievements, transforming flatlands, converting deserts into arable land, and turning pothole-ridden terrains into well-maintained roads. Amid challenges such as the Xin Guan epidemic and severe flooding in Pakistan, joint endeavors have prevailed, ensuring the seamless operation of commissioned projects and the orderly progression of those underway within the corridor.

Since the inception of the corridor, orchestrated under the leadership of the officials from Pakistan and China and propelled by the concerted endeavors of Pakistan's Ministry of Planning and Development and China's National Development and Reform Commission, a total of 36 projects have been successfully executed, representing an aggregate investment of approximately \$25 billion. This comprehensive portfolio encompasses 16 energy projects spanning coal, solar, wind, and hydropower, seven infrastructure initiatives encompassing roads, highways, fiber optic cables, and public transport, five projects in the Gwadar Port realm involving ports and free zones, and an additional eight socio-economic projects tailored to enhance the well-being of local communities. Over

the past decade, milestones such as the completion of the “China-Pakistan Friendship Road” Karakorum Highway Phase II Upgrade Project and the Peshawar-Karachi Expressway have notably enhanced Pakistan’s road network, not only reducing travel time but also invigorating the economy through the streamlined movement of goods and people.

The transformative impact of CPEC extends to the modernization and expansion of Pakistan’s railway system. The ongoing upgrade of the Main Line 1 (ML-1), a critical north-south railway connection between Karachi and Peshawar, promises heightened speed and efficiency in rail transport. Additionally, plans are underway to establish a dry port near Havelian, the northern terminus of Pakistan’s railway network, and to construct a railway line extending northwards to link with Kashgar through the Hongqilaf border crossing. These initiatives are poised to significantly augment Pakistan’s rail transport capacity, curtail logistics costs for businesses, and enhance accessibility to remote regions.

Addressing Pakistan’s persistent energy deficit stands as a pivotal goal within the framework of the CPEC. A suite of projects encompassing coal-fired, solar, and hydropower ventures has been initiated to fortify Pakistan’s energy supply capability. Noteworthy endeavors include the Sahiwal and Port Qasim coal-fired power stations, the Quaid-e-Azam solar power project in Punjab province, and the Dasu and Kalot hydroelectric power stations alongside the Diamer

Basha dam. These initiatives have effectively mitigated Pakistan's power scarcity, promising a substantial enhancement in the quality of life for its citizens and concurrently fostering a more conducive business environment.

CPEC has emerged as a catalyst for significant foreign direct investment (FDI) in Pakistan, fostering heightened economic activity in key sectors like construction, manufacturing, and transport, thereby substantially contributing to the country's GDP growth. Beyond the economic indicators, CPEC has been instrumental in generating tens of thousands of jobs in Pakistan, particularly through infrastructure and energy projects, leading to a notable reduction in the country's unemployment rate. To attract both local and foreign investment, special economic zones and industrial parks have been strategically established along the corridor, accompanied by a suite of preferential policies and supportive conditions from the government. These initiatives are poised to propel the industrialization process and foster the growth of Pakistan's manufacturing sector. Remarkably, the transformative impact of CPEC extends to historically marginalized regions like Balochistan, where tangible benefits in infrastructure development, energy accessibility, job creation, and overall economic growth have been realized. Furthermore, CPEC holds the promise of elevating Gwadar Port into a dynamic economic hub, unlocking new trade opportunities.

Beyond its economic dimensions, the CPEC serves as a collaborative platform and a testament to the deep-rooted friendship between the people of China and Pakistan, akin to brothers and sisters. Whether manifested in the construction of critical infrastructure such as power stations, highways, and ports, or through collaborations in industry, science, technology, and training, these endeavors underscore a people-centric ethos and a commitment to enhancing the quality of life for ordinary citizens. Presently, the corridor functions as a conduit for diverse social and livelihood projects that benefit communities across Pakistan, yielding inspiring stories of positive and transformative change. For instance, the Fazul area in Gwadar Port now boasts new, spacious, and clean schools for children, housewives in the Thar area have transitioned into professional truck drivers, travel times for Lahore residents have significantly reduced, and power cuts are no longer a pervasive concern for the general public. As CPEC continues to enhance the lives of ordinary citizens, it concurrently fosters people-to-people exchanges, laying a robust foundation of friendship for the establishment of the China-Pakistan community of destiny.

### **Unveiling Regional Impacts: A Scholarly Exploration of CPEC's Multifaceted Influence**

The ambitious CPEC project has sparked significant interest globally, and its impacts extend far beyond mere infrastructural developments. To comprehensively capture the multifaceted implications

of CPEC, we embark on a scholarly journey, bringing together experts from various provinces and regions of Pakistan and China. This endeavor culminates in the joint publication of “A Decade of Transformation across Pakistan: Regional Impacts and Progress.”

The primary objective of this collective effort is to shed light on the regional impacts of CPEC across Pakistan. By dedicating chapters to specific regions, our book offers an intricate analysis of the transformation in each area’s infrastructure, energy, industries, agriculture, and social development. This region-specific focus ensures a nuanced understanding of the localized effects of CPEC, presenting a holistic picture of the project’s influence.

To achieve this objective, we have invited scholars from China Research Centers and various academic institutions across Pakistan. This collaborative approach unites Chinese perspectives with local knowledge, facilitating a comprehensive understanding of the intricacies of CPEC’s implementation. By combining scholarly analyses, the book aims to provide well-researched and authoritative insights into the project’s progress.

In this groundbreaking compilation, we are honored to present the diverse perspectives and profound insights contributed by a distinguished group of scholars and experts. Dr. Liaqat Ali Shah, the Head of Policy at the CPEC Centre of Excellence, Ministry of Planning, Development & Reform, provides a comprehensive

overview of the CPEC, setting the stage for a nuanced understanding of its multifaceted impacts. Prof. Dr. Attaullah Shah, Vice Chancellor of Karakorum International University, Gilgit, delves into the opportunities and challenges presented by CPEC in the context of Gilgit Baltistan. Prof. Dr. Samina Sabir, Director of the CPEC Centre at the University of Azad Jammu and Kashmir, explores the tourism potential in Azad Jammu and Kashmir, offering a profound overview. Dr. Tahir Mumtaz Awan from the China Study Centre at COMSAT University shares insights into how CPEC elevates the quality of life in Sindh Province through a people-centric design. Professor Dr. Qaisar Abbas reviews a decade of economic development in Punjab driven by CPEC. Prof. Dr. Kausar Takrim & Muaaz Sayed, Director of the China Study Center at the University of Peshawar, unravel the intricacies of CPEC projects in Khyber Pakhtunkhwa, presenting opportunities, challenges, and a strategic way forward. Dr. Abdul Sattar, Director of the China Study Center at Balochistan University of Information Technology, Engineering and Management Sciences (BUITEMS), addresses the challenges and opportunities in Baluchistan. Dr. Iqbal Chawla, Former Dean of Art and Humanities at the University of Punjab Lahore, shares his insights into the transformative role of CPEC in turning South Punjab into a gateway for prosperity. Lastly, Dr. Farhat Asif, from the Institute of Peace and Diplomatic Studies (IPDS), provides a thoughtful preface, framing the intellectual exploration that follows. We extend our heartfelt gratitude to these

eminent scholars for their invaluable contributions, which collectively illuminate the diverse dimensions of the CPEC narrative and significantly enrich our understanding of this transformative endeavor.

This collaborative initiative is made possible through the support of the Pakistan Research Center at Inner Mongolia Honder College of Arts and Sciences, China. The implementation is led by the Centre for BRI and China Studies at the Institute of Peace and Diplomatic Studies, Pakistan. This partnership exemplifies the transnational nature of CPEC and underscores the commitment of both nations to fostering academic cooperation and sustainable development.

I extend my sincere gratitude to the Pakistan Research Center, Inner Mongolia Honder College of Arts and Sciences, and the Centre for BRI and China Studies-Institute of Peace and Diplomatic Studies for their invaluable contributions to the book “China Pakistan Economic Corridor: A Decade of Transformation across Pakistan: Regional Impacts and Progress.” The funding party, Pakistan Research Center, Inner Mongolia Honder College of Arts and Sciences, has played a pivotal role in fostering connections between Pakistan’s government, educational institutions, and research organizations. Their focused research on China-Pakistan educational cooperation, cultural equivalence, and economic development has significantly enriched our understanding of the multifaceted collaborations between the two

nations. I would also like to express special thanks to Muhammad Asif Noor, Director of the Centre for BRI and China Studies- Institute of Peace and Diplomatic Studies, for his outstanding work on enhancing China-Pakistan friendship. The launch of the Alliance of China-Pakistan Research Centers in 2023, as highlighted by Muhammad Asif Noor, is a testament to the commitment to academic collaboration and shared goals between Pakistan and China, marking a significant milestone in strengthening the enduring bond between the two nations.

# **China-Pakistan Economic Corridor (CPEC): An Overview**

**Dr. Liaqat Ali Shah**

In the arena of global relations, there exist bonds that are not simply diplomatic or strategic but are woven from the very fabric of shared principles and interests. China and Pakistan, two nations with a relationship that spans the test of time, find themselves at the forefront of such an alliance. Their connection transcends mere geostrategic interests and dives into the realm of geo-economic collaboration, where the economic prosperity of their people is intimately linked to their cooperation. The China-Pakistan Economic Corridor (CPEC) is a shining example of this transformation, a testament to the deep-rooted partnership between these two countries.

The journey of CPEC began in 2013 when a Memorandum of Understanding was signed, laying the foundation for developing this economic corridor. The commitment to CPEC was reaffirmed during the visit of Chinese Premier Li Keqiang to Pakistan in May 2013, culminating in a strategic vision that aimed to unlock the full potential of their cooperation. To that end, a Joint Coordination Committee (JCC) forum was established, co-chaired by the Minister for Planning, Development & Special Initiatives of Pakistan and the Vice Chairman of the National Development Reform Commission of China. Under the JCC, Joint Working

Groups (JWGs) were also formed, each dedicated to cooperation in specific areas, meticulously shaping the CPEC Institutional Framework.

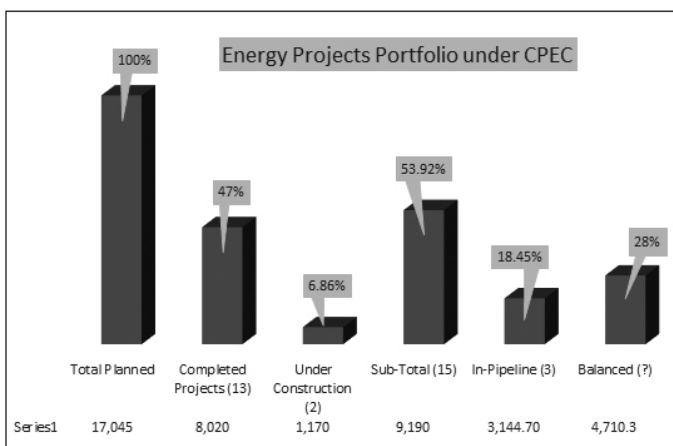
Since its inception, CPEC has followed its planned path and embarked on an expansive journey. As of today, 54 projects have been initiated under the umbrella of CPEC, with 32 projects completed, representing an investment of approximately \$23 billion. Additionally, 22 projects worth \$5 billion are actively under construction, while 37 more projects, estimated at \$27 billion, are in various stages of negotiation, poised to join the illustrious CPEC framework.

The project portfolio of CPEC was initially called the 1+4 Portfolio, encompassing energy, transportation infrastructure, Gwadar development, and industrial cooperation. The initial focus on energy and transportation connectivity in the first phase of CPEC was a strategic response to Pakistan's pressing economic challenges, particularly regarding energy shortages and inadequate transportation infrastructure. These bottlenecks had to be addressed to pave the way for industrialization, a key goal of CPEC.

This writing provides a glimpse into the diverse themes of the 1+4 Portfolio, setting the stage for a comprehensive exploration of CPEC's transformative journey.

## Energy Sector

As we speak, the energy sector takes the lion's share of the investment under CPEC. Of the planned 17,045 megawatts of electricity generation under CPEC, 13 projects with a total installed capacity of 8,020 MW have reached their commercial operation, and two energy projects with the capacity to generate 1,170 MW are under implementation. Furthermore, the  $\pm 660$  kV HVDC Line Matiari-Lahore (878 km) Power Transmission Project achieved COD (Commercial Operation Date) in September 2021 and has the capacity to evacuate 4,000 MW.



Future energy projects under CPEC will be included per the document "Guiding Principles for China-Pakistan Economic Corridor Cooperative Energy Projects." Also, to address the issue of energy security, petroleum projects will be carried out under CPEC in accordance with the "Development Plan of Oil & Gas

for Pakistan,” which was jointly formulated by both countries

## **Transportation Infrastructure**

CPEC has had a significant impact on transportation infrastructure in Pakistan. The country recognizes the importance of modern transportation infrastructure for its economic development, as it reduces logistics distances and fosters national unity. CPEC acknowledges both of these crucial aspects of transportation infrastructure.

To this end, a Monographic Study on Transportation Infrastructure was jointly conducted by Pakistan and China in 2015, guiding the development strategy for infrastructure in Pakistan. The study proposed three alignments, namely the Eastern, Western, and Central Alignments, and a Common Alignment from Khunjerab to Burhan. Among these, the Eastern Alignment and Common Alignments were given priority, and missing links were addressed. Consequently, four road projects and one mass transit project have been completed.

For instance, the Multan-Sukkur Section of the Peshawar-Karachi Motorway (Eastern Alignment) was inaugurated on November 5, 2019. The Thakot to Havelian Section of the Karakoram Highway (KKH) was also opened in July 2020 as part of the Common Alignment.

On the western side, transportation infrastructure projects are either completed or under implementation.

The Hakla to Dera Ismail Khan Motorway project (285 km) and the Khuzdar-Basima road (110 km) of the Western Route are now operational. The east-west M-8 Motorway is substantially completed, linking Sukkur to Gwadar through Khuzdar. With the ongoing and planned projects in all three alignments, Pakistan's transport infrastructure is set to see substantial improvement.

Pakistan and China are also collaborating to upgrade the Pakistan Railway ML-1, a 1,872 km railway line stretching from Peshawar to Karachi, and establish a dry port in Havelian. The significance of the ML-1 Project is evident from its route, passing through major economic hubs that host many of the country's industrial estates. The completion of this project is expected to lead to a significant reduction in overall logistics costs.

## **Industrial Cooperation**

The second phase of CPEC focuses on industrialization. The benefits of energy and infrastructure projects, among others, can manifest through industrial development. More importantly, industrialization will elevate the transport corridor to an economic corridor.

Pakistan aims to achieve various social and economic objectives through industrial development. The primary goals include promoting exports, substituting imports, transferring technology, creating jobs, and upgrading industries to participate actively in global value chains.

To realize these objectives, CPEC is strategically designed to attract and facilitate the relocation of Chinese businesses to Pakistan. Chinese enterprises are deeply integrated into global value chains and possess capital, technology, and expertise, offering Pakistan a valuable opportunity to tap into their experience, global positioning, and technology to become an integral part of the global production network and value chains.

For the relocation of Chinese enterprises and other multinational corporations, nine locations have been identified to develop special economic zones (SEZs). Comprehensive feasibility studies and bankable documents have been prepared to align these SEZs with modern trends, drawing insights from the Chinese development model.

Among these SEZs, Rashakai SEZ (1,000 acres), Allama Iqbal Industrial City (AIIC) (3,217 acres), Dhabeji SEZ (1,530 acres), and Bostan SEZ (1,000 acres) are in advanced stages of development. Rashakai SEZ, Bostan, and AIIC are currently open for investment, with zone enterprises already established. Progress is also underway for the development of Dhabeji SEZ. Furthermore, these zones' essential utilities such as gas, water, and electricity projects have received substantial support from the Public Sector Development Programme (PSDP).

## **Gwadar Development**

Gwadar is considered the crown jewel of CPEC and, more importantly, the reason for its existence. Situated at the apex of the Arabian Sea, Gwadar connects China, specifically the Xinjiang province of Western China, and serves as a vital gateway to Central Asia, Africa, the Middle East, and Europe. Gwadar's strategic location and natural conditions have long marked it as an ideal port location.

To transform Gwadar into a smart port city, both China and Pakistan have collaborated on the Gwadar Master Plan, which received approval in 2019. According to the plan, the eastern side of Gwadar, adjacent to the port, is earmarked for industrial development, including approximately 2,200 acres of land allocated for the Gwadar Free Zone (GFZ). This zone will serve as a direct hinterland. On the western side of the city, there are plans for residential development as well as leisure and tourism facilities. The Master Plan also takes into account the ecological considerations of the Gwadar district.

As previously mentioned, infrastructure is under construction to better connect Gwadar to the rest of the country and beyond. The New Gwadar International Airport (NGIA) is also currently under construction, aimed at strengthening the city's regional connectivity, with its inauguration expected soon. Railway connections are also being considered, although they will be implemented in the long term.

In addition to the port, GFZ, and airport projects, several other initiatives in Gwadar have either been completed or are near completion. The Pak-China Vocational & Technical Institute, designed to provide essential human resources for the development of Gwadar city, has been completed at a cost of \$10 million. A freshwater supply project has also been successfully completed. Furthermore, the construction of the Pak-China Friendship Hospital, with a capacity of 150 beds, is in progress at an estimated cost of \$100 million.

### **Miscellaneous Themes & Projects**

In addition to the 1+4 portfolio, the CPEC Framework encompasses other thematic areas that were introduced in 2020, namely Agriculture and Science & Technology. Furthermore, in 2021, a Joint Working Group on Information and Communication Technologies (ICT) was established.

Within the Agriculture sector, the focus is on enhancing agricultural infrastructure, with a particular emphasis on critical areas such as water management, production capacity, circulation facilities, and the utilization of remote sensing technology. Moreover, cooperative areas have been identified for collaboration, spanning mutual interests in germplasm resources, product processing, fisheries, and aquaculture.

In the Science & Technology arena, numerous initiatives have been launched, including the establishment of a Joint Research Center on Earth Sciences at Quaid-

e-Azam University, with an estimated cost of PKR 7.3 billion (with Chinese share at Rs. 4.152 billion and PSDP at Rs. 3.169 billion). The groundbreaking ceremony for this project took place on October 25, 2023. Additionally, a MoU on STEM education was signed in January of this year between the Pakistan Science Foundation (PSF) and the Chinese Academy of Science & Technology (CAST), while work on Mutual Recognition of Engineers is currently in progress.

Regarding ICT collaboration, the Ministry of Information and Telecommunication in Pakistan proposed the following projects during the 1st Joint Working Group meeting held in July 2022:

- Expansion of Optical Fiber Cable & Domestic Manufacturing.
- Deployment of Data Centers & Digital Hosting Platforms.
- Data G-sharing Service (GSB).
- Blockchain for Credit Document Transactions.
- AR/VR & Game Development Centers.
- Production of Smart IoT Devices & Microchips.

Experts from both sides actively develop projects in these areas for future cooperation and collaboration.

Lastly, within the CPEC framework, the Socio-Economic Development (SED) Framework. The Chinese government has pledged a USD 1 billion grant in the socioeconomic sector, which will be utilized in areas such as poverty alleviation, health, education, vocational training, agriculture, and water supply.

Initially, 27 projects were identified. Among these projects, 17 are fast-tracked, with 08 completed and the rest in the implementation phase. The scope and content of the remaining ten priority projects have been mutually agreed. Additionally, 62 third-batch projects under SED have been shared with the Chinese side after consultation with provincial governments.

## **Conclusion**

The China-Pakistan Economic Corridor (CPEC) stands as a testament to the enduring and strategic partnership between China and Pakistan. Beyond being all-weather allies, these nations have embarked on a transformative journey from geostrategic thinking to geo-economic collaboration through CPEC.

The genesis of CPEC can be traced back to 2013 when visionary agreements were signed, setting the stage for a comprehensive and multifaceted collaboration. Since then, CPEC has not only stayed true to its planned course but has also expanded significantly. Currently, 54 projects are actively progressing, with 32 projects completed and 22 under construction, representing a substantial investment of approximately \$23 billion. Moreover, 37 additional projects, estimated at \$27 billion, are in various stages of negotiation, underscoring the commitment to connectivity and inclusive economic growth.

The CPEC project portfolio, known as the 1+4 Portfolio, encompasses a diverse range of cooperation areas, including energy, transportation infrastructure,

Gwadar development, industrial cooperation, and socio-economic development. Energy projects have effectively addressed Pakistan's energy shortages, with a focus on continued expansion while relying on indigenous resources, including Thar Coal and hydel resources of the country. Transportation infrastructure investments are reducing logistics distances and promoting national unity. Gwadar, often regarded as the crown jewel of CPEC, is being transformed into a smart port city to unlock its potential as a vital regional gateway. Industrialization is at the core of CPEC's second phase, aiming to elevate the transport corridor into a full-fledged economic corridor. The establishment of special economic zones (SEZs) facilitates the relocation of Chinese enterprises and fosters industrial development.

Furthermore, CPEC has extended its reach to encompass other thematic areas such as agriculture, science and technology, and information and communication technologies (ICT). These initiatives reflect a commitment to innovation, research, and technology transfer.

Notably, within the CPEC framework, a Socio-Economic Development Framework has been established, supported by a generous grant from the Chinese government. This framework is dedicated to uplift various sectors, including healthcare, education, poverty alleviation, and agriculture, with a focus on fast-tracking key projects to deliver tangible benefits.

In essence, CPEC exemplifies the potential for collaborative efforts between nations to drive economic development, connectivity, and technological advancement. It transcends geographical boundaries, symbolizing a shared vision for a prosperous future. As CPEC continues to evolve and expand, it holds the promise of bringing transformative changes to both China and Pakistan while fostering regional cooperation and economic growth.

# CPEC- Opportunities and Challenges for Gilgit Baltistan

Dr. Attaullah Shah

## Introduction

The transformed version of the Silk Route, China Pakistan Economic Corridor (CPEC), has become an important part of regional and international geopolitics and geo-economics. It is a multidimensional project involving the development of communication, energy, and infrastructure, which will reshape South Asia's geopolitics. Besides strengthening the trade and commerce relations between China and Pakistan, the CPEC will also reduce differences among provinces and improve national solidarity while sharing its benefits and dividends with all the provinces, Gilgit Baltistan and Azad Jammu and Kashmir.<sup>1</sup> For the success of the Belt and Road Initiative (BRI), the accomplishment of CPEC will form the foundation stone to connect China with the rest of the world. The positive impacts of the mega projects will depend on its capability to expand beyond the borders of China and Pakistan to improve regional and global connectivity.<sup>2</sup>

- 1 Sharan B Merriam and Elizabeth J Tisdell, *Qualitative Research: A Guide to Design and Implementation*, 4th ed. (San Francisco, Ca: Jossey-Bass, Cop, 2016).
- 2 Muhammadi, Hongsong Liu, and Iqtidar Hussain, "The Emerging Dimensions of China-Pakistan Economic Cooperation and CPEC: Significance and Challenges," *Fudan Journal of the Humanities and Social Sciences* 15, no. 4 (September 17, 2022): 531-51, <https://doi.org/10.1007/s40647-022-00354-w>.

Geo-economics is “The relationship between economic policy and change in national power and geopolitics.” It is also defined as “The economic consequences of trends in geopolitics and national power,” i.e., Flag Follows the Trade. The BRI and CPEC are also considered instruments of China’s global geopolitics and geo-economics game. Geo-economics is becoming a more favorable tool, which replicates the interdependence of global and national economics. With the fall of the Berlin Wall and the collapse of the USSR, the bipolarity of world politics shifted to Globalization at the dawn of the twenty-first century. Regionalism within the domain of Globalization became a stronger national policy. As a result, economic integration at the regional level became a precursor for global prosperity and peace. China’s endeavor for regional integration aims to ensure its Energy Security both in the short term and long term. CPEC will emerge as the primary oil supply route from the Middle East and Africa to China, with Gwadar, Pakistan as the primary hub.<sup>3</sup> Under the changing geo-economics, regional integration with Pakistan and Afghanistan has become very important for China. There is also an excellent opportunity for Pakistan to work closely with China. Under such evolving scenarios, the relations between China and Pakistan will strengthen and bolster further. The attractive geo-economics will ultimately strengthen the geostrategic alliance between the two countries.

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3 Sumitha Kutty and Rajesh Basrur, “The Quad: What It Is – and What It Is Not,” *thediplomat.com*, March 24, 2021, <https://thediplomat.com/2021/03/the-quad-what-it-is-and-what-it-is-not/>.

In the changing global geo-economics and geo-strategic environment, Pakistan has become more important for China, and close coordination and cooperation between Islamabad and Beijing has become the need of the day. The importance of Pakistan in ensuring peace in Afghanistan is also a very supportive point to strengthen this relationship, as China desires sustainable peace in the region to pursue its economic agenda. Pakistan enjoyed unique geostrategic importance in global politics, as Stephen Cohen said, “While history has been unkind with Pakistan, its geography has been its greatest benefit.”<sup>4</sup> Pakistan’s strategic location lies in South Asia, Central Asia, and West Asia. It offers the shortest route.

### **Gilgit Baltistan- History, Topography, and Ecology**

Gilgit Baltistan (GB) formerly called the Northern Areas of Pakistan, has a very long history, which traces back to the 3rd Century CE. Classical Greek and Roman historians and Sacred Hindu scripts have mentioned the famous Dardis community. During the 3rd to the 10th Century CE, it remained under the powers of Kushan Chinese and Tibetan emperors. The region was mentioned in Chinese, Arabic, and Persian travelogues during the 8-10th Century. In the 16th Century, the famous storyteller Mirza Haider Tughluq also traveled here and wrote *Tarikh-e-Rushdi* of Mughal Emperor Akbar’s Court. In the first half of the 19th Century, it

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<sup>4</sup> Muhammad Munir, “Pakistan-China Strategic Interdependence: Post-9/11 Imperatives,” *Strategic Studies* 38, no. 2 (2018): 21-42, <https://www.jstor.org/stable/48539135>.

remained part of the Dogra Raj of Jammu, Raja Gulab Singh. Subsequently, the region was invaded by rulers from Jammu, Kashmir, and later by British rule. After the defeat of Dogra Raj on 1<sup>st</sup> November 1948, the region was annexed by Pakistan but was made part of the Kashmir dispute, which started a series of claims and counterclaims between India and Pakistan. Today, the constitutional status of the region is still not clear, which is often considered a significant impediment to the development of the region. The annexation of the people of GB with Pakistan at the time of their liberation from Dogra Raj was expected to get a provincial status, but the people's hopes were still not fulfilled.

The map of the region is shown in Fig. 1



- 5 Andreas Benz, "Framing Modernization Interventions: Reassessing the Role of Migration and Translocality in Sustainable Mountain Development in Gilgit-Baltistan, Pakistan,"

The region enjoys unique geographical conditions with diverse climatic zones that have led to sharp variations in the altitudes. This extreme variation in altitude has led to a wide array of vegetation and climatic zones. The annual precipitation below 2000 meters in height is only 200 mm but increases to 2000 mm at 6000 meters in the form of snowfall. GB comprises five distinct climatic zones: dry alpine areas and permanent snowfields, alpine meadows and alpine scrub, sub-alpine scrub, dry temperate coniferous forest, and, finally, dry temperate evergreen oak scrub.

### **Silk Routes and Gilgit Baltistan**

The historic *Silk Route* remained a major global artery for the trade and commerce connected East and West, tracing back to the 2<sup>nd</sup> century B.C.E and the 14<sup>th</sup> Century. Besides the trade of Silk to Western countries, the route was used for many other products like gold and other valuable metals, woolen-linen textiles, ivory precious stones (jade), ceramics, etc. The Silk Routes consisted of a more extensive network of markets, trading posts, and access roads to provide a supply chain for these products. For more than two centuries, the Silk Routes facilitated not only the exchange of goods from East to West but also the transfer of knowledge, skills, culture, technology, and religion from one part of the world to the other part.<sup>6</sup>

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*Mountain Research and Development* 36, no. 2 (May 2016): 141-52, <https://doi.org/10.1659/mrd-journal-d-15-00055.1>.

6 History.com Editors, "Silk Road," HISTORY (A&E Television Networks, November 3, 2017), <https://www.history.com/topics/ancient-middle-east/silk-road>.

Gilgit Baltistan is home to the world's largest glacier mass after the poles end, the *Third Pole*. Significant glaciers like Siachen (75km), Hisper (61km), Batura (59km), Baltoro (55km), and more than 100 glaciers with 10km in length are located here. These glaciers provide water to the Indus River System (IRS), which serves as a lifeline for the people of Pakistan, as about 60% of the country's water requirements are met by the melting of these glaciers.<sup>7</sup> Another critical aspect of the region is the Karakoram Highway (KKH), also called the Friendship Highway between China and Pakistan, which connects Pakistan through Khunjerab with the Xinjiang province of the People's Republic of China. KKH was opened in 1978, marking a turning point for the region as it was connected with mainland Pakistan and China. This also enhanced the geostrategic significance of the region.<sup>8</sup>

Gilgit Baltistan is sometimes called the "*Early Axis of Asia*" as it serves as an entry point for Central Asia, South Asia, and East Asia. India and China used GB as the entry point to South and Central Asia along the Silk Routes. The geography of Gilgit Baltistan

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- 7 Ahmad, Z., & Ahmad, I. (2008). Groundwater modeling study of the Potowar area, Rawalpindi using Visual Modflow model, Rawalpindi environmental improvement project (REIP) of Water and Sanitation Agency (WASA), unpublished report (by Asian Development Bank)
  - 8 Saranjam Baig and Somia Zehra, "China-Pakistan Economic Corridor, Governance, and Tourism Nexus: Evidence from Gilgit-Baltistan, Pakistan," *Current Issues in Tourism*, May 15, 2020, 1-6, <https://doi.org/10.1080/13683500.2020.1763266>.

offers opportunities for the trans-regional hub of connectivity and exchanges. The geostrategic and geo-economic significance of the region has multiplied with the emerging global dynamics. Gilgit Baltistan is home to three mighty mountain series of Hindukush-Karakoram-Himalaya (HKH). It borders Khyber Pakhtunkhwa (KP) province in the west, Afghanistan in the North through the Wakhan Corridor, China in the North East, Azad Jammu Kashmir (AJK) in the Southwest, whereas Indian Occupied Jammu and Kashmir (IOK) in the East and Southeast. Due to the geostrategic importance of this region, ancient empires from India, Persia, China, Tibet, Russia, and Britain all wanted to have military control over it. In the context of modern CPEC, Gilgit Baltistan has become more important for Pakistan and China. The importance of this region for China's and CPEC's plans lies in the fact that it can connect China to the Gwadar port through the shortest route to reach the energy-rich Middle East and its large market.

The joint efforts of China and Pakistan to strengthen the Karakoram Corridor are often referred to by scholars as the revival of Silk Routes. This will improve regional integration by connecting China and Pakistan with Central Asian countries through the Wakhan Corridor. With modern road and rail networks in the region under China's Belt and Road Initiatives (BRI), Gilgit Baltistan will become an important gateway for the global trade and mobility of human resources. However, this will require the active involvement of the people of Gilgit Baltistan in the decision-making

process by the Federation and addressing their grievances on priority. The equitable distribution of CPEC projects in all parts of the country is necessary for the prosperity, integration, and well-being of the people of Pakistan.

The geo-economic significance of a country depends on its economic strength and geographical location for undertaking economic activities. The geographic significance of GB makes it an axis for regional connectivity of China, India, Pakistan, and Afghanistan. The connectivity of GB with Gwadar port under CPEC will certainly open new opportunities for regional trade and commerce, provided that the region can set aside their mutual disputes and conflicts.<sup>9</sup> Gilgit Baltistan is the only road link between China and Pakistan; hence, the majority of road links, railways, pipelines, and Optic Fibre Networks must pass through this region for the success of CPEC.<sup>10</sup> As these mega projects proceed further, the significance of GB at regional and global levels, will enhance.

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9 Mir Sherbaz Khetran, "The Potential and Prospects of Gwadar Port," *Strategic Studies* 34/35 (2014): 70–89, <https://www.jstor.org/stable/48527476>.

10 Muhammad Akram Zaheer, Muhammad Asim, and Junaid Ali, "Pamiri Ethnic Nationalism in Tajikistan; a Rising Threat against Future of Gilgit-Baltistan and Pak-China Economic Corridor (CPEC)," *Journal of South Asian Studies* 10, no. 1 (April 30, 2022): 09-18, <https://doi.org/10.33687/jsas.010.01.3835>.

## Opportunities of CPEC for Gilgit Baltistan

### Prospects of Fruit and Agri-product export to China

Gilgit Baltistan serves as a gateway to connect China and Pakistan for the mega CPEC projects. The potential for the export of fruits from GB to China has been identified by various researchers.<sup>11</sup> The Chinese quarantine experts earlier visited Gilgit Baltistan in 2019 to explore the prospects for the export of Cherries from GB to China. This was followed by a 14-member delegation from China in May 2023 which assessed the cherry production, farming, packing, and cold storage facilities. According to the GB Agricultural department, Cherries are one of the highest-produced cash crops in the region, with an annual production to the tune of 8000 Tone, generating a revenue of about Rs. 700 Million each year. The majority of the people (90%) own some small pieces of land, compared to the 52% average at the national level. The sizes of household land are small, yet in some parts of the region, these small pieces of land are used for the production of cash crops like potatoes, fruits, and vegetables. The per household livestock is also relatively higher by 30% than the rest of the country. These statistics provide encouraging situations for promoting agro-based businesses in the region, with special reference to CPEC.

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11 Zulfiqar Ali et al., "Impact of China-Pakistan Economic Corridor (CPEC) on Fruit Industry in Gilgit-Baltistan," *Zenodo (CERN European Organization for Nuclear Research)*, June 27, 2019, <https://doi.org/10.5281/zenodo.3257756>.

There is ample agro-diversity in Gilgit Baltistan, which includes plant diversity and fruit diversity. The major crops like wheat, maize, and buckwheat are grown here and mostly consumed by people. A total area of 49317 hectares with 138,000 Metric Tons of cereal crops and fodder was reported in 2016. Gilgit Baltistan has a large variety of fruits, such as apricots, apples, cherries, almonds, walnuts, pears, grapes, and mulberry. Horticulture and fruits contribute about 60% of the total income of the region.<sup>12</sup> Similarly, vegetables and seeds produced in GB include potato, tomato, peas, cabbage, Chinese cabbage, onion, and capsicum. Potatoes are grown in relatively larger areas.

Under CPEC, agricultural products and fruits can be exported to the neighboring Xinjiang province after value addition. With improved connectivity of Gilgit Baltistan with the rest of the country and China, the trade of agricultural products will increase. This will, however, require measures like improved infrastructures, enabling and investment-friendly policies, establishing partnerships, and attracting Chinese traders.<sup>13</sup> In a recent initiative, the Administration of Customs of China (GACC) has approved 60 cherry orchards in Gilgit Baltistan, and the exports of cherries to China will start next year.

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120 Durre Samee et al., "In Pakistan in Agriculture WOMEN," 2015, <https://www.fao.org/3/i4330e/i4330e.pdf>.

13 Ahmad Mahmood and Mahira Khan, "Agriculture and Trade Policies under CPEC with Focus on China," in *The State of the Economy. Pakistan's New Political Paradigm – an Opportunity to Make the Most of CPEC* (Shahid Javed Burki Institute of Public Policy , 2018).

This will explore new avenues for the cherries of Gilgit Baltistan, which will enhance their international market.

### **Trade & Commerce and Economic Growth in Gilgit Baltistan**

The improved infrastructure and transportation will also create more opportunities for trade & commerce in the region. This area will play the role of a key transit point for the transfer of goods from China to Pakistan and the rest of the world. Under CPEC, one of the nine Special Economic Zones (SEZs) will be established at Maqpoon Das, generating regional trade and economic activities. This will be preferably located at the main Karakoram Highway (KKH)<sup>14</sup> The main objective of the SEZs is to transfer technology and develop capacity at the local and region for cost-effective production of innovative products. This will also attract Foreign Direct Investment (FDI) to the region's mineral development & processing, hydropower, and agriculture sectors. The local traders and business community will prospect of developing partnerships with their Chinese counterparts in gemstones, handicrafts, fruit processing, etc.<sup>15</sup> The present level of engagement of traders from Gilgit Baltistan in cross-border trade is not very encouraging, and it is

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14 Rameez Khalid, "Working Paper #021: Strategy for Developing an Effective SEZ in Gilgit-Baltistan" (Centre of Excellence for CPEC, 2018), <https://cpec-centre.pk/wp-content/uploads/2018/06/Merged-Document-0606004904.pdf>.

15 "CPEC: Gilgit-Baltistan Fate to be Changed," Times of Islamabad, June 17, 2016

more inclined toward China. The local Business and Industries Chambers have shared the concerns. Due to the non-availability of large-scale processing units at GB, there is very little or no value addition in the agricultural producers of the region; hence, their sale price is much less than the average price in the region and neighboring countries. With the establishment of SEZ, the value addition of the local products, their certification, and branding will be improved, and their access to the international market will be ensured.

### **Human Resource Development in Gilgit Baltistan**

The literacy level in GB is relatively higher, which provides better grounds for human resource development in terms of skilled labor and techno-vocational professionals. This will require meaningful investment in human resource development at gross root levels. The establishment of the Engineering and Technology Campus at Karakoram International University (KIU) is planned to provide skilled professionals in engineering and technology across Gilgit Baltistan. KIU has also initiated student and faculty exchange programs with Chinese counterparts in Agriculture, Forestry, Horticulture, and Tourism & Hospitality. Under these exchange programs, the students will be placed for 1-2 years at the Chinese higher education institutes where they will learn the use of modern technologies and the Chinese language. These students will also undertake internships and jobs with Chinese firms. The China Study Centre at KIU is aimed at improving the people to people connectivity.

The Confucius Set has been established to teach two levels of the Chinese Language (HSK-1 & 2) to the students of KIU and the youth of the region.

### **Entrepreneurship Opportunities**

The completion of the 820 km long Pak China Fibre Optic project under CPEC from Rawalpindi to Khunjerab, China, has opened a new vista of communication between the two countries.<sup>16</sup> This will encourage e-commerce and entrepreneurship in GB as well. The global e-customers were 1.5 billion in 2015, which has grown 8% per annum and reached a mammoth 2 billion. It is expected that every 3rd or 4th customer will be acquiring their products and services online and through e-commerce. The sales volume through e-commerce has jumped from USD 1.1 trillion to 4 trillion in 5 years. The major sectors have benefited from industries like shoes & clothes, consumer electronics and physical media, food, cosmetics and pharmaceuticals, furniture and home appliances, and special interest products and services. The e-commerce industry in Pakistan was about US\$ 1 billion in 2021. The lack of computer literacy, non-availability of PayPal and eBay systems for financial transactions in Pakistan, lack of legislation, and non-existence of a conducive environment are major impediments to Pakistan's digital transformation. On the other hand, in India, e-commerce has increased from USD 3.8

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16 Aftab Ahmed Khan, Saranjam Muhammad Baig, and Faqeer Muhammad, "China-Pakistan Economic Corridor, ICTs, and Digital Economy: A Cross-District Analysis of Baseline Data for Gilgit-Baltistan," *Global Regional Review* V, no. 1 (March 30, 2020): 207-21, [https://doi.org/10.31703/.2020\(v-i\).24](https://doi.org/10.31703/.2020(v-i).24).

billion in 2009 to 38 billion in 2017 and is expected to reach US\$ 200 billion by the year 2026. Pakistan's e-commerce index has slightly improved from 117 in 2018 to 115 in 2020 out of 151 countries, compared to Iran at 45, Saudi Arabia at 49, and Malaysia at 31.

With improved networks and communication, the prospects for cross-border e-commerce have multiplied many times for Gilgit Baltistan. A large number of youths in the region are engaged in cross-border trade with the Xinjiang province. The road access to Kashgar and entry of the local people with the entry pass facilitate their frequent visits to China and undertake various entrepreneurial activities. With the advancement of road infrastructure, these activities will be further enhanced. It is worth mentioning that KIU has established the Technology Incubation Centre jointly with the Punjab IT Board (PITB) and Federal Ministry of Communication and Information Technology through their Subsidiary Special Communication Organization (SCO), the only Internet Service Provider (ISP) in Gilgit Baltistan. HEC can hunt for some angles, and start-up funding for such incubates in the areas of e-commerce. KIU-SCO Tech Incubation Centre offers short courses on web design, freelancing, and e-commerce. Under the Tech-incubation Centre, free office spaces, training workshops, business model development, legal assistance, mentorship, and networking opportunities shall be provided. At the same time, KIU established the first Freelance Centre at GB with the support of the Punjab IT Board (PITB).

## CPEC and Tourism Opportunities in Gilgit Baltistan

Tourism provides one of every ten jobs worldwide. The tourism and hospitality sector in Gilgit Baltistan is one of the major sources of employment. Domestic tourism reached the level of 1.4 million in 2018, with nearly 6,000 foreign tourists.<sup>17</sup> The construction of better roads and other infrastructure will attract tourism to the region. However, this exponential increase in tourism will negatively impact the area, as the fragile ecosystem will be further damaged with a heavy burden on its natural resources. This will require a shift to sustainable tourism in the region, incorporating both livelihoods for the people and the conservation of natural resources. Mass domestic tourism has little value other than its devastating effects on the local ecosystem, and it is often criticized.<sup>18</sup> The UN declared 2017 as the year of *Sustainable Tourism*. The UN World Tourism Organization (UNWTO) Secretary-General, Taleb Rifai, stated: “The declaration by the UN of 2017 as the International Year of Sustainable Tourism for Development is a unique opportunity to advance the contribution of the tourism sector to the three pillars of sustainability — economic, social and environmental while raising awareness of the true dimensions of a sector which is often undervalued”.

17 Shama Nazneen et al., “China-Pakistan Economic Corridor (CPEC), Tourism Demand, and Environmental Concerns: Policy Implications for Sustainable Tourism in Gilgit-Baltistan,” *Journal of Public Affairs*, January 24, 2021, <https://doi.org/10.1002/pa.2600>.

18 Martin Mowforth and Ian Munt, *Tourism and Sustainability: Development, Globalisation and New Tourism in the Third World* (Routledge, 2015).

Besides the 2nd highest peak of K2, Gilgit Baltistan has more than 50 mountain peaks above 7000 meters. The details of these peaks are given in Table 1. There are a number of tourist attractions in Gilgit Baltistan, which include the Deosai plateau, Lakes, Karakoram Highway, glaciers, deserts, forests, flora and fauna, heritage, culture, and traditions. GB is also the junction of Three major mountain series (Karakorum, Himalaya, and Hindukush). With the emerging economic activities in the region under CPEC, there are ample opportunities for the development of sustainable or eco-tourism to provide livelihood for the local people and, at the same time, protect the environmental resources and biodiversity.

**Table 1. Highest mountain peaks in Gilgit Baltistan**

S. No.	Name of Peak	Altitude (meters)	Mountain Range	World Ranking
1	K-2 (Chogori)	8,611	Karakoram	2
2	Nanga Parbat	8,125	Himalaya	9
3	Gasherbrum-I	8,068	Karakoram	11
4	Broad Peak	8,047	Karakoram	12
5	Gasherbrum-II	8,035	Karakoram	14
6	Gasherbrum-III	7,952	Karakoram	15
7	Gasherbrum-IV	7,925	Karakoram	17
8	Distaghir Sar	7,885	Karakoram	20
9	Kunyang Chhish	7,852	Karakoram	22
10	Masherbrum NE	7,821	Karakoram	24
11	Rakaposhi	7,788	Karakoram	27

Source: Alpine Club of Pakistan.

## **Employment Generation in Gilgit Baltistan**

According to the working paper released by the Centre of Excellence China Pakistan Economic Corridor, at the completion of the CPEC mega projects, about 1.2 Million direct jobs will be provided in agriculture, tourism, mineral processing, oil and gas, and services sectors. With the increase of trade and commerce activities in the region, employment opportunities will be generated for the youth of the GB also. The CPEC hydropower projects are expected to generate 40,000-50,000 jobs in GB and AJ&K as per estimates given by ILO.<sup>19</sup> During the construction and operation of these projects, more direct and indirect jobs will be created. To harness these employment opportunities, the youth of the GB need to be trained in modern employability skills, techno-vocational education, and capacity building in emerging technologies.

## **Development of Hydropower project in Gilgit Baltistan**

Gilgit Baltistan has enormous hydropower potential. According to some conservative estimates, more than 40,000 Megawatts of power can be easily generated from the hydropower resources of the region. Some of the mega projects in GB include Diamer Bhasha, Bhunji tunnel, Phunder, and many other small projects, which can provide 20,000 MW hydropower for the country in the next 10-15 years. Similarly, smaller installation

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19 International Labour Office (ILO). (2016). World employment and social outlook: Trends 2015. Geneva: ILO.

low-head power generating units (small and micro) at different small streams can provide additional power generation. Some of the potential sites include Yulbo 3000 MW, Thorgo Pari 2500 MW, and Tungus 2100 Katzara 1500 MW. Currently, the Power department of GB produces only 170 MW against the peak demand of 200-300 MW, and a gap of 150-200 MW is faced in the region, leading to long hours of power outages for 18-20 hours. With the new hydropower projects under CPEC, a clean, reliable, and consistent power supply will be provided in Gilgit Baltistan, which will create more opportunities for the socioeconomic development of the region.

### **Techno-vocational skills development & higher education exchanges**

For the success of the mega projects and future Special Economic Zones (SEZs), techno-vocational and Engineering professionals will be required in the region. The mega hydropower projects in the region, including the Diamer Bhasha Dam and Dassu hydropower projects, have already employed a good number of such human resources from the region. Currently, about 30,000 students are pursuing higher education in Chinese Universities. These universities are also extending their footprint to Pakistan under BRI and CPEC to initiate student exchange, faculty exchange, joint research projects, joint degrees, and split degree programs. Karakoram International University has developed partnerships with Chinese Universities and Colleges for the exchange of students in the fields

of Mining Engineering, Forestry, Agriculture, Tourism & Hospitality, and Horticulture. The China Study Centre of Karakoram International University has been established as one of Pakistan's six centers to develop people-to-people connectivity. Some of the objectives of the China Study Centre at KIU are below:<sup>20</sup>

- i. Study the geo-strategic and geo-economic dimensions of the Chinese Belt and Road initiative and CPEC to understand their long-term impact on Pakistan.
- ii. Develop mechanisms to fully exploit the opportunities arising out of China's appetite for global talent and facilitate the absorption of their graduates by the Pakistani economy.
- iii. Support higher education institutions (HEIs) in the development of human resources to implement the CPEC Long-Term Plan.
- iv. Develop the capacity of Pakistani universities for providing policy inputs to the government on the challenges emerging in the wake of the implementation of the CPEC Long Term Plan.
- v. Develop an understanding of Chinese history, culture, and governance system that has created the Chinese miracle while drawing lessons for development.

CPEC will bring more economic and social inclusion to Gilgit Baltistan. With the completion of major projects under CPEC in infrastructure, energy, manufacturing,

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20 "About Us - China Study Center," accessed January 22, 2024, <https://csc.kiu.edu.pk/about/about-us/>.

and services sectors, Gilgit Baltistan is destined to reap its benefits due to its geostrategic importance. More important is to develop skilled and qualified human resources, a conducive environment for investment and cross-border e-commerce. With these initiatives, Gilgit Baltistan, located at the gateway of CPEC, will have more opportunities and advantages.

### **Higher Education and Research Opportunities under CPEC for Pakistan and Gilgit Baltistan**

China has become one of the favourite countries for higher education and research by Pakistani students. The high investment in higher education and the Research & Development sector by China has developed their Universities to globally compatible levels. Today about 25000 students from Pakistan are pursuing their higher education in Chinese Universities. Out of these, about 7000 pursue their PhDs, 4000 Master. This number of students is growing more rapidly due to exposure to Chinese Universities at the global level. The Chinese government has made it mandatory for the country's higher education institutes to attract foreign students to improve their global rankings. Some of the joint collaboration opportunities for Pakistani higher education institutes with their counterparts in China include the following options:

- i. Joint Research
- ii. Talent Cultivation and Training:
- iii. Post-doctoral research:
- iv. Short Term Training

- v. Dual degree programs between Chinese and Pakistani Universities
- vi. Conferences, Seminars, Workshops, Colloquia, etc.

The intellectual adaptation of Pakistani students in Chinese universities is becoming an important topic for Chinese academia. The strategic relationship between Pakistan and China, spreading over more than seven decades, has been further strengthened with the CPEC.<sup>21</sup> These students are facing cultural and language issues, but the internationalization of Chinese institutes will gradually facilitate the removal of these impediments.

### **Challenges for CPEC in Gilgit Baltistan**

There is no doubt that Gilgit Baltistan, because of its unique geostrategic location, will gain more importance when the CPEC projects are completed. However, there are a number of challenges in the way which are discussed as follows:

### **Constitutional Limbo of Gilgit Baltistan**

The constitutional limbo of Gilgit Baltistan as a part of the Kashmir dispute has created many challenges for the people of the region. This ambiguity of constitutional status has discouraged foreign investors from coming to Gilgit Baltistan. India has been

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21 Xiaoqing Su, "The Intercultural Adaptation of the Pakistani Students at Chinese Universities," *Universal Journal of Educational Research* 5, no. 12 (December 2017): 2236–40, <https://doi.org/10.13189/ujer.2017.051213>.

consistently opposing investment in major projects like the Diamer Bhasha dam through international funding while referring to its constitutional status. This limbo benefits a few elites, but the majority is getting frustrated and dejected. This constitutional limbo has also affected the social and economic development of the region. Due to constitutional ambiguities, the other negative trends, such as Sectarianism, sub-nationalism, and ethnic and linguistic divides, are becoming deeper. For CPEC, the question of the constitutional status of GB will remain a major challenge.<sup>22</sup>

### **Environmental Degradation of the Region with CPEC and possible way forward**

The construction of large infrastructure and development projects in the region will generate economic activities and opportunities for the people of the region. Still, at the same time, such activities will generate air pollution, land degradation, water contamination, noise pollution, etc. The natural environment of Gilgit Baltistan is fragile. Climate change has already created large devastations in the form of floods, glacial lake outbursts, floods (GLOFs), slides, flash floods, heatwaves, etc. The International Union for Conservation of Nature (IUCN) warned in 2018 about the significant impacts of these developments on the biodiversity, livelihood of the local communities, and fragile mountain ecosystem

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22 Saranjam Baig, "Envisioning Development in Gilgit-Baltistan," in *Economy, Welfare, and Reforms in Pakistan. Essays in Honour of Dr Ishrat Husain*, ed. Vaqar Ahmed and Maaz Javed (Oxford University Press, 2022).

if the developments are not planned properly. The temperature increase in the region is relatively more as compared to the rest of the country. A temperature increase of 1.5 C<sup>0</sup> has been recorded in the last four decades as compared to a 0.76 C<sup>0</sup> increase in the rest of the country. The warming effect in the Himalayan Tibetan region has been recorded three times more than the rest of the region. Hence, the climate impacts have to worsen further in Gilgit Baltistan in the coming decades, as the mountains of the region are warming at double intensity.<sup>23</sup> All the three weather stations of Gilgit, Bhunji, Gupis, and Skardu have recorded an increase in annual temperatures during the last decades. With mega hydropower and infrastructure development projects under CPEC will increase the carbon footprint. It is recommended that green technologies be adopted and that the Environmental Impact Assessment (EIA) of all major projects be undertaken to mitigate their detrimental impacts on the natural environment.

### **Negative Impacts of Mass Tourism**

The number of tourists to the region has increased substantially, including both domestic and foreign tourists. As per reports of the GB Tourism Department, about 1.5 Million tourists are visiting the region every year. At the same time, the winter sports and tourism has also increased. With the mega projects

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23 Ghulam Rasul et al., "Glaciers and Glacial Lakes under Changing Climate in Pakistan," *Pakistan Journal of Meteorology* 8, no. 15 (January 1, 2011).

of CPEC, more economic activities will be generated, which will also attract tourists from the country and abroad, hence the fragile ecosystem of the region will be further burdened. To address these challenges, sustainable tourism has to be introduced in the region. In general, the people have a positive attitude towards Tourism development as a catalyst for economic empowerment, but the community has concerns about the negative impacts of tourism in the long run.<sup>24</sup> For the promotion of Ecotourism in the region, special funding may be allocated through soft loans for green entrepreneurship, and the youth of the region may be involved in such endeavors.

### **Way Forward for CPEC in the Second Decade**

There are many global challenges, including the worsening climate impacts, Economic recovery after the Pandemic, Extreme Poverty, Non-achievement of SDGs to a greater extent, weaponization Ukraine war, Philistine War, major power competitions, Indo-pacific dynamics and increased arms race. At the same time, the need for regulating modern technologies like AI is also becoming important but the global will for such initiatives is decreasing, unfortunately.

On the flip side, there is a complete national consensus of China and Pakistan on global issues. The friendship

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24 Yunfeng Shang, Abdul Hameed Pitafi, and Rao Muhammad Rashid, "Assessing the Impact of Community Factors on Local Community Support for Tourism: An Empirical Investigation of the China-Pakistan-Economic Corridor," *Frontiers in Psychology* 13 (April 29, 2022), <https://doi.org/10.3389/fpsyg.2022.893448>.

of the two countries remained time-tested, strategic, and linked to mutual interests. Pakistan has been strongly supporting “The One China policy” on the question of Taiwan. Pakistan deeply appreciates President Xi’s people-centered policies and dream for a better world and South Asia, as manifested in his three development initiatives. i.e. Global Security Initiatives (GSI), Global Development Initiatives (GDI), and Global Civilization Initiatives (GCI).

CPEC has high significance for strengthening the geo-economics and geostrategic relations, further strengthening the bilateral relations, advancing the economic growth of the region by commercial use of Gwadar port, and initiation of new energy & infrastructure projects. Its extension to improve regional connectivity and peace is required. The open and inclusive nature of CPEC for third parties will improve its acceptability in the region. Both countries would need to strengthen collaboration to counter terrorism in the region. Pakistan earnestly appreciates the three initiatives of President Xi. It is expected that the CPEC will provide opportunities for technology-induced modernization in the region, particularly Pakistan. For the success of CPEC in its second decade, the following recommendations are given:<sup>25</sup>

- Supportive statements for CPEC from the leaders from both sides, showing their strong

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25 Extract from the Speech of Ambassador Sohail Mahmood Former Foreign Secretary Pakistan at Third China Pakistan Think Tank Forum: Decade of CPEC-Review and Outlook” - July 21, 2023 at CICIR.

resolve to continue with all the challenges must be issued, showing their reiteration for its successful second decade.

- The trade relations between China and Pakistan need to be balanced as this is more tilted towards China at present. This would require the import of some products from Pakistan by China. It is encouraging that Xinjian Province China has recently agreed to import cherries and other agricultural products from Gilgit Baltistan.
- Backward investment and integration by China with Pakistani producers particularly from Gilgit Baltistan, will be required to improve the quality of products exported from Pakistan to China. This will also need the Transfer of Technology in a progressive manner.
- Extension of CPEC to Afghanistan is a good decision, which needs to be further deliberated to sort out the modalities. Its further extension to Iran and Central Asia will improve regional integration, peace, and economic conditions.
- The embassies of China and Pakistan must arrange seminars and workshops about CPEC in other countries to improve its image for global and regional prosperity and peace.
- The Think Tanks of both countries must work for a shared vision in the next 25 years at the Centennial celebrations in 2047/2048
- The role of Media in promoting the image of the CPEC in the region is very important

In Gilgit Baltistan, the China-Pakistan Economic Corridor (CPEC) encompasses both aspirations and concerns. Serving as its gateway, the region plays a crucial role in the triumph of large-scale projects that aim to establish connectivity between China and Pakistan via roadways and railways. While the anticipated developments suggest a promising future for the region, the absence of observable projects raises doubts about the viability of CPEC. There is a pressing need for advocacy and dissemination efforts to highlight the mega projects and their potential benefits for the region.

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## **CPEC Driven Economic Development in Punjab: A Decade in Review**

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### **Introduction**

Sustainable Development Goals (SDGs) demand tangible actions to reduce poverty and inequality and improve the quality of human life by enhancing justice and providing a progressive, healthy environment without distinction among humans. These challenges make strategic alliances not just a tool of convenience among nations rather they make it a critical instrument for sustainable development. In this century, nations across the world have realized the importance of geo-political and strategic relationships as a tool kit for sustainable development. The globalization phenomenon led by rapid advancement in technology and artificial intelligence has made them realize that they cannot protect their national interest without strong diplomatic relations and regional cooperation. Consequently, we have seen massive technological cooperation among nations in every field of life, including defense, infrastructure, industrial development, trade and & Commerce, etc. China BRI is one of the best examples of such multinational development programs conceived by China.

BRI is widely considered a paradigm shift for Asia Pacific, Africa, and Central and Eastern Europe. It aims not only to bridge the infrastructural gap in the region but also to serve as a gateway to prosperity for the entire region. Although BRI covers 68 countries, CPEC is an important part of the project which connects the northwestern region of Xinjiang, China with Gwadar Port in the Balochistan province of Pakistan through a network of highways, railways, and communication networks. It is an almost 3000 km route connecting major economic centers of Pakistan with abundant human resources and work potential. Being the major representative of Pakistan's human capital, Punjab province leads the way by contributing the highest GDP share, and based on its expanding middle-class workforce, it is emerging as an investment hub of Pakistan which is well connected with all other provinces with rail, road, and air networks.

Since its inception in 2013, CPEC has created a significant impact on the economic and cultural outlook of Punjab, which is evident from national media reports and government statistics. The year 2023 marks the successful completion of a decade of CPEC, and it calls for an independent analysis of milestones achieved and the progressive change it brought to the lives of people. It is also an opportunity to clarify the initial propaganda and misconceptions attributed to CPEC by rivals and justify the prospects of the project to all stakeholders. This chapter focuses on four CPEC-driven initiatives and their impact on

economic development in Punjab province during the last decade.

### **Infrastructure and Special Economic Zones Development**

Among the most important initiatives under CPEC is the establishment of Special Economic Zones (SEZ). Nine SEZs are to be established under CPEC, among which Allama Iqbal Industrial City (AIIC) is in Punjab. It has the advantage of being adjacent to an M3-Industrial city which comprises a large number of projects, including textile, pharmaceuticals, information technology, chemicals, automotive, service complex, etc.<sup>26</sup> The first phase of AIIC was started in 2019 and completed in 2021 with a cost of Rs 7.5 billion; consequently, more than 20 industrial units started production, for which a 500MW grid station and 40 MMcf/d gas have been provided. After completion, AIIC is expected to employ approximately half a million people. The establishment of AIIC has not only attracted local and foreign investment in the province but also helped to extend the industrial base and create employment opportunities.

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26 Khalid Hasnain, "Punjab Set to Launch Another Four Economic Zones," DAWN.COM, March 6, 2022, <https://www.dawn.com/news/1678538>.

**Table 1: Overview of AIIC**

Focused Sectors	Facilities
Textile	Commercial Area
Engineering	Expo Center
Chemical	Banks
Food Processing	Hotels/Petrol pumps/
Pharmaceutical	Residential Colonies
Packing and Building	Communication Network
Automobile	

Source: Faisalabad Industrial Estate Development and Management Company

China has played a vital role in infrastructure development in the province, which is vital for growth under SEZs. Besides building the Multan-Sukkar section of the motorway, the cross-border optical fiber cable project is the flagship initiative under CPEC. The communication and transportation systems are vital for the success of SEZs. Due to easy access and ease of doing business, many Chinese companies have expressed their interest in investing in diverse industrial sectors in Punjab. Among these sectors, steel, agrochemical, spinning, chicken farming, and meat processing units are major industrial units identified by China. The Punjab Board of Investment and Trade (PBIT) with the collaboration of Chinese companies, is working on several projects, including a \$10 million project on the production of electric vehicles in Punjab.

With that much government support, AIIC has shown enormous progress and has played a prominent role in uplifting the provincial industrial and investment

profiles. There are five industrial units from China and eight industrial units from Pakistan have started production. These units include textiles, garments, pharmaceuticals, automobiles, packaging, electrical and electronics, chemicals and dyes, light engineering, iron and steel re-rolling, food processing, building/construction materials, plastics, and agriculture. In terms of Foreign Direct Investment (FDI) AIIC has attracted a significant amount of \$312 million, which is in addition to the \$543 million from local investors.<sup>27</sup> According to the CPEC Secretariat of the Ministry of Planning, Development and Special Initiatives, completion of SEZs under CPEC is expected to generate around two million jobs and would be able to give Rs. 1 trillion in turnover. However, according to independent analysts, one of the biggest challenges faced by SEZs on their way to sustainable development is to maintain their focus on industrialization instead of only on real estate development.

## **Agricultural Development**

Pakistan, being an agricultural country, heavily relies on its agri-based exports therefore, infrastructure development is directly related to agricultural development and employment generation in Punjab province, which contributes the major share of the country's GDP. To understand the role played by rural investment in Punjab province, it is important to

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27 Naeem Ahmad, "AIIC: Revving up for Economic Growth," [www.thenews.com.pk](https://www.thenews.com.pk/tns/detail/1090864-aiic-revving-up-for-economic-growth), July 16, 2023, <https://www.thenews.com.pk/tns/detail/1090864-aiic-revving-up-for-economic-growth>.

acknowledge the fact that the majority of the population of Punjab lives in rural areas and earns their bread and butter from agriculture. Any development in the agricultural sector in Punjab has a direct relationship with socio-economic development, employment, and sustainable growth of the whole country. It is intuitive to relate infrastructure development with output growth in agriculture-based rural areas in the light of existing empirical studies (see, for instance, studies by Aschauer;<sup>28</sup> Canning;<sup>29</sup> Calderon and Chong;<sup>30</sup> Sawada;<sup>31</sup> and Estache et al.<sup>32</sup> Rural electrification gives incentive to the farmer by increasing irrigation facilities and enhancing land use intensity. Building a road network makes quick and low-cost access of agri-products to the local and regional markets. Easy access to the credit market plays a crucial role in agricultural development. The availability of agricultural credit at the doorstep and on easy terms

28 David Alan Aschauer, "Is Public Expenditure Productive?," *Journal of Monetary Economics* 23, no. 2 (March 1989): 177–200, [https://doi.org/10.1016/0304-3932\(89\)90047-0](https://doi.org/10.1016/0304-3932(89)90047-0).

29 D. Canning, "A Database of World Stocks of Infrastructure, 1950–95," *The World Bank Economic Review* 12, no. 3 (September 1, 1998): 529–47, <https://doi.org/10.1093/wber/12.3.529>.

30 Cesar Calderon and Alberto Chong, "Volume and Quality of Infrastructure and the Distribution of Income: An Empirical Investigation," *Review of Income and Wealth* 50, no. 1 (March 2004): 87–106, <https://doi.org/10.1111/j.0034-6586.2004.00113.x>.

31 Yasuyuki Sawada, "DYNAMIC POVERTY PROBLEM and the ROLE of INFRASTRUCTURE," in *JBIC Review* (Japan Bank for International Cooperation, 2000), 20–40, [https://www.jica.go.jp/Resource/jica-ri/IFIC\\_and\\_JBICI-Studies/jica-ri/publication/archives/jbic/report/review/pdf/report03\\_2.pdf](https://www.jica.go.jp/Resource/jica-ri/IFIC_and_JBICI-Studies/jica-ri/publication/archives/jbic/report/review/pdf/report03_2.pdf).

32 Antonio Estache, Sergio Perelman, and Lourdes Trujillo, "Infrastructure Performance and Reform in Developing and Transition Economies: Evidence from a Survey of Productivity Measures," *Policy Research Working Paper Series*, February 1, 2005, <https://ideas.repec.org/p/wbk/wbrwps/3514.html>.

not only increases the profit margin of farmers but also encourages investment in long-term production assets like tractors, tube wells, and livestock.<sup>33</sup> Given below is a brief description of agriculture sector growth in Punjab province since 2018.

## Exhibit 2: Agriculture Sector Growth in Punjab

Years	2018- 19	2019- 20	2020- 21	2021- 22	2022- 23	2023- 24*
Agriculture Sector Growth	1.7%	3.6%	4.8%	4.9%	5.0%	5.5%

\*Target Source: Punjab Board of Investment and Trade: Punjab Growth Strategy Report 2023

During the last decade, the collaboration between China and the Government of Punjab has created a robust supply chain and value-added opportunities in the agriculture sector. Chinese research-based support in the provision of high-yield seeds, efficient pesticides, and technologically advanced machinery and training is the reason behind agricultural development in the province. This is evident from the fact that in the current year, agricultural exports to China reached \$730 million in 2022, and it is expected to reach up to \$1 billion in the current year.<sup>34</sup> Punjab Govt. has set up the CPEC unit in the Agriculture Department Punjab to create awareness among farmers, suppliers, exporters,

33 Riaz Ahmed and Usman Mustafa, "Impact of CPEC Projects on Agriculture Sector of Pakistan: Infrastructure and Agricultural Output Linkages," *The Pakistan Development Review*, 2016, 511-27, <https://www.jstor.org/stable/44986502>.

34 Yasir Habib Khan, "CPEC Changing Punjab," *The Nation*, August 20, 2023, <https://www.nation.com.pk/20-Aug-2023/cpec-changing-punjab>.

the general public, and public officials regarding emerging agricultural opportunities under CPEC. Recently, China's Locusts Control Center has provided substantial support to Pakistani farmers in fighting against desert locusts by providing almost 300,000 liters of essential pesticides, 12 drone sprayers, and 30 other spraying equipment worth \$5 million to fight against locusts' swarms. In addition, the Department of Plant Protection of Pakistan also received extended support from China related to training, technology transfer, and establishment of monitoring and early warning systems. China has also provided support in promoting agro-processing units and freezing and dehydration protection equipment to avoid solar dehydration of perishable products to reduce post-harvest losses and enhance shelf life. This is due to Chinese support that the agriculture sector in Punjab is now better equipped and well-trained in addressing issues related to food security.

### **Export Development**

Punjab province is leading the country in small and medium size industrial production and growth. Many small-scale industrial clusters are located in different cities of Punjab such as Lahore, Sialkot, Gujranwala, Multan, and Faisalabad. These industries are from different sectors such as textile, agricultural-based products, leather goods, medical supplies, sporting goods, medicines, and fertilizers.<sup>35</sup> These

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35 State Bank of Pakistan, "Special Section 1: CPEC and Potential Opportunities for Industrial Transformation in Pakistan," *Sbp.org.pk*, 2018, <https://www.sbp.org.pk/reports/quarterly/fy18/>

goods have contributed a sizable share of Pakistan's total exports due to CPEC. The transformation that CPEC has brought to the Punjab export industry is noticeable. This transformation can be attributed to the considerable developments in transportation infrastructure and communication that generated trade opportunities. Pakistan has a significant amount of untapped trade potential that might help Pakistan in improving the life quality of its citizens.<sup>36</sup> As discussed earlier, the establishment of SEZs along the CPEC corridor, including those in Punjab, has attracted foreign investments, boosting the manufacturing and industrial sectors and potentially making it easier to establish SMEs, which in turn opens up opportunities for the local population to increase their export potential. As a result, exports of machinery, electronics, and automobile parts from the Punjab have increased significantly in recent years. The textile industry, one of the main sectors in Punjab, which serves as the economic backbone of the province, has witnessed a significant boom due to CPEC. Textile exports have increased, particularly from the Punjab, which is recognized as Pakistan's textile hub. A significant \$150 million investment in a Lahore manufacturing plant by a Chinese textile powerhouse with plans to export sportswear to Western markets is a noteworthy development.

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First/Special-Section-1.pdf.

36 Junaid Kamal and Manzoor Hussain, "Dynamics of Pakistan's Trade Balance with China," 2017, <https://www.sbp.org.pk/publications/staff-notes/Pak-China-trade-balance.pdf>.

China is the second largest export market for Pakistan, accounting for 7.7% of all exports and follows. Cotton and rice account for a sizable 75 percent portion of Pakistan's exports to China. According to Kamal and Husain,<sup>37</sup> A sharp increase in cotton exports to China from Pakistan is witnessed, which rose from \$358 million to an amazing figure of \$968 million in 2016. Currency swap agreements (CSAs) that were mediated by the State Bank of Pakistan (SBP) and the People's Bank of China (PBOC) simplified the exchange of Pakistani goods in the Chinese market using local currency, resulting in this export boom. Furthermore, this economic integration is strengthened by China's increasing share in the Pakistani market.<sup>38</sup>

Punjab, as a hub of Pakistan's agriculture, is an important contributor to the agriculture export capacity of the country. The infrastructure developments in Punjab because of the CPEC have enhanced the export capacity of the province by streamlining the export of agricultural products. The major types of agricultural exports include citrus fruits, wheat, and rice. Enhancing intercropping, high-yield seeds, insect control, and agricultural machinery are examples of areas where Chinese contributions remained crucial.

The chairman of the Pakistan Hi-Tech Hybrid Seed Association (PHHSA) reported that Pakistan's

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<sup>37</sup> Ibid.

<sup>38</sup> Pakistan Today, "China to Increase Its Imports from Pakistan: Officials," Profit by Pakistan Today, December 8, 2018, <https://profit-pakistan.com.pk/2018/12/08/china-to-increase-its-imports-from-pakistan-officials/>.

exports of agricultural goods to China from January to August 2022 totaled \$730 million, an increase of 28.59 percent year over year, and are projected to reach \$1 billion shortly. Pakistan's trade surplus with China in agricultural products has increased to \$527 million and needs to increase significantly in the future.<sup>39</sup> Additionally, the sector's rise has been bolstered by cross-sector cooperation and the leasing of state property for corporate farming. The primary resource center for raising awareness of the various opportunities and implications resulting from the CPEC is the CPEC Unit of Punjab's Agriculture Department. This unit spreads information to key stakeholders, including farmers, producers, exporters, the general public, and government officials.

China is advancing Punjab's agro-processing units through investments and technical support, including individual fast freezing, potato powder or flake manufacture, olive oil extraction, and solar vegetable dehydration protection. These developments are surprisingly paying off for the province, and its future export performance is expected to expand. The effects of CPEC in Punjab are far-reaching and the province will get the export benefits and a technological shift. This project has recharged export industries, advanced technological competency, and outlined a course for sustainable development of Punjab province.

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39 Shafqat Ali, "Pakistan's Agricultural Exports to China Expected to Exceed a Record High of US \$1 Billion in next Three Months: PHHSA Chief," [www.gwadarpro.pk](http://www.gwadarpro.pk), October 11, 2022, <https://gwadarpro.pk/1579717340337532929/pakistans-agricultural-exports-to-china-expected-to-exceed-a-record-high-of-us->.

## Technology Transfer Initiatives

CPEC goes beyond its economic effects to serve as a conduit for the flow of knowledge and technology, which has greatly enhanced Punjab's technological power. One example is the deal between Huawei, the Chinese conglomerate, and the Punjab Safe Cities Authority (PSCA). For a safe and secure Punjab, a Chinese firm is now managing PSCA's infrastructure, which has increased the security in Punjab's urban areas.<sup>40</sup> This technology transfer is one of the examples among many other such initiatives being taken in the province.

China is becoming the leading country in innovative technologies. Its technological expertise is becoming a part of Punjab's industrial environment because of the joint ventures between the businesses in the two countries. The CPEC-driven improvements to the digital infrastructure have strengthened Punjab's information technology (IT) sector and promoted the flow of IT-related knowledge and skills in the province. Another example of partnering with Pakistani businesses is Ant Financial, a subsidiary of China's Alibaba Group, which acquired forty-five percent shares of Telenor Microfinance bank back in 2018 by making a huge investment of \$184.5 million. The entrance of such giant firms comes with technology transfer as well. Likewise, Huaihai Holding Company

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40 DAWN, "Chinese Firm to Again Operationlise Entire PSCA Infrastructure," DAWN.COM, December 2, 2022, <https://www.dawn.com/news/1724176>.

of China made a \$10 million investment in Punjab's electric vehicle industry, which shows an example of how China is actively involved in this sector, paving the way for technology transfers in the province.

Given the CPEC-based technology transfer in the province, the skill level of the workforce is becoming one of the most significant drivers of effective project implementation. Though the workforce in Pakistan is growing by 1.5 million people per annum, still hiring skilled workers is not an easy job, which is detrimental to the persistent industrial development.<sup>41</sup> Fortunately, CPEC-related projects have always placed a strong emphasis on increasing the skills of the workforce in the form of training programs and opportunities in education, enabling the workforce in Punjab to meet the requirements of modern industries. Among other collaborations, Agribusiness, renewable energy, and biotechnology are a few of the fields where Chinese and Pakistani institutions are working jointly and sharing in research and development to make technological innovations.

As discussed earlier, China is also cooperating in providing essential tools and equipment to Pakistan's Department of Plant Protection. This cooperation covers training, technology flow monitoring, and early warning systems development. It resulted in better handling of locust problems and food safety

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41 Sana Ajmal, Lubna Hasan, and Iftikhar Ahmad, "A Tale of Two Punjab and CPEC," *SSRN Electronic Journal*, 2020, <https://doi.org/10.2139/ssrn.3709236>.

in the province, safeguarding global food supplies. Moreover, Pakistan's fight against the worst desert locust infestations in recent memory was made possible by China's prompt and substantial assistance. The National Locust Control Centre reported a considerable decrease in locust numbers in impacted areas due to Chinese assistance. To battle the locust threat, China provided necessary insecticides, drone sprayers, and other spraying devices for a total of \$5 million. Furthermore, CPEC has significantly increased technology flow in the country and has collaborated in education and healthcare. The establishment of Chinese Study Centers and Confucius Institutes in the majority of Punjab's universities is fostering intercultural research, as part of China's commitment to foster intercultural harmony and minimize language barriers. The collaboration and person-to-person contacts in academia are promoting research and development and increasing diversity. China has concurrently committed to providing full support for healthcare advancements in Punjab, including vaccine manufacture and facilitating COVID-19 inoculation for a sizable portion of the population.

## **Challenges**

Since its inception, CPEC has remained the pivot of media discussion, debates, and academic research. Taking it as an opportunity to attract viewership, not only journalists but also social media activists and bloggers started sharing opinions, making vlogs, and publishing articles without putting significant effort

into authenticating the credibility of the sources. Consequently, the focus on addressing genuine concerns was diluted, and most of Govt. The efforts were diverted to counter the anti-CPEC propaganda of external forces rather than real issues. For instance, some analysts said it is just another “East India Company,” while some others tried to make an analogy of CPEC consequences with Sri Lanka’s port of Hambantota. However, besides this negative propaganda, the project faces some real challenges. The first and foremost important challenge is the economic stability of Pakistan, especially the CPEC-related debt crisis and current account deficit faced by Pakistan, which is the real cause of discomfort among economic analysts. It is evident from the current economic conditions in the country that Pakistan is facing hardship in repayment of Chinese debts. According to the economic survey of Pakistan 2021-22 following is the debt profile of Pakistan with China:

### Exhibit 3: Pakistan Debt Servicing to China

	2020-21	2021-22
Total Loan with China	\$ 10,777 Million	\$ 14,180 Million
Principal Repayment	\$ 421.6 Million	\$ 135.5 Million
Interest Payment	\$ 450.8 Million	\$ 169.8 Million

Source: Economic Survey of Pakistan 2021-22

In the current economic crisis when the inflation rate is at its record highest level and the economy is rapidly moving towards an unfortunate default, Pakistan is desperately looking for a successful review of IMF

programs by fulfilling all requirements of the program including renegotiations of CPEC-related energy deals with China. Although Pakistan's ruling elite terms CPEC as a "Game Changer," the Chinese Govt. should help Pakistan in self-sustainable economic growth. Chinese companies have to partner with local Pakistani companies and SMEs in Punjab province and help them in production and job creation to make the dream of economic prosperity come true.

The second biggest challenge is the security concerns of the Chinese business fraternity. Although the security situation in Punjab province is much better than other provinces as depicted in the table below, any unfortunate incident in other provinces ultimately impacts other parts of the country. It is a well-known fact that China's rival forces are actively using every possible way to create controversy regarding the prospects of the project. In this respect, Inspector General (IG) Punjab Police, during his visit to Multan Industrial State, has given a special order to provide foolproof security to all Chinese citizens.<sup>42</sup> The Punjab police have a dedicated staff of around 15,000 men who are a part of the Special Protection Unit (SPU) for guarding the Chinese nationals.

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42 Punjab Police, "IGP Orders Foolproof Security of Chinese Nationals | Punjab Police," Punjabpolice.gov.pk, 2023, <https://punjab-police.gov.pk/node/14319>.

## Exhibit 4: Violent Incidents During 2022

Province	No of incidences	Total Deaths (Number of Citizens)	Total Injuries (Number of Citizens)
Punjab	6	5	46
KP	624	404	856
Balochistan	372	166	559
Sindh	16	9	39

Source: National Counter Terrorism Authority (NCTA) Annual Report 2022

## Strategic Recommendations

Based on the above discussion it is recommended that China should play a major role in ensuring that the project must be a win-win situation for both countries. Punjab province needs Chinese support in sustainable agriculture and allied sector development for poverty alleviation. The GoP, along with its Chinese counterpart, should support the upgradation of existing agricultural infrastructure, including irrigation systems, livestock farming, fisheries, and crop farming in the regions along the CPEC by sharing technical expertise and technology transfers. The GoP should focus on those bilateral trade agreements with China under Free Trade Agreement (FTA) which enhance SMEs' participation in the country's export potential. Private sector facilitation in the area of their competitive advantage can help increase the province's export base. The GoP must take necessary initiatives to improve the "Ease of Doing Business Index," addressing issues related to intellectual property and energy shortage to encourage private sector participation.

To become a growth-oriented segment of CPEC, GoP should strengthen its position in international trade by systematically fostering its human resource capabilities to enhance its export outlook. For this, the establishment of well-targeted technical and vocational institutes in Punjab and refurbishment of existing institutes to meet the human resource needs of CPEC-related ventures along with revisiting its regulatory duty framework on the import of raw materials for SMEs.

To address security concerns, the Pakistani government must ensure the implementation of the National Action Plan in true letter and spirit in all provinces, including Punjab. Although Punjab Police has adopted tangible measures to maintain law and order in the province, there is still a need to develop a proactive collaboration with intelligence agencies and whistle-blowers so that any unfortunate incident can be intercepted before it happens. In this respect, meetings of provincial, divisional, and district intelligence committees and security agencies must be held at regular intervals.

Last but not least is “word of mouth,” which plays a vital role in creating awareness and tackling negative propaganda and controversies therefore, the Punjab Higher Education Commission (PHEC) along with the Directorate of Colleges Punjab, should take the initiative to arrange awareness sessions in colleges and universities to provide information on the progress CPEC is making and job opportunities ahead for our youth. Meanwhile, the education department should

prepare career paths under CPEC to guide academia so that youth can get the right set of education and skills and become ambassadors of CPEC and a pillar of sustainability development in Punjab.

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# **Celebrating a Decade of BRI-CPEC Partnership and Regional Advancements in Pakistan: Turning South Punjab into a Gateway of Prosperity**

**Prof Dr. Muhammad Iqbal Chawla**

## **Introduction**

Launched on April 20, 2015, as China's part of its ambitious Belt and Road Initiative (BRI), the massive and revolutionary China-Pakistan Economic Corridor (CPEC) represents a ray of hope for Pakistan's equitable and sustainable development.<sup>43,44</sup> The broader goals of the BRI, which are to promote connectivity, trade, and cooperation among Eurasian nations, are easily aligned with the overarching aim of the CPEC, which should transform Pakistan's economic landscape through extensive infrastructure development, trade enhancements, and strategic investments.<sup>45</sup>

The influence of CPEC extends beyond physical borders and touches every facet of Pakistan's socio-

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- 43 Hafez Muhammad Javed and Muhammad Ismail, "CPEC and Pakistan: Its Economic Benefits, Energy Security and Regional Trade and Economic Integration," *Chinese Political Science Review*, January 1, 2021, <https://doi.org/10.1007/s41111-020-00172-z>.
- 44 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 (Springer, 2018), 69–83, [https://doi.org/10.1007/978-981-10-5972-8\\_7](https://doi.org/10.1007/978-981-10-5972-8_7).
- 45 Shayan Rauf and Adam Zeidan, "China-Pakistan Economic Corridor (CPEC) | Introduction & Summary | Britannica," in *Encyclopædia Britannica*, 2019, <https://www.britannica.com/topic/China-Pakistan-Economic-Corridor>.

economic structure. To provide a more nuanced perspective, this chapter closely examines South Punjab, acknowledging its crucial significance within the broader framework of the CPEC. At the confluence of the China-Pakistan Economic Corridor's economic corridors, South Punjab, which is geographically restricted by the provinces of Sindh and Balochistan, is positioned strategically at the southernmost point of Punjab. As a key access point to the Arabian Sea and the Gwadar port, this region which contains significant towns like Dera Ghazi Khan, Bahawalpur, and Multan is in a unique position to significantly boost CPEC's aspirations for marine connectivity. In Addition to it, South Punjab's strategic position and developmental potential are the driving forces for CPEC's strategic decision to prioritize the area. This focused strategy demonstrates a dedication to fair development throughout Pakistan, especially in traditionally neglected areas like South Punjab. With an emphasis on South Punjab, CPEC aims to promote equitable and sustainable development, act as a bridge to reduce regional imbalances, and stimulate economic growth.<sup>46</sup>

Geographical prominence is secondary to the agricultural competence of South Punjab. The region's agricultural potential, which is typified by lush soil and a wide variety of crops, is in line with the general economic goals of the CPEC and provides a means of

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46 Sana Ajmal, Lubna Hasan, and Iftikhar Ahmed, "A Tale of Two Punjabs and CPEC," *mpira.ub.uni-muenchen.de*, September 17, 2020, <https://mpira.ub.uni-muenchen.de/103451/>.

generating significant export income and improving food security. To further support CPEC's diverse objectives, the area's undeveloped natural resources, such as coal, gypsum, and limestone, have great potential for promoting industrial expansion and energy generation.

This chapter examines the intricate relationships surrounding the CPEC and how they affect South Punjab's development and progress. It draws from credible sources and high-impact research publications to provide a comprehensive understanding of the intricate consequences of CPEC on Pakistan's economy, with a focus on South Punjab in particular. The CPEC's economic, infrastructure, social, and environmental components will all be covered, with an emphasis on both the benefits and drawbacks of the project. South Punjab may evolve into a dynamic economic hub that fosters growth, prosperity, and long-term development with the aid of the CPEC project. By capitalizing on the region's favorable geographic location, exceptional agricultural productivity, and untapped mineral resources, the CPEC might allow South Punjab to play an important role in Pakistan's economic comeback. However, for CPEC to realize its full potential, the area needs to promote talent development, fill up the gaps in its current infrastructure, and properly distribute the advantages. With careful planning and bold initiatives, the CPEC may bring about a new age of prosperity and advancement for South Punjab, making it a symbol of hope for Pakistan's economic future.

The fundamental premise of this study posits that Gwadar's strategic importance in the CPEC, especially concerning maritime connections, adds complexity to the narrative. Examining key advancements in the port city, including port expansions, enhanced connectivity, and business initiatives, offers a comprehensive insight into how CPEC is promoting prosperity in less developed regions of Pakistan, such as South Punjab.

### **Literature review**

This literature review aims to ascertain the current state of knowledge about the effects of the CPEC on South Punjab. Its nature is primarily exploratory. Secondary data sources provide an extensive overview of earlier research, which is essential for setting the stage for later investigations. One of the main initiatives of China's Belt and Road Initiative (BRI) is the China-Pakistan Economic Corridor (CPEC), which seeks to improve Pakistan's infrastructure, trade, and investment. Researchers have focused a lot of attention on CPEC, investigating its possible effects on several different areas.

Chawla retraced the ancient Silk Route, contending that CPEC represents a continuation of that concept with enhanced resources, commitment, and dedication. His paper is valuable in understanding the historical evolution of CPEC, recognized as a flagship project of the Belt and Road Initiative (BRI).<sup>47</sup>

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47 Muhammad Iqbal Chawla, "One Belt One Road Summit 2017 and Its Implications for CPEC: An Overview," *A Research Journal of South Asian Studies* 32, no. 2 (December 29, 2017): 277-84.

Mahmood et al. investigated how stakeholders saw the connection between sustainable development and infrastructure initiatives like CPEC. They discovered that the majority of stakeholders believe CPEC advances sustainable development. They did, however, also voice worries over possible negative social and environmental effects. The necessity of a balanced approach to development that takes into account potential costs to the environment and society in addition to economic gains is emphasized by this study. It also emphasizes how crucial stakeholder participation is to the design and execution of major projects like CPEC.<sup>48</sup>

Saad et al. claim that the CPEC may significantly affect the living conditions of Pakistani rural women. Rural women see new opportunities brought about by CPEC, even though they believe that these prospects would come through the economic growth of rural areas rather than directly affecting their self-enhancement and quality of life. This study emphasizes the need for inclusive development plans that consider the needs and perspectives of marginalized groups. It also highlights how equality between men and women and women's empowerment in Pakistan's rural areas could be aided by the CPEC.<sup>49</sup>

48 Shahid Mahmood, Muazzam Sabir, and Ghaffar Ali, "Infrastructure Projects and Sustainable Development: Discovering the Stakeholders' Perception in the Case of the China-Pakistan Economic Corridor," ed. Bing Xue, *PLOS ONE* 15, no. 8 (August 13, 2020): e0237385, <https://doi.org/10.1371/journal.pone.0237385>.

49 Ahmad Saad et al., "China-Pakistan Economic Corridor and Its Impact on Rural Development and Human Life Sustainability. Observations from Rural Women," ed. Bing Xue, *PLOS ONE* 15,

Ghafoor et al. examined the impact of the CPEC on the Pakistan Stock Exchange (PSX). Their research indicates that news about CPEC appears to raise PSX indexes. This implies that investors have a high degree of confidence regarding the project's potential for profit. The economic significance of CPEC is emphasized in the report, along with its capacity to attract investment and foster economic growth. It also suggests that if CPEC is carried out successfully, Pakistan's economic climate would be greatly affected.<sup>50</sup>

Kamran et al. investigated the ecological risk of Punjab province, a key region within the CPEC. They were able to identify numerous potential weak places because of their multi-source geo-information methodology. Among them were soil degradation, water pollution, and deforestation. The results of the study demonstrate how essential comprehensive environmental impact assessments and sustainable planning are to the success of CPEC projects. It also emphasizes how critical it is to take proactive measures to minimize any environmental risks associated with the construction of major infrastructure.<sup>51</sup>

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no. 10 (October 2, 2020): e0239546, <https://doi.org/10.1371/journal.pone.0239546>.

- 50 Muhammad Mudasar Ghafoor, Zahid Hussain, and Muhammad Yasir Saeed, "The Impact of China-Pak Economic Corridor (CPEC) on Pakistan Stock Exchange (PSX) | Journal of Business and Social Review in Emerging Economies," *Journal of Business and Social Review in Emerging Economies* 6, no. 4 (March 24, 2021), <https://publishing.globalcsrc.org/ojs/index.php/jbsee/article/view/1403>.
- 51 Muhammad Kamran et al., "Investigating Eco-Environmental Vulnerability for China-Pakistan Economic Corridor Key Sector Punjab Using Multi-Sources Geo-Information," *ISPRS International Journal of Geo-Information* 10, no. 9 (September 17, 2021): 625,

In their analysis of the developmental cooperation under the initiative, Anwar et al. discovered a strong correlation between CPEC development and investments, employment, economic growth, infrastructure development, and knowledge transfer initiatives. However, the investigation also revealed that CPEC had no appreciable effect on GDP growth or the reduction of poverty. This analysis emphasizes how more investigation is required to fully comprehend the wider economic effects of CPEC. It also emphasizes how critical it is to keep an eye on and assess the project to ensure that CPEC fulfills its promise to usher in an economic revolution.<sup>52</sup>

## Theoretical Framework

This analysis will utilize a sustainable development framework, highlighting the significance of achieving equilibrium among social justice, environmental preservation, and economic progress. This approach will steer the assessment of how CPEC affects different aspects of Pakistan's development. It provides a viewpoint for scrutinizing the interactions between economic, social, and environmental factors within the context of the CPEC. This methodology is essential for pinpointing strategies to alleviate potential negative consequences of CPEC while optimizing its positive effects. It forms the basis for a comprehensive and

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<https://doi.org/10.3390/ijgi10090625>.

52 Syed Umair Anwar et al., "The Resilient Economic Impact of CPEC and Future of MNCs: Evidence from Pakistan," *Frontiers in Environmental Science* 10 (August 4, 2022), <https://doi.org/10.3389/fenvs.2022.912975>.

cohesive investigation into the impacts of CPEC on Pakistan's sustainable development.<sup>53</sup>

## Methodology

The study has used historical, descriptive and analytical approaches. Academic journals, books, and papers comprise the majority of the secondary data sources reviewed in this literature evaluation on CPEC and its consequences on South Punjab. Many factors led to the selection of this tactic, including: Secondary data sources provide a thorough overview of the most recent CPEC study, making it easier to fully understand the project's potential implications because secondary data sources are readily available and affordable, they make for quick and easy research approaches. The data presented in books, reports, and academic journals is subjected to rigorous peer-review processes that ensure its validity. The use of secondary data sources does not prevent future primary study endeavors. Stakeholder interviews, community surveys, and field observations can all provide valuable insights into the actual experiences of those affected by CPEC. However, because secondary data sources offer a comprehensive review of the body of research, it was believed that they would be enough for this initial literature study.

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53 Zuhaib Ali et al., "The China-Pakistan Economic Corridor (CPEC): Theoretical Frameworks and Perspectives," *PalArch's Journal of Archaeology of Egypt / Egyptology* 19, no. 4 (December 15, 2022): 1443–49, <https://archives.palarch.nl/index.php/jae/article/view/11683>.

The selection of secondary data sources for this literature study is justified by the following arguments:

It would not be feasible to perform primary research, such as surveys or interviews, without access to communities in South Punjab owing to logistical problems or geographical constraints. Secondary data sources provide a useful and accessible alternative to gathering information. The sources might result in additional perspectives on the topic, as they often include the opinions of scholars and other stakeholders. This informative triangulation enhances the whole analysis's validity and dependability.

### **Methods' Contribution to the Study**

The following are some ways that this literature review benefits from the usage of secondary data sources:

**Synthesis of Knowledge:** The review provides a coherent and thorough summary of the subject by synthesizing the literature on the effects of CPEC on South Punjab. Important discoveries, knowledge gaps, and areas in need of additional investigation are all assisted by this summary.

**Finding Trends:** By highlighting patterns and trends in the available data, the assessment contributes to a more comprehensive understanding of the CPEC's overall effects on South Punjab. This trend identification offers a more comprehensive picture of the project's impacts and helps to contextualize particular research.

**Informing Future Research:** By pointing out areas of knowledge gaps and areas in which more research is required, the review helps to guide future research directions. The process of identifying research gaps aids in the prioritization of future endeavors and advances the development of a more thorough comprehension of the effects of the CPEC on South Punjab.

### **Social Impact of CPEC**

The socio-cultural fabric of South Punjab has been profoundly impacted by the CPEC, which has brought forth both new opportunities and challenges in addition to altering the region's way of life, interpersonal interactions, and value systems.<sup>5455</sup>

### **Economic Outlook and Shifts in Values**

The CPEC has opened up new jobs and business prospects in South Punjab. The rise in foreign investment and the jobs generated in various areas like construction, logistics, and manufacturing have led to a change in values. These days, emphasis is placed more on education, skill development, and entrepreneurial ventures. Dozen. The rise in disposable income has also affected lifestyle decisions and consumption

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54 Murad Ali, "Monitoring and Evaluation in South-South Cooperation: The Case of CPEC in Pakistan," in *The Palgrave Handbook of Development Cooperation for Achieving the 2030 Agenda*, ed. Sachin Chaturvedi et al. (Palgrave Macmillan, 2020), 289–308, [https://doi.org/10.1007/978-3-030-57938-8\\_13](https://doi.org/10.1007/978-3-030-57938-8_13).

55 Nadeem Akhtar et al., "Exploring the Determinants of the China-Pakistan Economic Corridor and Its Impact on Local Communities," *SAGE Open* 11, no. 4 (October 2021): 215824402110571, <https://doi.org/10.1177/21582440211057127>.

patterns due to an increase in leisure time and a rising demand for high-quality products and services. The dynamics of South Punjabi communities have gradually changed as a result of the CPEC, which has drawn in a sizable number of people from various cultural and ethnic backgrounds. Interfaith dialogue and cross-cultural contacts have facilitated a greater understanding and appreciation of various traditions. However, concerns over the preservation of the area's cultural legacy and the potential breakdown of long-standing social standards have also been raised by the rapid social transformation. The CPEC's infrastructure development, which includes power plants, roads, bridges, and communication networks, has increased South Punjab's connectivity. More mobility and improved access to opportunities for employment, healthcare, and education have resulted from this/. South Punjab's way of life has become more dynamic and international as a result of the improved infrastructure, which has also made it simpler for people to exchange cultures and introduce new ideas.<sup>56</sup>

### **Challenges and Potential Negative Impacts**

There might be some negative effects even though CPEC has greatly improved South Punjab's socioeconomic status. The rapid pace of development and the influx of outside influences may cause social dislocation and a loss of cultural identity. In addition, the increased demand for commercial and residential spaces has put pressure on resources and land, which may make the inequality that already exists worse.

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<sup>56</sup> Ibid.

## **Minimizing Unfavorable Impacts and Fostering Inclusive Growth**

To reduce the possible negative consequences of CPEC, initiatives that promote inclusive growth and social cohesion must be put into place. This means protecting long-standing cultural traditions, ensuring equitable access to opportunities, and encouraging mutual respect and tolerance among diverse communities.<sup>57</sup> Moreover, by allocating funds for education, skill development, and community engagement, South Punjab will be able to take advantage of the opportunities presented by CPEC while also preserving its unique cultural heritage. On the whole, the CPEC has significantly altered the socio-cultural makeup of South Punjab. The project has changed the region's value systems, way of life, and community dynamics in addition to posing new chances and difficulties. The increased availability of opportunity, economic expansion, and shifting social dynamics have all made South Punjab's way of life more vibrant and international. However, the quick speed of development and the inflow of outside influences have also brought with them possible difficulties, such as social upheaval, cultural identity loss, and heightened demand for resources and land. It is critical to implement policies that support inclusive growth, social cohesion, and the preservation of cultural legacy to lessen these possible negative effects. This entails preserving customs and heritage, making sure that everyone has equal access to opportunities, encouraging tolerance and understanding amongst

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57 Ibid.

various cultures, and making investments in learning, skill-building, and community involvement. By doing this, South Punjab would be able to preserve its distinctive cultural history and successfully take advantage of the opportunities provided by CPEC.

## **Environmental Impacts**

Due to the CPEC, which presents significant environmental concerns in addition to the potential for sustainable growth, South Punjab is faced with both opportunities and challenges. The reliance on coal-fired power plants, which make up over half of the proposed CPEC energy-generation projects, is a major topic of concern despite the economic corridor's green rhetoric.<sup>58</sup> Cleaner energy sources need to be used with caution due to the substantial environmental risk that comes with the accompanying pollution and CO<sub>2</sub> emissions.

Deforestation along the CPEC route is another pressing issue. More than 54,000 trees have been taken down to build highways, disrupting ecosystems and increasing CO<sub>2</sub> levels.<sup>59</sup> Achieving equilibrium between the expansion of infrastructure and environmental preservation is essential for mitigating the effects of climate change and safeguarding biodiversity.

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58 Hina Aslam, "CPEC & Environmental Sustainability," South Asian Voices, July 20, 2021, <https://southasianvoices.org/cpec-environmental-sustainability/>.

59 Iram Khalid, Tooba Ahmad, and Sami Ullah, "Environmental Impact Assessment of CPEC: A Way Forward for Sustainable Development," *International Journal of Development Issues* 21, no. 1 (2021), <https://doi.org/10.1108/IJDI-08-2021-0154>.

Up to 7,000 trucks use the Karakoram Highway every day as a result of the CPEC, increasing vehicle emissions that exacerbate environmental problems by contributing to air pollution and climate change.<sup>60</sup> To mitigate these negative impacts, cleaner technology development and efficient transportation management are crucial.

Development of cleaner technologies and effective transportation management are essential to reducing these adverse effects.

Water contamination resulting from infrastructure building and maintenance poses a threat to human health as well as aquatic ecosystems. Safeguarding the region's water resources requires enforcing stringent regulations and oversight initiatives.

Large-scale construction projects also raise concerns about soil deterioration, which has an impact on biodiversity and agricultural output.<sup>61</sup> To prevent long-term environmental impact, it is imperative to employ sustainable building techniques and conduct soil conservation measures.

To further explain the agricultural component, it is crucial to consider the impact that the CPEC will have on South Punjab's agriculture industry. Examining how the corridor might support a green economy by

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60 Iram Khalid, Tooba Ahmad, and Sami Ullah, "Environmental Impact Assessment of CPEC: A Way Forward for Sustainable Development," *International Journal of Development Issues* 21, no. 1 (2021), <https://doi.org/10.1108/IJDI-08-2021-0154>.

61 Ibid.

showcasing sustainable and environmentally friendly farming practices is crucial. In order to preserve the resilience of the agricultural sector, it is necessary to promote organic farming, water conservation, and environmentally friendly pest control methods.

Furthermore, in view of the CPEC and how it might impact South Punjab, the concept of a “grey economy,” which is typically associated with economic sectors that negatively impact the environment, needs to be carefully considered. The term “grey economy” refers to sectors of the economy that could be beneficial to the environment but also negatively impact the economy. While CPEC encourages infrastructure development, it is important to manage the potential expansion of companies that have significant environmental impacts. For instance, in addition to economic consequences, the growth of heavy industries like steel or chemical manufacturing can have both beneficial and bad effects on the environment. Maintaining a balance between economic growth and environmental sustainability is crucial to avoiding detrimental impacts on South Punjab’s delicate ecosystems. Therefore, strategic planning and stringent environmental rules are necessary to ensure that economic development under the CPEC is in line with long-term ecological conservation goals in the region.

The Quaid-i-Azam Solar Park in Bahawalpur, Pakistan, is a vital component of the country’s renewable energy landscape, producing 1000 megawatts of electricity. This solar power station, closely linked to the CPEC, is

located in the sun-drenched Cholistan region of South Punjab. It is a deliberate step towards sustainable energy. The country's fast growing energy needs are met in part by the phased construction of the solar park, which also stimulates local economies and generates employment. The Quaid-e-Azam Solar Park is an example of an international partnership, particularly with China, aimed at reducing carbon emissions and enhancing ecologically friendly energy options. It marks a significant turning point in Pakistan's efforts to create a future that is more sustainable and greener.<sup>62</sup>

### **Economic Impact**

In South Punjab, the CPEC has resulted in substantial economic improvements that have increased employment, business opportunities, and overall economic activity.

### **Employment Creation**

South Punjab has benefited greatly from the direct and indirect employment opportunities brought about by CPEC projects. The recruiting of both qualified and unskilled people from the region has been particularly active in the construction, energy, and industrial sectors.

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62 "1000MW Quaid-e-Azam Solar Park (Bahawalpur) | China-Pakistan Economic Corridor (CPEC) Authority Official Website," cpec.gov.pk, n.d., <https://cpec.gov.pk/project-details/10>.

## **Employment Growth in Specific Industries**

**Construction:** Masons, carpenters, electricians, welders, and other skilled workers have found employment in the construction of roads, bridges, power plants, and industrial parks.

**Energy:** Engineers, technicians, and laborers have been employed in the construction of power plants and transmission lines.

**Manufacturing:** The construction of new manufacturing facilities has resulted in the employment of people in several fields, including logistics, production, assembly, and packaging.

## **Business Opportunities**

The CPEC has given South Punjabi company owners additional alternatives. Increased foreign investment and infrastructural development have created a demand for goods and services, providing opportunities for start-ups, small businesses, and service providers. Examples of Business Opportunities include:

**Transportation and logistics:** Businesses providing these services have benefited from the expansion of trade and the flow of commodities along CPEC routes. The CPEC has resulted in a surge in the demand for hotels, restaurants, and other hospitality services due to the expanding number of workers and visitors. Companies that provide building supplies, like steel, sand, and cement, have witnessed an increase.

## General Economic Growth

South Punjab's general economy has grown as a result of the CPEC's beneficial effects on jobs and business prospects. The region's economy has developed as a result of increased commerce, infrastructure development, and investor inflow. Indicators of economic growth examples include:

**Greater GDP:** The CPEC projects are expected to result in a significant increase in South Punjab's GDP.

**Increased tax revenue:** The increase in economic activity has led to an increase in tax revenue, which can be used for social welfare, education, and infrastructure development.

**Better living standards:** South Punjab's citizens now have more access to basic amenities and disposable income as a result of the overall economic growth.

## Challenges and Opportunities

South Punjab needs to overcome some challenges to fully benefit from the CPEC, even though it has produced significant economic benefits. A skills mismatch, in which there is a greater need for competent workers in some industries than there are qualified people to fill those positions, may need training and upskilling programs. Rapid economic expansion may cause infrastructure bottlenecks, necessitating investments in essential infrastructure like power grids and roadways. CPEC projects must incorporate

sustainable development practices to assure long-term viability and minimize environmental effects.

To fully use the economic potential of the CPEC, South Punjab needs to give top priority to infrastructure investment, hiring a trained workforce, and putting sustainable practices into place. By overcoming these problems and utilizing the opportunities presented by the CPEC, South Punjab can grow into a prosperous economic hub where the living standards of its citizens will rise.

### **Technological Developments**

South Punjab has benefited greatly from the CPEC especially in the areas of connectivity, infrastructure development, and technical breakthroughs.

### **Building Infrastructure**

The carefully thought-out implementation of infrastructure projects under the CPEC has ushered in a new era of growth in South Punjab. These projects include the construction of roads, railroads, bridges, power systems, and more. These actions have not only improved business operations, but they have also greatly boosted regional mobility and communication. The 392-kilometer Multan-Sukkur Motorway is one noteworthy project that has significantly reduced travel times between Multan and Sukkur while also promoting trade and business.

## Road and Railway Connectivity

In terms of specific road infrastructure, several initiatives in South Punjab have been instrumental in establishing comprehensive regional connectivity. The Multan-Sukkur Motorway is but one part of a wider network, as was already mentioned. The highways that connect to Gwadar are particularly crucial for CPEC's goals of maritime connectivity. Efficient transport and seamless economic integration depend on the intricate road network connecting South Punjab to Gwadar and other strategic locations.

Moreover, the N70 project is crucial to linking the Western Alignment of CPEC with the Karachi-Lahore Motorway in Multan, even though it is not officially a component of CPEC. The 447-kilometer route that links Quetta and Multan improves connections and closes gaps in the southern Punjab transit system, strengthening it overall. Its presence in the broader infrastructure framework highlights the interdependence of the region's development programs, even if it is not directly tied to the CPEC.

Apart from the highways, the CPEC has completely changed the railway system in South Punjab. Investigating the intricacies of newly constructed railway links, enhancements to existing rail networks, and their effects on regional connectivity are crucial. Data on increased railway productivity, freight flow, and passenger amenities will be included in the discussion to show how CPEC has a comprehensive effect on transportation infrastructure.

The deployment of undersea cables and the installation of new telecom equipment have also enhanced connectivity in South Punjab through CPEC. Thanks to improved internet connectivity, people may now communicate with the rest of the globe and access information and services. The region's digitization has also been facilitated by the growth of data centers and fiber optic networks, which enable businesses to employ e-commerce and other digital technologies. Furthermore, one component as discussed above is the Multan-Sukkur Motorway. After it had finished, the travel times between Multan and Sukkur have greatly lowered. Before the road was constructed, it would take several hours of uncomfortable travel between these two cities. However, following the construction of the Multan-Sukkur Motorway, travel times have significantly reduced; estimates put the time savings at a quarter to a third less than in the past.

### **Technological Progress**

CPEC has encouraged technical innovation in South Punjab by attracting foreign investment in technology-related industries like information technology, renewable energy, and agriculture. This has enabled local businesses to collaborate with international partners to generate innovative solutions. For instance, Multan's Digital Innovation Hub provides a space for entrepreneurs and innovators to develop and showcase their digital products and services<sup>1</sup>. Moreover, South Punjab already boasts wind and solar power facilities thanks to the collaboration of Chinese and Pakistani businesses in the renewable energy sector.

One example of how CPEC has lessened South Punjab's energy scarcity is the Sahiwal Coal Power Project and other new power facilities. These programs have not only helped to mitigate power outages but have also played a significant role in encouraging industrial development in the region. A stronger image of the observable outcomes of these operations would be provided by statistics and figures that illustrate the amount of power generated and the subsequent industrial expansion, strengthening the story.

### **Textile Industry**

The CPEC has significantly advanced the textile sector, which is a major economic engine in South Punjab. Considerable development has been made in cities that are essential to the textile industry in the region, like Multan and Faisalabad. The South Punjab textile industry has benefited greatly from CPEC thanks to technological integration, which has brought automation and cutting-edge machinery to the region's production processes. This introduction of cutting-edge technology has improved textile product quality in addition to increasing efficiency. Furthermore, improved transportation infrastructure, especially in towns like Multan, has made it easier to optimize supply chains by streamlining the flow of completed goods and raw materials, which has made the textile industry more competitive and nimbler. With the creation of Special Economic Zones (SEZs) that provide infrastructure support and tax breaks, such as the Allama Iqbal Industrial City in Faisalabad,

growth has been further encouraged. This convergence of enhanced supply chains, technology integration, and strategic development programs highlights how crucial CPEC has been in helping South Punjab's textile industry reach new heights.

The technological advancements made possible by CPEC have drastically altered South Punjab's ecosystem, economics, and society. Thanks to CPEC, South Punjab is now a hub for economic advancement and development thanks to improved infrastructure, connectivity, and technological innovation. In addition to the apparent benefits of these advancements, CPEC has improved the environment in South Punjab for upcoming innovation and entrepreneurship. This might encourage inclusive and sustainable growth, making the region a more prosperous and vibrant place to work and live. Skillfully navigating the complex repercussions of CPEC, South Punjab can embark on a path towards sustainable development and inclusive prosperity. The degree of transformation hinges on South Punjab's adept management of challenges and effective utilization of the project's advantages.

## **Conclusion**

The chapter aimed to evaluate socio-cultural and economic advancements in South Punjab within the overarching context of sustainable development goals. The study examined the substantial transformative impact of the CPEC on the socio-economic, technological, and environmental aspects

of South Punjab. While the initiative has propelled progress significantly, it has also brought forth several challenges that require thoughtful consideration and proactive addressing.

The study has observed that one could describe economic transformation as a two-edged sword. South Punjab has experienced a surge in economic activity as a result of CPEC, which has improved infrastructure development, increased trade and investment, and created job possibilities. Building energy projects, highways, and railroads has created new opportunities for connection and economic growth. But this increase in activity has also put a strain on the infrastructure that is already in place, which has resulted in issues with the environment, traffic congestion, and service delivery problems. However, the lack of Skills is an identified Obstacle to CPEC's Potential. The surge in economic prospects has brought attention to South Punjab's demand for skilled and untrained labor. Due to the project's attraction of skilled labor from other regions of Pakistan, there is a knowledge deficit locally. To ensure fair benefit distribution and maximize the potential of CPEC-related projects, there is a skills shortage. It is possible to define socio-cultural transformation as accepting change without losing traditions. CPEC has enabled a lively cross-cultural exchange, introducing new ideas, inspirations, and traditions. This acceptance of many cultures has contributed to the overall growth of South Punjab and made the region more cosmopolitan. However, concerns about the potential erosion of traditional

values and the maintenance of the region's cultural inheritance have also been raised. The digital divide has been navigated by technological advancement. New infrastructural development, improved connectivity, and technological innovation have all been aided by CPEC. The advent of digital technologies has created new opportunities in the fields of communication, healthcare, and education. But it has also brought attention to South Punjab's ongoing digital divide, especially in rural regions. To guarantee fair access to the advantages of CPEC's technical developments, it is imperative to address this divide.

In brief, the CPEC is a transformative initiative that taps into the untapped potentials of Pakistan. Under favorable circumstances, CPEC has, within a decade, turned South Punjab into a region characterized by prosperity, equity, and cultural diversity; it still requires sustainable development when compared to more developed regions like Central Punjab and Sindh. Harnessing the potential of CPEC and overcoming its challenges not only contributes to regional development but also positions South Punjab as a model for sustainable growth and regional cooperation, serving as an exemplar for other nations.

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# **CPEC Projects in Khyber Pakhtunkhwa (KP): Opportunities and Challenges and The Way Forward**

**Prof. Dr. Kausar Takrim  
Muaaz Sayed**

## **Introduction**

The China-Pakistan Economic Corridor (CPEC) is a massive investment project widely seen as a game-changer for Pakistan, with promising implications for the province of Khyber Pakhtunkhwa and the rest of the country. In terms of energy, industrial, infrastructure, and communication network investment, CPEC is a mammoth undertaking. Its objective is to support the underdeveloped regions of KP and Balochistan. A new age of robust investment in Pakistan has begun because of the CPEC's road and rail networks, industrial and economic zones, and foreign direct investment (FDI) in KP. The project will increase KP's strategic and economic value. To top it all off, it will make KP accessible to investors at home and abroad.<sup>63</sup> Improved living conditions and more job opportunities are only two of the many benefits that will flow from the province's socioeconomic growth. KP has been hit hard by terrorism, extremism, and the war on terror, hence, CPEC is especially important for

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63 Shabnam Gul, Aftab Alam, and Zahid Akbar, "Pak-China Economic Corridor and Its Consequence on Pakistan's Demography," *Global Sociological Review* VI, no. I (March 30, 2021): 103–10, [https://doi.org/10.31703/gsr.2021\(vi-i\).14](https://doi.org/10.31703/gsr.2021(vi-i).14).

the region.<sup>64</sup> KP is an example of how a region might be held back from progress due to a warlike condition. The investment and economic prospects were null because of the miserable conditions in the province.

The government of KP has set up an advisory council on CPEC to directly advise and update the Chief Minister of KP on the implementations and difficulties so that progress may be made quickly and any delays avoided. The KP economic zones & management committee and the Board of Investments (BOI) worked together to ensure the smooth running of the projects. In April 2017, the government of KP held a successful event in China called the “KP Investment Road Show” to attract investors to KP.<sup>65</sup> The government of KP has also formed a dedicated security unit to ensure the safety of the CPEC infrastructure being built in the province.<sup>66</sup> This means that CPEC presents a number of economic potentials for KP, but there will also be hurdles and restrictions associated with implementing CPEC in KP.

Furthermore, a wide variety of anticipated and unexpected difficulties and dangers must be overcome. This section analyzes the potential benefits

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64 Imtiaz Ali, “Mainstreaming Pakistan’s Federally Administered Tribal Areas | Reform Initiatives and Roadblocks,” 2018, <https://www.usip.org/sites/default/files/2018-03/sr-421-mainstreaming-pakistan-federally-administered-tribal-areas.pdf>.

65 Hadia Naz, “China-Pakistan Economic Corridor: Opportunities and Challenges for Kyber Pakhtunkhwa” *Journal of Pakistan-China Studies (JPCS)* 1, no. 1 (December 15, 2020): 43–72, <https://doi.org/10.55733/jpcs.v1i1.10>.

66 Filippo Boni, “Protecting the Belt and Road Initiative: China’s Cooperation with Pakistan to Secure CPEC,” *Asia Policy* 14, no. 2 (2019): 5–12, <https://doi.org/10.1353/asp.2019.0024>.

(financial and otherwise) and risks (both internal and external) to KP from the successful implementation of CPEC projects. Detailed information about KP, CPEC cooperation in KP, MoUs signed by the KP government and China, Projects signed under CPEC in KP, prospects and obstacles to CPEC in KP, and finally, conclusions are provided below.

### **Khyber Pakhtunkhwa Province**

Located in the country's northwest, Khyber Pakhtunkhwa (KP) is one of four provinces under the federal government. It borders Afghanistan on the international level. There are 101,741 km<sup>2</sup> of land in Khyber Pakhtunkhwa. By way of Khyber Pass, Khyber Pakhtunkhwa may be reached from Afghanistan. The province has two main regions: the northern region, which extends from the Hindu Kush to the edge of the Peshawar basin, and the southern region, which extends from Peshawar to the Darajat districts. Afghanistan surrounds Khyber Pakhtunkhwa in the west and the north. It shares an eastern border with the northern regions of Azad Jammu and Kashmir (AJK). The southernmost part of the country is home to Pakistan's most populous province. The agricultural sector is vital to the province's economy. In 2010, the province's name was formally changed from North Western Frontier Province to Khyber Pakhtunkhwa. The northern parts of Khyber Pakhtunkhwa are home to some of the most breathtaking scenery imaginable. Lakes, exciting mountain passes, and rigorous treks

are just a few attractions that draw tourists from all over the world to this region.<sup>67</sup>

### **CPEC Projects in Khyber Pakhtunkhwa Province**

Massive CPEC investment projects will usher in a new age of economic growth and prosperity for Khyber Pakhtunkhwa.<sup>68</sup> The CPEC's industrial zones will boost the province's economy, creating new work possibilities for those who have been left behind by the war on terror, extremism, militancy, and other factors. People in KP will have access to contemporary amenities and more economic prospects, thanks to the development of the western route that runs through the region. Foreign investments will increase significantly as a result of CPEC's progress. Governments and investors who have been hesitant to invest in KP will see its potential, and the province will become a regional trade hub.<sup>69</sup> This will lead to further economic and social progress. In addition, CPEC would improve Khyber Pakhtunkhwa's economy by fostering growth in the province's tourism industry. As a possible catalyst in the developing maritime security landscape, the project offers an opportunity for peace and collaboration in the province.

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67 Muhammad Hassan, "Towards Sustainable Tourism? Analysis of Stakeholder Perspectives in Baltistan, Pakistan" (2021), <https://jyx.jyu.fi/bitstream/handle/123456789/77897/1/URN%3ANBN%3Afi%3Aju-202109234968.pdf>.

68 Waseem Ishaque, "China- Pakistan Economic Corridor (CPEC): Prospects, Challenges and Way Forward," *NDU Journal* 30, no. 1 (2016): 123–46, [https://www.researchgate.net/publication/358921976\\_CHINA-PAKISTAN\\_ECONOMIC\\_CORRIDOR\\_CPEC\\_PROSPECTS\\_CHALLENGES\\_AND\\_WAY\\_FORWARD](https://www.researchgate.net/publication/358921976_CHINA-PAKISTAN_ECONOMIC_CORRIDOR_CPEC_PROSPECTS_CHALLENGES_AND_WAY_FORWARD).

69 Hadia Naz, "China - Pakistan Economic Corridor"

The mega-scale Infrastructure and Energy Transportation Project, known as CPEC has the potential to alter Pakistan's economic landscape significantly.<sup>70</sup> The province of Khyber Pakhtunkhwa has the third-highest population in Pakistan. Natural resources and alternative energy sources abound in the area. It also encompasses the country's major watersheds. The region of Khyber Pakhtunkhwa traversed by the CPEC route accounts for over 20% of the total. CPEC city on the motorway near Swabi and the model housing town in Peshawar are just two big development projects for which KP, the Chinese government, and FWO signed agreements totaling more than US\$ 11 billion. According to a 2017 article titled "CPEC City among four projects worth \$11bn in Khyber Pakhtunkhwa," all of these CPEC-related projects will be finished over the next three to five years. To achieve economic stability, CPEC highlights KP's strategic importance while making it accessible to local and international investors. Khyber Pakhtunkhwa's outlying regions would see a massive increase in economic activity because of CPEC. Some of the projects in Khyber Pakhtunkhwa Under CPEC are discussed below.

### **Suki-Kinari Hydro Power Station**

The Suki-kinari hydropower station is an 870-megawatt (MW) hydroelectric power plant.<sup>71</sup> The Kaghan valley

70 Amer Rajput et al., "Impact of Political, Social Safety, and Legal Risks and Host Country Attitude towards Foreigners on Project Performance of China Pakistan Economic Corridor (CPEC)," *Buildings* 12, no. 6 (June 1, 2022): 760, <https://doi.org/10.3390/buildings12060760>.

71 Shakila Bibi and Syed Sami Raza, "The Overview of the Projects

in the district of Mansehra, KP, is where this project is being built over the Kunhar River, a tributary of the river Jhelum. The entire budget for this project is US \$ 2000 Million. Suki-Kinari Hydro (Pvt) Limited and China Gezhouba Group of Enterprises Limited are the project's executive company and sponsors, respectively.<sup>72</sup> The Ministry of Water and Power is responsible for project coordination, with funding from an independent power producer (IPP). The Private-Power and Infrastructure Board is in charge of keeping everything smooth. The Suki-Kinari hydropower project is the first energy project in Khyber Pakhtunkhwa to be implemented as part of CPEC.<sup>73</sup>



**Source:** CPEC Secretariat, Ministry of Planning, Development and Special Initiative accessible on <https://cpec.gov.pk/project-details/15>

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of China Pakistan Economic Corridor in the Hazara Division," *Journal of Social Sciences Review* 3, no. 1 (March 31, 2023): 667-77, <https://doi.org/10.54183/jssr.v3i1.211>.

72 Muhammad Tayyab Safdar, "The Local Roots of Chinese Engagement in Pakistan," Carnegie Endowment for International Peace, 2021, <https://carnegieendowment.org/2021/06/02/local-roots-of-chinese-engagement-in-pakistan-pub-84668>.

73 Khalid Salman Khan et al., "Statistical Energy Information and Analysis of Pakistan Economic Corridor Based on Strengths, Availabilities, and Future Roadmap," *IEEE Access* 8 (2020), <https://doi.org/10.1109/ACCESS.2020.3023647>.

## **KKH Phase II (Havelian - Thakot Section)**

It is also planned to build a roadway from Havelian to Thakot, spanning 120 kilometers at an estimated cost of US \$1366 million. It's an early harvest initiative.<sup>74</sup> Work on the second phase, which includes new roads and a highway linking Havelian and Thakot in Khyber Pakhtunkhwa, began in September 2016. The National Highways Authority and the Ministry of Communications of Pakistan are the proposing and supervising authorities for this project, respectively. M/S China Communication Construction Company Ltd. is the project's sponsor and executive company. A government concessional loan (GCL) will fund the project's execution. There will be 67 tunnels and 105 bridges built as part of this project. Much of the construction will take place in treacherous alpine regions.

According to the Planning Ministry of Pakistan, "CPEC" is a project of inclusive development in Pakistan, the projects already finished in KP and Balochistan have changed the urban and social environment of these areas and have the potential to improve the economic outlook of both regions.

## **Havelian Dry Port**

The district of Haripur will soon be home to a brand-new dry port and freight handling facility called

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74 Ammar Karim, "China Pakistan Economic Corridor: Implications on Pakistan's Economy and Security Concerns," *Coleção Meira Mattos*, no. 16 (2023), <http://dx.doi.org/10.52781/cmm.e025>.

Havelian. This undertaking is anticipated to cost around \$65 million in US dollars. Pakistan Railways has proposed the project, which the Ministry of Communications of the Government of Pakistan will administer. This endeavor will be financed via the Chinese Government Concessional Loans (CGCL) program. Under the guidelines established by the Public Procurement Regulatory Authority (PPRA), the project will be awarded through competitive bidding. Haripur city is located around 5 km from the port, near the Balhhdhair railway station. The primary motivation for constructing this dry port is to accommodate better the growing volume of freight traffic between Pakistan and China.<sup>75</sup>

### **Optical Fiber Project**

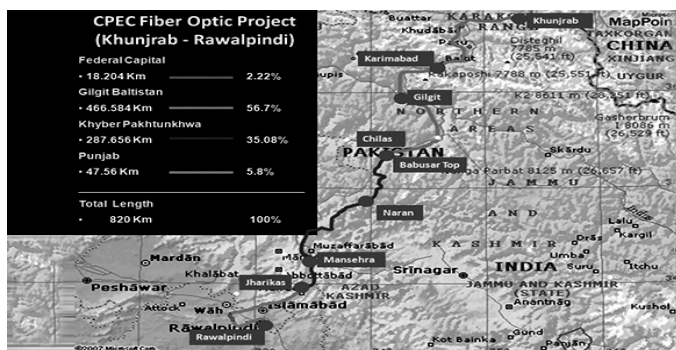
One of the most important projects in the field of telecommunications is the Optical Fiber project under CPEC. It is traveling from Khunjerab to Rawalpindi, almost 820 kilometers.<sup>76</sup> The total cost of the project is predicted to be \$44 million. People all around the country will have more options for communication. About 287.656 kilometers of Khyber Pakhtunkhwa are reached by optical fiber cable. Reports say the first land-based China-Pakistan optical fiber cable, built by Chinese tech giant Huawei, was

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75 The Newspaper's Correspondent, "Haripur Residents Seek Market Value of Land for Dry Port Project," *DAWN.COM*, May 29, 2018, <https://www.dawn.com/news/1410690>.

76 Yousaf Ali et al., "Risk Assessment of China-Pakistan Fiber Optic Project (CPFOP) in the Light of Multi-Criteria Decision Making (MCDM)," *Advanced Engineering Informatics* 40 (April 2019): 36–45, <https://doi.org/10.1016/j.aei.2019.03.005>.

inaugurated in 2018. The optical fiber project will enhance connectivity in Pakistan and help cross-border communication. It is also expected that about 1100 jobs will be created under this project.



*Source: CPEC Secretariat, Ministry of Planning, Development and Special Initiative accessible on <https://cpec.gov.pk/project-details/15>*

## ML-1 Upgradation

The project is related to upgrading and reconstructing the ML-I railway from Peshawar to Karachi. It is 1736 kilometers long, and the estimated cost for this project is US\$ 3,650 million. Under the CPEC framework, Pakistan Railway intended to modernize and reconstruct ML-1's bridges, tracks, signaling, tunnels, buildings, telecommunication, and track maintenance systems. A framework agreement with China and a completed feasibility study for the project are already in place. The two countries have recognized the project's significance by designating it as a CPEC strategic project that will enhance communication between the two countries. This project is expected to

take five years to complete.<sup>77</sup>

The aforementioned project also includes a collaborative feasibility assessment. Under the corridor, it is also aimed to upgrade the high-speed rail line that will connect Peshawar and Karachi.

The remaining length of KKH Thakot-Raikot N-35 is 136 km and is anticipated to cost US\$ 719.8 million. The construction of the project is approximately 25% completed. The route has been segmented into three parts, beginning at Raikot and ending in Thakot, then Havelian, and lastly Islamabad. The portion between Havelian and Thakot is currently being built. China Exim would be responsible for arranging 90% of the financing, with the Government of Pakistan covering the remaining 10%.<sup>78</sup>

### **Rashakai Special Economic Zone**

Rashakai Special Economic Zone (RSEZ) is a flagship project under the China-Pakistan Economic Corridor (CPEC). It is a major project of the Government of Khyber Pakhtunkhwa under the industrial cooperation of CPEC. RSEZ is located in Khyber Pakhtunkhwa Province, Pakistan. It is placed on the Peshawar-Islamabad Motorway (M1). The RSEZ occupies

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77 Arshia Mukhtar et al., "Challenges Confronting the 'One Belt One Road' Initiative: Social Networks and Cross-Cultural Adjustment in CPEC Projects," *International Business Review* 31, no. 1 (August 2021): 101902, <https://doi.org/10.1016/j.ibusrev.2021.101902>.

78 Salman Sharif, "Financing of CPEC Projects: Implications for Pakistan," *Journal of Public Policy Practitioners* 1, no. 1 (March 1, 2023), <https://doi.org/10.32350/jppp.11.03>

around 4 km, and the total area of the Rashakai Special Economic Zone is 1000 acres.

The Rashakai Special Economic Zone (RSEZ) is a joint venture of China Road and Bridge Corporation (CRBC), China, and Khyber Pakhtunkhwa Economic Zones Development and Management Company (KPEZDMC), Pakistan.

On February 9th, 2023, the China Study Center, University of Peshawar, organized a one-day field visit to Rashakai Special Economic Zone, Khyber Pakhtunkhwa, Pakistan. The delegation was headed by Prof. Dr. Zahid Anwar, former Director of the China Study Center, University of Peshawar. The delegation includes Staff members of China Study Center, University of Peshawar, M.Phil. & Ph.D. Scholars, experts, Media personnel, and academics. The visit aimed to experience the progress and development of the Rashakai Special Economic Zone, Khyber Pakhtunkhwa, Pakistan.



During the visit, Mr. Javed Iqbal Khattak, CEO of Khyber Pakhtunkhwa Economic Zones Development

and Management Company (KPEZDMC), briefed the delegation about the progress and development of the Rashakai Special Economic Zone. Rashakai prioritized Special Economic Zone (RSEZ), endorsed as a special economic zone by the Federal Board of Investment in its 4th Board of Approvals meeting. On July 17th, 2020, the particular purpose vehicle (SPV) was registered. The development agreement was signed on 14 September 2020. Officially, the Rashakai prioritized Special Economic Zone (RSEZ) was inaugurated by the then Prime Minister, Mr. Imran Khan, on May 28, 2021.

While sharing the insight, Javed Iqbal said that 95 percent of the work of the first phase of the economic zone has been completed. Power transmission and transformation are important parts of the first phase of construction of the Rashakai Special Economic Zone, which is nearing completion. During the briefing to the delegation, the CEO said that the project is focusing on exports. While the project is expected to invest \$ 400 billion, it will provide direct and indirect employment opportunities for about 250,000 to 300,000 people. 80 % of the employment will be given to the local and domestic people. Javed Khattak said that 18 Pakistani companies have invested in this project with Chinese companies.

RSEZ will be constructed in 3 phases.

- 1) Phase I: 247 acres (2021-2022)
- 2) Phase II: 355 acres (2023-2024)
- 3) Phase III: 400 acres (2025-2027)

It is important to note that 63 acres have been allotted to 14 enterprises and many local enterprises are collaborating with Chinese enterprises. Many local and international enterprises have shown interest in the Rashakai Special Economic Zone.

The Special Purpose Vehicle (SPV) Rashakai Special Economic Zone Development and Operation Company (RSEDOC) is jointly established by China Communications Construction Company Ltd. (CCCC) and Khyber Pakhtunkhwa Economic Zones Development and Management Company (KPEZDMC). China Road and Bridge Corporation (CRBC) is responsible for construction in RSEZ.

The development, marketing, financing, management, and operations of the RSEZ are the responsibility of Rashakai Special Economic Zone Development and Operation Company (RSEDOC), the Co-developer jointly established by CRBC and KPEZDMC. The Government of Pakistan (GOP), RSEDOC, Government of Khyber Pakhtunkhwa (GOKP), and Khyber Pakhtunkhwa Economic Zones Development and Management Company (KPEZDMC) signed a development agreement to grant the Special Economic Zone status to this project.

Khyber Pakhtunkhwa Economic Zone Development and Management Company Commercial Officer Mr. Adil Salahuddin said that this project will play an important role in the economy of KP and Pakistan. He said that many investors have also started construction

here. The Rashkai Special Economic Zone is a flagship project under the China-Pakistan Economic Corridor (CPEC), jointly created by Chinese and Pakistani companies. Import substitution and export-focused enterprises are preferred to come over here, invest, and set up their industries in RSEZ. The technology transfer will occur with the international enterprises coming to RSEZ, and local enterprises will learn from the expertise. Most Chinese companies invest in this economic zone in collaboration with local companies. Most local companies also desire to invest in this economic zone.

Ms. Zheng Fang Sophia, China Road and Bridge Corporation (CRBC), in her detailed presentation, talked about the current status of construction at RSEZ. She said that 92% of the project quantity is completed. The external roads have been completed, and the external gas and electricity have been connected to zero point. Other completed projects include a Camp fence, observation towers, a Main Gate, a Grid Station, Reception, and Concrete pavement of the Main Road.

Presently, external power and gas utilities have already been completed Phase I, and for the gas work, the gas pipes have already been completed. All the utilities have been connected to the doorsteps of each enterprise.

For electricity, the Grad station and the internal 11 KV distribution network have nearly been completed and will be energized soon. We welcome all the investors

who come to Rashakai Special Economic Zone (RSEZ) to make their investments.

### Enterprises under Construction

- M/S Century Steel (Pvt) Ltd.M/S Al-Chemist Chemical (Pvt) Ltd.
- M/S G & S Medicure and Cables (Pvt) Ltd.
- M/S Imtiaz Wires and Cables (Pvt) Ltd.
- M/S Pakistan Oxygen (Pvt) Ltd.
- M/S GeoCrete Absolute (SMC-Pvt) Ltd.

One of CPEC's goals is to increase tourism in KP and strengthen the local economy. There is natural beauty in some of Khyber Pakhtunkhwa's more outlying regions. After the CPEC projects are finished, these places will be open to international tourists, who will spend the country's hard-earned dollars. The project's social, cultural, economic, and infrastructure changes would affect many northern areas of Khyber Pakhtunkhwa. Some social effects of CPEC on Khyber Pakhtunkhwa have also been seen.<sup>79</sup> People-to-people exchanges, a more secure and stable KP, a higher quality of life, closer ties to neighboring countries, and a more positive reputation for Pakistan are all part of this. The initiative can transform the province into an economic powerhouse, luring both domestic and international investors to foster economic growth and ensure the province's economic stability. Infrastructure, security,

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79 Ruilian Zhang et al., "Social Impact Assessment of Investment Activities in the China-Pakistan Economic Corridor," *Impact Assessment and Project Appraisal* 36, no. 4 (April 30, 2018): 331-47, <https://doi.org/10.1080/14615517.2018.1465227>.

safety, information and communication, education, agriculture, and aquaculture are all areas where CPEC may significantly impact. The regions of KP most at risk from terrorist attacks will benefit greatly from these enhancements. We can count on Pakistan to ensure that CPEC, a megaproject with enormous future economic potential, actually happens. Trade, technological advancement, and collaboration between KP and China would all benefit from improved cross-cultural communication.<sup>80</sup>

The CPEC would transform China into a major player in Pakistan's economy, security, and stability. The initiative can potentially increase the likelihood of peace and economic stability in the region. KP will serve as an important center for regional commerce and industry. The development of Khyber Pakhtunkhwa made possible by CPEC will benefit the region's jobless population. The province's tax burden will be transformed into an engine for growth. KP's economic status will improve and help the country in terms of economic development and regional integration. To attract investors and tourists, the new economic government in KP will throw open its borders. Security in KP might be improved and, more crucially, stabilized by the planned infrastructure and other improvements. Rather than engaging in illicit activities, people may be diverted to the private

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80 Zahid Shahab Ahmed, "The China-Pakistan Economic Corridor in Social Media: A Critical Discourse Analysis," *Www.academia.edu*, January 1, 2019, [https://www.academia.edu/66175623/The\\_China\\_Pakistan\\_Economic\\_Corridor\\_in\\_social\\_media\\_a\\_critical\\_discourse\\_analysis](https://www.academia.edu/66175623/The_China_Pakistan_Economic_Corridor_in_social_media_a_critical_discourse_analysis).

sector, where they would find more job prospects and a more concrete career path. Stability is a byproduct of affluence that will be ensured by continued economic growth. The region's stability and increased security are intertwined with its economic growth.<sup>81</sup>

To overcome the energy crisis in KP, various projects have been finished and some are in process. The primary objective of CPEC is to deliver a comprehensive infrastructure that addresses economic concerns across the board and provides solutions to the problems we've already discussed.<sup>82</sup>

## Opportunities

The China-Pakistan Economic Corridor (CPEC) has emerged as a transformative infrastructure development project, fostering economic growth and connectivity between China and Pakistan. Within Pakistan, Khyber Pakhtunkhwa (KP) stands as a crucial province in the CPEC framework, offering a range of opportunities and benefits.<sup>83</sup> CPEC projects in KP encompass various sectors, each with its own set of prospects. The CPEC projects in Khyber Pakhtunkhwa offer a wide range of energy, transportation, industrial development, and tourism opportunities. These

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81 Athar Mansoor, *China Pakistan Economic Corridor* (Hong Kong University of Science and Technology, 2021).

82 Wenqi Duan et al., "From Gray to Green: Energy Crises and the Role of CPEC," *Renewable Energy* 190 (May 1, 2022): 188–207, <https://doi.org/10.1016/j.renene.2022.03.066>.

83 Khargeswar Brahma, "The Geo-Politics of China-Pakistan Economic Corridor," 2018, <http://14.139.206.50:8080/jspui/bitstream/1/6115/1/Khargeswar%20Brahma.pdf>.

initiatives have the potential to significantly improve the economic landscape of KP, create jobs, and promote regional development. The government and private sector need to harness these opportunities effectively, ensuring that the benefits of CPEC reach the people of Khyber Pakhtunkhwa.

Firstly, in the energy sector, KP has seen significant investments in hydropower projects. These projects address Pakistan's energy crisis, create employment opportunities, and facilitate industrial development in the region.<sup>84</sup> This can boost local industries, promote economic growth, and improve the overall quality of life in KP.

Secondly, the development of transportation infrastructure in KP through CPEC is enhancing connectivity within the province and with other regions of Pakistan. Improved road networks and rail links facilitate the movement of goods, people, and services, promoting trade and commerce. This connectivity is instrumental in making KP an attractive destination for investors, opening up business opportunities to expand and flourish.

Furthermore, industrial zones and economic clusters are being established in KP, with Chinese investment holding promise for local employment generation. These zones are expected to attract foreign and

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84 Muhammad Sibtain et al., "Hydropower Exploitation for Pakistan's Sustainable Development: A SWOT Analysis Considering Current Situation, Challenges, and Prospects," *Energy Strategy Reviews* 38 (November 2021): 100728, <https://doi.org/10.1016/j.esr.2021.100728>.

domestic investors, encouraging the development of manufacturing and processing industries.<sup>85</sup> As a result, this will diversify the economic landscape of KP, reduce unemployment, and stimulate economic growth. Lastly, tourism is another sector where KP has great potential. Its natural beauty, historical sites, and cultural heritage can benefit from CPEC investments. Improved infrastructure, accessibility, and security measures in the province can draw more tourists, thereby fostering the growth of the tourism industry and creating employment opportunities.

## Challenges

Despite the fact that the China-Pakistan Economic Corridor projects in Khyber Pakhtunkhwa offer numerous opportunities for economic development and growth, there are important challenges that need to be addressed to ensure the successful implementation and long-term sustainability of CPEC in the region.<sup>86</sup> These challenges include addressing security concerns, resolving disputes over land acquisition, achieving equitable economic growth, mitigating environmental impacts, and ensuring transparency.

The problem of maintaining adequate levels of safety is one of the most significant challenges that the CPEC must surmount in KP. Insurgency and political unrest

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85 Mehmoood Hussain and Sumara Mehmoood, "Special Economic Zones and Industrial Parks under CPEC: Opportunities and Challenges," *Regional Studies* 36, no. 2 (2018): 88-124.

86 Muhammad Ishaq, Ruan Jian Ping, and Bilal Ahmed, "Pakistan-China Economic Corridor (CPEC): Opportunities, Threats and Challenges," *International Affairs and Global Strategy* 52 (January 1, 2017): 9-16.

have been persistent problems in this region for years now.<sup>87</sup> It is of the utmost importance to exercise all of the caution that is required in order to safeguard not just the infrastructure but also the individuals who are working on CPEC projects. The existence of an ongoing security threat has the potential to deter investment and impede the progress of CPEC projects.

Despite the fact that the CPEC projects have the ability to bring about economic growth and development, there is a risk that this growth may not be evenly distributed across the region. The challenge is to halt the expansion of existing socioeconomic gaps while simultaneously guaranteeing that underprivileged localities benefit from the CPEC project in the same way as more affluent areas. Inclusion, as well as an equitable and balanced distribution of opportunities, are critical factors in determining whether or not this barrier can be overcome.

It is possible for infrastructure projects, particularly those in the energy and transportation industries, to cause significant harm to the surrounding environment during both the construction phase and the operation phase. It can be challenging to strike a balance between the need for economic development and the need to preserve the environment. This challenge is compounded in regions that contain ecosystems that are particularly fragile. It is of the utmost importance

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87 Amer Rajput et al., "Impact of Political, Social Safety, and Legal Risks and Host Country Attitude towards Foreigners on Project Performance of China Pakistan Economic Corridor (CPEC)," *Buildings* 12, no. 6 (June 1, 2022): 760, <https://doi.org/10.3390/buildings12060760>.

that steps be taken to reduce the harmful influence on the environment, as well as those international environmental standards be strictly adhered to.

In order to win the trust and confidence of CPEC's various stakeholders, it is critical that transparency be maintained throughout the entirety of the implementation of CPEC projects. There must be accountability in the allocation of resources. More severe oversight measures are essential in order to properly tackle this situation.

## **Conclusion**

CPEC projects in Khyber Pakhtunkhwa (KP) present an abundance of potential for economic expansion, the development of infrastructure, and the improvement of connectivity. CPEC has the potential to play a significant role in the transformation of the economic landscape of Khyber Pakhtunkhwa. It has the potential to bring about sustainable growth, the creation of jobs, and an improvement in living standards for the people who live in the region. In addition to this, it has the potential to deepen the ties of cooperation and partnership that already exist between China and Pakistan.

When carried out with a concentration on sustainability, inclusivity, and responsibility, CPEC has the potential to serve as a model for large-scale infrastructure development projects carried out all over the world. In the end, it can serve as an inspiration for similar efforts that aim to stimulate economic growth and

regional connection. It is a testament to the power of international collaboration and strategic planning in shaping the future of a region, and it is a testament to the power of international collaboration and strategic planning in shaping the future of a region.

## **Recommendations**

In order to maximize the potential of the CPEC projects in KP, as well as successfully handle the problems associated with those projects, the following set of proposals can be considered:

It is imperative that security be given first priority in KP. To guarantee the safety of CPEC projects, workers, and communities in the surrounding areas, the government ought to maintain close cooperation with the various security services. This involves the formation of a specialized security task force, an increase in the exchange of intelligence, and the execution of security regulations in order to provide a safer environment for residents and investors.

In addition to this, A proactive approach is required in order to address the challenges of property acquisition as well as the objections from the local community. Engaging with local communities should be a priority for both the government and the developers of the project in order to address their concerns, offer just compensation, and guarantee that the advantages of CPEC will trickle down to the grass-roots level. Trust and cooperation can be built through the use of

procedures such as public awareness campaigns and ways to address complaints.

Moreover, Policies and methods should be devised to ensure that underserved communities benefit from CPEC in order to reduce the likelihood of unequal economic growth. This can be accomplished by the strategic placement of investments in areas such as education, vocational training, and the growth of local businesses. Affirmative action measures, when put into practice, have the potential to promote inclusion and equitable distribution of opportunities.

Also, the preservation of the natural environment ought to be an integral part of the CPEC projects. It is imperative that stringent environmental standards and regulations be enforced, and the government, in collaboration with international environmental organizations, should do so. The construction of the project must incorporate environmental impact evaluations as well as methods for mitigating those impacts. The environmental footprint can be reduced through investments in technology that are green and clean.

Lastly, it is critical to put into practice mechanisms of both transparency and accountability. The public should have access to contracts, agreements, and updates regarding the status of the project. The government ought to set up an autonomous monitoring agency in order to keep a close eye on the distribution of resources and make certain that the money is used in a

responsible manner. In order to overcome the obstacles that CPEC projects in Khyber Pakhtunkhwa are up against, there needs to be an all-encompassing and well-coordinated effort on the part of the government, as well as the local people and international partners. These proposals intend to create an atmosphere that is conducive to the successful implementation of CPEC. This environment will be one in which economic growth will be balanced, security will be secured, environmental sustainability will be preserved, and accountability will be upheld. If these concerns are addressed, the China-Pakistan Economic Corridor (CPEC) has the potential to become a driving force behind economic growth and development in Khyber Pakhtunkhwa and the surrounding region.

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## **CPEC and Prospect of Tourism Potential in Azad Jammu and Kashmir: An Overview**

**Prof. Dr. Samina Sabir**

The Belt and Road Initiative (BRI) is a significant Chinese development project designed to enhance connectivity and economic partnerships between China and the global community through the land-based Silk Road and the new maritime Silk Road. In 2013, Chinese President Xi Jinping launched this ambitious project to strengthen economic, political, and social ties between China and countries in South Asia, the Middle East, Southeast Asia, Europe, and Africa.<sup>88</sup> The primary objective of the BRI is to promote shared prosperity among over 65 participating countries along the Belt and Road.

China boasts a colossal economy, registering a gross domestic product (GDP) surpassing \$11.2 trillion.<sup>89</sup> These projections indicate that China is on track to emerge as the world's largest economy by 2050, with a GDP anticipated to soar to \$58.5 trillion from its 2010 figure of \$5.7 trillion.<sup>90</sup> The initiation behind the

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88 Michael Swaine, "Chinese Views and Commentary on the 'One Belt, One Road' Initiative," *China Leadership Monitor* 47 (2015): 3-27, <https://www.hoover.org/sites/default/files/research/docs/clm47ms.pdf>.

89 The World Bank, "China | Data," Worldbank.org, 2017, <https://data.worldbank.org/country/china>.

90 PwC, "The Long View How Will the Global Economic Order Change by 2050?," 2017, <https://www.pwc.com/gx/en/world-2050/assets/pwc-world-in-2050-summary-report-feb-2017.pdf>.

Belt and Road Initiative (BRI) can be figured out as China's strategic response to the evolving landscape of economic globalization. Through the BRI, China aims to expand its economic, cultural, social, and political engagements with other nations, addressing countries' needs along the Silk Road. Lingliang (2016) accentuates China's commitment to fostering connectivity, inclusivity, and safeguarding partner countries' interests within the BRI framework. Nevertheless, the diverse attributes of countries along the Belt and Road, shaped by variations in socioeconomic, political, institutional, and cultural contexts, have led to disparate approaches to pursuing transformative changes. Additionally, the BRI comprises seven geographically structured corridors:

1. The China-Pakistan Economic Corridor (CPEC) links West China with the Indian Ocean via Pakistan
2. The Eurasian Land Bridge traverses between China and Western Russia
3. China, Mongolia, and Russia Corridors connect Northern China with Eastern Russia
4. China, Central Asia, and West Asia Corridors join Western China and Turkey
5. China, Indochina Peninsula Corridor links Southern China and Singapore
6. Bangladesh, China, India, and Myanmar Corridor connects Southern China and Myanmar
7. The Maritime Silk Road extends the Chinese coast to the Mediterranean through Singapore

The overarching goal of the Belt and Road Initiative (BRI) is to bolster connectivity and regional integration, fostering shared prosperity using infrastructure development, expanding trade, and enhancing people-to-people connectivity for the exchange of cultural values.

China and Pakistan share a steadfast, strategic relationship, largely attributed to Pakistan's geostrategic importance. In 2013, China initiated a flagship project in Pakistan, investing \$62 billion in what is known as the China-Pakistan Economic Corridor (CPEC). This comprehensive project encompasses infrastructure, energy initiatives, and special economic zones. The primary aim of CPEC is to augment regional connectivity, stimulating trade and development. Similar to the Belt and Road Initiative (BRI), CPEC operates on three dimensions to deliver economic benefits domestically and internationally: 1) reducing barriers to the cross-border movement of goods and services, 2) facilitating the flow of capital, and 3) promoting the movement of people.<sup>91</sup>

For China, this initiative simplifies the supply of goods, services, capital, and human resources to Asian countries and the global community, significantly contributing to its overall development. It is believed that CPEC has changed the fate of South Asian countries by providing a route that connects China with the Indian Ocean and other countries of the

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91 Jinny Yan, "'The Belt and Road Initiative in Southeast Asia' in China's Belt and Road Initiative (BRI) and Southeast Asia" (LSE, 2018), <https://www.lse.ac.uk/ideas/Assets/Documents/reports/LSE-IDEAS-China-SEA-BRI.pdf>.

World. Moreover, CPEC did not only bring China and Pakistan close together for mutual interests and benefits but India has serious grievances regarding the access of China from Gwadar port to the Central Asian countries (CARs) and other Middle Eastern countries situated near and along the Indian sea and Arabian sea. However, Pakistan utilizes its partnership with China to gain access and advantages in the region. China has adopted a connectivity model reminiscent of 19th-century superpowers, emphasizing roads, ports, and sea lanes. For instance, the Suez Canal played a vital role in the connectivity of Great Britain with South Asia and other countries by cutting the distance short for instance, the distance between India and London was reduced by 51 percent and it was considered one step up for the process of globalization and fostered it in 1869 by avoiding the cape of good hopes. The Suez Canal impacted East-West trade and shipbuilding.<sup>92</sup> A few analysts called it a tool of empire for Britain in the 19th century because globalization increased because of the construction of the Suez Canal and Western countries hitched the power of the sea. CPEC is a counterpart to the Suez Canal, offering Pakistan, China, CARs, and other global nations a strategic gateway to access sea lanes consistently. This initiative is a powerful tool, enhancing global influence and facilitating the trade of goods and services to reap economic benefits.<sup>93</sup>

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92 Daniel R Headrick, *The Tools of Empire : Technology and European Imperialism in the Nineteenth Century* (New York, NY: Oxford University Press, 1981).

93 Christopher Ernest Barber, "The Pakistan-China Corridor,"

With the development of Gwadar port, CARs have greater access to sea lanes and global trade networks. At the same time, the CPEC has provided China with direct access to the Indian Ocean to transport goods and services to the oil-abundant countries of Western Asia and Africa. More precisely, the development of Gwadar Deep Port along with the international airport and the creation of a road corridor connecting Gwadar with the Xinjiang Eastern province of China is truly a game changer for the CARs and other countries.<sup>94</sup>

China has invested \$62 billion in Pakistan under CPEC. Total investment is divided into three broad categories: 1) a major chunk of investment \$35 billion is allocated for energy projects keeping in mind the energy crisis in Pakistan; 2) \$15 billion is specified for infrastructure, Gwadar port development, special economic zones, and mass transit schemes; 3) remaining amount is being allocated for development-related projects.

CPEC is crucial for China in terms of its demand for energy security. Furthermore, through the Strait of Malacca, China imports 60% of its total energy needs from the Middle East and Africa. As a result, China has been looking for a new energy supply route through CPEC, which has replaced energy imports through the Straits of Malacca and Hormuz. The distance was cut in half, from 12000 km to 3000 km owing to the alternate energy corridor made possible by CPEC. Two million new job possibilities have been made possible

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thediplomat.com, February 27, 2014, <https://thediplomat.com/2014/02/the-pakistan-china-corridor/>.

94 Ibid.

in Pakistan due to the CPEC projects, and the country's GDP per capita has also increased. The objective of this chapter is to examine how CPEC projects, particularly the Mansehra-Muzaffarabad-Mirpur expressway (M4), would tap the tourism potential to foster development in the territory of AJK. Therefore, this chapter has been divided into five sections. The first section describes the historical and geographical importance of AJK and discusses the various CPEC projects initiated in it. The second section highlights the current situation of the tourism industry in AJK and its potential impacts on AJK's economy. The third section explains the scope of heritage and archaeological tourism in AJK and it is divided into subsections on religious tourism and connectivity between Gilgit Baltistan and AJK. The final section concludes the findings of the study.

### **CPEC and Azad Jammu & Kashmir**

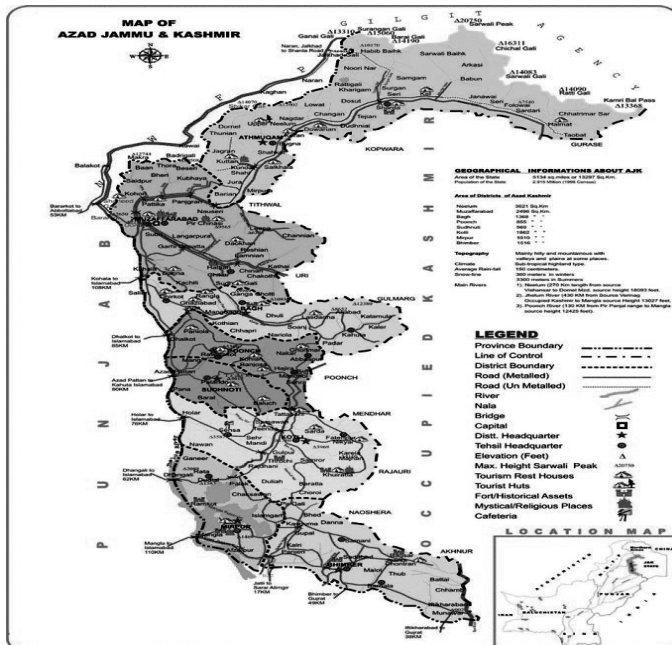
The freedom movement against the sovereign Maharaja Hari Singh and the newly formed Indian government resulted in the liberation of Azad Jammu and Kashmir in 1947. On October 24, 1947, at Janjal Hal, the first government was founded under the leadership of the late Sardar Muhammad Ibrahim Khan and later shifted to Muzaffarabad. Jammu and Kashmir spans 222236 square kilometers, while Azad Kashmir is situated in the north of Pakistan and covers a total size of 5134 (13297 sq. km) square miles. Muzaffarabad, Poonch, and Mirpur are the three divisions that make up AJK. While the latter is made up of plain areas, the first two divisions contain terrain that is hilly and mountainous.

Therefore AJK includes plain, hilly, and mountainous areas in addition to ravines and undulating landscapes.

Azad Jammu and Kashmir has a per capita income of \$1512, contributing around 2% of Pakistan's GDP. Moreover, 4.319 million people live there, comprising 2.108 (49%) and 2.211(51%) million male and female. Moreover, the population of AJK is about 2 percent of Pakistan's overall population, and 14.42 percent of youth and working-age people are unemployed. Moreover, the overall literacy rate of AJK is more than 80 percent which is higher than the other provinces of Pakistan. The population density of AJK is 325 persons per sq. km.

Because of the region's topography, building new roads in AJK is costly and time-consuming. Although the network of roads has been expanded throughout the region, the quality of the roads varies. There are currently 18187 km of built roads in AJK, comprising 10365 km of metalled roads and 7822 km of fair weather roads. There are no railroads or waterways in AJK. Along with other offshoot streams, the Neelum, Jhelum, and Poonch rivers flow from AJK. Untapped natural, hydroelectric, and human resources are available in Azad Jammu & Kashmir. This region's inadequate and underdeveloped road and lodging infrastructure creates a bottleneck that restricts the trade flow of goods and services through the area. Despite its many issues, AJK boasts a stunning natural setting and historical and religious attractions that draw domestic and foreign visitors. The tourism sector can be a significant

source of income and job possibilities for the rural populace in the state of AJK, as it lacks industrial and agricultural structures. The supply chain and other related services, such as microbusinesses, small hotels, restaurants, the transportation sector, handicrafts, and cottage industries, may be impacted by the growth of tourism, either directly or indirectly. Consequently, the economy would be strengthened by the creation of jobs and other tourism-related activities. To boost tourism in Azad Kashmir, infrastructure development is ultimately necessary. The Grand Trunk (GT) route will connect the capital of Azad Jammu and Kashmir, Muzaffarabad, with the Mansehra-Muzaffarabad-Mirpur-Mangla expressway (designated as M4), which will run from Poonch and the Mirpur division.



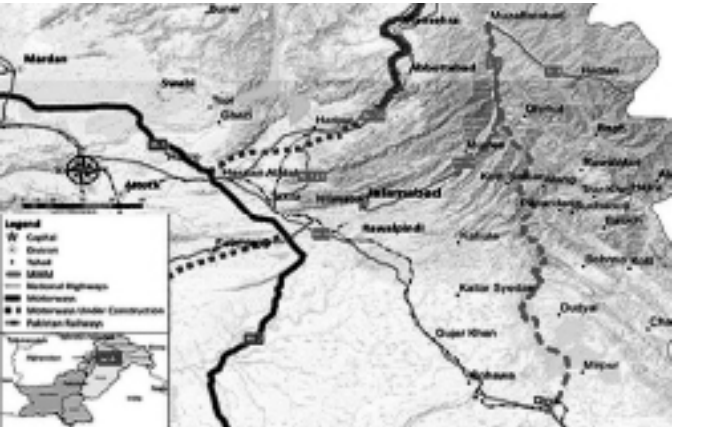
Along the Jhelum River, the expressway would run parallel to the current 40 km Kohala-Muzaffarabad road. Additionally, the expressway will follow the left side of the river to Mangla, where it will end at GT Road close to Dina, a city in Punjab's Jhelum district, after linking to Mirpur. It is emphasized that the project consists of four tunnels about three kilometers (Km) in length. As part of the project, 260 culverts, 6 interchanges, 3 weigh stations, and 122 bridges will also be built. A 3m wide outer shoulder and a 1m wide inner shoulder would give the main lane a width of 3.65 m. The expressway's designed speed limit is 120km/h, and there is a 100-meter right of way (ROW).

The construction of the M4 expressway will reduce the travel duration on this route from four to six hours and shorten the distance from central Punjab to AJK by 50 km. Therefore, this route would serve as a backup path for the China-Pakistan Economic Corridor (CPEC), dubbed a transport corridor, strengthening the strategic connection between central Punjab and AJK and creating new opportunities for socioeconomic growth.

### **Current situation of tourism in the territory of Azad Jammu and Kashmir**

Encircled by lakes, lovely meadows, and a topological environment, Azad Jammu and Kashmir is renowned for its natural beauty. Millions of tourists visit Azad Kashmir every year as shown in Table 1 and Graph 3, however, the majority of these visitors are nationals

and travel to this stunning region in the summer to take in the sights and sounds of birdsong as well as the lush green scenery. It resembles a tourist state more than anything else, although it lacks amenities and has a poor infrastructure.

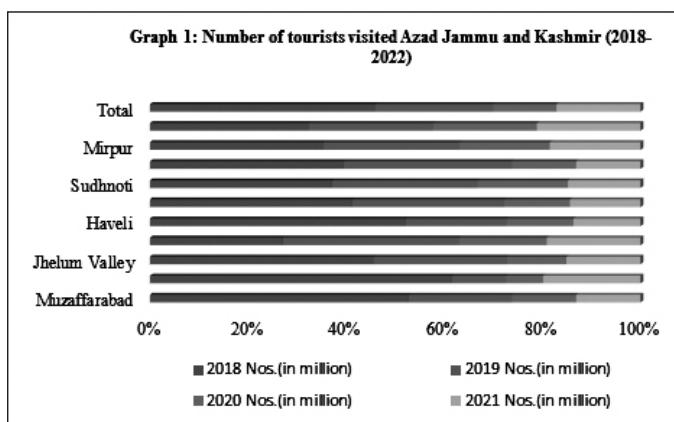


**Table 1: No. of Tourists who visited AJK (2018-2021)**

Districts	2018 No. (million)	2019 No. (million)	2020 No. (million)	2021 No. (million)
Muzaffarabad	0.100	0.040	0.025	0.025
Neelum	0.525	0.095	0.065	0.170
Jhelum Valley	0.075	0.045	0.020	0.025
Bagh	0.113	0.150	0.075	0.080
Haveli	0.038	0.015	0.010	0.010
Poonch	0.200	0.150	0.065	0.070
Sudhnoti	0.050	0.040	0.025	0.020
Kotli	0.075	0.065	0.025	0.025
Mirpur	0.038	0.030	0.020	0.020
Bhimber	0.038	0.030	0.025	0.025
Total	1.252	0.660	0.355	0.470

Source: Statistical Year Book 2022.

Due to inadequate infrastructure and security risks, tourists fell from 1.252 million in 2018 to 0.470 million across different districts of AJK in 2021, as Table 1 illustrates. Nonetheless, the yearly development budget allotted for the growth of the tourism industry was Rs. 13.809 million in 2021–2022; it rose to Rs. 320 million in 2021–2022; however, in 2022–2023 it marginally decreased to Rs. 319.714 million. In contrast, the AJK government made Rs. 0.4 million in 2021–2022, Rs. 10 million in 2021–2022, and Rs. remained unchanged in 2022–2023. Hence, it can be said that lack of financing prevents the government from constructing state-of-the-art infrastructure, affecting the number of tourists visiting the state.



Source: Author's calculations

Despite the efforts of the people to establish networks and small businesses in the valley to promote tourism, the road system and security issues represent a major threat to the travel and tourism industry. On the whole, AJK's tourism industry has the potential to grow significantly and provide significant income for the state. This stems from the immediate sources, such as taxes and fees, as well as the wider economic advantages that tourism might generate. To properly utilize the advantages of this industry, the government must, however, responsibly regulate tourism, making sure that social, cultural, and environmental factors are taken into account. By enhancing the region's infrastructure, connectivity, and economic climate, the CPEC project has the potential to greatly increase tourism in Azad Jammu and Kashmir. The government can capitalize on this potential to turn AJK into a bustling tourist destination that offers a host of social and economic advantages to the locals by thoughtfully

growing and improving the current infrastructure for tourism. To guarantee the preservation of the area's natural and cultural assets, it is crucial to manage tourism expansion appropriately.

To develop the tourism sector and capitalize on its many advantages, the government of Azad Jammu and Kashmir (AJK) decided and announced an ambitious plan in 2019 to build three tourism corridors in the area. These lanes, which would cover 200 kilometers, were predicted to have a big influence on AJK's economic growth and development. The first tourism corridor is supposed to begin at the Hattian Bala district's Saran hamlet, which is situated in the Jhelum Valley. The plan will reach Devi Gali by way of various significant sites, such as Sudhan Gali, Ganga Choti, Haji Peer Lasdana, Khaigala, ToliPeer, and Banjosa. This corridor will give visitors a distinctive and immersive experience by traversing a variety of picturesque and culturally significant locations within AJK. Geographically, it spans Poonch in the south and Jhelum Valley in the north.

Neelum Valley, renowned for its immaculate scenery and astounding natural beauty, will be home to the second tourism corridor. Another area with significant tourism potential is the Mirpur division, where the third corridor will be situated. Each of these corridors is thoughtfully designed to offer visitors a range of experiences while showcasing the distinctive characteristics of the individual regions. According to government estimates, some Rs. 22 billion will

need to be invested to establish these tourism routes. Despite the substantial financial outlay, we believe that creating these corridors would boost the local economy in several ways. In light of this, the building of M4 is anticipated to be a significant achievement that will connect various areas of AJK and contribute to the prosperity of this region.

### **Heritage and Archaeological Tourism in AJK**

Many archaeological and heritage sites of great significance to historians and researchers can be found in Azad Jammu and Kashmir (AJK), a territory with a rich historical and cultural legacy. Because of these locations' historical and cultural value, experts have noticed them. The region's more than 100 archaeological and heritage sites were found and cataloged through a study carried out in 2014. The Mughal, Sikh, and Dogra eras, among others, are among the historical periods whose signs were found throughout this investigation. By making several historical and archaeological sites more accessible to visitors and historians, the M4 expressway project in AJK has the potential to drastically change the area. This in turn may promote employment creation, economic expansion, and cultural heritage preservation. Local communities' quality of life is ultimately enhanced by the expressway, which acts as a stimulus for the growth of the area's tourism and transportation industries. The government of Azad Jammu and Kashmir (AJK) has placed a strong emphasis on the region's enormous potential for income generation from the tourism industry. The statement posits that

a significant improvement in road infrastructure and hotel facilities might alleviate certain limits and boost the government's earnings from tourism. For instance, an industry predicted to bring revenues of Rs. 3.63 billion a year is expected to come from the 1.212 million visitors that visited AJK on average between 2015 and 2017.<sup>95</sup>

Undoubtedly, the M4 highway project in Azad Jammu and Kashmir (AJK) has the potential to promote socioeconomic integration and would result in notable transformations in the economic terrain of the region. As a crucial conduit, the M4 expressway connects AJK to nearby areas including Punjab, Gilgit Baltistan (GB), and Khyber Pakhtunkhwa (KPK). The movement of people, commodities, and services between these regions may be done smoothly because of the upgraded transportation infrastructure. Because of the removal of obstacles, increased trade, and potential for closer collaboration across the various sectors, it thereby fosters socioeconomic integration. Residents in AJK could have had fewer options for consumer and industrial goods. Trade between AJK and its surrounding territories would be more accessible and efficient with the construction of the M4 highway. This would create new avenues for trade between the people of AJK and their counterparts in Punjab, GB, KPK, and possibly even overseas markets like China.

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95 DIRECTORATE GENERAL TOURISM & ARCHAEOLOGY AZAD JAMMU & KASHMIR MUZAFFARABAD, "AZAD JAMMU & KASHMIR TOURISM POLICY-2018," 2018, <https://pndajk.gov.pk/uploadfiles/downloads/AJ&K%20Tourism%20Policy%20.pdf>.

As a significant thoroughfare, the M4 motorway would have the potential to produce revenue for the government via toll collection. Vehicles pay tolls when they use the expressway, and these can represent enormous and significant financial gains. These levies may be used again by AJK for more infrastructure upkeep, development, and public services for the improvement of the living standards of its residents.

### **Religious Tourism in AJK**

There is no doubt that the Azad Jammu and Kashmir (AJK) territory has a rich and varied religious history, including a wide range of shrines and holy sites with spiritual and historical value. In addition to acting as hubs for religious activity, these houses of worship can promote religious tourism, which could boost the local economy. An abundance of customs and mythology surround these temples, many of which are old as far as Kashmir's history. The cultural, historical, and religious narratives of the local population frequently place a high value on these locations. These destinations entice tourists, especially those who are interested in history and culture.

Shrines with a strong Sufi culture and spirituality are well-known, such as the Khari Sharif shrine in Mirpur, Sain Sahli Sarkar in Muzaffarabad, Nariyan Sharif in Tharar Khel, Gurdwara in Rawalakot, and Sharda Peeth etc. Sufis and spiritual seekers from throughout the globe come to these shrines and other religious places to immerse themselves in the distinctive

atmosphere and teachings of Sufism. As religious tourism expands in AJK, it may have an impact on numerous areas of the economy and increase revenue generation. Improved infrastructure, such as roads and lodging, can benefit the entire region, making it more appealing to both tourists and investors. This has the potential to contribute to additional economic development and prosperity.<sup>96</sup>

Religious tourism can stimulate economic activity, employment creation, and cultural interchange in AJK. By marketing and developing these religious attractions, AJK can tap into a unique tourism sector and use it as a catalyst for greater economic development and prosperity. However, it is critical to regulate this form of tourism in a way that preserves the sacredness of these locations while also respecting the religious views of the local community.

### **Connectivity between Gilgit Baltistan and AJK through M4**

The China-Pakistan Economic Corridor (CPEC) is a major infrastructural and economic development project that intends to connect Gwadar Port in Pakistan's Balochistan province to the Xinjiang region of China. While CPEC is primarily concerned with improving connectivity between these two regions, its ramifications for nearby Gilgit-Baltistan (GB) and Azad Jammu and Kashmir (AJK) are equally notable.

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<sup>96</sup> Sabur Ali Sayyid, "CPEC in Azad Jammu & Kashmir: A Gateway to Regional Connectivity and Beyond" (Center for Peace, Development and Reforms (CPDR), 2019).

GB is located to the north of Pakistan and shares a border with China. AJK, on the other hand, is located to the south, bordering Pakistan's Punjab and Khyber Pakhtunkhwa provinces. Both regions are separated by Pakistani land, and there is no direct road link between them. CPEC involves infrastructure projects such as the Karakoram Highway improvement and the development of roads and railroads that travel through GB. This expanded connectivity benefits GB by improving access to the Gwadar Port and, as a result, to global trade channels. It also boosts the region's potential as a transit corridor for products transiting between China and Pakistan. While CPEC's primary goal is to connect Gwadar to China, it also has an indirect impact on AJK by enhancing Pakistan's road infrastructure. Although there is no direct road connection between AJK and GB, Pakistan's enhanced road networks can make travel and trade between the two regions easier. This increased connectedness has the potential to help both communities economically.

Azad Jammu and Kashmir has its independent constitution, known as the Azad Jammu and Kashmir Interim Constitution Act 1974, which provides it with some autonomy. It has its own legislative and executive authority, whereas Pakistan is in charge of defense and foreign affairs. This constitutional position represents a special relationship with Pakistan. Gilgit-Baltistan had minimal political empowerment and representation before the GB Self Governance Order 2009. This edict provided the region with some self-government by establishing an elected legislative

assembly and a chief minister position. However, GB's position remains somewhat hazy because it does not have the same constitutional sovereignty as AJK. Both regions are projected to gain from increased economic activity enabled by CPEC, albeit in different ways due to their different administrative and legal standing within Pakistan.

The M4 highway will connect the Karakoram Highway, often known as the Silk Road, by passing through Khyber Pakhtunkhwa (KPK) and Gilgit-Baltistan (GB). This initiative is intended to considerably improve cultural exchange, trade, and people-to-people interaction between these two regions. A practicable and quicker route across the Neelum Astore Valley road has been identified to offer more direct connectivity between Azad Jammu and Kashmir (AJK) and GB. This road is a viable alternative to the Karakoram Highway, with the potential to shorten travel distances and improve transit alternatives between the two regions. In 2017, a feasibility study was done to determine the practicality of this route.

## **Conclusion**

CPEC is a large and multidimensional endeavor with far-reaching repercussions for the economic well-being of Pakistan and the territories it connects. Various energy projects in Azad Jammu and Kashmir (AJK) have been launched as part of the CPEC framework. Furthermore, the funding for the construction of the Mansehra-Muzaffarabad-Mirpur (M4) expressway

was allocated in 2022, reflecting the government's commitment to the project's success. A feasibility study has been done in this regard. The start and eventual completion of the M4 expressway project are intended to bring various specific objectives to reality, each intimately related to the growth of AJK. Notably, the region's tourism sector has evolved into a full-fledged tourism industry following the release of the AJK tourism strategy report in 2017. This transition is crucial because AJK, with its harsh, hilly, and mountainous topography, has hindered agricultural and industrial development. However, the natural beauty of AJK's geography, which includes scenic aspects such as fairy meadows, rivers, streams, lakes, and natural waterfalls, holds significant tourism potential and can be a key driver of economic growth.

Each year millions of tourists visit the territory of AJK and in return, the government of AJK and local people are earning plentiful amounts of income from different activities. But, indeed, the conditions of road infrastructure and lodging facilities are not in good condition. If these bottlenecks are removed then AJK can be converted and declared as a tourist destination. Moreover, AJK has a significant number of religious, heritage, and archaeological sites that can be a source of tourism.

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# **Bridging the Divide Confronting the Challenges: CPEC and Balochistan**

**Dr. Abdul Sattar**

## **Introduction**

China-Pakistan Economic Corridor (CPEC) is regarded as a game changer by Pakistan as it is expected to bring about widespread socioeconomic progress through regional connectivity, mutual trade, growth in agriculture, and industrialization in the country. The project was formally launched after the visit of Chinese President Xi Jinping to Pakistan in April 2015. As a flagship project of the Belt and Road Initiative (BRI), the CPEC has been promised to receive a 62 billion dollar investment, while the initial estimated investment was 46 billion dollars.<sup>97</sup> Both countries agree on cooperating in areas like connectivity, energy-related fields, trade and industrial parks, agriculture development and poverty alleviation, tourism, people-to-people contact, and financial cooperation.<sup>98</sup>

Comprising three phases, the first phase of CPEC focused on the removal of bottlenecks of the energy crisis and enhancing connectivity across different

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97 Salman Siddiqui , "CPEC Investment Pushed from \$55b to \$62b," The Express Tribune, April 12, 2017, <https://tribune.com.pk/story/1381733/cpec-investment-pushed-55b-62b/>.

98 Ministry of Planning, Development & Reform, "Long Term Plan for China-Pakistan Economic Corridor (2017-2030)," 2017, <https://cpec.gov.pk/brain/public/uploads/documents/CPEC-LTP.pdf>.

regions of the country. As such the initial phase saw the completion of 14 energy and 6 transport infrastructure projects. The second phase is dedicated to industrialization, socio-economic development, agriculture modernization, blue economy, and tourism promotion.<sup>99</sup> Finally, the third phase will commence in 2025 lasting till 2030.

The completion of the initial phase (a decade of CPEC) elicited a varied response concerning its promised accomplishments. Certain sectors made noteworthy strides and projects were finished within the designated time frame, specifically in the energy sector. However, specific internal and external obstacles hindered progress in CPEC's advancement.<sup>100</sup> The internal challenges encompass economic distress and political turmoil while external challenges range from fragile security conditions to global geopolitical factors.

Balochistan, being the focal point of CPEC and serving as a connecting hub between Pakistan and the rest of the world through Gwadar port,<sup>101</sup> was expected to witness significant growth on both social and economic fronts. However, current circumstances

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99 Ministry of Planning Development & Special Initiatives, "Press Release: Apropos News Item Titled 'CPEC Shelved?'" Published in the News in Its Edition of September 19, 2019 Wherein It Has Been Erroneously Reported That the Work on China-Pakistan Economic Corridor (CPEC) Project Is Being Scrapped or Frozen," [www.pc.gov.pk](http://www.pc.gov.pk), 2019, [https://www.pc.gov.pk/web/press/get\\_press/348](https://www.pc.gov.pk/web/press/get_press/348).

100 Ayesha Shaikh, "A Decade of CPEC," *Paradigm Shift*, September 3, 2023, <https://www.paradigmshift.com.pk/cpec-decade/>.

101 Ali Haider Saleem, "CPEC and Balochistan: Prospects of Socio-Political Stability," *Strategic Studies* 37, no. 4 (April 11, 2017): 118–32, <https://doi.org/10.53532/ss.037.04.00201>.

paint a bleak picture despite a decade having passed since the inception of the CPEC. Balochistan still lags behind other provinces in terms of development on multiple fronts. The port city of Gwadar is still grappling with long-standing water shortages. The question remains: will CPEC ever prove to be a game changer for Balochistan? The purpose behind CPEC is to uplift underdeveloped regions like Balochistan and bring them to par with others, given their chronic socioeconomic issues. However, this province faces both socioeconomic challenges as well as geostrategic threats; transformation from CPEC projects is yet to be witnessed here.

Against the background presented above, this chapter endeavors to examine the socioeconomic obstacles and security perils that impede CPEC's progress in Balochistan. It will serve to elucidate the reasons behind Balochistan's lagging development and identify potential remedies for these hindrances.

In the subsequent section, we analyze the challenges to CPEC in Balochistan, the factors due to which the province lags in economic development, and the way forward.

### **Challenges to CPEC in Balochistan**

We divide the challenges faced by CPEC projects in Balochistan into two broad categories.

## Socioeconomic Challenges in Balochistan

As far as the socioeconomic challenges are concerned, the Multidimensional Poverty Index (MPI) is the key indicator to reflect the actual picture of the condition of people in the province. The MPI is the product of the Incidence of poverty (the poverty headcount) and Intensity of deprivation (the average percentage of dimension in which poor people are deprived). It was developed by the Ministry of Planning, Development, and Reforms (2016) with the technical support of the Oxford Poverty and Human Development Initiative (OPHI) and the United Nations Human Development Programme (UNDP). The report measures acute poverty by reflecting the severe deprivation faced by individuals in the fields of education, health, and standard of living. According to the Pakistan Social and Living Standard Measurement (PSLM) survey of 2014/15, Balochistan has the highest level of MPI (71%) compared to other provinces of Pakistan.<sup>102</sup> As can be seen in table 1, the Incidence value for overall Balochistan is 71.2%, with the Intensity of 55.3%. The condition is exacerbated in the rural regions with a poverty headcount of 84.6%, whereas in the urban areas of Balochistan, it stands at 37.7%, surpassing other provinces' urban areas as well.

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<sup>102</sup> Ministry of Planning, Development & Reform, "Multidimensional Poverty in Pakistan," 2016, <https://www.ophi.org.uk/wp-content/uploads/Multidimensional-Poverty-in-Pakistan.pdf>.

**Table 1: Multidimensional poverty by province/region**

Province	Regions	Value		
		MPI	Incidence (H)	Intensity (A)
Punjab	Overall	0.152	31.4%	48.4%
	Rural	0.214	43.7%	48.9%
	Urban	0.026	6.3%	41.8%
Sindh	Overall	0.231	43.1%	53.5%
	Rural	0.415	75.5%	54.9%
	Urban	0.046	10.6%	43.4%
KPK	Overall	0.250	49.2%	50.7%
	Rural	0.295	57.8%	51.1%
	Urban	0.042	10.2%	41.5%
Balochistan	Overall	0.394	71.2%	55.3%
	Rural	0.482	84.6%	57.0%
	Urban	0.172	37.7%	45.7%
Azad Jammu and Kashmir (AJK)	Overall	0.115	24.9%	46.3%
	Rural	0.130	28.1%	46.3%
	Urban	0.013	3.1%	41.0%
Gilgit Baltistan (GB)	Overall	0.209	43.2%	48.3%
	Rural	0.238	49.0%	48.3%
	Urban	0.036	7.9%	45.0%
FATA		0.337	73.7%	45.8%

Source: Ministry of Planning, Development, and Reforms (2016).

The data regarding MPI provides a comprehensive view of poverty at the district level as well. Table 2 displays that Killa Abdullah, Harnai, Barkhan, Ziarat, and Chaghi are ranked as the top five districts with the highest deprivation levels and least social development. Notably absent from this list are Kech

and Panjur for which data is unavailable. Additionally, Gwadar district - the epicenter of CPEC - exhibits a headcount poverty rate of 60% alongside a deprivation Intensity percentage of 48.2%.

**Table 2: District-wise MPI values**

Districts of Balochistan	2014/2015		
	MPI	Incidence (H)	Intensity (A)
Awaran	0.415	77.2%	53.8%
Barkhan	0.627	93.6%	67.0%
Bolan/Kachhi	0.414	73.1%	56.7%
Chagai	0.546	89.2%	61.2%
Dera Bugti	0.499	88.4%	56.4%
Gwadar	0.293	60.8%	48.2%
Harnai	0.633	94.2%	67.2%
Jaipurabad	0.404	75.0%	53.8%
Jhal Magsi	0.528	89.7%	58.9%
Kalat	0.275	57.1%	48.1%
Kech/Turbat			
Kharan	0.454	78.4%	57.9%
Khuzdar	0.285	57.5%	49.6%
Killa Abdullah	0.641	96.9%	66.2%
Killa Saifullah	0.386	79.3%	48.7%
Kohlu	0.503	86.8%	58.0%
Lasbela	0.395	68.1%	58.0%
Loralai	0.320	68.5%	46.7%
Mastung	0.302	62.0%	48.7%
Musakhel	0.351	66.9%	52.4%
Nasirabad	0.413	77.0%	53.6%
Nushki	0.316	64.0%	49.4%

Panjgur			
Pishin	0.453	82.2%	55.1%
Quetta	0.213	46.3%	46.0%
Sherani	0.526	90.6%	58.1%
Sibi	0.324	57.5%	56.3%
Washuk	0.466	81.9%	56.9%
Zhob	0.514	82.8%	62.1%
Ziarat	0.575	90.3%	63.7%

Source: Ministry of Planning, Development, and Reforms (2016)

## Geostrategic Challenges to CPEC in Balochistan

Balochistan with the lowest population and the largest land area (42 percent), situated at the crossroads of South Asia and Central Asia, possesses a significant geostrategic location for Pakistan.<sup>103</sup> The geostrategic location of the province has attracted many world powers including the US, India, Russia, and Iran to closely observe the CPEC. Critics weigh in on CPEC as a geostrategic corridor instead of an economic project. For example, India perceives CPEC as a threat to its national sovereignty while increasing Chinese influence in the region.<sup>104</sup> Similarly, United States officials are concerned about China's dominance in South Asia and label their investments as debt traps

103 Brig Agha Ahmad Gul, "Balochistan's Geostrategic Significance, Politics of Major Powers – Managing Its Impact," *Strafasia | Strategy, analysis, News and insight of Emerging Asia*, July 18, 2022, <https://strafasia.com/balochistans-geostrategic-significance-politics-of-major-powers-managing-its-impact/>.

104 Rajeswari Pillai Rajagopalan, "India's Latest Concerns with the China-Pakistan Economic Corridor," *thediplomat.com*, August 9, 2022, <https://thediplomat.com/2022/08/indias-latest-concerns-with-the-china-pakistan-economic-corridor/>.

for Pakistan. Additionally, they express concern over China's presence in Gwadar due to its potential to provide access to the People's Liberation Army Navy (PLAN) into the Arabian Sea, Persian Gulf, and Indian Ocean.<sup>105</sup>

Hence, the geostrategic significance often comes with security challenges. With long-standing insurgency and unresolved domestic issues in the province, the security threats to CPEC have increased over the years. The attacks from ethno-nationalist separatist organisations increased almost nine-fold in 2022 compared to 2021.<sup>106</sup> Pakistan established a Special Security Division (SSD) comprising 12000 troops for the security of Chinese nationals working on different CPEC projects<sup>107</sup>. However, the security situation particularly in the western part of the province has worsened over a decade. The most recent attack on Chinese nationals was in Gwadar, the heart of CPEC, on August 13, 2023.<sup>108</sup> Apart from that, other insurgent groups such as Tehrik-i-Taliban Pakistan, which

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105 Furqan Khan, "The China-Pakistan Economic Corridor: Understanding American and Pakistani Perceptions," U.S.-China Perception Monitor, September 9, 2021, <https://uscnpm.org/2021/09/09/cpec-american-and-pakistani-perceptions/>.

106 Institute for Economics & Peace (IEP), "Global Terrorism Index 2023: Measuring the Impact of Terrorism," 2023, <https://www.visionofhumanity.org/wp-content/uploads/2023/03/GTI-2023-web-170423.pdf>.

107 Muhammad Zahid Ullah Khan and Minhas Majeed Khan, "China-Pakistan Economic Corridor: Opportunities and Challenges," *Strategic Studies* 39, no. 2 (July 25, 2019): 67–82, <https://doi.org/10.53532/ss.039.02.00112>.

108 Al Jazeera Staff, "Pakistan Security Forces Kill 2 after Attack on Chinese Convoy," Al Jazeera, August 13, 2023, <https://www.aljazeera.com/news/2023/8/13/pakistan-security-forces-kill-two-after-attack-on-chinese-convoy-in-gwadar>.

attempted an attack on the Chinese Ambassador to Pakistan in Quetta in a hotel in June 2017<sup>109</sup> and the Sindhudesh People's Army (SPA) that attacked Chinese nationals in Karachi also hinder the peaceful progression of CPEC projects.<sup>110</sup>

The existence of multifaceted and intricate socioeconomic and geostrategic obstacles necessitates tailored and all-encompassing policies and initiatives within the framework of CPEC. Furthermore, inclusive socioeconomic measures have the potential to expeditiously alleviate security threats as well as economic challenges.

### **Why does Balochistan lag behind?**

The CPEC-associated initiatives during the first phase could not yield the desired outcomes in terms of both security and economic spheres for the province. One of the underlying causes for such suboptimal achievement is attributed to Pakistan's inability to construct a compelling narrative concerning its economic benefits. Despite being touted as a transformative force for the economy, scholarly discourse, and official discussions often emphasise the geostrategic ramifications of this initiative, portraying the nuance of a strategic project that surpassed the economic importance of CPEC to the country and the region.

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109 The Soufan Center , "IntelBrief: Balochistan Liberation Army (BLA) Presents Unique Threat to Pakistan," The Soufan Center, May 6, 2022, <https://thesoufancenter.org/intelbrief-2022-may-6/>.

110 Muhammad Amir Rana, "Militancy in Sindh," DAWN.COM, October 16, 2022, <https://www.dawn.com/news/1715297>.

In this section, we explore some key reasons that have impeded the attainment of the desired results of CPEC in Balochistan.

### **Frontier of Political Furore**

Political instability has long been a pressing concern for Pakistan, given its history of dictatorships and compromised democratic regimes that have created an atmosphere of economic distress and instability. The political landscape became even more precarious following the announcement of CPEC in 2013, with frequent changes in government exacerbating the situation. This trend began in Balochistan, where Chief Ministership changed hands five times over the past decade alone<sup>111</sup>.

As a result of which the consistency in the implementation of policies could not be achieved. It also affected the speed of the CPEC projects in the province. Further, controversies around the priorities of the federal government for establishing eastern routes of CPEC instead of western routes had also received negative connotations. The political parties from both Balochistan and Khyber-Pakhtunkhwa (K-P) questioned the transparency and intent of the federal government regarding prioritising the development of the western route.<sup>112</sup> Further, the

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111 Between 2013 and 2018 the chief minister was changed 3 times and from 2018 to 2023 the province experienced two different cabinets led by different chief ministers.

112 Rafiullah Kakar, "Making Sense of the CPEC Controversy," The Express Tribune, January 21, 2016, <https://tribune.com.pk/story/1031850/making-sense-of-the-cpec-controversy>.

Baloch nationalist parties have shown concern over the possible demographic changes that would occur due to the mega project if the inclusive policy regulations had not been adopted.<sup>113</sup>

### **Lack of Project Customization and Inclusive Policy Drives**

Balochistan with every potential to uplift the economy of Pakistan with its rich natural resources still lags behind due to the federation's stagnant approach to solving indigenous problems in the province. CPEC presents an auspicious prospect to invigorate and eradicate poverty among the populace of the province through comprehensive economic policies. Nonetheless, we have observed a dearth of tailored approaches and inclusive policy initiatives. Overall, the energy projects and road infrastructure were the priority of the CPEC's first phase, which successfully helped in removing the major bottlenecks of the economic progress of the country. However, the data show that Balochistan received the least share. As per the official records of the Ministry of Planning, Development, and Special Initiative, since the inception of CEPC, there are four projects which have been completed in Balochistan to date (see table 3). Among these, the only energy project located in Hub City was completed in 2019 as a result 749 local jobs were created. The other three projects involved the development of the port city, the master

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113 Safdar Sial, "CPEC in Balochistan: Local Concerns and Implications," Pak Institute For Peace Studies Pvt Ltd. (PIPS), August 28, 2019, <https://www.pakpips.com/article/5463>.

plan, and the Gwadar East Bay Expressway project. The total number of local jobs created by these projects is 2762.

**Table 3: Completed CPEC projects in Balochistan**

Project Nature	Project Name	Location	Year of Completion	Local Job Created	Estimated cost in million USD
Energy	1320 MW China Hub Coal Power Project, Hub Balochistan	Hub	2019	749	1912.2
Gwadar	Development of Port and Free Zone	Gwadar	2019	240	300
	Gwadar Smart Port City Master Plan	Gwadar	2021	73	4
	Gwadar East Bay Expressway	Gwadar	2022	1700	179

Source: Ministry of Planning, Development and Special Initiative

Similarly, in the second phase, a preponderance of on-going projects in Balochistan pertains to the development of road infrastructure. In contrast, this phase is earmarked for socioeconomic ventures such as special economic zones and industrialization. This intimates that Balochistan trails behind other regions of Pakistan in terms of CPEC undertakings. However, for Gwadar City, the under-construction projects may have a direct impact on the socio economic condition of the native people because they include projects related to the necessities of life as depicted in table 4.

However, the Bostan Special Economic Zone is in the initial stages and phase one of the said project has been launched for the allotment of industrial plots.<sup>114</sup>

**Table 4: CPEC under construction projects in Balochistan**

Project Nature	Project Name	Location	Estimated Local Job Creation	Estimated Cost
Energy	300MW Coal-Fired Power Project at Gwadar	Gwadar	1000	542.32 million USD
Transport Infrastructure	Zhob - Quetta (Kuchlak) (N-50)	Zhob Quetta	600	66,833 million PKR
	Khuzdar-Basima Road (N-30)	Khuzdar		19.19 billion PKR
	Hoshab - Awaran Road Section (M-8)	Hoshab-Awaran		26 billion PKR
	Nokundi-Mashkhel Road	Nokundi-Mashkhel		07 Billion PKR
	New Gwadar International Airport	Gwadar	3000	230 million USD

114 “CPEC | China-Pakistan Economic Corridor (CPEC) Authority Official Website,” cpec.gov.pk, n.d., <https://cpec.gov.pk/>.

<b>Socioeconomic</b>	Necessary facilities of fresh water treatment, water supply and distribution	Gwadar	1600	11.39 billion PKR
	Pak-China Friendship Hospital	Gwadar	40	100 million USD
	1.2 MGD Desalination Plant	Gwadar		12.7 million USD
	5 MGD Water Desalination Plant Gwadar	Gwadar		5 billion PKR
<b>Special Economic Zones</b>	Bostan Special Economic Zone	Pishin		

Source: Ministry of Planning, Development and Special Initiative

## CPEC related Socioeconomic Development Projects

In 2018, China and Pakistan established a Joint Working Group (JWG) with the aim of examining and executing socioeconomic development initiatives under CPEC. A total of 27 projects were identified, with 17 fast-track projects slated for completion in the first batch and 10 priority-focused endeavours earmarked for the second batch. Regrettably, only five Balochistan-based schemes were included among the initial tranche of undertakings to be carried out in Gwadar (refer to table 4 under construction projects). Furthermore, just two Burn Centers feature among the priority-driven efforts that are intended to benefit other regions within Balochistan. These statistics reveal an unimpressive contribution by CPEC's socioeconomic development programs towards uplifting this province. Moreover, completing these initiatives within specified timelines presents a daunting challenge.

## **Path to Inclusive Growth in Balochistan**

### **Public Sector Development (PSD) Schemes**

The implementation of fiscal decentralisation and the 18th Amendment has provided provincial governments with the autonomy to allocate funds without interference from the central government. This presents a unique opportunity for Balochistan to prioritise social sectors such as health and education in their public sector development (PSD) efforts. However, due to political engineering, constituency politics, and instability, these funds are often misappropriated or lost to corruption instead of benefiting marginalised communities. Consequently, it is imperative that officeholders be held accountable for their actions while also empowering the general public to elect competent representatives who are not beholden to powerful interests. Only then can PSD funds have a meaningful impact on those most in need within each province.

### **Need-based Socio Economic Projects under CPEC**

Balochistan is characterised by vast, arid terrain and rugged hills with a notably low population density. The province is susceptible to natural calamities, grappling with challenges such as food insecurity and water scarcity. It's imperative that prompt measures are taken to mitigate the rapidly decreasing water levels in the region. Despite being designated as fast-track and priority socioeconomic development projects under CPEC, most of these initiatives are yet to be completed.

Additionally, all water-related undertakings have been concentrated solely on Gwadar while other parts of Balochistan also face dire shortages of this precious resource.

Hence, based on the needs of each region, the scope and number of socioeconomic projects under CPEC should be extended. For example, agriculture and livestock have the potential to meaningfully impact the lives of the people of Balochistan. Although agriculture cooperation is one of the key components of China-Pakistan bilateral agreements under CPEC, for Balochistan these projects are limited to the Bostan Special Economic Zone only, where fruit processing and agriculture machinery industries are proposed only. The southern and northern part of the province has different specialties. In the south in Turbat and Panjgur, the dominant agriculture product is Dates, while in the north, Ziarat and Harnai livestock and other fruits such as Apple and Cherry are available. Apart from that the cottage industries also have great potential in poverty alleviation. The home-based cottage industry with the involvement of women can considerably increase the living conditions of the people in Balochistan.<sup>115</sup> Hence customised need-based agriculture, livestock, and Small and Medium Enterprise (SME) projects should be included in fast-track projects to uplift the socioeconomic condition of the province.

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115 Shams Wazir and Mumtaz A. Baloch, "POVERTY ALLEVIATION through HOME- BASED COTTAGE INDUSTRIES in QUETTA BALOCHISTAN | New Horizons," *Greenwichjournals.com* 13, no. 2 (2019): 113-32, <http://greenwichjournals.com/index.php/NH/article/view/295>.

## **Timely Completion of Under-construction and Long-term Projects**

The Gwadar Coal-Fire project, with a capacity to generate 300 megawatts of electricity, is currently among the slowest progressing energy projects under construction. The Financial Close (FC) for this project remains in process, indicating a sluggish approach towards its completion. Similarly, the road infrastructure construction that forms part of long-term objectives has not made significant progress. Timely completion of these projects, particularly the road network as illustrated in table 4, holds crucial importance for Balochistan as it would ensure connectivity with the rest of the country and ultimately lead to success in CPEC endeavours.

Further, as per the official CPEC documents, breakwater construction and Fish Landing Jetty for fishermen and Boat Making Industry on West Bay in Gwadar are pipeline projects and part of long-term initiatives (2025-2030). These initiatives ought to have been given priority status due to their potential direct impact on the livelihoods of local fishing communities in Gwadar. The timely completion of these projects not only enhances employment opportunities for indigenous people but also secures the subsistence means for local fishermen while fostering a sense of inclusivity among residents.

## People-Centric Approach (PCA) for Balochistan

Balochistan is regarded as a naturally bountiful province in terms of resources by the rest of Pakistan, but it is also acknowledged as a region that is fraught with strife and militarization. The opportunities for extraction presented by the Saindak and Reko Diq gold and copper mines, along with the abundance of natural coastal and marine resources, are all aspects that tend to be disproportionately associated with Balochistan. For example, the revenue share of the province is meagre as it is only 2 % in the case of the Saindak Project,<sup>116</sup> and from the Gwadar Seaport, the country receives 9 percent of the revenue share.<sup>117</sup>

Such a small share of revenues from these massive projects to Balochistan is creating hurdles in the transformation of the lives of the native people. As a result, unrest and a strong sense of exploitation have been prevailing among the people of Balochistan which can only be mitigated through inclusive community-based policy measures. Furthermore, the security apparatus that has been put in place for this province adds another dimension to this lopsided characterization. Balochistan government pays 50 billion PKR out of 192 billion PKR budget to law and

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116 Aziz Ahmed, Noor Mohammad, and Abdul Wadood, "Balochistan: Overview of Its Geo-Economic and Socio-Economic Perspectives," *Review of Applied Management and Social Sciences* 3, no. 2 (September 30, 2020): 235–46, <https://doi.org/10.47067/ramss.v3i2.58>.

117 Iftikhar A. Khan, "China to Get 91pc Gwadar Income, Minister Tells Senate," DAWN.COM, November 25, 2017, <https://www.dawn.com/news/1372695>.

enforcement agencies for security purposes on an annual basis, making it 13 percent of the total budget of the province.<sup>118</sup>

The exorbitant expenses on non-developmental activities in Balochistan can only be reduced through the adoption of a People-Centric Approach (PCA). The PCA entails involving communities in conflict resolution and promoting a state-society relationship where people are at the forefront. In accordance with the UN Charter and Sustainable Development Goals (SDGs), “We the People” plays a central role.<sup>119</sup> Historically, state-centred objectives have proven to be counterproductive for Balochistan. Rather than empowering local peripheries, the state has extended its authority into many areas, creating distrust between itself and its citizens. To achieve lasting and sustainable peace solutions, the federation must address all dimensions of human security including Urban and Rural Security, Community Security, Societal Security, and Citizen Security<sup>120</sup>. In addition, it is crucial to restore people’s sense of ownership over various projects by resolving conflicts and equitably

118 The Express Tribune Correspondent, “Balochistan Wants Centre to Bear Its Security Expenses,” The Express Tribune, June 27, 2022, <https://tribune.com.pk/story/2363486/balochistan-wants-centre-to-bear-its-security-expenses>.

119 Youssef Mahmoud, “People-Centred Approaches to Peace: At Cross Roads between Geopolitics, Norms, and Practice,” in *United Nations Peace Operations in a Changing Global Order*, ed. Cedric de Coning and Mateja Peter (Palgrave Macmillan, 2019), 91–109.

120 Mark Sedra, “A People-Centered Approach to Security: Seeking Conceptual Clarity to Guide UN Policy Development,” 2022, <https://www.undp.org/sites/g/files/zskgke326/files/2022-06/The%20People-Centered%20Approach%20to%20Security.pdf>.

distributing resources while creating an enabling environment for local businesses to prosper.

CPEC presents extensive opportunities for Balochistan's growth as well as acting as an engine of growth for Pakistan by generating employment opportunities, increasing industrial productivity, and boosting exports. Yet realising this potential requires inclusive policy measures that address economic as well as security concerns. Furthermore, ensuring the timely completion and operationalization of CPEC initiatives based on equity considerations is also necessary for success.

## **Conclusion**

As a flagship project of the Belt and Road Initiative, the China-Pakistan Economic Corridor (CPEC) offers an extensive array of opportunities for economic growth in Pakistan. The multi-billion-dollar project aims to link Xinjiang, China with Gwadar, Pakistan through roadways and railways. This comprehensive endeavour encompasses development in infrastructure, energy, special economic zones, port city expansion, and socioeconomic development initiatives. One of CPEC's primary objectives is to elevate less developed regions such as Balochistan to the same level as other provinces; however, this aim is challenged by deteriorating socioeconomic indicators and fragile security conditions within the province. Balochistan faces multidimensional poverty on the economic front coupled with brittle security

conditions that require particular attention. This situation is further exacerbated by political instability resulting from engineered politics and constituency-based politics within the province. Moreover, data reveal that equitable resource distribution under CPEC remains questionable which has created a gap leading to a trust deficit between federation and province thus contributing towards unstable security situations. For sustainable regional development as well as the success of CPEC, it becomes imperative that a People-Centric Approach be adopted while dealing with security concerns present within the province.

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Wazir, Shams , and Mumtaz A. Baloch. “POVERTY ALLEVIATION through HOME- BASED COTTAGE INDUSTRIES in QUETTA BALOCHISTAN | New Horizons.” *Greenwichjournals.com* 13, no. 2 (2019): 113–32. <http://greenwichjournals.com/index.php/NH/article/view/295>.

# Transformations and Challenges in the Socio-Economic Landscape of Sindh Province during the First Phase of the CPEC

Dr. Tahir Mumtaz Awan

## Introduction

Pakistan, the sixth-most populous country in the world, has a population of 207.8 million, with Sindh being the most urbanized province. The three largest cities in Sindh are Sukkur, Hyderabad, and Karachi, home to 68% of the urban population.<sup>121</sup> Sindh, located in southeast Pakistan, is a crucial part of the China-Pakistan Economic Corridor (CPEC), a partnership between China's Belt and Road Initiative (BRI) and Pakistan's development goals. The province's strategic position, particularly in Karachi, its capital, is vital for international trade. Karachi is the principal seaport of Pakistan, serving as a hub for the movement of products between China and Pakistan. The deep-sea Gwadar Port, a pillar of the CPEC, provides a direct marine connection between China's western region and the Arabian Sea.<sup>122</sup> This strategic location not only facilitates trade but also establishes Sindh as a key hub

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121 Dinghong Xu et al., "Analyzing the Factors Contribute to Achieving Sustainable Development Goals in Pakistan: A Novel Policy Framework," *Energy Strategy Reviews* 45 (January 2023): 101050, <https://doi.org/10.1016/j.esr.2022.101050>.

122 Khalid Mehmood Alam et al., "Impact of the China-Pakistan Economic Corridor on the China-Europe and China-Middle East Trading Route Selection," *PLOS ONE* 18, no. 7 (July 13, 2023): e0288328, <https://doi.org/10.1371/journal.pone.0288328>.

for regional economic interconnectedness. Sindh's diverse economy supports economic development and diversification, enhancing its role in the CPEC.<sup>123</sup> As CPEC progresses, Sindh's economic landscape is expected to change, with the creation of economic zones like the Dhabeji Special Economic Zone aiming to attract foreign direct investment<sup>124</sup>, promote industrial expansion, and create job opportunities.<sup>125</sup>

Infrastructure development is another pillar of CPEC, with Sindh's involvement crucial for achieving its main goals. Initiatives like the Karachi-Lahore Motorway, the Karachi Circular Railway, and the Matiari-Lahore Transmission Line demonstrate Sindh's role in energy transmission, transportation networks, and urban development.<sup>126</sup> The development of road and rail networks also ensures smooth cargo transit and promotes economic integration. Sindh's metropolitan centers, particularly Karachi, are vital for the services

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123 Hafez Muhammad Javed and Muhammad Ismail, "CPEC and Pakistan: Its Economic Benefits, Energy Security and Regional Trade and Economic Integration," *Chinese Political Science Review* 6, no. 2 (January 1, 2021), <https://doi.org/10.1007/s41111-020-00172-z>.

124 PO News Desk, "Dhabeji SEZ to Attract Foreign Direct Investment: Sharjeel," *Pakistan Observer*, July 14, 2023, <https://pakob-server.net/dhabeji-sez-to-attract-foreign-direct-investment-sharjeel/>.

125 Dr Neelum Nigar, "Special Economic Zones for Growth and Competitiveness in Pakistan's Economy: Learning from Global Experiences | Institute of Strategic Studies Islamabad," January 27, 2021, <https://issi.org.pk/special-economic-zones-for-growth-and-competitiveness-in-pakistans-economy-learning-from-global-experiences/>.

126 Umar S Zaidi, "Implications of China Pakistan Economic Corridor on Energy, Infrastructure, Trade and Human Capital," *Harvard.edu*, 2019, <https://nrs.harvard.edu/URN:3:HUL.INSTREPOS:37364569>.

industry, banking, trade, and technology.<sup>127</sup> The Karachi-Lahore Motorway has stimulated economic activity and improved connectivity. Initiatives like the Karachi Circular Railway aim to improve the quality of life and ease traffic, and urban mobility, aligning with the CPEC's goal of equitable and sustainable development. Sindh's energy powerhouse status is demonstrated by its cooperation with China on energy-related projects.<sup>128</sup> The Thar Coal Project, an ambitious project in the Thar Desert, is expected to make Sindh a major player in Pakistan's energy mix, utilizing its abundant coal deposits to meet energy needs and enhance energy security.<sup>129</sup>

Sindh's involvement in the CPEC goes beyond infrastructure and economy to socio-economic development and human capital empowerment. The province has established educational and vocational training projects to equip the local population with the skills needed for economic prospects. The cooperation between Sindhi educational institutions and Chinese counterparts promotes academic cooperation, technology transfer, and information exchange, ensuring the province's human capital aligns with the contemporary economy's needs.<sup>130</sup> However, Sindh

127 Nichola Khan, "Sindh in Karachi: A Topography of Separateness, Connectivity, and Juxtaposition," *Environment and Planning C: Politics and Space* 38, no. 5 (March 4, 2020): 938–57, <https://doi.org/10.1177/2399654420909395>.

128 Siegfried O Wolf, *The China-Pakistan Economic Corridor of the Belt and Road Initiative : Concept, Context and Assessment* (Cham: Springer, 2020).

129 Asia Mukhtar, *The Dilemma of Energy Security* (Brill, 2023).

130 Safina Bibi and Dr Shahida Amaan, "ENHANCING PAKISTAN-CHINA COOPERATION in HIGHER EDUCATION," *Jour-*

faces challenges such as environmental concerns, land acquisition, and inclusive development benefits.<sup>131</sup> To ensure fair and sustainable sharing of CPEC benefits, Sindh and China must work together to address these issues. Sindh is pivotal in implementing the CPEC due to its strategic location, diverse economy, growing infrastructure, and human capital efforts. This province enhances economic ties between China and Pakistan, laying the foundation for sustainable development, regional connectivity, and shared prosperity. The partnership between China and Sindh offers a more robust and connected future for both regions as the CPEC develops.

### Profile of Sindh Province

Sindh, a province in southeastern Pakistan, was established in 1970 and has a population of 35,864,000<sup>132</sup>. The region has a rich history, dating back to the ancient Indus Valley civilization. The region was annexed by Darius I in the 6th century BCE and later ruled by various kingdoms, including the Persian Achaemenid Empire, Seleucus I Nicator, Chandragupta Maurya, Indo-Greeks, Parthians, Scythians, and Kushans.<sup>133</sup>

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*nal of Higher Education and Development Studies (JHEDS) 2, no. 1 (December 1, 2022): 17–34, <https://doi.org/10.59219/jheds.v2i1.6>.*

131 Love Kumar et al., “Opportunities and Constraints for Cleaner Production Policy in the Developing World: A Case Study of Sindh Region, Pakistan,” *Environment, Development and Sustainability*, January 9, 2023, <https://doi.org/10.1007/s10668-022-02889-0>.

132 The Editors of Encyclopædia Britannica, “Sindh | Province, Pakistan,” Encyclopædia Britannica, n.d., <https://www.britannica.com/place/Sindh-province-Pakistan>.

133 Sangaralingam Ramesh, “Alexander the Great, Bactria and Indo-Greek States: 327 BC to 10 AD,” *Palgrave Studies in Eco-*

The Kushan monarchs introduced Buddhism, while the Persian Sassanids ruled from the third to the seventh century CE. The Arab conquest of Sindh in 711 marked the arrival of Islam in the Indian subcontinent. From 712 to 900, Sindh was part of the Al-Sind province under the Umayyad and Abbasid empires.<sup>134</sup> The Mughals governed Sindh in the 16th and 17th centuries, followed by several autonomous Sindhian dynasties. The last dynasty lost the area to the British in 1843. Sindh was incorporated into West Pakistan from 1955 until 1970.<sup>135</sup>

Sindh, a subtropical country in Pakistan, is divided into three belts: the eastern desert belt, the center alluvial plain divided by the Indus River, and the western Kirthar Range.<sup>136</sup> The Kirthar Range is primarily dry and desolate, while the Indus River valley is a rich central plain. The province experiences hot summers and chilly winters due to its subtropical climate, with temperatures regularly soaring above 115° F between May and August. The western hill country is characterized by dwarf palm, lohirro, and kher trees, while the central valley is home to the babul tree. Common fruit-bearing trees include mango, date

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*nomie History* 1 (2023): 221–71, [https://ideas.repec.org/h/pal/palscp/978-3-031-42072-6\\_7.html](https://ideas.repec.org/h/pal/palscp/978-3-031-42072-6_7.html).

134 N.A. Baloch, "Administration of Sindh under the Caliphate - ProQuest," *Journal of the Pakistan Historical Society* 46, no. 3 (1998), <https://www.proquest.com/openview/43acf61d16f7be-483480e338c3d11cb5/1?pq-origsite=gscholar&cbl=1819375>.

135 Waltraud Ernst and Biswamoy Pati, *India's Princely States* (Routledge, 2007).

136 U C Sharma, M Datta, and Vikas Sharma, *Soils in the Hindu Kush Himalayas, Geography of the Physical Environment*, 2022, <https://doi.org/10.1007/978-3-031-11458-8>.

palm, banana, guava, and orange. Aquatic and semi-aquatic plants are abundant in the coastal strip and creeks. The Sindh province has a diverse population due to continuous migration, including the Mehs, Sammas, Rajput-born Sahtas, Bhattis, Thakurs, Jats, Lorras, Jokhia, and Burfat. Arab, Persian, and Turkish tribes arrived in Sindh with the introduction of Islam in the eighth century.<sup>137</sup> The 1947 split of India led to a flood of Muslim immigrants, resulting in a significant portion of the population being descended from these refugees.<sup>138</sup> The province's urban areas have experienced rapid population growth since 1947, with Hyderabad and Karachi being the largest cities. The economy is primarily based on agriculture, with productivity increasing after 1961 due to research, inorganic fertilizers, and surface drains. The Guddu Barrage supplies irrigation water, and the main agricultural products include oilseeds, cotton, wheat, rice, sugarcane, corn, and millet.<sup>139</sup> Karachi, Pakistan's major industrialized region, is home to numerous orchards producing fruits, livestock, and coastal waters abundant in prawns, shrimp, pomfrets, shad, and catfish.<sup>140</sup> The province also has a significant sugar

137 S M Imamuddin, "Early Preaching of Islam in the Subcontinent with Special Reference to Sindh - ProQuest," *Journal of the Pakistan Historical Society* 33, no. 4 (1985), <https://www.proquest.com/openview/fe483b92a36f35290b089982305db050/1?pq-origsite=scholar&cbl=1819375>.

138 Antara Datta, *Refugees and Borders in South Asia: The Great Exodus of 1971*. (Routledge, 2015).

139 Luther H. Gulick, "Irrigation Systems of the Former Sindh Province, West Pakistan," *Geographical Review* 53, no. 1 (January 1963): 79, <https://doi.org/10.2307/212810>.

140 Z Habib, "Water Availability, Use and Challenges in Pakistan - Water Sector Challenges in the Indus Basin and Impact of Climate

industry and is connected to Quetta and Lahore via road and rail. The district information of the Sindh province is provided below in a tabular form and with the map of districts.

**Table 1: District Information of Sindh Province**

No.	Districts Name	Divisions	Area (Km <sup>2</sup> )	Population (in 2023)	Density (people/km <sup>2</sup> )
1	Badin	Badin	6,858	1,947,081	260
2	Dadu	Hyderabad	7,856	1,742,320	200
3	Ghotki	Sukkur	6,083	1,772,609	270
4	Hyderabad	Hyderabad	292	2,432,540	2,200
5	Jacobabad	Larkana	2,686	1,174,097	370
6	Jamshoro	Hyderabad	11,260	1,117,308	88
7	Karachi Central	Karachi	69	3,822,325	43,000
8	Kashmore	Larkana	2,592	1,233,957	420
9	Khairpur	Sukkur	15,910	2,597,535	150
10	Larkana	Larkana	1,948	1,784,453	780
11	Matiari	Hyderabad	1,417	849,383	540
12	Mirpur Khas	Mirpur Khas	2,925	1,681,386	510
13	Naushahro Feroze	Shaheed Benazirabad	2,946	1,777,082	550
14	Shaheed Benazirabad	Shaheed Benazirabad	4,502	1,845,102	360
15	Qambar Shahdadkot	Larkana	5,475	1,514,869	240
16	Sanghar	Shaheed Benazirabad	10,728	2,308,465	190
17	Shikarpur	Larkana	2,512	1,386,330	490

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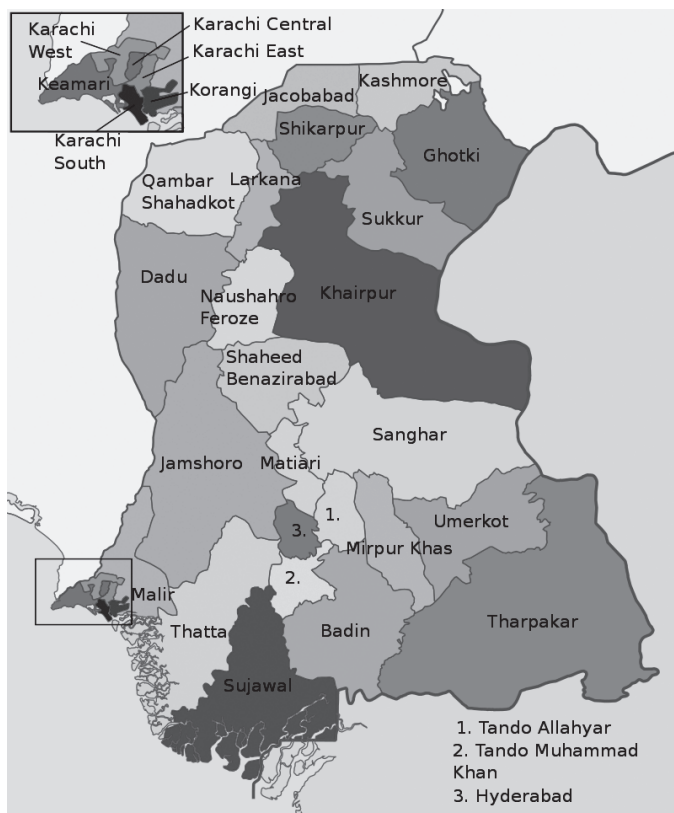
Change,” FAODocuments, 2021, <https://www.fao.org/publications/card/fr/c/CB0718EN/>.

18	Sukkur	Sukkur	5,165	1,639,897	290
19	Tando Allahyar	Hyderabad	1,554	922,012	570
20	Tando Muhammad Khan	Hyderabad	1,423	726,119	480
21	Tharparkar	Mirpur Khas	19,637	1,778,407	84
22	Thatta	Hyderabad	8,570	1,083,191	110
23	Umerkot	Mirpur Khas	5,608	1,159,831	190
24	Sujawal	Hyderabad (22)	8,785	839,292	89
25	Karachi East	Karachi (7)	139	3,950,031	21,000
26	Karachi South	Karachi (7)	122	2,329,764	15,000
27	Karachi West	Karachi (7)	370	2,679,380	5,600
28	Korangi	Karachi (7)	108	3,128,971	24,000
29	Malir	Karachi (7)	2,160	2,403,959	890
30	Keamari	Karachi (7)	559	2,068,451	3,300
	<b>Sindh</b>	<b>Total Population</b>		<b>55,696,147</b>	

Source: Sindh Human Rights Commission <sup>141</sup>

141 “:: Sindh Human Rights Commission ~ Government of Sindh :”, [www.shrc.org.pk](http://www.shrc.org.pk), n.d., <https://www.shrc.org.pk/info-districts.php>.

**Figure 1: District Map of the Sindh Province**



Source: Sindh Human Rights Commission <sup>142</sup>

<sup>142</sup> Sindh Human Rights Commission, "Districts Information of Sindh," [www.shrc.org.pk](http://www.shrc.org.pk), n.d., <https://www.shrc.org.pk/info-districts.php>.

## Significance of Sindh in CPEC

The CPEC is a network connecting Gwadar Port in southwest Pakistan with China's Xinjiang region in northwest China. The southern Pakistani province of Sindh is crucial for the CPEC's successful execution due to its strategic location, economic importance, energy projects, Thar coal reserves, industrial zones, and infrastructure development. China Overseas Port Holding Company (COPHC) has played a significant role in the development of Gwadar Port, which serves as a crucial stop on the Belt and Road Initiative's maritime route.<sup>143</sup> The Pakistani government has supported Gwadar Port's growth, as it offers a faster and more efficient marine route for Chinese exports and serves as a gateway for Chinese commodities into Pakistan. Karachi, a hub for Chinese investment, is also being upgraded to facilitate commodity flow and strengthen its economic status.<sup>144</sup> Chinese businesses have invested in Sindh's wind and solar energy sectors, including the Sachal Wind Power Project, a joint venture between China Three Gorges Corporation and Pakistan's Sachal Energy.<sup>145</sup> The region's ideal wind

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143 Zhigao Liu, Seth Schindler, and Weidong Liu, "Demystifying Chinese Overseas Investment in Infrastructure: Port Development, the Belt and Road Initiative and Regional Development," *Journal of Transport Geography* 87, no. C (2020), <https://ideas.repec.org/a/eee/jotрге/v87y2020ics0966692319307112.html>.

144 Sarfraz Hussain et al., "China-Pakistan Economic Corridor: Cooperate Investment Development and Economic Modernization Encouragement," *The Journal of Contemporary Issues in Business and Government* 27, no. 1 (January 30, 2021): 96–108.

145 Izzat Raazia, Kishwar Munir, and Imran Rafique, "Geopolitics of Energy: Pakistan-China Energy and Economic Corridor for Poverty Alleviation in Pakistan," *Global International Relations Review* VI, no. I (March 30, 2023): 21–23, <https://doi.org/10.31703/>

energy climate makes it crucial for Pakistan's energy diversification efforts.<sup>146</sup>

Another major project is the Thar Coal Block II coal mining project, a collaboration between Sino-Sindh Resources and China Power International Holding Ltd., to harvest and use Thar coal for electricity production.<sup>147</sup> This project enhances Pakistan's energy sovereignty by constructing coal mines and infrastructure to utilize the region's vast coal reserves. The Thar Coal Project, located in the Thar Desert of Sindh province, Pakistan, is a key initiative within the CPEC and the BRI. The project aims to harness the vast coal reserves in the Thar Desert for power generation, addressing Pakistan's energy demands and fostering economic connectivity between the two countries. Thar is home to one of the world's largest coal reserves, estimated at approximately 175 billion tons, predominantly comprising lignite coal.<sup>148</sup> The Thar Coal Project is an integral component of CPEC, a comprehensive infrastructure project linking Gwadar

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[girr.2023\(vi-i\).03.](#)

146 Wenqi Duan et al., "Pakistan's Energy Sector – from a Power Outage to Sustainable Supply. Examining the Role of China-Pakistan Economic Corridor," *Energy & Environment* 33, no. 8 (September 17, 2021): 0958305X2110447, <https://doi.org/10.1177/0958305X211044785>.

147 K.S. Khan et al., "Statistical Energy Information and Analysis of Pakistan Economic Corridor Based on Strengths, Availabilities, and Future Roadmap," *IEEE Access* 8 (2020): 169701-169739.

148 Muhammad Amir Raza et al., "Exploitation of Thar Coal Field for Power Generation in Pakistan: A Way Forward to Sustainable Energy Future," *Energy Exploration & Exploitation* 40, no. 4 (February 23, 2022): 014459872210821, <https://doi.org/10.1177/01445987221082190>.

Port in Pakistan to China's northwestern region.<sup>149</sup> The Thar Block II Power Plant, associated with EPTL, leverages cutting-edge technology to efficiently generate electricity from Thar coal, aligning with the goals of CPEC to enhance energy production capacities and reduce reliance on conventional energy sources. The Thar Coal Project contributes to the broader BRI objectives of promoting regional economic development and connectivity.<sup>150</sup> The coal-generated electricity is envisioned to meet Pakistan's domestic energy needs and facilitate cross-border energy trade and cooperation. Beyond its energy implications, the Thar Coal Project is anticipated to bring about significant socio-economic development, job creation, improved infrastructure, and economic growth in the Thar region. Environmental sustainability measures are also integrated into the project, reflecting a commitment to balancing economic development with ecological considerations.<sup>151</sup> Strategically positioning itself within the broader BRI's energy corridor, the Thar Coal Project contributes to the development of a comprehensive energy network that spans multiple

149 Huaxia, ed., "Coal Power Plant under CPEC Put into Operation in Pakistan-Xinhua," english.news.cn, 2023, <https://english.news.cn/20230207/d781a778b4e340dfbc7e6d6798985adc/c.html>.

150 Julie Michelle Klinger, "Environment, Development, and Security Politics in the Production of Belt and Road Spaces," *Territory, Politics, Governance*, March 24, 2019, 1-19, <https://doi.org/10.1080/21622671.2019.1582358>.

151 Bakhoviddinov Isfandiyor Ikromjonovich, "SUSTAINABLE DEVELOPMENT in the DIGITAL ECONOMY: BALANCING GROWTH and ENVIRONMENTAL CONCERNS," *Al-Farg'oni* Avlodlari 1, no. 3 (2023): 42-50, <https://cyberleninka.ru/article/n/sustainable-development-in-the-digital-economy-balancing-growth-and-environmental-concerns>

countries, aligning with BRI's vision of fostering transnational energy cooperation for mutual benefits.

The CPEC includes the creation of Special Economic Zones (SEZs) in Sindh, aiming to attract Chinese and foreign capital for industrialization. The Pakistani government actively participates in SEZ creation by offering incentives and fostering a business-friendly environment. The goal is to boost regional economic activity, industrialization, and job creation. The Dhabeji SEZ is a key initiative within the CPEC framework, aiming to attract investment and promote economic activities<sup>152</sup>. It is located near Karachi and is part of the broader CPEC initiative to establish Special Economic Zones. The Dhabeji Expressway is a crucial road project connecting Dhabeji with the main motorway network, designed to improve transportation and accessibility in the region. The Dhabeji SEZ is a strategic location for BRI, aligning with the broader objectives of the CPEC. It exemplifies industrial cooperation between China and Pakistan, hosting various industries such as manufacturing, processing, and logistics. The zone contributes to the promotion of trade and investment between China and Pakistan, providing a platform for businesses to set up operations, engage in joint ventures, and participate in cross-border economic activities. The development of the Dhabeji SEZ generates employment opportunities, contributing to local and national economic growth. Additionally, efforts are

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152 "Dhabeji Special Economic Zone | China-Pakistan Economic Corridor (CPEC) Secretariat Official Website," cpec.gov.pk, accessed January 28, 2024, <https://cpec.gov.pk/project-details/54>.

likely to be made to provide skill development and training programs to the local workforce, enhancing their capabilities and employability.<sup>153</sup> The Dhabeji SEZ involves integrated infrastructure development, including transportation networks, energy supply, and utilities, aligning with the broader CPEC objectives of improving infrastructure connectivity and supporting industrial growth.<sup>154</sup> The Dhabeji SEZ contributes to the BRI's vision of connectivity and economic cooperation by fostering collaboration between China and Pakistan in the development of industrial zones. Special Economic Zones are a prominent feature of both CPEC and BRI, offering a conducive environment for businesses, and providing incentives such as tax breaks and streamlined regulatory processes.

Infrastructure projects in Sindh, such as the Karachi-Lahore Motorway (M-9), have been developed with financial support and loans from China.<sup>155</sup> The success of these infrastructure projects is crucial for the transportation of people and products, as well as the overall success of the CPEC program. Pakistan has been implementing infrastructure

153 Akash Khan et al., "THE IMPACT of CPEC on PAKISTAN ECONOMY: AN ANALYSIS FRAMEWORK," *Russian Law Journal* 11, no. 12s (June 3, 2023), <https://doi.org/10.52783/rlj.v11i12s.2088>.

154 Amir Shahzad and Dr Lubna Sunawar, "PERCEPTIONS or MISPERCEPTIONS: CHINA PAKISTAN ECONOMIC CORRIDOR (CPEC)," *Pakistan Journal of International Affairs* 6, no. 4 (December 20, 2023), <https://doi.org/10.52337/pjia.v6i4.957>.

155 AIDDATA, "China Eximbank Provides \$1.79 Billion Preferential Buyer's Credit Loan for Sukkur-Multan Section of Karachi-Lahore Highway Project," [china.aiddata.org](http://china.aiddata.org), accessed January 28, 2024, <https://china.aiddata.org/projects/54416/>.

development projects, including road networks and improvements in transportation facilities, as part of the CPEC plan to enhance connectivity in Sindh. These projects, particularly within the context of BRI, represent a commitment to enhancing connectivity, economic development, and regional cooperation. The construction and improvement of road networks, such as the Karachi-Lahore Motorway and Karachi-Hyderabad Motorway (M-9), have been crucial for boosting connectivity and facilitating regional economic integration.<sup>156</sup> The development of economic zones and improved transportation links create opportunities for trade and investment, aligning with the cooperative spirit of CPEC and BRI. The infrastructure projects in Sindh also contribute to the strengthening of cultural and people-to-people ties between China and Pakistan, exemplifying the enduring Pak-China friendship through joint ventures, shared expertise, and collaborative efforts in addressing common developmental challenges. The first phase of CPEC, focusing on “Early Harvest Projects,” aimed to quickly realize tangible benefits, such as improved transportation and energy infrastructure, laying the foundation for broader development in subsequent phases.

Sindh, a major contributor to the CPEC, faces challenges related to the equitable distribution of economic gains among its Indigenous population. Opponents argue

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156 Arif Rafiq, “PEACEW RKS the CHINA-PAKISTAN ECONOMIC CORRIDOR,” 2017, <https://www.usip.org/sites/default/files/2017-10/pw135-the-china-pakistan-economic-corridor.pdf>.

that certain groups may benefit disproportionately from industrial and infrastructure developments, while others are neglected. Land purchases for CPEC-related projects, particularly SEZs, may lead to community uprooting, raising concerns about welfare and subsistence for affected populations. The construction of the Dhabeji Special Economic Zone has also raised concerns about equitable compensation, land acquisition, and potential effects on rural communities. Water shortage in Sindh is a significant issue, and CPEC projects, particularly those involving industry and power plants, may worsen the situation by negatively impacting agriculture. Coal mining projects like Thar Coal Block II require significant amounts of water, raising concerns about the impact on water supplies and farming methods. Environmental concerns include deforestation, air and water pollution, and the ecological impact of large-scale mining operations. CPEC projects may also provide employment opportunities, but it is crucial to ensure these benefits serve the local population and socioeconomic development. If the local workforce is not adequately trained or employment opportunities are not readily available, the need for skilled labor in CPEC-related industries could be challenging. Delays in infrastructure projects, such as electricity and road construction, may impede the economic impact and advancement of development. The Karachi-Lahore Motorway (M-9) may also be less effective in transferring people and products. Sindh faces security issues that could undermine investor trust and hinder the

development of CPEC projects. Balochistan's security concerns could also impact Sindh's security. Political and regional conflicts may hinder decision-making and resource allocation for CPEC projects, impacting project delivery. Coordination of CPEC initiatives may be difficult due to resource distribution and important orders. Transparency and accountability are crucial for public confidence and addressing corruption or poor project management. Increased openness in project planning and distribution is necessary to ensure local populations are involved. Large-scale infrastructure projects can alter cultural and social landscapes, and sustainable development depends on managing these changes. Industrial zone building may cause changes in local lifestyles and community structures, necessitating careful consideration and community interaction. The complex and interconnected issues in Sindh Province require comprehensive and cooperative efforts from all parties involved, including constant communication, community involvement, and flexible governance, to resolve any drawbacks and maximize benefits.

### **Transformations and Challenges during the First Phase of CPEC**

During the ten years of CPEC, Sindh faced numerous challenges in its socio-economic landscape. Key issues included infrastructure gaps, such as the delayed completion of key projects like the Karachi-Lahore Motorway (M-9), energy shortages, port development, industrial zones, economic corridors, water and irrigation infrastructure, urban

infrastructure, education and healthcare facilities, and technology and telecommunication infrastructure. The below discussion encapsulates a few important transformations and challenges during the first phase of CPEC.

### **Infrastructure Gaps**

Sindh, faces numerous challenges in its economic development. Inadequate transportation infrastructure, energy shortages, and unreliable power supply are major issues. Initiatives like the Karachi-Lahore Motorway (M-9) aim to provide a modern and efficient transportation corridor, but delays in project completion have impacted the timeline. The Thar coal projects, including the Engro Thar Coal Power Plant, aim to bridge the energy gap by harnessing coal reserves<sup>157</sup>. Port development faces capacity constraints and inefficiencies, impacting timely cargo and trade operations. Industrial zones and economic corridors, such as the Dhabeji SEZ, face challenges due to their pace of development. Water and irrigation infrastructure is another issue, impacting agricultural productivity and economic growth. Urban infrastructure challenges require dedicated projects like the Karachi Transformation Plan. Education and healthcare facilities are also insufficient, requiring long-term solutions. Technology and telecommunication infrastructure are also challenges, with limited access

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157 Engro, "Thar Coal Mining Project – Addressing Pakistan's Rising Energy Needs | Engro Corporation," n.d., <https://www.engro.com/stories/thar-coal-mining-project-addressing-pakistans-rising-energy-needs/>.

to modern technology and inadequate infrastructure hindering connectivity.

## Regional Disparities

The CPEC in Sindh province has faced regional disparities, causing challenges in the equitable distribution of economic benefits and development. The Sindh Economic Zones Management Company (SEZMC)<sup>158</sup> aimed to address this imbalance, but challenges persisted in ensuring equitable distribution of benefits. Local communities and organizations like the Sindh Rural Support Organization (SRSO) advocated for more inclusive development policies. Infrastructure disparities were evident during the initial phase of CPEC, with urban areas enjoying better infrastructure and connectivity, while rural regions faced infrastructural gaps.<sup>159</sup> Initiatives like the Karachi-Lahore Motorway aimed to improve connectivity, but more targeted initiatives were needed to address rural infrastructure disparities. Agricultural divides were also present, with rural areas facing challenges in productivity, water management, and access to modern farming technologies. Inclusive development policies and targeted programs were necessary to bridge the gap in access to resources and ensure a more balanced distribution of benefits.

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158 DHABEJI SPECIAL ECONOMIC ZONE, "Home - SEZMC," DHABEJI SPECIAL ECONOMIC ZONE, July 23, 2020, <https://sezmc.gos.pk/wpsite/>.

159 Adnan Khan , Numra Asif , and Saleem Janjua, "Sustainable Urban Development and Special Economic Zones-Considerations for China Pakistan Economic Corridor " (Centre of Excellence for CPEC, 2018).

## **Environmental Concerns**

The Sindh province, a key player in the CPEC, has been grappling with environmental issues due to its infrastructure and energy projects. The Thar coal projects, for instance, have caused air and water pollution, posing risks to ecosystems and communities. The Sindh Environmental Protection Agency (SEPA) has been working to balance economic development with environmental sustainability, collaborating with Chinese project developers and experts. Rapid urbanisation and land use change have also impacted the environment, leading to habitat loss and ecosystem fragmentation. Mitigation efforts include integrated planning, sustainable urban development strategies, waste management, and addressing water scarcity and agricultural impacts. The Thar Desert, home to unique ecosystems and biodiversity, has also been affected by the expansion of infrastructure and energy projects. To mitigate these risks, SEPA has implemented environmental impact assessments, ecological restoration initiatives, and climate change resilience.

## **Land Acquisition and Displacement**

The CPEC in Sindh province has faced significant challenges in land acquisition and displacement due to large-scale infrastructure and industrial projects. Mitigation strategies include implementing transparent and fair land acquisition policies, ensuring adequate compensation for affected individuals, and engaging in meaningful consultations with

local communities. However, the complexity of these processes often leads to disputes and delays. Agricultural communities have also been affected by the CPEC, with efforts to minimize their impact by providing fair compensation, offering alternative livelihood options, and incorporating sustainable land use practices. The complex legal and regulatory framework for land acquisition, compensation, and resettlement issues have also led to disputes and delays. Community consultation and participation have been crucial in mitigating challenges related to community consultation. Cultural and social impacts of displacement have led to challenges in preserving local identities and ways of life. Land use planning and sustainable development have also been challenging, with public resistance and protests sometimes leading to land acquisition disputes. A multi-stakeholder approach is necessary to navigate these challenges effectively.

### **Skill Mismatch and Employment**

The CPEC faces challenges in ensuring the local workforce has the necessary skills for large-scale infrastructure and industrial projects. Sindh Technical Education & Vocational Training Authority (STEVTA) collaborated with Chinese vocational training institutions to bridge the skill gap, but challenges persisted in aligning the local workforce's skills with industry demands. Stakeholders, including the Higher Education Commission (HEC) and Chinese project managers, worked towards enhancing training

programs to meet industry requirements and boost employment opportunities. One main challenge is skill mismatch, where the demand for specific technical skills required for CPEC projects often does not align with the existing skill sets of the local workforce. STEVTA introduced skill development programs and vocational training initiatives to bridge the gap, but the effectiveness of these programs varied. Technical and engineering skills were also a challenge, as CPEC projects, particularly those related to energy and infrastructure, required a workforce with specialised skills. Language training programs were initiated to improve communication skills, facilitating better collaboration between local and Chinese project teams. Training infrastructure, including vocational training centres and technical institutes, was a key factor influencing skill development. Ensuring equal opportunities for both men and women in the workforce requires a coordinated effort between educational institutions, government bodies, industry stakeholders, and international partners.

### **Public Services and Social Development**

The rapid economic development in Sindh province has strained public services, particularly the Sindh Education Foundation (SEF) and the Sindh Health Department. The growth induced by projects like the Engro Thar Coal Power Plant has led to increased demand for education services, requiring initiatives to build new educational institutions and upgrade existing facilities. Healthcare services have also faced

challenges due to economic activities and population growth, leading to investments in infrastructure and public-private partnerships. Urban development in cities like Karachi has faced issues such as inadequate water supply, insufficient waste management, and lack of urban planning. Initiatives have been introduced to improve living conditions and support for vulnerable groups. Capacity building and governance have been challenged by bureaucratic hurdles and regulatory inefficiencies. Initiatives have been initiated to ensure social inclusion and community development, while public safety and security measures have been strained by rapid urbanisation and economic development.

### **Security Concerns**

The CPEC in Sindh province has faced numerous security challenges, including terrorism, insurgent activities, political and ethnic tensions, cybersecurity threats, cross-border security concerns, infrastructure and personnel protection, maritime security, public safety concerns, and security for foreign workers.<sup>160</sup> To counteract these threats, enhanced security measures have been implemented, including increased presence of law enforcement agencies and specialised security units. Political and ethnic tensions have also raised concerns about the stability of the region, necessitating dialogue initiatives, community engagement, and political reforms. Cybersecurity threats have

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160 Francesco Montesano, "THE CHINA-PAKISTAN ECONOMIC CORRIDOR: SECURITY CHALLENGES at a GEOPOLITICAL CROSSROADS," n.d., [https://www.clingendael.org/sites/default/files/pdfs/The\\_China\\_Pakistan\\_economic\\_Border\\_def.pdf](https://www.clingendael.org/sites/default/files/pdfs/The_China_Pakistan_economic_Border_def.pdf).

emerged as technology plays a crucial role in CPEC projects, necessitating investments in cybersecurity infrastructure and awareness programs. Cross-border security concerns have been addressed through diplomatic efforts, international cooperation, and border security measures. Infrastructure and personnel protection has been prioritised, with robust security arrangements in place. Maritime security measures have been undertaken to address threats to Gwadar Port, and special security arrangements have been implemented for foreign workers.<sup>161</sup> A multi-faceted approach, including intelligence sharing, community engagement, and international cooperation, is essential for ensuring a secure environment for CPEC projects in Sindh.<sup>162</sup>

### Water Scarcity and Agricultural Impact

Water scarcity in Sindh has significantly impacted agriculture and projects like the Sindh Solar Energy Project.<sup>163</sup> The Sindh Irrigation and Drainage Authority (SIDA) collaborated on water-related projects, but challenges remained in balancing agriculture with industrial and energy projects. Sustainable water

161 Isaac B. Kardon, Conor M. Kennedy, and Peter A. Dutton, "China Maritime Report No. 7: Gwadar-China's Potential Strategic Strongpoint in Pakistan" (China Maritime Studies Institute at U.S. Naval War College Digital Commons, 2020).

162 Yen-Chiang Chang and Mehran Idris Khan, "China-Pakistan Economic Corridor and Maritime Security Collaboration: A Growing Bilateral Interest," *Maritime Business Review*, 2019, <https://doi.org/10.1108/MABR-01-2019-0004>.

163 "Factsheet: Sindh Water and Agriculture Transformation Project," World Bank, December 19, 2022, <https://www.worldbank.org/en/news/factsheet/2022/12/19/factsheet-sindh-water-and-agriculture-transformation-project>.

management and agricultural development strategies were essential for addressing these challenges. Mitigation strategies include improving water governance, investing in water infrastructure, and implementing equitable distribution mechanisms. Agricultural practices, such as efficient irrigation technologies and sustainable practices, are crucial for mitigating water scarcity. Groundwater depletion is another issue, and mitigation measures include implementing regulations on groundwater extraction, promoting water-saving practices, and encouraging alternative water sources. Climate change impacts water availability and agricultural productivity and developing climate-resilient agricultural practices and drought-resistant crops is essential. Livelihoods are affected by water scarcity, and integrating the water-energy-food nexus is crucial. Strengthening water governance, reforming water policies, and enhancing coordination between authorities are essential for achieving long-term water security in Sindh.

### **Governance and Regulatory Framework**

The CPEC in Sindh province is facing significant challenges in governance and regulatory frameworks. The Sindh Board of Investment (SBI) and the National Development and Reform Commission (NDRC) are working to streamline bureaucratic processes and ensure transparency in CPEC projects. Initiatives such as bureaucratic reforms, process optimization, and special project implementation units have helped enhance administrative efficiency. Regulatory

complexities, legal frameworks, and adherence to international standards have become focal points for improving governance in CPEC projects. Transparency and accountability are crucial for building trust among stakeholders, and measures such as transparent procurement procedures, regular audits, and third-party oversight bodies have been implemented. Public consultation and participation in decision-making processes have also been addressed. The Sindh Board has initiated capacity building programs to enhance government officials and regulatory bodies' capacity to effectively oversee and manage CPEC projects. Political stability and policy continuity are important concerns, requiring a concerted effort from both federal and provincial authorities.

### **Debt and Financial Sustainability**

The CPEC in Sindh province is facing significant financial sustainability concerns due to its large-scale infrastructure projects. The Sindh Bank and China Development Bank are working on strategies to manage debt and explore alternative financing models.<sup>164</sup> Diversifying financing sources, such as public-private partnerships and attracting foreign direct investment, is crucial to mitigate reliance on debt. The province's capacity to repay debt incurred for CPEC projects is assessed, and interest rate risks are mitigated through hedging mechanisms, favourable

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164 Kirthisri Rajatha Wijeweera and Hamid Rashid, "Policy Brief: Greening the Financial System of Pakistan," 2023, [https://www.undp.org/sites/g/files/zskgke326/files/2023-09/policy\\_brief\\_-\\_greening\\_the\\_financial\\_system\\_of\\_pakistan\\_2023.pdf](https://www.undp.org/sites/g/files/zskgke326/files/2023-09/policy_brief_-_greening_the_financial_system_of_pakistan_2023.pdf).K

financing terms, and monitoring interest rate trends. Fiscal deficits and budget constraints are addressed through prudent fiscal management practices and comprehensive fiscal impact assessments. Revenue generation and economic sustainability are prioritised through economic reforms, private sector development, and investment attraction. Debt transparency and accountability are also prioritised, with strengthened debt management frameworks, increased transparency in project financing, and independent auditors.<sup>165</sup> Social and environmental costs are also considered, with strategies integrating these into project planning and adhering to international standards.<sup>166</sup>

## Community Engagement and Consultations

The CPEC in Sindh province has faced challenges in community engagement and consultation, particularly during the first phase of the project. These include inadequate information dissemination, limited community participation, cultural and social sensitivity, land acquisition and resettlement, environmental impact and conservation, benefits

165 The World Bank, *Document of The World Bank FOR OFFICIAL USE ONLY: Report No. PGD149, Program Document for a Proposed Development Policy Credit in the Amount of SDR182.3 Million (Equivalent to US\$250 Million) and Proposed Development Policy Loan in the Amount of US\$250 Million to the Islamic Republic of Pakistan for the Resilient Institutions for Sustainable Economy Development Policy Financing*, June 16, 2020, accessed January 28, 2024, <https://documents1.worldbank.org/curated/en/573561593741834529/pdf/Pakistan-Resilient-Institutions-for-Sustainable-Economy-Development-Policy-Financing.pdf>.

166 Matt Geraci, Asiana Cooper, and Mengze Li, "Frictions and the Potential for Limited Cooperation between Chinese and U.S. International Development Models JULY 2020 AUTHORS Blue Dots Red Roads," July 2020, <https://chinaus-icas.org/staging/6779/wp-content/uploads/2020/07/Blue-Dots-and-Red-Roads.pdf>.

and employment opportunities, health and safety concerns, and conflict resolution mechanisms. Inadequate information dissemination led to mistrust among local communities, which could be addressed by establishing effective communication channels, holding public information sessions, and utilising local media. Mitigation strategies included conducting cultural impact assessments, consulting with local cultural experts, and engaging with community leaders to preserve local cultural heritage. Land acquisition and resettlement concerns were addressed through transparent and fair processes, social impact assessments, and just compensation. Environmental impact and conservation concerns were addressed through comprehensive assessments, consulting with environmental experts, and involving local communities in conservation efforts. Benefits and employment opportunities were addressed through local hiring policies, skill development and training programs, and partnerships with local businesses. Health and safety concerns were addressed through health and safety protocols, risk assessments, and regular communication.

### **Recommendations for Strengthening Sindh Province's Socio-Economic Revolution under CPEC**

Based on the first phase of CPEC and few of the critical issues highlighted in the previous section, few recommendations are given below. These suggestions, if considered well, can have a prosperous and long-lasting impact in the next phase and the results will

be more harmonious in the Sindh province specifically and overall, in the country.

### **Community-Centric Development**

The CPEC in Sindh has been instrumental in promoting community-centric development through the establishment of Community Development Councils (CDCs) and collaborations with international NGOs. These councils, formed in areas directly affected by CPEC projects, involve residents, community leaders, and representatives from relevant sectors. The Sindh government also works with international NGOs to facilitate capacity building and joint projects focusing on healthcare, education, and skill development. Skill development and employment programs are also implemented to enhance the employability of local communities. A Social Welfare Fund for Poverty Alleviation is established to address specific needs of communities in project areas. Cultural integration and exchange programs are also implemented to foster cultural understanding and integration between local communities and Chinese project developers. Women's empowerment is promoted through entrepreneurship initiatives, with training programs and access to resources facilitated through micro-financing and mentorship. Environmental conservation initiatives are also implemented, empowering communities to lead in conservation efforts. These action plans demonstrate a comprehensive approach to community-centric development, promoting shared prosperity and community well-being in Sindh.

## **Sustainable Urbanization and Environmental Conservation**

The CPEC promotes sustainable urban development and environmental conservation in Sindh. These initiatives include green infrastructure development, renewable energy integration, waste management and recycling programs, urban resilience and climate-responsive planning, biodiversity conservation, smart city initiatives, and environmental monitoring and compliance. Green infrastructure development involves implementing green building codes, urban green spaces, and green transportation, while renewable energy integration involves incorporating solar panels in public buildings, street lighting, and residential areas. Waste management and recycling programs promote sustainable practices, reducing environmental pollution and promoting recycling. Water conservation and sustainable water management address water scarcity challenges, while climate-responsive planning focuses on resilience to climate change impacts. Biodiversity conservation focuses on preserving and enhancing biodiversity within urban areas, while smart city initiatives leverage technology and data-driven solutions to enhance urban living standards. Environmental monitoring and compliance ensure compliance with sustainability standards. These action plans aim to make sustainable urbanisation and environmental conservation integral aspects of Sindh's development under the CPEC, BRI, and Pak-China Friendship.

## **Investment in Human Capital**

The CPEC, a key component of BRI, is a significant economic and strategic partnership between Pakistan and China. The CPEC aims to enhance the employability of the local workforce by providing vocational training and skill development. The Pakistani government is investing in human capital in Sindh by developing vocational training programs in collaboration with Chinese educational institutions and industries, as well as establishing scholarship programs for students to study in China. The National Vocational and Technical Training Commission (NAVTTTC) in Pakistan has been instrumental in establishing these programs, fostering relationships between universities in Sindh and China. Another key action plan is establishing scholarship programs for Sindh students to pursue higher education in China, focusing on fields critical to CPEC projects. The Sindh Education Foundation, Sindh Research and Development Foundation, Sindh Chamber of Commerce and Industry, and Sindh Small Industries Corporation are all working to promote academic and cultural exchange between the two countries. By leveraging the strengths of CPEC, BRI, and NAVTTTC, the Pakistani government can ensure the local workforce is equipped with the necessary skills and knowledge to actively participate in and benefit from these economic opportunities.

## **Digital Connectivity and E-Governance**

The CPEC enhances digital connectivity and e-governance in Sindh, Pakistan. The Sindh Information Technology Board (SITB) is collaborating with Chinese tech companies to develop smart city solutions and improve connectivity. The e-governance implementation plan aims to enhance government efficiency and citizen services through user-friendly online platforms, mobile applications, and secure digital identification systems. Cybersecurity measures are being strengthened, and training centres and community workshops are being established to promote digital literacy. Digital healthcare solutions are being integrated, with telemedicine services and health information systems being developed. Digital agriculture is modernising practices, enhancing productivity, and supporting rural development. Digital financial inclusion is being expanded through mobile banking services and digital payment solutions. Smart transportation systems are being implemented to enhance urban mobility and reduce traffic congestion. These action plans contribute to the advancement of digital connectivity and e-governance in Sindh, fostering sustainable development and economic growth.

## **Cultural and Educational Exchanges**

The CPEC aimed at fostering cross-cultural collaboration between Sindh and China. These initiatives include fostering sister city relationships,

promoting cultural exchanges, and establishing joint cultural festivals and events. Academic partnerships and joint research projects are also being implemented, addressing common challenges in sectors relevant to CPEC. Faculty exchange is encouraged between Sindh and Chinese universities, and joint degree programs are developed. Cultural and historical heritage preservation and promotion are also being implemented, with student exchange programs and scholarships introduced to facilitate mobility and academic exchange. Cultural and language centres are being established to promote language learning, cultural exchange, and understanding. Cultural workshops, interactive exhibits, and collaborative arts and media projects are also being implemented to showcase the cultural diversity of Sindh and China. These action plans aim to establish a vibrant cultural and educational exchange framework between Sindh and China, contributing to the people-to-people connectivity envisioned under CPEC, BRI, and Pak-China Friendship.

### **Social Welfare and Inclusive Development**

The CPEC, a key trade agreement, has been instrumental in promoting social welfare and inclusive development in Sindh. The CPEC, along with the BRI, has facilitated these efforts by establishing joint funds for poverty alleviation and community development. Key initiatives under the CPEC include implementing targeted social welfare programs, improving healthcare accessibility, and ensuring inclusive education

and skill development opportunities. Microfinance institutions and skills development programs are also implemented to empower communities. The CPEC has also promoted gender equality and empowering women through targeted programs, including women's entrepreneurial programs, education initiatives, legal support, disability inclusion, social safety nets, and community engagement. By collaborating with Chinese expertise in various social development areas, the effectiveness and sustainability of these programs can be enhanced, leading to a more equitable and empowered society in Sindh.

## **Conclusion**

Sindh, a key trade route in the BRI, is poised to become a pivotal hub for economic exchanges and trade. The country's strategic location, Gwadar Port, offers a prime example of this by partnering with Pakistani authorities, the China Overseas Port Holding Company (COPHC), and global shipping companies. Collaborations between Pakistan and China are essential for enhancing port efficiency and connectivity, promoting diverse economic activities, and ensuring seamless flow of goods and services. The Pakistan-China Joint Chamber of Commerce and Industry (PCJCCI) can organize trade delegations and investment forums with China, promoting diverse economic activities. The Silk Road Chamber of International Commerce (SRCIC) can explore opportunities for collaboration, ensuring a seamless flow of goods and services. The Gwadar International Terminals Limited (GITL) can optimize

port operations by partnering with leading Chinese logistics companies like COSCO Shipping Logistics. The China Council for the Promotion of International Trade (CCPIT) can organize joint trade exhibitions and business summits, attracting global attention and providing a platform for Sindh's businesses to engage with international partners.

Another key aspect of this partnership is aligning project implementation with international standards and certifications. Sindh can harmonize standards with the International Organization for Standardization (ISO) and the Pakistan Standards and Quality Control Authority (PSQCA), facilitating smoother compliance for Sindh's projects in international markets. The China National Accreditation Service for Conformity Assessment (CNAS) can create a mutual recognition agreement, validating that products and services adhering to Chinese standards automatically meet international standards, and enhancing market access for Sindh's exports. Sindh is also a hub for technology transfer, with a strong presence in the global tech industry. The country has been actively involved in technology transfer through various initiatives, including collaborations between technology incubators and global technology companies, as well as joint research programs and knowledge exchange initiatives. Sindh is attracting a diverse range of Chinese and international investors through strategic collaborations with investment promotion agencies from both countries. These initiatives aim to showcase investment opportunities in Sindh and facilitate

seamless engagement with global investors. By implementing these suggestions, Sindh can navigate the challenges and maximize the benefits of CPEC, BRI, and Pak-China Friendship, contributing to sustainable socioeconomic development and fostering a positive global image.

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## **Centre for BRI and China Studies**

Centre for BRI and China Studies (CBCS), established on January 1, 2017, is an important initiative of Institute of Peace and Diplomatic Studies (IPDS). The Center has emerged as a pivotal hub for comprehensive research, analysis, publications and collaboration in the contemporary global politics primarily focusing on China's foreign policy, CPEC and BRI. Established in the backdrop of the monumental BRI, which has global participation and catalyzed extensive connectivity and economic projects, the center signifies a strategic commitment to advancing Pakistan's role in this transformative initiative. From cultivating a deeper understanding of China through courses and newsletters to fostering bilateral collaborations and joint research studies, the center serves as a dynamic platform for engagement of academic and professional nature. With a focus on academic and professional research and modules, training programs, language initiatives, workshops, symposiums and annual dialogues, the Centre is making efforts for Pakistan's constructive engagement with the far-reaching implications of this monumental initiative.

## **Institute of Peace and Diplomatic Studies (IPDS), Pakistan**

Institute of Peace and Diplomatic Studies (IPDS) is an Islamabad, Pakistan based independent, non- governmental, not-for-profit Research, Advocacy, and Public Diplomacy Think and Do Tank. IPDSS aims to provide strength to Pakistan's effective role in Diplomacy, Peace and Intellect Silk Road through innovative and cutting-edge research, effective advocacy, dialogues series, education modules, consultancy services, well-built & knitted public diplomacy initiatives and engagements in the thematic areas Diplomacy, Leadership and Peace Studies. IPDS aims at connecting diverse groups and disciplines including experts, researchers, academicians, non-government organizations from across the globe working in conflict zones with the sole purpose of creating sustainable peace in countries and communities facing traditional and non-traditional security threats.

## **Pakistan Research Center**

Established in 2014, the Pakistan Research Center at Inner Mongolia Honder College of Arts and Sciences exemplifies the college's steadfast commitment to implementing the State's policy on the development of China-Pakistan friendship. Since its inception, the Center has seized the opportunities presented by the "One Belt and One Road" and the "China-Pakistan Economic Corridor" to foster strong connections with the Pakistani government, educational institutions, and research organizations. The Center's primary focus lies in the research of Sino-Pakistani educational cooperation, cultural reciprocity, and economic development in Pakistan. Through international seminars, reciprocal visits, educational and cultural exchanges, and the establishment of research teams, the Center actively promotes Sino-Pakistani exchanges. By facilitating multidimensional and extensive cooperation in areas such as economy and trade, education and culture, civil society, and government, the Center aims to enhance connectivity between the two nations.

## **Inner Mongolia Honder College of Arts and Sciences (IMHCAS), China**

Inner Mongolia Honder College of Arts and Sciences is a comprehensive undergraduate institution accredited by the Ministry of Education. Situated in Hohhot, the capital city of Inner Mongolia Autonomous Region, the college enjoys a strategic location with proximity to Baita International Airport in the east, Hohhot East Railway Station in the west, and convenient access to Metro Line 1 and the Beijing-Hohhot High-speed Railway. Featuring advanced teaching facilities and a picturesque campus environment, the college was designated as a "Garden-style Unit" by the Hohhot Landscape Bureau in 2016 and recognized as a "Capital Garden-style Campus" by the Hohhot Greening Committee in 2020. With a current enrollment of 18,000 students, the college has proudly produced over 27,000 graduates as of 2023.