Descriptive Analyses of China-Pakistan Economic Corridor: Pakistan's Perspective

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ABSTRACT

*The 21st century has emerged as the decade of global and regional strategic partnerships and China -Pakistan Economic Corridor cooperation is a much talked partnership with strategic dimensions for both partners. The paper aims at exploring the salient projects associated with the China-Pakistan Economic Corridor (CPEC) launched with an estimated amount of investment $46 billion in July 2013, for a timeframe from 2014 to 2030. The research is descriptive in nature and data is extracted from published sources of governments and research studies. CPEC connects West Asia and Central Asia throughGwadarport of Pakistan with Kashgardry port of China considering hub of China trade for South Western China. The research found that the project is multi-phased including; energy generation and development of communicationinfrastructure in phase one, establishment of economic zones and industries along the routes and development ofGwadar free trade zone and promotion of industrial cooperation amongst the members' counties.CPEC invested over $ 33.79 billion in energy generation to the tune of 17045MW electricity in Pakistan; $ 9.790 Billion on communication infrastructure and around 10$ for the development of Gwadar port, along with free trade zone. Owning to the characteristics of CPEC development projects, it is recommended that Pakistan need to provide a secure environment across the country. Further, recommend focusing on institutional capacity building along with strategic initiatives for sustainable national development.*The paper serves as a rejoinder to enhance understanding of the CPEC and its strategic dimensions for China-Pakistan long term relationship and emerging alignment of Indo-US in this regard.

Keywords: CPEC, Strategic partnership, international trade and development, Energy power, Transport infrastructure, Industrial cooperation, Gwadar port

INTRODUCTION

The geostrategic location of Pakistan is important for trading it is a gateway to the Middle East and Central Asia.Pakistan plays a momentous role to develop economy through transit. Pakistan postulates to connect Chine with European countries and Middle East with the shortest route. According to Nogales (2014), Pakistan is considered the topnotch choice due to its prime location for economic development through the corridor. One side of Pakistan is connected with non-coastal countries however the other end connected with oil-producing countries. Moreover, Pakistan is attached to the hot water Arab sea, two aggressive emerging economies India and China, the country border is also attached to Iran considering is the world's second-largest gas producer and fourth world largest oil producer (Bilal, 2014). To encounter energy requirements China mainly relies on Middle East countries (Rashid et. al., 2018). The 21st century has emerged as the decade of establishing global and regional strategic settings across the world. The strategic setting boosts geostrategic and economic partnership between the states and national security has considered an important factor of the partnership (Aqeel, 2016). History is evident that Pakistan-China virtuous relations over the year,along with China potential of investment in terms of bilateral trade to establish strong beneficial in term of socioeconomicdevelopment relations with Pakistan.

The research paper focuses upon following objectives:

a. The describe the various ingredients of CPEC in term of investmentsin Pakistan
b. To explore the associated benefits for Pakistan in long term.
c. To put forward recommendations based on study findings

The strategic project of China-Pakistan Economic Corridor (CPEC) has signed by the countries with estimated amount of investment $46 billion. This CPEC project is calculated to be highlyprofitable for both states in terms of economic development. The project will reduce the cost and time of shipping to deliver goods across the world. Over the years CPEC is considered the massive investment China has ever made in other countries (Aqeel 2016). An about 70% of trade in China is being made by using the Indian Ocean route. The exiting trade link being used by China to deliver goods to the Middle East and Europe countries is pondered an unsafe, expensive, and long. The route passes from pirate-swarmed Strait of Malacca. In order to protect cargo from pirates, the track is being guarded by Indian and US Navies. The rise of any conflict among the countries consequently discontinues China's trade and supply of energy to China. In this regard, China has initiated CPEC as a part of a strategic partnership. Initial the project was announced during the visit of Mian Muhammad Nawaz Sharif (Prime Minister at that time) to China in the month of July 2013. According to Hussain and Hussain, (2017), CPEC project is a strategic project with a timeframe from 2014 to 2030 and comprise the subsequent four major sectors:

a) Energy requirements

b) Transport Infrastructure
c) Industrial Cooperation (Gwadar Free Zone and other industrial parks)
d) Gwadar (development of port, socio-economic and city)
e) Any other mutually agreed area of interest

The foremost purpose of the CPECis to link Pakistan Gwadar port with China Kashgar port that is pondering a hub of trading. The CPEC project is expected to reduce the time and cost of shipping. It is calculated that this route reduces about 10,000 kilometers of shipping distance. Moreover, it is also calculated that China will deliver goods just in 10 days through this route instead of 45 days through the current route. CPEC restrain China from hypothetically contested links near Vietnam, Taiwan, Indonesia the Philippines, and India by delivering goods with eventually reduce shipping costs and time (Chowdhary 2015).

Fig. 1: ***Graphical representation of CPEC***

The idea of economic corridors was first proposed by America in late 1990 to ship the gas and oil from Oil-Rich Central Asian Republics (CAR's) passing across Pakistan Baluchistan and Afghanistan area. However, thisproposal of the development was not enforced due to several detrimental circumstances at that time (Hussain&Hussain 2017), but such a proposal clearly

indicates the importance of the Baluchistan region of Pakistan for economic development. Historically, Pakistan has not accepted the existence of China due to differences in schools of thought such as capitalism and communism (Jilani, 2017). However, in 1950 both the countries (Pakistan and China) mutually come into friendly relations, although the relationship was strengthened at an early stage as it was strengthened with the threat of India in the 1960s (Javaid& Jahangir, 2015; Syed, 1974). Pak-China relation was more smoothers by the extended efforts being made by Mr. Zafarullah, minister of foreign affairs for Pakistan at that time (Chaudhri, 1987). In the 1970s the Pakistan and China relation entered into the new horizon and China has supported Pakistan not only in the sector nuclear programs, missiles, and military but also support Pakistan in economic development in the era when United State-imposed restrictions on Pakistan (Jilani, 2017). In 1968 it enable Pakistan to institute Heavy Mechanical Complex at Taxila followed by the establishment of Pakistan ordinance Factory and Pakistan Aeronautical Complex in the 1970s (Javaid& Jahangir, 2015). On the other side, Pakistan provides a platform to China for convenient connectivity across the world. Moreover, the Pakistan's airspace was always available for Chinese-Airlines over the years. Besides these, Pakistan also provides a smooth platform to China for United Nation system and plays a significant role as well as support China to become a permanent member of UNSecurity Council (Jilani, 2017).

The bilateral history is evident that the virtuous relationship China has always made an investment to ensure Pakistan's sustainability in term of its defence and other production and strengthenedits bilateral trade yieldingmultiplying beneficial economic relationship. The same is evident from the recent China investment in Pakistan on strategic project of CPEC(Beenish 2013) -a massive investment China has ever made in other countries (Aqeel 2016). The joint declaration signed in 2003 was released just after China official tour of former Pakistan President General Pervaiz Musharraf, emphasized the imminent prospects of the project, resultantly the trade activities were optimized in 2006 with the agreement of free trade amongPakistan and China (Vandewalle, 2015). Resultantly the massive increase in trade was recorded cross the figure of $15.5 billion until 2015 (Vandewalle, 2015). CPEC is the umbrella project covering several projects under different heads as a part of China's One Belt One Road (OBOR) (Markey & West, 2016). First agreement in this regard was signed in May 2013, followed by the visit of Mr. Xi Jinping President of Chinese to Pakistan in April 2015. Consequently, both countries mutually agreed to enhance all-weather strategic relationship creating a win-win situation for the both (Ali, 2016). However, the final declaration of CPECwas launched in March 2015 from National Development and Reform Committee (NDRC) China. Considering its geopolitical, geographical, and geo-economics dimensions, the CPEC has presented a new perspective for the socio-economic development of Pakistan. CPEC project is a strategic project with a timeframe from 2014 to 2030. This strategic program is not only a railway network or network of highways and roads but covers diverse energy and development projects. The detailed breakup of CPEC projects is presented in table number 1.

Table 1: ***CPEC portfolio of investment***

PROJECT(S)	**IN MILLIONS**

Energy Power Projects	$33,793
Rail network Projects	$3,690
Roads infrastructure projects	$6,100
Mass transit in Lahore	$1,600
Development of Gwadar Port projects	$786
Others (mutually agreed) projects	$44
Total	**$46,013**

Source: BOI Pakistan, (2015)

CHINA-PAKISTAN ECONOMIC CORRIDOR

"One Belt and One Road" (OBOR) a China development strategy, announced in October 2013, for cooperation and connectivity among the countries brings on board around sixty-five countries across the world-connecting Asia, Europe, and Africa through Maritime Silk Road and Silk Road Economic Belt. One Belt and One Road establishes a win-win situation based on mutual cooperation for all member countries and regional economic development (Iqbal et al., 2014). The initiative of CPEC is actually part of "One Belt and One Road" with a concept in order to develop trade and economic cooperation within the region. The CPEC, signed between Pakistan and China, links Gwadar with China northwestern area Xinjiang with Silk Road Economic Belt (Rifaat&Maina, 2016). The CPEC is not only developing an effective transit system but also paving the way for economic integration, growth, and stimulating social growth. The diversified investment in enhancing trade potential, fostering manufacturing, financial and agricultural collaboration would at a long run ensure political-cum-social stability and modernizing the industry (Irshad et al., 2015).The strategic program aims to improve people to people interaction between the countries for cultural exchange, transfer of information for urban v/s rural growth, and construction of industrial parks. The CPEC projects are categorized into three different stages in terms of time. The short term, medium-term, and long term projects and anticipated to be completed phase-wise by the end of 2020, 2025, and 2030 respectively (Kiani, 2018; Ramay, 2018). The extensive outline and progress of four major mutually agreed set of CPEC project are described in subsequent paragraphs.

Energy Project

The main funding underneath of CPEC is about $33.79 billion is targeted to building power plants to generate 17045MW electricity in Pakistan. Out of which 10,400MW power generation is to be built on an emergent basis. It is expected to undertake this massive investment

with a view to using current energy sources for generation to encounterenergy shortage in Pakistan. The detail of energy projects are presented in the following tables:

Table 2: ***CPEC Energy Projects***

S NO	PROJECT TITLE	MW	US$ M
1	Port Qasim Coal Fired	1320	1,980
2	SahiwalCoal-fired	1320	1,600
3	EngroTharCoal-fired Block II Thar Coal field	660	1,000 860
4	Gwadar Coal Project	300	360
5	Muzaffargarh Coal Project	1320	1,600
6	Rahimyar Khan Coal Project	1320	1,600
7	SSRL Thar Coal Block	1320	1,300
8	Quaid-e-Azam Solar Park	1000	1,350
9	Dawood wind Farm	50	125
10	UEP Wind Farm	100	250
11	Sachal Wind Farm	50	134
12	Sunnec wind Farm	50	125
13	SukiKinari Hydropower Station	870	1,802
14	Karot Hydropower Station	720	1,420
	Total (Priority)	**10,400**	**15,506**
	CPEC Energy (actively promoted projects)		
15	Gaddani Power Park		
A	4×660MW	2640	7,920
B	Jetty + Infrastructure		1,200
C	Transmission Line from Lahore to Faisalabad		3,000
16	HUBCO coal power plant	660	970
17	ChichokiMallian Combined-cycle Power Plant	525	550
18	Salt Range Mine Mouth Power Project, mining	300	800
19	KohalaHydel Project	1100	2,397
20	Pakistan Wind Farm II	100	150
21	Thar mine mouth oracle	1320	1,300
	TOTAL (Actively promoted projects)	6645	18,287
	TOTAL ENERGY PROJECTS	17045	33,793

Source: Nation Electric Power Regulatory Authority (2015) and Aqeel, (2016)

Table 3: ***Summary of CPEC power projects***

Source of Power Project	Prioritized Projects	Actively Promoted Projects	Installed Capacity (MW)

Wind	4	1	350
Coal	7	5	13140
Solar	1	-	900
Gas	-	1	525
Hydelpower	2	1	2693

Source: Nation Electric Power Regulatory Authority, (2015) and Mirza et al., (2019)

Fourteen energy projects were included in a short term program and completion of projectsis anticipated by the end of 2020. Whereas, completion of lifted eight projects is not yet decided however they are actively promoted. Maximum power generation projects are based on Hydel and Coal as shown in the above table. The development of an energy transmission line with an estimated length of about 787 km from Matiari to Lahore is also part of CPEC (Mirzaa et al., 2019). The capacity load of this transmission line is projected about 4000MW and about 50% of work has completed. An about $19 billion have already been invested in the power sector of Pakistan with the addition of 3240MW electricity to the national grid (Mirza et al., 2019). Moreover, CPEC is also projected to enhance Pakistan's GDP by adding 2.5% with a projected growth of 7.5% 7.5% (Zain, 2016).

CPEC Energy Project Employment Opportunities: International labor organization state that CPEC is anticipated to generate 400,000 employment opportunities for Pakistan. However, as per the Applied Economic Research Centre, this estimated figure is about 700,000 direct opportunities likely to be created during the period from 2015 to 2030. Moreover, according to Planning Commission's more promising productive outcomes will be received with CPEC in terms of job opportunities and estimated about 800,000 jobs during the project period (Mustafa et al. 2018; Khursheed et al., 2019). Depend upon the lifespan of the power project mainly it may be segregatedin two departments including construction, installation, and manufacturing (CIM), the other department comprised operation and maintenance (O&M). Both sections have different natures of job opportunities and demand for human resource development for explicit examination. In accordance with the nature of CIM jobs totally depends on the size and capacity of the project, whereas, the O&M workers often depends on the lifting of the project (EWEA, 2008). The CIM also holds a significant potential to create a great number of employment opportunities within a specific period of time (Sooriyaarachchi et al., 2015). Therefore, the research finds that the CPEC's energy projects are anticipated to create a large number of direct job opportunities in diverse trades and professions with the requirement of various skills and education particularly include engineering, development, equipment manufacturing, construction and other allied service providers such as sales and marketing as well as operation & maintenance (ILO, 2017).

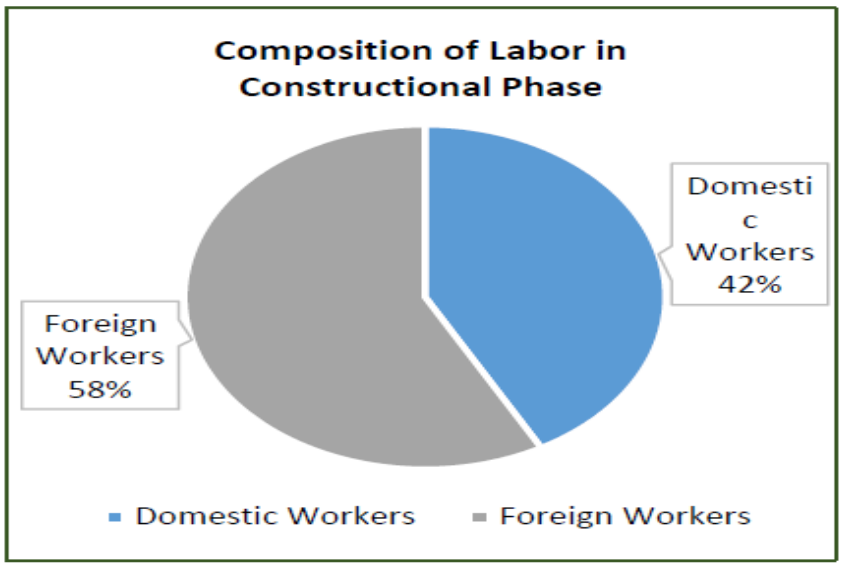
CPEC HydroPower Projects: The Hydropower project is part of hasty completion projects with anticipation of adding 2,850 MWs electricity to Pakistan's energy power. This project will create job opportunities for electrical, mechanical, and civil engineers, also technicians of the same discipline along with skilled workers. According to Navigant Consulting USA (2010), one MW required 5.10 workforces. Moreover, ILO (2017) estimate that one MW creates four direct job opportunities. Further, GilgitBaltistan Government (GB-WAPDA), Azad Jammu and Kashmir Government (AJK- Hydro-Electric Board) along with Private Power and Infrastructure Board (PPIB), estimated the job opportunities generated with this project is 11.66 employment opportunities are anticipated against one MW at CIM stage whereas, three jobs will be created against one MW at O & M phase (ILO-Pakistan, 2016). According to this yardstick the projected job opportunities at CPEC hydropower projects will be about 40,000 to 50,000.

Solar Power Plants: The strategic project of CPEC includes the installation of a solar power plant at Pakistan Bahawalpur Punjab called Quaid-i-Azam Solar Park. The project capacity for this solar project is 1,000 MW and 300 MW is already in the production phase (Rashid et. al., 2018). According to the statistic of the European Photovoltaic Industry Association (EPIA, 2017), the one MW generateabout 3 to 7 direct employment opportunities along with 12-20 indirect employment opportunities. According to EPIA calculation, the solar project is estimated to create about 7000 along with 20000 direct and indirect employment opportunities respectively.

Wind Energy Projects: CPEC includes four wind energy projects, with a capacity of 50MW each and 200MW total. Global Wind energy council (2012), conclude that wind energy power projects generate 14 employment opportunities per MW at the CIM sector. Whereas, 0.33 employment opportunities at O&C against each MW per plant year (Jinchen, 2016; GWEC, 2012). Taken into total the CPEC projects of wind energy have capacity to create about 2800 in the CIM sector and 66 jobs at the O&M sector per year (Rashid et. al., 2018).

Coal Power Plant: In the power sector,the major investment has reserved for coal projects i.e. $5.8 billion (Rashid et. al., 2018). According to Singh &Fehrs (2001), cool power projects required the employment of 0.18 against per MW at O & M sector and a great number of employees are required in the sector of transportation and mining operations. Moreover, according to the Coal Industry Advisory Board (2014), the coal power plant is projected to create direct jobs 1.26 & 0.16 against one MW at CIM and O&M respectively.

Figure 2: ***Composition of labor in constructional phase***



Source: Rashid et. al., (2018)

In a nutshell, the energy sector demands skilled workforce including, Electrical Engineers, Civil Engineers, HVAC Engineers, Safety & Maintenance Engineers, Electrical technician, Installation technician, General Managers, Foreman, and Operators, etc. The investors plan to minimize their cost in order to hire domestic manpower, resultantly the Pakistani workforce will grab these opportunities by producing required talent by the degree awarding institute (Irshad, 2016). Presently, a total of 6500 workers are employed at the construction phase comprising 3,770 foreigners and 2,730 domestic. It is projected that the operational phase will employ a total of 1778 workforce containing 671 Chinese and 1107 Pakistani nationals (Rashid et. al., 2018).

CPEC Transport infrastructure

Transport infrastructure plays a significant role in the development of national economy by providing easy and greater access to the market. In this regard, CPEC project involvesthe development of transport infrastructure accompanied with maintenance of existing transport infrastructure in order to boost trading and greater market accessibility. The transport infrastructure included in projects of CPEC includes road and highways network, railway lines, and tunnels. About 2500–3000 km roads are projected to connect Pakistan Gwadar port with China Kashgar port the total estimated cost of development is $9790 million. Total eight projects underneath of CPEC will be executed regarding roads and railway infrastructure. The progress line regarding road infrastructure shows that about 70% of work on Karachi to Lahore motorway already completed along with one railway line project (Mirza et al., 2019). After completion of a road infrastructure project,

Pakistan and China will use land transportation for trade as more economical instated of shipping through sea or air with China and other countries. The project is estimated to boost the economical export of agricultural products which was discouraged in past due to high shipping charges (Zuberi, 2017) consequently Pakistan will avail the benefits of economical transportation and achieve comparative advantage (Ameen, & Kamran, 2017). The detail of transport infrastructure is shown in the following table.

Table 4: ***CPEC Transport infrastructure projects***

S NO	PROJECTS	KM	US$M
	ROADS		
1	Peshawar-Karachi Motorway (Multan to Sukkur)	392	2,600
2	KKH Phase II (Raikot to Islamabad)	440	3,500
	RAILWAY		
3	Expansion and reconstruction of existing Line ML-1	1736	3,650
4	Havelian Dry port (450 M. Twenty-Foot Equivalent Units)		40
	TOTAL		**9,790**

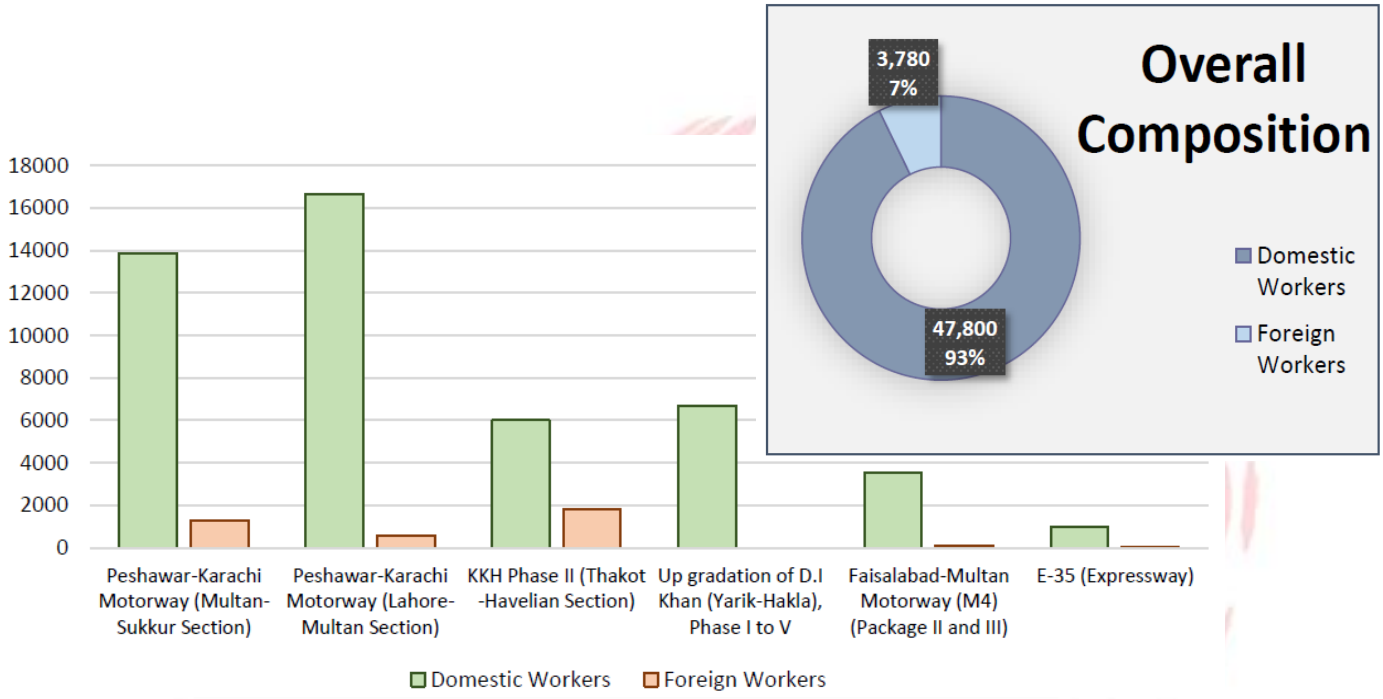
Source: BOI Pakistan, (2015) and Aqeel, (2016)

CPEC Transport infrastructure Employment Opportunities

It is estimated that transportation infrastructure will create 7,800 direct employment opportunities. Out of which 6000 Pakistani will be induced and only 1800 China nationality will be inducted (Rashid et. al., 2018). Moreover, M/S China Construction Engineering Corporation has contractsto build Peshawar to Karachi motorway (Lahore-Multan portion). Presently this project has employed a total of 17,246 skilled workforces and it is projected to be dramatically enhanced in the future. Out of 17,246 employees, 16676 (96% of total) are domestic, labor, and remaining are Chinese. Similarly, other projects of transport infrastructure are in progress at a different location and employed a sophisticated number of local/foreign manpower (Rashid et. al., 2018). Pakistan DAI and technical colleges must train their talents to grab these opportunities according to their skills (Irshad, 2016). In view of the above, presently a total of 51,580 workforce are employed comprising 3,780 (7% of total) are Chinese and 47,800 (93% of

total) are Pakistani nationals are employed in different transportation infrastructure projects (Rashid et. al., 2018). Details of job opportunities are presented in the following figures.

Figure 3: ***Total Job and composition of Labors***



Source: Rashid et. al., (2018)

CPEC Project of Gwadar Development

The Gwadar port is situatedon the Arabian Sea at Baluchistan,Pakistan. The development of Gwadar is the extension of One Belt One Road. The Gwadar port plays a strategic role in the development of landlocked Central Asia through the connection with OBOR. The total amount of $786 million investment has been to developGwadar port along with Gwadar city underneath CPEC projects (Mirza et al., 2019). Establishment of Technical and Vocational Institute, this institute would particularly focus on marine-related disciplines in order to enhance the education of the local population. The development of Gwadar industrial free zone, this project includes forty different types of business are projected in this industrial free zone, mainly focused on petrochemical and

stainless steel. Establishment of the boat manufacturing industry, different projects have anticipated the advancementof fishery along with the institution of boat manufacturing factor. The development of the health sector, this strategic sector includes projects related to the establishment of hospitals also ensuring the supply provision of primary and freshwater along with the development of Gwadar smart city. Terminals construction, this project includes the formation of more terminals in the East-Bay expressway in order to link Gwadar port with coastal highway of Makran. This project is about 60% completed. The establishment of Gwadar International Airport is calculated one of the biggest project of Gwadar infrastructure development (Centre for Aviation, 2016) and about 40% work has completed on the project (Mirza et al., 2019).

Table 5: ***CPEC Gwadar port projects***

S NO	PROJECTS	US$M
1	Establishment of wadar International Airport	230
2	Construction of Eastbay Expressway	**140**
3	Breakwaters project	130
4	Fresh water treatment and supply project	114
5	Establishment of GwadarHospital	100
6	Development of Free Zone & EPZs port related industries	35
7	Dredging of berthing areas & channels	27
8	Construction of Vocation &Technical Institute	10
	TOTAL	**786**

Source: BOI Pakistan, (2015) and Aqeel, (2016)

Moreover, about thirty companies have made investment about $474 million in the development of Gwadar free economic zone (Mirza et al., 2019) and it is projected that Pakistan should be regional trade center after completion and operation of Gwadar port due to free economic zone (Bhutta, 2015).

Industrial Cooperation

The characteristics of the developed country include the establishment of an industrial zone in order to effectively utilize national resources for optimum production. The development of duty-free industrial zones is the significant factor of economic

cooperation underneath of CPEC. This project is considered the most deliverable strategic project that anticipated to boost national economic development and create employment opportunities (Farole, &Akinci, 2011; Khan et al., 2016). Under this project total, nine exceptional economic zones portrayed particular services and/or products, will be developed across Pakistan along with the corridor. According to Dawn (2016), these Special Economic Zones (SEZs) include Industrial City (M3), M-1, SEZDhabejiChina, Nowshera, Rashakai Economic Zone, Bostan Industrial Zone, and Industrial Park at Port Qasim, ICT Model Industrial Zone, Mirpur, AJK SEZs, Moqpondass SEZ Gilgit-Baltistan, and Mohmand Marble City.

Figure 4: ***Industrial cooperation***

Source: Rashid et. al., (2018)

A sophisticated number of technical and managerial manpower will be required for the effective operation of these SEZs. This project boosts domestic production based on domestic factors of production includes (raw material and labor force) are projected to gear-up urbanization and create employment opportunities with the estimation of about 2 million jobs that seems to be enhanced living standard, reduce price fluctuation as well as minimize imports (Tong, 2014). According to the World steel association (2016), the construction of the stainless steel industry along with petrochemical industry reduce power depletionand boost growth rate. Owning to the characteristics of CPEC development projects, FDI in Pakistan has dramatically raised up to 12.75% during the financial year 2017 (MoF, 2017) and it is expected that growth rate of FDI in Pakistan

will considerably be greater in the face of developed industrial operation, security, power supply, strengthen and renewed infrastructure in order to support trade and markets access (Khan & Abbas, 2016; Zaman et al., 2012).

ANALYSES

The Belt and Road Initiative (BRI) taken by China was a major step in the Rise of Chinese economy all around the world. The goal was to improve trade routes and communications across not just states but continents. BRI, since its execution, has held open arms welcoming all countries to join in this transcontinental venture. The overland "Belt" acts as a link between China and Central and to South Asia and onward to Europe. The sea "Road" links China to the countries of South East Asia, the Gulf countries, East and North Africa, and on to Europe. The BRI corridor is currently affecting 71 economies, allowing them use BRI routes for trade and transportation. In 2017, these economies received 35% of global foreign direct investments and accounted for 40% of global merchandise exports.Despite having a complex and huge economic standing, China is facing challenges on its way upwards. China faces punitive media trials in this competition to influence the world and the Asian region, frequently from the United States as it thrusts to balance out power in the Asian region by consolidating ties with India, another Asian rising power.

To create a China led world order China has devised a grand strategy of connecting the world through trade and energy corridors, both on land and sea, with China at its center. This grand strategy is called Belt and Road Initiative (BRI). China Pakistan Economic Corridor (CPEC) is the flagship project of BRI. CPEC is a trade and energy transit corridor project which will connect the energy rich countries of the Middle East and developed markets of Europe with the underdeveloped North Western regions of China with Pakistan acting as a transit hub. This geographic benefit of acting as a transit hub for regional economic connectivity has immense economic opportunities for Pakistan. Pakistan can generate substantial by using its geographical advantage. Regional economic connectivity with Pakistan at its epicenter will help boost the stagnant economic growth and resolve the severe economic crisis. CPEC is a game changer for the economic future of Pakistan as it will bring economic stability and prosperity in the country. Thus the success of this project is a primary long term interest of Pakistan in the region with respect to its relation with China. Pakistan is facing severe economic crisis because of its stagnant economic growth, non-existent domestic production and poor infrastructure are the main reasons for deteriorating economic condition therefore, investment by China in different economic sectors is very important for the economic stability of Pakistan. The following CPEC investment in Pakistan are considered game changer for Pakistan economy

a. Investment in Energy Sector: The worsening energy crisis of Pakistan has halted the economic activity. The ever ascending demand for power cannot be fulfilled without creating new energy generating projects. China's investment in increasing the generational capacity of Pakistan will help resolve this crisis. Also, the energy transmission system of Pakistan is inadequate compared to the generating capacity and the demand. Investment in increasing the transmission capacity is also an important factor in resolving the power crisis.

b. Investment in Manufacturing Sector: Domestic production of Pakistan is very low. The consumer oriented growth culture in Pakistan thus depends on imported products to meet the demand. This leads to the trade deficit, deterioration of foreign exchange reserves and a serious balance of payment (BOP) crisis. The root cause of this cycle of crisis is the poor condition of Pakistan's manufacturing sector and its non-existent production capable for export. Investment in the manufacturing sector by Chinese companies will give the necessary boost to the production capacity and will start export led economic growth. Pakistan considers its cooperative relation with China as its primary national interest. This strategic partnership facilitates in resolving the fundamental security and strategic concerns Pakistan has in the region and also utilize its economic potential to bring prosperity.

The long term regional interests of the US are determined by several factors of geographical, historic, economic, and security nature. These interests are primarily defined by maintaining the status of a sole super power in the existing unipolar world order. The main objectives of the US policy in the region are now defined by a policy to contain the rise of China as a challenger to the hegemonic role of the US. As a result of this, the US has increased its cooperation with India in the region. This increased cooperation is aimed at supporting the role of India as a counterbalance to the rising China. However, such an alliance creates a security dilemma for Pakistan due to the security interest of Pakistan vis-à-vis India. Moreover, the new Afghan policy of the US stipulates an increased role of India in Afghanistan, which is could have adverse implications for Pakistan's political and strategic interests in the region. Similarly, the Iran-US relations are also on a decline and both states view each other as adversaries. Iran is an immediate neighbor of Pakistan and any instability in Iran is not in the interests of Pakistan. The upcoming section further elaborates the core strategic, political, and security interest of Pakistan in the region.

The solidifying of US and Indian relationship is detrimental to the cause of Pakistan and China as it focuses on the development of dominance in the region of the Indian Ocean. The US has identified that in order to further its interests in the region, i.e. strategic competition with China; it has to seek the role of India in order to act as a visible and tangible hurdle for Chinese advancement in the region. These interests also suit the Indian designs of expansion because India envisions becoming a regional leader in order to compete and exert influence in the region.Pakistan on the other hand views this development as a significant threat due to the fact that Pakistan has centered the development of its military and security policies on the Indian threat and challenges. The expansion of India's military capabilities and diplomatic influence will translate into a weaker position for Pakistan in the region. Similarly, as discussed, China has made significant investments in the Pakistani economy; therefore China has vested interests in the sustainment and development of Pakistan's economy. This can emerge as a complex set of alliances in the region with one bloc comprising of US and India while the other bloc will feature the alliances of Pakistan and China.

The US long terms interests in the region are positioned around the notion of enhancing and strengthening its hegemony in the international system. In order to do this, the US has to first ensure the sustainment of the unipolar international system. The emergence of China is a direct threat to that status. Therefore, the US views the containment policy to be an ideal tool to be applied to China in order to curtail its military and economic expansion. However, the US may

have miscalculated the dynamics of the region. During the Cold War, containment policy was effective against the Soviet Union due to the willingness of Pakistan to contribute as an ally. In the case of containing China, Pakistan may not be as willing due to the same fact that Pakistan and China have developed significant bilateral relationship over the last decade. This in turn impacts the Pakistani policymakers' vision of the region. Fact of the matter is that Pakistan views China to be a more key ally than the US. The reason for this can be understood by looking at the differing history of US-Pakistan relationship. In China, Pakistan has found a sustained form of relationship that has contributed economically and militarily over the decades.

To create a China led world order China has devised a grand strategy of connecting the world through trade and energy corridors, both on land and sea, with China at its center. This grand strategy is called Belt and Road Initiative (BRI). China Pakistan Economic Corridor (CPEC) is the flagship project of BRI. CPEC is a trade and energy transit corridor project which will connect the energy rich countries of the Middle East and developed markets of Europe with the underdeveloped North Western regions of China with Pakistan acting as a transit hub.[1] This geographic benefit of acting as a transit hub for regional economic connectivity has immense economic opportunities for Pakistan. Pakistan can generate substantial by using its geographical advantage. Regional economic connectivity with Pakistan at its epicenter will help boost the stagnant economic growth and resolve the severe economic crisis. CPEC is a game changer for the economic future of Pakistan as it will bring economic stability and prosperity in the country.[2] Thus the success of this project is a primary long term interest of Pakistan in the region with respect to its relation with China.

CONCLUSION

The 21st century has emerged as the decade of global and regional strategic partnership. China has the potential of investment in order to benefits from Pakistan geostrategic location, China and Pakistan initiated a strategic agreement China-Pakistan Economic Corridor (CPEC) with estimated amount of investment $46 billion. This strategic partnership was initially announced during the visit of Mian Muhammad Nawaz Sharif (Pakistan Prime Minister at that time) to China in the month of July 2013, with a timeframe from 2014 to 2030. This strategic project is the extension of China initiative "One Belt One Road" (Markey & West, 2016) to increase Global partnershipin order to create a win-win situation trough development. CPEC will link a Pakistan port Gwadar with China northwestern area Xinjiang with Silk Road Economic Belt. The foremostpurpose of the CPECis to link Pakistan Gwadar port with China Kashgar port that is pondering the hub of China trade. Through this route China access the Middle East and Central Asia through shortest and safe route. The projected route is expected to reduce the cost and time of shipmentby 10,000 kilometers and 35 days accordingly. CPEC project is not only limited to roads and highways but it also comprise a)

[1]SafdarSial, "The China-Pakistan Economic Corridor: an assessment of potential threats and constraints," *Pakistan Institute for Peace Studies Research Journal* 6, no. 2 (Winter 2014): 16.

[2] Ibid.

development of energy sector in Pakistan b) development and maintenance of transport infrastructure c) development of Gwadar free trade zone establishment of industrial parks, development of Gwadar city and development of industrial cooperation. An about $33.79 billion is targeted to building power plants to generate 17045MW electricity in Pakistan. Out of which 10,400MW power generation is to be built on an emergent basis. For this purpose fourteen energy projects were included in a short term program and completion of projects is anticipated by the end of 2020.Transport infrastructure of CPEC projectsincludes the development of transport infrastructure as well as maintenance of existing. CPEC includeto builds road, highways, railway-lines at about 2500–3000 km roads and 1736 railway lines are projected to be constructed with estimated cost of $9790 million. Total $786 million investment will be made developGwadar port, free trade zone along with Gwadar city comprising; Airport, Hospital, technical institute Eastbay expressway and treatment and supply of fresh water. CPEC project include the development of duty-free industrial zones at nine differentlocation of Pakistan along with the corridor.CPEC will generateabout 400,000-700,000 employment opportunities in different discipline from 2015 to 2030. In order to grab this opportunities Pakistan must prepared a chunk of talented force to enhance national economy and reduce poverty. CPEC bring new development perspective for Pakistan to rebalancegeopolitical, geographical and economical.The research offers following recommendations for Pakistan to tap full benefits out of the CPEC:

a. Owning to the characteristics of CPEC development projects, incoming FDI is expected to be raised in forthcoming years. In this regard security situation is considered vulnerable, Pakistan need to provide secure environment across the country.
b. The development of free trade zone and development of Gwadar port is anticipated to bring Pakistan positioned as a hub of regional and international trade. In this regard, government of Pakistan needs to focus on institutional capacity building to become more benefited from the CPEC.
c. The developed transport infrastructure grants economical access to international market, therefore in this regard it is recommended that Pakistan need to work on agricultural products export which was discouraged in past due to high shipment charges.
d. CPEC is projected to enhance Pakistan's GDP approximately 7.5%, in this regard government of Pakistan to take strategic initiatives for sustainable nation development.
e. Presently Pakistani skilled and unskilled manpower serving in Middle Eastern countries is around 7.4 million. Pakistan needs to work out its human resource assessment for the operationalization of CPEC phase wise

and plan to reverse the brain drained or workforce drained for the future need of the operationalization of CPEC.

f. The planning department along with universities and other training institutions need to work out the needed skilled force and technically developed human capital, develop curriculum / training programs accordingly. The timely exercise and execution of training would enable Pakistan to muster the required skilled force and technical hands needed without any delay.

g. Future Research: Further research studies are required to determine and evaluate the emerging challenges and opportunities of CPEC in short term and long term for Pakistan. The outcomes of the study would harness Pakistan's ability to tap the opportunities and handle the challenges without much of problems, in befitting manner. Keeping in view the influx of Chinese work force and business tourist, there is also need for a study to examine the cultural, behavioral, social and economic changes associated with CPEC on Pakistani people and society.

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