

China Pakistan Economic Corridor (CPEC) An analysis of Economic and Employment Opportunities

Author's Details:

⁽¹⁾ **Farah Nadir**-Asth. Professor at Govt Frontier College for Women, Peshawar, KPK, Pakistan ⁽²⁾ **Azhar Khan**, Astt Professor Northern University, Nowshera KPK, Pakistan ⁽³⁾ **Dr. Seema Gul**, Consultant Radiologist and Astt Professor at RMI, Peshawar, KP, Pakistan

Abstract

CPEC refers to China Pakistan Economic Corridor. CPEC is an achievement of the mutually beneficial relationship coined by the huge chunk of investment to be made by China and cooperation and coordination promised by Pakistan, initiated with the signing of Memorandum of Understanding between the two states. It is one of the biggest initiatives and investment by China in any neighboring country, and the estimated cost is expected to be US\$ 46 billion along with the completion by 2030. Cultural centers and student exchange programs are also under consideration by both the countries to improve the cultural ties and to spread the positive vibe among the people of the two nations. The aim of this research was to gauge the benefits and challenges of the China Pakistan Economic Corridor (CPEC). Similarly, the objectives of this research included: Understanding the relationship between the two countries: Pakistan and China, to document the different benefits that each country would gain from CPEC (individually as well as collectively), estimate the employment opportunities that underlie in the completion of CPEC, and, understand the document challenges that are faced by both countries while marching towards the success and completion of CPEC. China has provided the required support to Pakistan to improve its war and defense capabilities in the form of missile and artillery advancement along with fighter jets production facility as well as in the economic sector. With the successful completion of the project, China would exploit its potential by improving its economic activity in the western and northern region. Pakistan is considered as an Agricultural Economy, with a substantial foreign exchange made on its export, the project would help in industrialization and provide an extra source of foreign exchange. Sources have claimed that CPEC generates direct employment by 20,000 and indirect employment by 60,000; numbers which are expected to accumulate to about 700,000 jobs in the long run. The Planning Committee's data shows even more promising results with CPEC generating around 800000 jobs in the next 15 years. The main challenges for CPEC include the security threats, division among the provinces, external issues with neighboring countries, financial constraints of Pakistan and the environment of political instability. The projects include investments in road structures, communication, and energy projects to execute the overall plan. Investment to be made in all possible energy generation projects of Coal, Hydel, Wind, and Solar to improve the operational capacity and economic activity to be conducted, the majority to be made in coal projects. It's a golden opportunity for the people of both the countries and many waves of economic development are going to flood into our country.

Keywords: CPEC, Economics, Gwadar, Job's, China, Pakistan.

1.0 Introduction

Nations have always flourished to have peaceful and mutually beneficial relationships with their surrounding countries, based on common grounds to decrease the tensions and security threats that can have serious consequences with the intervention of a closely placed neighbor. As much as these relations are important for mutual coexistence, they certainly are important for economic growth as functions of trade and production are managed and improved with fruitful relationships and is related to vital economic growth. In the context, Pakistan and China relationship is important for both the countries in terms of economic growth as well as reduction of security threats. CPEC (China and Pakistan Economic Corridor), is one such achievement of the mutually beneficial relationship coined by the huge chunk of investment to be made by China and cooperation and coordination promised by Pakistan, initiated with the signing of Memorandum of Understanding between the two states (Wasti, 2014).

CPEC holds fundamental importance for the region and will improve the trade ties between the two countries and is one of the biggest projects in connection with the Silk Road initiative of China (Khalid, 2015). It aims to connect the geographically important port of Gwadar located in the South Western Region of Pakistan to the North Western Region of China (Xinjiang). The route is around 3,000 kilometers long and will be facilitated by

the construction of Highways, Railroads, airports as well as pipelines. It is one of the biggest initiatives and investment by China in any neighboring country, and the estimated cost is expected to be US\$ 46 billion along with the completion by 2030 (Khalid, 2015). It is deemed to be an extension of the Silk initiative by China to draw further benefits from the relationship and trade ties, also referred to as One Belt One Road. This will not only improve the trade between the two countries but will provide an alternative route for China to connect with the Middle East and other Asian and African regions. It would also require positive cultural exchanges between the youth and entrepreneurs as stressed by the Chinese President Xi and Pakistani Prime Minister Nawaz Sharif. Cultural centers and student exchange programs are also under consideration by both the countries to improve the cultural ties and to spread the positive vibe among the people of the two nations(Khalid, 2015).

The projects include investments in road structures, communication, and energy projects to execute the overall plan. Investment to be made in all possible energy generation projects of Coal, Hydel, Wind, and Solar to improve the operational capacity and economic activity to be conducted, the majority to be made in coal projects (Pakistan Times, 2015). The project would also include investment on Gwadar port and requirements to ease the full functionality of the facility. The project has been particularly divided into phases with initial investment and completion of the Gwadar port as well as the airport in Gwadar with an estimated time of completion by the end of the following year of 2017. The expansion of the Karakoram Highway is also added in the project along with improving the communication capacities by placement of the fiber-optic between two countries. The expected investment will be equivalent to all the foreign direct investments made in Pakistan since the 1970's and will be able to create around 7 Hundred thousand jobs in the duration of it being operational that is by 2030 and will add a significant raise to the gross domestic product of the country, around 2.5%. It is almost equivalent to 17% of the GDP of Pakistan presently and will improve the economic prosperity further (Pakistan Times, 2015).

1.1 Research Aim and Objectives

The aim of this research was to gauge the benefits and challenges of the China Pakistan Economic Corridor (CPEC). In order to fulfill this aim the researcher had the following objectives:

- Foremost, the objective of this research is to understand and report the relationship between the two countries: Pakistan and China.
- Secondly, the objective to document the different benefits that each country would gain from CPEC; individually as well as collectively.
- Thirdly and most importantly, the objective of this research is to gauge the employment opportunities that underlie in the completion of China Pakistan Economic Corridor (CPEC).
- Finally, the objective to understand and document the challenges that are faced by both countries while marching towards the success and completion of CPEC considering the financial and environmental challenges that are locally very important variables.

1.2 Research Questions

This research, in order to achieve its aim, lay forward the following research questions; answering which led to the completion of this research:

- The first questions inquired the relationship between the two countries: Pakistan and China.
- The second research question probed the different benefits that each country would gain from CPEC.
- Third research question queried the employment opportunities that CPEC brought along with its successful completion.
- Finally, the fourth research question investigated the underlying challenges that are faced by both countries for the successful completion of CPEC.

1.3 Significance of Research

The research is very important as mostly the literature is filled with news and blogs, and there is very few research on the CPEC as a complete package; a package that documents the decades-long relationship between the two countries and how the successful completion is mutually beneficial while simultaneously has many challenges and implications. The research is significant as it talks about the many employment opportunities that underlie with the successful completion of China Pakistan Economic Corridor (CPEC).

2.0 Literature Review

2.1 Present and Past Coordination and Relations

The present relation of Pakistan and China has been coined on the previous encounters and past cooperation by each in affairs of mutual concern. The beginning of the cordial relations was set at the start of 1950's, experienced in the wars against India by both nations separately. Although both nations had their separate ideologies with China being communist, according to Chaudhri (1987), the then Foreign Minister of Pakistan, based on his understanding of the Chinese mindset, provided favorable conditions for the basis of the relation. The two went under barter agreement of Coal for cotton as Pakistan faced the devaluation of the Indian currency in the following year 1949. According to Arif (1984), the relations strengthened further by Pakistan supporting the seat of China in the UN Security Council while as quoted by Dixit (1987), the two countries also signed trade agreements in the year 1953.

According to Syed (1974), China showed suspicions over Pakistan signing Seato and Cento treaties, but Pakistan countered the argument by presenting the security threats being faced by the neighboring India. And according to Chaudhri (1970), the position was further clarified in the Bandung Conference when Pakistan presented its position more clearly while China endorsed the pillars of Peace. The relation also faced a blow, over the statement of President Ayub Khan on Tibet as it was particularly linked to the issue of borders (Jain, 1981), Although the damage was minimized by defining the position of Pakistan by Zulfikar Ali Bhutto, who was then foreign minister and S.K Dehlavi, the foreign secretary. The year 1963 was also quite favorable for both as the agreement of border demarcation was also made along with the help of war by China against India in the year 1965. Whereas China showed a neutral position in the war of 1971, raising the eyebrows of the people over the lack of interest in the regional concerns although China maintained a diplomatic position (Javaid, 2015).

From the 1970 and onwards, Pakistan and China have been maintaining mutually beneficial relationship and coordination in different sectors improving and setting up an environment for collective growth. China has provided the required support to Pakistan to improve its war and defense capabilities in the form of missile and artillery advancement along with fighter jets production facility as well as in the economic sector. It also held cordial relations during the period of sanctions imposed by US. This beneficial relationship then led to signing of the Memorandum of Understanding between the two countries over the CPEC (China Pakistan Economic Corridor), considered as the greatest achievement of the relationship.

2.2 Individual and Collective Interests

Pakistan and China both have their individual interests in the following scenario and would result in achieving a win-win position for both the parties. Discussion over the benefits would further help in analysis over the milestones to be achieved and the reason of such heavy investment overseas.

2.2.1 Chinese Interests

To better understand the objectives of a huge investment, looking into the interest of the investing country is vital and important. The relation of Pakistan and China is presently considered as strong whether high or low the conditions are. The Prime Minister of Pakistan, Mr. Nawaz Sharif, also referred to it as one that is higher than the mountains of Himalaya and greater than the depth of the ocean and to be strong than steel (Express

Tribune, 2014). Although the relationship has an emotional connection investment has its economic and strategic motives as without a gain investment is never made. The terms of the loan as decided, Is the repayment of the foreign direct investment of \$45.6 Billion with a fixed rate of interest. A number of reasons can be discussed here on the basis of Chinese interest in the development of CPEC, most important to be the construction of one route, particularly the concept of one belt one road, second to be the importance of Gwadar as a port for the certain landlocked areas of China, Thirdly China has been facing problems on its Oil route from Malacca and prefers an alternate route to ease the tensions and safeguard its interests. These reasons will be discussed in detail in the paragraphs to follow.

- One Belt One Route (OBOR)

According to Chinese President, Xi Jinping, China is planning to build strong concrete land routes connecting European and Caspian Region whereas on the other side making its way to the South Asia, an initiative to revive the historical trade routes. It has been focusing on three corridors to be named as central; within China, a northern route; a route to Russia and other European states, Southern corridor; a route through Pakistan and connecting the other South Asian States to China (Jinpiing, 2013). The most important part of the accomplishment of its objectives is CPEC that is one belt to connect to all or one road. The progress over the course of the project started from the visit of Li Keqiang, the Chinese Premier, of Pakistan in the year 2013 with his initiative of the CPEC project, while the follow-up visit of Nawaz Sharif, Prime Minister of Pakistan, also boosted the confidence of the Chinese in the Project. Lastly, the Present Chinese President, Xi Jinping, declared the investment of \$46 Billion to be made in its visit in the year 2015. The declaration included the investment in the China Pakistan Corridor and particularly in the energy sector as Pakistan remains insufficient in fulfilling its energy needs, with a possible completion date to be declared as 2018 to 2020 (Pakistan Today, 2016). The main objective under the scheme is to connect the coastal area of Gwadar to its landlocked states to provide an efficient trade route and without which the costs of the project couldn't be recovered as economic progress cannot be made.

- The Port of Gwadar (Strategic Position)

Gwadar, on the basis of its strategic location, remains the decisive factor of the huge investment plan initiated by China, and CPEC would eventually fully exploit the potential of its strategic location and would derive the region toward progress with the provided infrastructure for economic activity (CPGS, 2014). It will provide a shorter route for the transportation of oil and other resources to China while it presently is using a Sea route, which is approximately 12,900 Km. It would not only benefit China by connecting its landlocked region to the south Asian states but would also provide an opportunity to the south Asian states to have better trade connections with China, resulting into increased economic activity along with development of provinces in Pakistan that have been neglected or are underdeveloped, with the passage of economic activity being routed through there geographical boundaries. The basis of the discussion still remains the connection of western region of China to the Arabian Sea.

- Reduction in Cost and Distance

CPEC is considered beneficial for both of the countries in terms of the economic activity to be routed and strong trade connections in the region as well resulting into strong political and economic ties in the region, but is still considered more beneficial for China in terms of reduction of transportation cost and time to transport goods to the same states from other routes (Newsweek Pakistan, 2015). Although Pakistan would, ripe benefits from the economic activity and job creation but would basically serve as a corridor for China, to provide an efficient and cost-saving alternative to conducting trade activity. With the completion of the route, the distance between the Middle East and Central China would be reduced by 7580 Miles whereas between Western China and The Middle East, the distance will be reduced by above 10,000 miles, which will directly result into

reduction in cost for the goods produced in China as well the other things imported from the same region, with reduction in the time taken for transportation of goods to the Middle East region.

- Oil route through Malacca

China is presently importing oil and other natural resources through the route of Malacca (Business Insider, 2015), being the second largest in terms of consumption of Oil, it spends a great amount on the transportation which could then be routed through Pakistan. The reason of the alternative route deems to be the activity of the pirates in the particular strip of Malacca along with it being a geopolitically disputed region. A halt could hurt China economically and stop its supply of energy resources vital for its progress (Sudha Ramachandran, 2016), whereas the route through Pakistan is relatively short and safe and can serve as a cheaper alternative.

- Development of the Western Region

Most of the economic activity in China is conducted through the eastern region as it enjoys the eastern coast for trade. All the economic hubs of the world, such as Hong Kong, Singapore, Dubai and Shanghai, have their access to sea directly, resulting into increased economic activity and flourishing in terms of the wealth accumulated and made. Similarly, the western region of China is not as developed as the eastern region and lack in terms of Industrialization and economic activity. With the successful completion of the project, China would exploit its potential by improving its economic activity in the western and northern region (Khan, 2014). The Route will connect Kashgar to Gwadar and would result in development of Xinjiang, the western region of China, which is particularly less developed.

2.2.2 Pakistani Interests

According to the a general belief, CPEC is considered as a project that would be more beneficial to China than to Pakistan and would result in acquiring foreign interests rather than local interest, and Pakistan would only serve as a passage to the progress of the economic power. Certainly, the project would fulfill Chinese interests but would certainly help Pakistan in its way to progress and to manipulate untapped potential neglected because of the incapability of capitalizing on the present resources. Pakistan is considered as an Agricultural Economy, with substantial foreign exchange made on its export, the project would help in industrialization and provide an extra source of foreign exchange. Pakistan has also been facing energy crisis, as it is not capable to produce the required energy, whereas most of the funds in the particular investment are being utilized in the energy sector which would also in turn help in improving our industrial sector. Thirdly, Pakistan has been a victim of terrorist activity since long, which has direct relation with the confidence of the foreign investors to invest in the country. It has faced reduction of foreign direct investment and CPEC would be the biggest source of employing the foreign direct Investment in the country (Council on Foreign Relations, 2016) and has already observed an increase of around 38% (Board of Investment, 2016).

Second of all, Pakistan can fully exploit its potential by using its Gwadar Port as a corridor for transit trade, considering its strategic location and capacity to handle a large chunk of trade and depth to cater large vessels on the coast. Countries like Dubai have been on the route to progress as it benefits from its Jebel Ali port along with being a tourist attraction. Jebel Ali is considered as the busiest port in the Middle East and serves as the gateway and reason for the progress of Dubai (DP World UAE, 2016). Gwadar can not only serve as a gateway but also a transit corridor.

According to an article that appeared in the Nation Newspaper of 6th June 2017, these harvest projects created around 38000 proposed jobs. The same source has stated that around 16000 jobs were contributed by energy projects bolstering the CPEC initiatives. The source said that transport infrastructure sector comes second in creating jobs for the locals. Around 13,000 have been provided by this sector, from which 9800 jobs were created by Peshawar-Karachi motorway alone.

According to the international labor Organization, CPEC would bring 400000 jobs to the country while the Applied Economic Research Center has estimated that the mega initiative would provide around 700000 direct jobs between 2015 to 2030. The Planning Committee's data shows even more promising results with CPEC generating around 800000 jobs in the next 15 years.

- Development of the Corridor

Pakistan will serve as the transit corridor for China providing it with a less distant and cheap access to the energy resources along with its own development in energy production with an indirect rise to foreign investment and industrial development in Pakistan. It has been decided to construct three routes that would include the central, western and eastern, starting with eastern in the first stage and later investing funds on the other routes (Sial, 2014). The improvement in transportation requires improvement of railway tracks along with placement of new tracks over an area of 1200 km, has also been decided. The placement of an oil pipeline is also the part of the master plan which could effectively carry around a million barrels per day, although this only constitutes to 17 percent of total import by China. The pipeline is estimated to be completed by the year 2021. Gwadar is to be turned into an industrial city as planned, with storing capacity of oil and refineries to process (Yousafzai, 2016). The formation of 27 Economic Zones is also being planned all over Pakistan (Dawn, 2016). These economic zones will help Pakistan in reviving its industry with the greatest number to be built in the Khyber Pakhtunkhwa Province. China Plans to make first of these zones in Gwadar with its plan to turn it into an oil-based city over 3,000 acres.

- A Boost to Energy Sector

The basic interest of Pakistan in the whole scenario is enhancing the capacity of energy being produced as it faces a shortfall of around 4,500 MW (Dunya News, 2016). China is spending most of the amount of money in the energy sector, 35 out of 46 Billion dollars to improve the supply required for the industries to work (Awaz Today, 2015). It has been estimated that by the end of the year 2018, Pakistan will be able to produce an extra 10,400 MW which will counter the shortfall whereas a total of above 16,000 MW on the completion of the projects in the pipeline (The Diplomat, 2016). The shortage of Energy has always been criticized as the reason for the failure of the industry and would later help in promoting Industries and in turn the foreign investment. The shortage of energy also results in cutting of GDP by almost 2% every year and requires resolution at the earliest. Previously, China has invested around \$10 billion in nuclear energy projects in Pakistan, with construction started in the year 2015, named as Kanupp 2 and 3. These projects are estimated to complete in the year 2022 with an addition of 2,200 MW to the generation capacity (Gulf News, 2015).

- The Coastal Area Gwadar

The investment in Gwadar would certainly help to develop and stabilize the province of Baluchistan. The requirement of building a hospital will also be met as a necessity with an investment of around \$100 million, along with the construction of an airport in collaboration with Pakistan and Oman which can serve as the basis of air cargo and would help people in travelling to Gwadar and is deemed to be vital (Centre for Aviation, 2016). Pakistan will also make revenue on transit and transportation industry will also see a new sunrise and would expand its network all over the country. Pakistan will turn into an economic hub in the Asia with development all over the country and resolution of the energy crisis.

3.0 Research Methodology

3.1 Research Design

The research focuses on neither qualitative nor quantitative data analysis as it is focused towards analyzing the existing literature review thus it's a case study analysis. According to Creswell (2003), a case study analysis must cover as many resources as possible; the quantity and quality are very important for case study analysis.

The methodological boundaries of this research are set in a way that maximum utilization of secondary data is done from the available literature so that the aim and objectives of this research can be successfully accomplished. There is no research tool employed as the research focused simply on the collection of secondary data.

3.2 Population

The population of this research includes the members of China and Pakistan who would be affected in any way through the successful or partial completion of China Pakistan Economic Corridor. The population is not restricted to gender or age as it is way beyond those boundaries. Furthermore, there is a special focus on the people in the target population who are members of the two countries and whose lives would be touched and changed greatly with the completion of China Pakistan Economic Corridor (CPEC). Changes may include challenges as well as employment opportunities and well-being and life in the future.

3.3 Sampling

The sample considered all the literary and published work that talked about CPEC from benefits and challenges based on the Pakistan (geographically). This is why all the benefits and challenges are geographically linked to Pakistan where CPEC is being built and would be operational. There was a lot of data considering CPEC as part of the One Belt One Road and its geographical benefits for China; all those literary articles and published literature was not made part of this research's sample.

3.4 Data Collection

The data collection of this research discards any primary data as it was out of methodological scope. There is only focus on the secondary published, reliable and accurate data that would help in documenting factual numbers and impacts of China Pakistan Economic Corridor on both countries: China and Pakistan. Moreover, the focus is only on published and reliable data as on the basis of it different arguments were created that base the challenges that are currently being faced during the development of CPEC and also the challenges that would be faced after the successful completion of China Pakistan Economic Corridor (CPEC).

4.0 Data Analysis & Results

4.1 Employment Opportunities

China Pakistan Economic Corridor (CPEC) is being called the game changer by the locals in Pakistan; mainly due to the numerous employment opportunities that it brings alongside. 14% of the global exports of 2016 was done by China; these exports were \$700 billion and \$900 billion more than US and Germany, respectively. The employment opportunities that lie here for the locals are mainly in the value addition of these exports; value-added products can be maximized with CPEC as it would increase the chances of fewer labor costs (labor costs are very high in China, currently) and a perfect way to deliver these finished goods in better lead times (through Gwadar port) (Nakhoda, 2017).

Moving forward, there are numerous other opportunities in many other industries; be it textile, automobile, agriculture, etc. China has been known for its information and innovation excellence and partnering with Chinese firms may give the locals a better hand towards increasing the value creation and thus increasing the overall exports and employment in the country. It has also been reported that just the projects associated to CPEC have created **13,000 local jobs** in the Pakistani market (Rana, Chinese envoy says CPEC has created 13,000 jobs, 2017); these numbers were about 6,000 sometime in the last year (Tribune, 2016). Other reliable sources have also claimed that CPEC has increased direct employment by **twenty thousand** and indirect employment by **sixty thousand**; numbers which are expected to accumulate to about **seven hundred thousand** jobs in the long run (Rana, 2017).

As far as the employment opportunities are concerned, economic development in the various industries will employ ample workforce but would require requisite skills for employment. Locals need to be **trained** to exploit the employment opportunity in order to cut cost rather than employing foreign workers and to make more financial gain and benefits for the local population. Institutional help to entrepreneurs and other local private firms should be given to help them exploit the opportunities rather than foreign partners to make the maximum gain out of the present opportunities.

Most of the investment is being made in the energy sector to improve the power generation, and a shortfall of the required amount, hence financial support to local firms should be made in order to gain a substantial share in the project. Local training facilities for engineers to be developed that could be employed in the energy projects along with the civil engineers required for the infrastructure being built. Other industries such as cement and construction industries should also be supported to win tenders and bids in the construction projects and reap benefits locally. The transportation industry will also see an expansion along with completion of the projects as the requirement for the transportation would rise for the transit trade within the country (Nakhoda, 2017).

Employment in port facilities and airports will also flourish as the manpower required to handle the transit trade would be a substantial requirement. As China is also planning to invest in opening a medical hospital near the Gwadar facility and spending around \$100 million over it, the requirement of medical staff will also rise. Similarly, people with communication skills are also required to help ease the communication gaps between the general public and expatriates and foreign workers coming for the development projects (Rana, 2017).

The requirement for technical staff will be on its high and requires planning and training activities to be started all around the country as well as cultural awareness in youth and exchange programs would help in exploiting the opportunities fully. Industry such as textile will also see a rise as a combination of Chinese and Pakistani textile industry which will make the textile sector more competitive with its continuous energy supply to the sector (Tribune, 2016).

4.2 Challenges

Along with the development come great challenges that need to be addressed for a successful endeavor. Pakistan has been facing a number of challenges internally and has been the reason for its decline and unsuccessful journey until now. It has always been a victim of external security threats from its neighboring countries to eliminate the competition and threat it could be an economic power. The main challenges include the security threats, division among the provinces, external issues with neighboring countries and the environment of political instability.

- Issues with security

Terrorism has always affected the peaceful image of Pakistan and has been able to drag the foreign investment out of the country, specifically after the event of 9/11, around 400 plus suicidal attacks have been noted with around 6000 plus victims of those bomb blasts (SATP, 2016). Secondly, Baluchistan faces a separatist movement and external influences to hinder the movement of progress; with India being the greatest threat to the national security and funds various organizations to destabilize the peace and development activities around Pakistan and specifically Baluchistan, according to the recent case of Kul Yadav. Recent interviews of Narendra Modi also establish the link of Indian agencies behind the destabilization of the Baluchistan. India has also been working on its relations with Afghanistan and providing them financial as well as military aid which is an indirect support to the agencies and nationalist parties working on the separatist movement (Tribune, 2016). Pakistan has also submitted evidence on the Indian interference in the state to the UN, but no response has been received (Tribune, 2015). According to an analyst, Pakistan should work on its internal issues of providing opportunities to the people of Baluchistan rather than blaming external influence, as the province has been previously neglected and requires share in the development of the country (Husain, 2016).

Security issues are also being faced in other provinces such as KPK, where numerous military missions have eased and stabilized the situation recently, but have mostly happened in the areas that are not close to the planned project sites. The basic reason behind the terrorism is that the KPK province shares a border with Afghanistan and has easy access to infiltrate into the city. The province of Sindh has been better in its issues of security except for the city of Karachi which is considered as the economic hub and has been destabilized to alter the economic conditions and growth of the country with sectarian killings and other terrorist attacks.

- Provincial Conflicts

Pakistan has been facing provincial conflicts since long as political parties that are elected from a certain province usually benefit those areas whereas when the route of CPEC was being decided, although the plan is to build three routes, but the federal government decided first to build the eastern route that would go through Punjab and Sindh as a much safer option, the political figures from the KPK and Baluchistan province criticized the unequal treatment and referred to it as China Punjab Corridor (Raza, 2015).

A number of reasons have been given for the selection of the eastern route, one to it being a more secure passage for the project and people involved in it and the second to be the revival of already developed industrial areas situated in the province of Sindh and Punjab. A study by the provisional government of the Baluchistan, CPEC: Route Controversy criticizes the action plan of eastern route of being a more expensive option, as acquiring of land will be more costly and is heavily populated whereas the western route is less distant and is lightly populated requiring minimal efforts and less acquisition cost (Bengali, 2015).

- Political Conditions

Pakistan has been the victim of political instability from the inception, starting from the first dictatorship in 1958 and overthrow of the government. No democratic rule was able to complete its constitutional period of 5 years until 2008 government of Pakistan People's party (Joshua, 2013). This political unrest is blamed for the instability and underdevelopment of the country as numerous projects initiated by each government were discontinued soon after the dissolution of the government by the President or military rule (Sial, 2014). Although the present situation has been more favorable and stable, political and social unrest still poses a great threat to the CPEC. Political sit-in protests over the issues of riggings and corruption have been quite detrimental to the country's economy and stability at present and require a more peaceful resolution for economic development in the country.

5.0 Conclusion and Recommendations

5.1 Conclusions

Based on the data collection, analysis and findings, the following is concluded:

- From the 1970 and onwards, Pakistan and China have been maintaining a mutually beneficial relationship and coordination in different sectors improving and setting up an environment for collective growth. China has provided the required support to Pakistan to improve its war and defense capabilities in the form of missile and artillery advancement along with fighter jets production facility as well as in the economic sector.
- There are different Chinese interests in the development of CPEC; most important to be the construction of one route, particularly the concept of one belt one road, the importance of Gwadar as a port for the certain landlocked areas of China, and, China has been facing problems on its Oil route from Malacca and prefers an alternate route to ease the tensions and safeguard its interests. Although Pakistan would, ripe benefits from the economic activity and job creation but would basically serve as a corridor for China, to provide an efficient and cost-saving alternative to conducting trade activity.

- With the successful completion of the project, China would exploit its potential by improving its economic activity in the western and northern region. The Route will connect Kashgar to Gwadar and would result in the development of Xinjiang, the western region of China, which is particularly less developed.
- Pakistan is considered as an Agricultural Economy, with a substantial foreign exchange made on its export, the project would help in industrialization and provide an extra source of foreign exchange. Pakistan has also been facing an energy crisis, as it is not capable of producing the required energy, whereas most of the funds in the particular investment are being utilized in the energy sector which would also in turn help in improving our industrial sector. Thirdly, Pakistan has been a victim of terrorist activity since long, which has a direct relationship with the confidence of the foreign investors to invest in the country. It has faced a reduction of foreign direct investment, and CPEC would be the biggest source of employing the foreign direct Investment in the country and has already observed an increase of around 38%.
- Sources have also claimed that CPEC has increased direct employment by 20,000 and indirect employment by 60,000; numbers which are expected to accumulate to about **700,000** jobs in the long run.
- Pakistan has always been a victim of external security threats from its neighboring countries to eliminate the competition and threat it could be an economic power. The main challenges for CPEC include the security threats, division among the provinces, external issues with neighboring countries, financial constraints of Pakistan and the environment of political instability.

5.2 Recommendations

Based on the factual conclusions the following is recommended to the benefactors of this research:

- Many existing companies can look into strategic joint venture and partnership with Chinese companies as completion of CPEC would also bring Chinese companies to Pakistan. At that time our local companies can provide logistic and marketing experience while Chinese companies can bring on board the information and innovation excellence.
- Other countries are also seeing opportunities in CPEC, like Iran with its Chabahar Port under construction; completion of CPEC and Chabahar Port is highly recommended because international trade would greatly benefit with the completion of both these projects.
- The officials of Pakistan are recommended not to make CPEC a commercial or political use for their party but rather take it as the greater good that is being created for the overall and mutual benefit of both countries.

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