

China-Pakistan Economic Corridor (CPEC): A Multi-dimensional Plan 2017-2030 and Its Characteristics

A. Z. Hilali

University of Peshawar, Khyber Pakhtoonkhwa, Pakistan.

ABSTRACT

China-Pakistan Economic Corridor (CPEC) is a multi-dimensional project under One Belt and One Road initiative which is the sign of new era of economic ties between the two close friends. The project will not only boost Pakistan's economy but it will also serve for the development of different regions and other countries of the world. The grand plan initiated in 2017 and will complete in 2030 with all its mega and mini projects. The CPEC is a Marshall plan of infrastructure, communication, investment, industrial zones, Gwadar Port, technological development, agro-economy and economic development of both China and Pakistan. The study will highlight the strength of CPEC through its socio-economic development and it will be the source of more opportunities and improvement of state, and society. The projects will also contribute for the economic and commercial strength of Pakistan economy and strengthen country by its financial assistance. Moreover, CPEC will provide China with a shortest trade route to South, Southwest Asia, Africa and Europe. The project will equally benefit to China's Xinjing province through the increasing economic interdependence and cooperation and with the spirit of mutual development and progress. Nevertheless, the project is important for China and Pakistan and it will bring economic avenues to Pakistan and can improve trade activities for both China and Pakistan. It has also assumed that the dream of regional economic integration will become true through CPEC and regional economic connection could be the Asian century. Finally, the CPEC will foster economic community in the world and prosperity will promote peace, harmony and coordination.

Key Words: CPEC, China-Pakistan Economy, Infrastructural Project, Regional Connection, Trade, Opportunities, Tourism and Financial cooperation.

Introduction

China-Pakistan Economic Corridor (CPEC) is a grand economic programme of regional connectivity. The plan will advantage to China-Pakistan and have great benefits to regional countries including Afghanistan, Central Asian Republics, Iran, India, and many other countries of the world. The basic purpose of plan is to promote geographical connections with the gains of communication development of 3,000-kilometer network of road, railways and air transport system and consistent connections of economic progress and people to people contact (*Dawn*, 2019). The mega plan will also enhance cooperation and understanding with

relation to academic, socio-cultural activities and regional knowledge which will enhance flow of trade and commerce and energy development. It is for the development of collaboration by win-win model and to integrate regions with common purpose, peace and development. Moreover, it is long-term plan (2017-2030) of economic regionalization and globalization with the instrument of peace and economic development. Thus, CPEC project will base on unison and collaboratively efforts of federal, provincial, local governments and share-holders including private sector.

The dynamic idea was given by Chinese Premier Li Keqiang when he visited Pakistan in May 2013 and declared that the CPEC project will be a bridge for the Maritime Silk Route and it will be incorporate approximately 3 billion people from the regions of Asia, Africa and Europe (*Dawn*, 2013). In this connection, the main terms and conditions of CPEC was signed when President Xi Jinping's talked during his visit of Pakistan on April 20, 2015 and the CPEC has been defined as the "game changer" of China's One Belt, One Road creativity. China allocated around \$46bn to \$57bn for developmental programmes in Pakistan which will change Pakistan's economy and provide China a shorter and economical passage for trade with other regions such as Asia, Africa, Middle East and Europe (Irshad, 2015). Moreover, the amount of \$50 billion of CPEC will be used till 2030 for all major projects and that is divided into two broad categories in which \$35 billion is fixed for energy programmes while \$15 billion is for the infrastructure development including Gwadar Port and for new industrial zones (Hali, 2017). It means the CPEC is a large package of investment projects which will upgrade infrastructure, and expanding energy structure and developing regional trade and economic investment. So, the CPEC is basically based on 19 projects in which \$17.7 billion is allocated particularly for energy projects and \$5.9 billion for the development of infrastructure and \$25.4 billion is for non-CPEC energy and developmental projects. In this regard, energy sector has top priority and it is not only for hydro power projects even it will also cover the natural assets of coal and valuable liquefied natural gas, nuclear power reactors, and many other solar and wind plants. Thus, a major amount has been allocated and significant investment has already taken place. In this regard, both China-Pakistan signed 30 agreements among the 51 memorandums of understanding and development projects including infrastructural, energy, industrial cooperation, transport infrastructure, security, and economic development (*Dawn*, 2015). In this connection, the project will revive old Silk Road which is the source of strength of industrial and communicational infrastructure along with strategic base of mutual and bilateral cooperation.

The CPEC is a multi-dimensional project to establish economic and industrial infrastructure of Pakistan and it will further promote relations with China and to the other countries of regions. The prime objectives of CPEC are to convert Pakistan's economy into modern developmental shape and project will link to the deep-sea ports of Gwadar and Karachi which will connect with China's

China-Pakistan Economic Corridor (CPEC): A Multi-dimensional Plan 2017-2030 and Its Characteristics

Xinjing province (Burki, 2015). The linkage of area will reduce time and expenditure of transportation of finishing material and energy resources to China without crossing the Straits of Malacca and South China Sea. So, China is committed to complete 25 projects in the next three to five years including coal and solar energy plants which will provide 16,400 megawatts of electric power (Kugelman, 2015). So, comprehensive energy plan has sanctioned by both China and Pakistan which will cover Pakistan's Vision 2025. This comprehensive plan will complete in the end of 2030, but short-term projects will be in operational position till the end of 2020 and medium-term projects up to 2025. Under the mega project, China will establish commercial track from the Chinese North Western part of Kashgar (Xinjiang) to Southern region of Gwadar which is close to the oil rich Persian Gulf region (Rakisits, 2015). Gwadar port is important for economic growth of China and interested to develop because its southern port is 4500 km away from Sinkiang and Gawader is closer at 2500 km. For China, access to the Strait of Hormuz through the Gwadar Port would be easy as compared to other sea routes and it is around 400 km from the Strait of Hormuz which is expected to construct along with 14 km super highway and an modern airport will establish in the region (Shah, 2015). So, the development of CPEC will decrease time and distance and Gwadar will emerge as a great asset for China's economic enlargement.

Mechanisms of cooperation and progress

The CPEC is the largest and most comprehensive project and will enhance China-Pakistan strategic partnership and cooperation. On the other hand, the project will bring mutual economic development and socially it will mobilise the people for collective work for the bright and prosper future of nations. Thus, since the inception of CPEC around 11 projects have been completed and approximately one dozen are under construction. The total cost of 22 projects will approximately \$18.9 billion in which around 20 projects are in progress (McCartney, 2018). For the strength of CPEC, China-Pakistan have established ministerial-level Joint Cooperation Committee (JCC) and there are seven (7) Joint Working Groups (JWG) which are monitoring the ongoing projects and responsible for further development under the CPEC and JWGs are responsible for the implementation of the plans. In this regard, both JCC and JWGs are efficiently involved for rapid development and promotion of CPEC projects with the spirit of friendly and mutual development. However, there are four major areas of the CPEC which experts called lifeline of mega projects.

Energy projects

Energy is the backbone of economic growth and permanent solution to ease load-shedding for country's prosperity and development. Pakistan is eager to resolve

the problem of energy shortage and continue in struggle to use all possible sources such as hydro, solar, wind and coal to reduce the burden of shortage and to provide round-the-clock power supply to all sectors of the country. In this regard, the CPEC will construct many energy projects such as hydro, solar, wind and coal-fired power plants. Pakistan will construct mega coal-powered plants in which experts will use advance thermal environmental control technology for coal-fired plants. In this way, China is helping to improve Pakistan's capacity to materialise its natural resources such as coal, water and solar energy which is essential for industrial development. So, both countries are working for the improvement of power voltage-class plants, power grids and high power transmission system to fulfill the demand of country and ensure regular electricity power supply for the country industry (Asghar, 2018). In this connection, energy schemes are at the top of priority under the CPEC and around 15 energy projects will complete and these will generate approximately 11,110MW. Thus, existing projects will increase 13180 MW to the main grid by 2022 and will reduce the energy shortage. Recently, seven (7) energy projects have completed and six (6) are in process which will increase energy capacity to 6,910MW (CPEC Contribution, 2018). In the present position, Zonergy 300MW Solar Park project, 50MW Dawood Wind Farm and Jhimpir UEP wind power projects are under construction and soon will be in operational position (Hussain, 2014). On the other hand, Sachal 50MW Wind Farm, and Sahiwal 2×660MW Coal-fired Power Plants are high power projects. Furthermore, Port Qasim 2×660MW Coal-fired Power Plant and other Wind Power Projects are near to completion. These projects will add 3240 MW to national power plant and overall power capacity will be 29,000 MW in the country (Rehman, 2018). Moreover, Private Power and Infrastructure Board (PPIB) has already sanctioned two hydropower projects in Azad Kashmir. The board also recommended 7.08MW hydropower project at Ghori Wala Nullah in Neelum Valley (Azad Kashmir) and 8MW Kathai-II hydropower project at Kathai Nullah, Jhelum Valley in Hattian under the 'Power Generation Policy 2015 (*Dawn*, 2019). Furthermore, Thar coal power plant will extend to 1,320MW which will install by Thar Coal Block-1 Power Generation Company (Shanghai Electric Ltd.). In this context, the energy board also encourage 1,263MW RLNG-based power generation project near Trimmu Barrage in Jhang district and after the completion of these projects under the CPEC will provide great relief to the country power sector.

Infrastructural development

Stable and effective communication system and transportation network is the main source of economic development. Currently, Karachi-Lahore Motorway (Sukkur-Multan section), KKH Phase-II (Havelian-Thakot section), and Lahore Orange Line are 3 projects under construction. In this regard, KKH Phase-II road will connect to other destination via Khyber Pakhtunkhawa and it has length of 118km in which 39km is super high way with the width of 24.7m, and 79km and it will

China-Pakistan Economic Corridor (CPEC): A Multi-dimensional Plan 2017-2030 and Its Characteristics

further upgrade with the width of 12.3m. After the end of KKH-II it will reduce travel time from Havelian to Thakot at least 4 to 1.5 hours. The optical fiber cable (OFC) from Rawalpindi to Khunjrab which is important link for CPEC network is in operational position (See China Embassy website, 2019). In addition, Peshawar-Karachi Motorway is a popular project which known as PKM programme and it will connect Karachi to Lahore and will finish at Peshawar. The PKM (Sukkur-Multan route) is around 392km long and 31.25m wide. PKM is the largest communication project under the CPEC which has 6-lane access based on modern communication link and it is going to complete with the assistance of China's EXIM Bank. In the same manner, ML1 is also jumbo project which approved in May 2015 by China-Pakistan and signed by the Chinese National Company of Railway and the Pakistan Railway Ministry. So, ML-1 will be upgrade and will construct Havelian dry port (*Daily Times*, 2018). On the other hand, CPEC will also complete optical fiber cable project for both countries with the total amount of \$44 million and it will connect Rawalpindi to border area Khunjrab in which 820 km cable will use along with 9 locations engineering work and technical equipment installations (Embassy of China, 2018).

Development of Gwadar Port

Strategic Gwadar Port is under construction by the assistance of China which is the essential part of CPEC. It is only 107 miles (172 km) from Chabahar across the border with Iran and, Gwadar perceived to be hub of China maritime activities and it will integrate Kashgar in Xinjiang province with Gwadar on the Makran coast of Balochistan. Pakistan is also building military cantonment in Jiwani with the help of China which will protect Gwadar port. So, Gwadar will work as a sea link between the two countries and will connect to oil-rich Persian Gulf, and will access to landlocked Xinjiang (Yousafzai, 2016). Jeff Smith, a Research Fellow for South Asia at the Heritage Foundation argue that China is constructing ports for logistic services in Asia and Africa which is the part of its policy of "string of pearls of port" around the Indian Ocean" (Smith, 2019).

In this direction, CPEC will also construct Gwadar Free Zone in the northern side of area which is around 7km away from the port. The "Free Zone" area will be completed in the year of 2030 in four phases. In this regard, the 923-hectare Free Zone will be based on an initial area (25 hectares) which is located in the west and northern area (898 hectares) of the port. This area will be industrial zone and there will be cargo city for the facilitation of port (*Pakistan Today*, 2019). It has been perceived that after the compilation of Free Zone Gwadar will arise as a big commercial area in the region. Nonetheless, the completion of port project will certainly open a new chapter of progress and prosperity for the backward region.

Industrial expansion cooperation

Pakistan is keen for industrial development which is the backbone of country's prosperity and willing for the establishment of special economic zones (SEZ). In this regard, Pakistan's government established industrial development working group on the basis of skilled labour and vast market sources to develop manufacturing. Under the CPEC, China will help to Pakistan for its industrial structure including communication infrastructure, along with steel, cement and automobile sector. They are also cooperating to stabilize textile and small industrial zones. Moreover, Special Economic Zones (SEZs) and modern industrial zones are the essential part of CPEC projects. For this purpose, areas have been allocated in different parts of the country. For Baluchistan, federal government reserved some portion for local investors and given task to provincial government to decide about the matter without creating the sense of alienation (*The News*, 2018). In this regard, the Chinese experts already recommended development strategies for the establishment of industrial zones under CPEC project and desire to be connected with the economic development network for the stable and continue progress (Hussain, 2017). Both governments (Beijing and Islamabad) discussed in details for the establishment of the 5 (five) economic zones in various areas of the country and will start working at the end of 2025 (*The Economist*, 2017).

Trade policy under CPEC

The CPEC projects will provide significant advantageous to Pakistan's trade with China and neighbouring countries. Trade between two countries can measure under the Newton's Law of Gravity which is directly proportional to the mass of the countries (GDP) and inversely proportional to distance. In this method, geographical distance and related travel duration between China and Pakistan will decline because of modern communication network and the increase of GDP which will increase abruptly and ultimately environment will increase bilateral trade. Thus, it is reality that cross border trade can bring economic boom in the backward areas of the country. Moreover, it has proved that the CPEC will decrease the cost of commercial activities in Pakistan and increase effectiveness of its industries and will create incentive for exports. Furthermore, this decrease in border trade expenses will give enhancement to trade flows and in the long run it will move to economic integration with China. Nonetheless, in order to enjoy fruits, the country is involve to reduce the trade costs by controlling tariffs, and to increase cross border trade through trade agreements. In fact, Pakistan has strategic advantages to expand its trade through the Karachi sea port and its manufacturing is well-recognized in the hinterlands (Wong, 2017). Moreover, its poor domestic communication system is the great hurdle for the trade expansion. Goods containers from Sialkot to Karachi need more time to cover 1,000 kilometers which is highly cost oriented because internal transportation is very expensive and

China-Pakistan Economic Corridor (CPEC): A Multi-dimensional Plan 2017-2030 and Its Characteristics

tax system is also very complicated for exports in international markets. In the circumstance, the CPEC project is great hope for future work which is going to develop modern swift communication system along with road and railways and will coordinate by manufacturing facilities through the Karachi and Gwadar seaports (Maini, 2016). The well-equipped modern system of linkage of transportation will be less costly and will reduce travel time.

Job opportunities and social sector progress

The CPEC is a grand plan for economic progress and infrastructural development. It will develop stable infrastructure and sound bases for industrial development and economic progress. According to the sources the CPEC projects will create around 275,000 direct employment chances for skilled people in Pakistan. Chinese companies will also recruit local people to run multiple projects especially in electronic and consumer industry (Nien, 2010). It has been acknowledged that the CPEC will generate 700,000 jobs in Pakistan (Crisis Group, 2018). Another sources showed that CPEC could be an ocean of employment and it will create around 1.2 million opportunities only for the people of Pakistan (*The News*, 2019). In general, Chinese government is involved to trained Pakistani labour who will work infrastructural, industrial, electronics, education and agricultural sectors. For this purpose, they offered hundreds scholarship to Pakistani students for higher studies especially in the fields of Engineering, Medical, and Social Sciences (Blank, 2015). They have already established vocational training centers at Lahore and Quetta and also created Faqeer School in 2016 for primary education in Gwadar, which is called as “Chinese Pakistan Friendship School” and 500 students are getting education with all modern facilities (*Dawn*, 2019). In this context, Chinese have contributed primary books, school bags, uniforms, stationery and three buses for school students. Furthermore, China government also established around 500 medical care centers under the CPEC project and one small hospital has established in Gwadar port city.

Promotion of foreign exchange regime

Pakistan’s present foreign exchange regime is restrictive due to financial limitations because the country has to timely payback to donors, sellers and investors. In this regard, market trends play a vital role in the fixation of exchange rate and discharges on account of imbursement to the Chinese can move to additional constraint on foreign exchange regime and it can decline the trust of the market players. However, it is the responsibility of the country’s financial guardians to manage the exchange rate which is important to boost further export products, new firms, and new markets. In this way, Free Trade Agreement (FTA) must discuss again to protect the relative benefits of Pakistan’s trade and tariff quotas just to safeguard the country economic interests against any material injury.

Further, it is also necessary that import tariff rates must be rescheduled or slowly reduced which can enrich Pakistan's businesses to gain benefits from international supply chain (Kiani, 2017). In addition, Pakistan runs all its business through the US Dollars and have plan to replace Dollar by Chinese Yuan which can really benefit to Pakistan rather the US Dollar. On the other hand, RMB (*Renminbi*) which is the official currency of China (*Yuan is the base unit for RMB*) could be provide advantages in bilateral trade to Pakistan and RMB can be used for all monetary and marketable dealings (*The Express Tribune*, 2018). Both countries will allow to domestic banks to deal international currency over credit-based bids to assist financing for grand programmes including CPEC and encourage payments in RMB and rupees to decrease the request of third-party currency (Rana, 2017). However, China has taken lead to bailout Pakistan from financial problem and deposited \$2.5 billion as a loan in the Forex Reserves account and to stabilize the country position in the world.

China financial support

China and Pakistan both are in process to discover multi-dimensional cooperation and have desire to stabilize mutual policy understanding. Both established mechanism for financial management and taken initiative about financial products and prepare policy to manage financial hazards for reasonable financial situation which is essential for the triumph of CPEC projects. Both are willing to improve monetary cooperation among the central banks, promoting current bilateral currency for exchange management and discover to enhance the chances of public bilateral currency through the local banks on credit-based offers to help the projects by direct funding under the CPEC (Bokhari, 2019). This system will not only promote common domestic currency (RMB and Rupees), will ultimately decrease the level of third-party currency. This technique will assist to stabilize mutual trade, investment and development between China and Pakistan. Further, both will boost to clear and finalise the settlement of financial institutions via Cross-Border Inter-Bank Payment System (CIPS) and there will be free flow of capital. Both will also increase the assistance in cross-border transfer of legitimate assets (*The News*, 2019). For this purpose, China helps Pakistan through the Asian Infrastructure Investment Bank (AIIB) and willing to boost mutual financial sector and opening new financial institutions such as international consortium of banks in response of International Monetary Fund (IMF) and World Bank to help the friendly countries and to provide easy financial assistance like loans, grant and financial assistance. In this way, Pakistan is planning to launch 'Panda Bond' to rise up to \$1 billion from Chinese equity market (*Dawn*, 2019). In this regard, the CPEC projects will also contribute for the economic and commercial strength of Pakistan's economy. The direct effect of CPEC is to push greater Chinese FDI trend towards Pakistan and China is agreed to invest surplus Chinese savings in Pakistan through CPEC for the greater strength of its economy (Syed, 2019). There is a considerable possibility for Chinese financiers to invest in the projects

China-Pakistan Economic Corridor (CPEC): A Multi-dimensional Plan 2017-2030 and Its Characteristics

in local currency from the Chinese and Pakistani financial institutions which have sound credibility in term of capital base to cover the development projects (Ali, 2016).

China's skill development programme

The core contribution of CPEC to Pakistan could be technical training for skilled labour to work in various field of development and technological advancement. For this purpose, China-Pakistan both prepared comprehensive plan to meet the challenges of future requirements particularly for infrastructural and industrial development of CPEC projects (Kiani, 2017). The CPEC will create skilled workforce and include 16,000 labourer and engineers. It has also estimated that the CPEC has created approximately 2.3 million jobs and within that there will be around 400,000 to 700,000 direct jobs available only for Pakistani labour and this plan based on 2020-2030 in order to prepare the local workforce to handle the projects (Khawar, 2019). For this purpose, China is assisting to Pakistan and helping to establish training institutions in different parts of the country to produce skilled labour. On the other hand, Pakistan must design various levels of training programmes and attention would be given to youth from backward areas, particularly from Baluchistan and southern region of the country. In addition, Chinese companies are facilitating to trained labour for the success of CPEC programme and shown desire to produce skilled and trained technical manpower of different levels of expertise.

CPEC long-term plan

China and Pakistan have jointly formulated plan to materilise mutual cooperation for the success of CPEC projects. Both countries have signed the Short Term and Long-Term Plan at the 7th JCC meeting (Awan, 2017). The plan has provided macro guidance for the success of CPEC projects and equally need consensus before the implementations of whole project. The CPEC has designed the zones of regional connectivity and define important areas such as energy, trade, agricultural sector, tourism and industry. In the situation, China-Pakistan economic cooperation and social development has achieved remarkable progress. Both countries increase their trade which regularly growing swiftly, with the annual economic growth rate of 18.8 percent; mutual investment in economic development has been rising, and China has become the largest contributor of foreign capital in Pakistan (Reuters, 2017). In this background, China has leverage in infrastructural development, supreme quality manufacturing of equipments for technological advancement, industries, iron and steel manufacturing. In reality, the CPEC will greatly improve the movement of socio-economic development and expressively will improve the growth of economic resource allocation in an

effective manner and development will bring comparative advantage for both countries.

Key cooperation areas under CPEC

China-Pakistan Economic Corridor (CPEC) is a multi-dimensional project that is being described as a great leap forward and related to One-Belt and One-Road plan which has begun by China for modern rebuilding of the ancient Silk Route. In this way, China-Pakistan have signed many agreements and also agreed with many Memorandums of Understanding for greater cooperation in diverse areas of development. Moreover, Pakistan has great interest with CPEC and has signed on different contracts such as industrial development, agriculture improvement and socio-economic progress. In this regard, CPEC's Joint Cooperation Committee (JCC) also agreed to enlarge the projects including with petro-chemical industry, hydrocarbon projects, and maritime zone. Thus, Pakistan is using push factor for China to bring its small engineering technology and manufacturing structure to Pakistan. In response of that Islamabad will produce pull factor to increase manufacturing field which is weak area in the country.

Development of communication system

The key of CPEC project is based on the development of modern communication infrastructure which is the key of development. It is pivotal feature of socio-economic progress and will also increase inter-connective coordination between China and Pakistan for mutual improvement through development of transport system such as roads, railways; sea ports which are essential part of economic development and commercial activities (Jingfeng, 2019). So, communication infrastructure froms one city to other is important to enhance road safety and service levels and expand traffic capacity (Burki, 2015). In this connection, expansion of existing railway lines (especially ML-1 that is of strategic nature under CPEC), and construction of new developmental projects and to build an integrated transport system. Furthermore, establishment of Gwadar port, partnership and dissemination communication system is the success of economic progress. Thus, development of port and fast-track construction of East Bay expressway will enhance the competitiveness of the Free Zone to promote the social progress and economic development which is the part of grand development.

Information network infrastructure

Peaceful and smooth success of CPEC projects desire effective and impressive media which will work as a backbone for the protection and strength of grand economic strategy. It also necessary to counter negative and harmful propaganda from different countries who have vested interest to oppose the project. So, China

China-Pakistan Economic Corridor (CPEC): A Multi-dimensional Plan 2017-2030 and Its Characteristics

and Pakistan both are determined for the enhancement of information linkage and willing to promote realistic understanding by the development of effective communication system including radio and TV services. So, it is necessary to stabilize information and communication network between the two countries and it is a bridge of connectivity. For this purpose, both countries are in process to construct cross-border optical cyber cables which will upgrade Pakistan's communication network along with the national data center and the submarine cable landing station (Nasim, 2019). In the situation, Pakistan has accepted China's Digital Terrestrial Multimedia Broadcasting (DTMB) which will support the ICT-enabled development of Pakistan, as well as e-government, electronic monitoring and construction of e-commerce in Pakistan.

Promotion of free trade zone and industrial parks

CPEC is perceived to be radioactivity sectors which has given the multi-angle outline of mega plan which will greatly accelerate the industrialisation and urbanisation in Pakistan. It will also develop the projects on the line of technologically advanced and economically developed countries. In general, the CPEC has four priorities, including power plants, infrastructure development, renovation of Gwadar Port, and industrial development. The foundation for industrial development was laid during the last five years by addressing infrastructure and energy issues in Pakistan. In this regard, nine areas have been identified for developing Special Economic Zones across the country and three projects, including Rashakai, Quaid-e-Azam Industrial Park, and Dhabeji Special Economic Zone have been prioritized (Lijian, 2019). In this connection, Special Economic Zones will significantly contribute to overall economic development of Pakistan by enhancing Free Trade Agreement and Pakistan is among the first countries to sign Free Trade Agreement with China (*The Express Tribune*, 2019). So, both sides have been engaged to upgrade the existing FTA, and under the new FTA, Chinese government is offering ninety percent of market share to Pakistanis goods into Chinese market and for this purpose, China has increased sixty-five percent of the market access to Pakistan at zero tariff rate which is altogether is in support of Pakistan (*The Express Tribune*, 2019). Furthermore, both countries can establish Special Economic Zones (SEZs) in the major areas of Pakistan along with Kashgar Economic and Technological Development Zone and Caohu Industrial Park from Chinese side. Thus, China- Pakistan economic cooperation and Economic Zones are inevitable in order to establish investment platforms for companies and to extend transnational industrial chains.

Agricultural development and poverty alleviation

Pakistan also needs infrastructure construction, training of disease prevention and water resources utilisation, conservation and protection in the area of agro-

technology. Moreover, China can use its expertise to strengthen Pakistan agricultural and irrigation system and to standardise country's post-harvest handling, storage and communication network. In addition, Pakistan can effectively learn from the CPEC programmes and can improve agricultural sector. There is utmost need to change traditional infrastructure which will certainly increase the capacity of food and fruits and can improve the development of medium- and low-yielding land to gain better result for the utilization of resources. So, Pakistan already is taking help from China to improve drip irrigation technology for water capacity, crop farming, live-stock breeding, forestry and food growing. The country is also learning from China to improve post-harvest handling, storage and transportation of agricultural products including marketing and sales models.

Cooperation for tourism industry

The CPEC is a grand project of peace, prosperity and development. The project will bring socio-cultural changes in society and will become a source of new era for people and country as a whole because the project will boost country's tourism. So, tourism industry will create new business and job opportunities which will help to alleviate poverty. In this way, tourism will strengthen China-Pakistan economy and will open new joint avenues of collaboration and will benefit mutually. The venue of tourism will also help to increase mutual cooperation and people to people contacts with different culture and social classes which will help to stabilize public diplomacy and will boost friendly relations between the two nations.

Currently, the CPEC is the only option to revive tourism industry in Pakistan and it can play vital role to develop proper infrastructure, highways, railways and pipelines which will connect several spots and sights for bilateral and mutual connections, socio-cultural activities and people-to-people exchanges. This move expanded to Karakoram Highway which is not only strategic connection but it is also a socio-economic and cultural highway of tourism. In fact, Pakistan is home of Himalayan peaks, including K-2 and has strategically important Arabian Sea (Indian Ocean), deserts, and Indus valley (Awan, 2018). The country has unique bio-diversity because coming down from the wilderness of the mighty Karakoram then approach to historical cities of Taxila, Mohenjo-Daro, and Harappa. These areas are the heaven of historic Gandhara and Buddhist civilisations which is attractive to Chinese and other pacific nations (Hali, 2019). On the other hand, northern areas of Pakistan including Gilgit-Baltistan are a topographic heaven with snow covered mountains, natural freshwater lakes, waterfalls, pine forests, and breathtaking views. In the same way, traveling to the west of Karachi, people can enjoy beautiful natural beaches and amazing topographical structures. Moreover, Pakistan is also blessed with desserts like the Cholistan in Punjab and Thar in Sindh which will be equally attractive for the tourists. Nonetheless, there is a hope

China-Pakistan Economic Corridor (CPEC): A Multi-dimensional Plan 2017-2030 and Its Characteristics

that the day CPEC project will complete, tourism will emerge as a vibrant industry which will create huge economic activity.

Cooperation in people's livelihood and non-governmental exchanges

It is one of the objectives of CPEC that China and Pakistan should strengthen their cooperation to integrate local governments through the strength of communications among non-governmental organizations for people-to-people friendship and people's livelihood improvement. They should meaningfully improve people's livelihood to provide a good social environment for the success of CPEC projects. For this purpose, Pakistan can adopt the model of China's modernization, and urbanization programme for the purpose of municipal construction of the node towns by the CPEC which will develop public transport system, water supply and drainage systems (Yung-Nien, 2010). In this regard, Pakistan can take advantages of Chinese expertise through the training for livelihood and can learn from China in the field of forming and agriculture sectors (Jingfeng, 2019). In this connection, CPEC has comprehensive programme for social and economic development and vocational training in Pakistan and for the improvement of livelihood and cultural exchange between the two countries.

Investment Mechanism

China's has pledged to invest around \$60 billion to build comprehensive infrastructure development for economic development under the China-Pakistan Economic Corridor (CPEC), a network of roads, pipelines, power projects, industrial parks, communication and industries to increase regional connectivity and trade between the two countries. In fact, China has provided soft power opportunity to Pakistan to decrease the foreign influence over the country and adopt the policy of self-reliance. For this purpose, China provided handsome financial assistance to the country's battered economy and willing to pay more as a bailout package to stabilize friendship (Warner, 2018). Moreover, China presently helping Pakistan nearly half of its trade deficit, the country which is most weak to deal its debt distress but accommodate over 30,000 Chinese workers to complete the task of CPEC vision with new Silk Road (Warner, 2018). Furthermore, the CPEC is fully funded and sponsored by China and will provide benefits in economic investment and would like to funding in mutual investment and sharing benefits. In this matter, both countries should determine the areas of investment and financing manners as per the specification of projects and the value of cash flow. Both countries are bound to create essential marketable and commercial situations for the creativities to invest in the projects as per the rules of market, and establish a revenue sharing formula to estimate about the commercial returns from the various projects (Dawn, 2019).

Basic Principles of CPEC Long Term Plan

The 'Long Term CPEC Plan' is on board for completion and formal definition of the mammoth development project has been provided. The grand project is based on major collaborative scheme for infrastructure construction, industrial development and livelihood improvement, including socio economic development, prosperity and security in the concerned regions. It has been depicted as a growth axis, mutual benefits and common prosperity of China and Pakistan (Hali, 2017). It has proved that economic and social development has made remarkable progress including trade growth which is growing at a rate of 18.8 percent on average in the past five years (Kamal, 2017). The potential strength of CPEC is based on the natural resources of both countries which is successfully under-utilization for the advancement of infrastructure, industrial and communication development, high-quality production in equipment manufacturing, as well as financing and investment. In fact, the protagonists of CPEC will follow the principles of concerned governments guidance and market-oriented operational strategy. Spirit of partnership towards the projects and improvement, sustainable and development are in the high priorities. In this regard, the Long-Term Plan is a live document and it will be reviewed every two years by both countries (Malik, 2017). The plan will encourage Pakistan's agro-based economy on the footsteps of China, where information technology, research and sharing of resources are available to transformed Pakistan agro sector (*Pakistan Today Profit*, 2019). By virtue of economic development many areas will be transformed with the node of CPEC which is a launching pad of the One Belt One Road plan. In the same way, China and Pakistan authorities must be careful to approve mega projects because the sensitivity of area people have to address in terms of bottlenecks to Pakistan's economic and social development in different phases.

Conclusion

China-Pakistan Economic Corridor (CPEC) is a set of projects under China's Belt and Road initiative, marks a new era of economic ties in a bilateral relationship between the two traditional friends. The multi-dimensional project will not only reform Pakistan economy but it will serve for people's prosperity and will help to revive the country economy of both countries. The visions of project partners are clear and the goals of the short term, mid-term and long-term plans of CPEC have been identified. So, the CPEC is not just a transit route for China and Pakistan's exports but it will transform Pakistan's economy and overcome its problems such as unemployment, energy, underdevelopment, and overall external economic dependency by building capacity in all necessary sectors. Therefore, CPEC could promote economic development and growth which will open new avenues and investment to the country which is based on shared partnership of cooperation, mutual benefits and sustainability.

China-Pakistan Economic Corridor (CPEC): A Multi-dimensional Plan 2017-2030 and Its Characteristics

Thus, the CPEC is a grand programme and will deliver the economic gains to both China-Pakistan and it can be executed more efficiently and in a balanced way to serve the interests of both the countries. The project of CPEC is also important to China's energy and strategic security with reference to South China Sea and other regional and global players. Thus, CPEC could bring economic avenues to Pakistan and can improve regional economic and trade activities for greater development and prosperity. It has perceived that the project will not only foster socio-economic development but it will also reduce the level of political humidity and will be source of peace and harmony between the traditional adversaries. It has also assumed that regional economic integration through CPEC could be a harbinger to resolve the political differences by economic cooperation and regional economic connection could make 21st century the Asian century setting aside the perennial political issues to start a new beginning. Thus, in a longer perspective the CPEC can foster an economic community in the entire region of Asia and beyond if its vision is materialized in its true sense. The time will prove that the CPEC reap its fruits and will be advantages for not only Pakistan and China but for the entire region.

References

- Agricultural Cooperation with China to be enhanced under CPEC," *Pakistan Today*, April 3, 2019.
- Asghar, Arooj. (2018) "Energy Crisis and CPEC contribution," *Pakistan and Gulf Economist*.
- Awan, Farooq (2018). "CPEC and Revival of Tourism in Pakistan," *Daily Times*.
- Awan, Zamir Ahmed, (2017) "Understanding the China-Pakistan Economic Corridor," *The Express Tribune*.
- Bokhari, Farhan (2019). "China to Lend \$2bn to Pakistan to Shore up Rupee," *Financial Times*.
- Blank, Jonah, (2015) "Pakistan and China's Almost Alliance (RAND).
- Bakhtyar, Makhdum Khusro (2018). Development of Baluchistan is Key Priority of the Government," *The News*.
- Burki, Shahid Javed (2015). "Xi's Visit: Looking Back Many Years From Now," *The Express Tribune* (Karachi), April 27, 2015. See also by the same author, "A China-dominated Global Order,".
- CPEC Contribution for Pakistan Energy Needs, "http://pk.chineseembassy.org/eng/zbqx/t1626097.htm, Embassy of the People's Republic of China in the Islamic Republic of Pakistan, Islamabad.
- Chinese Embassy Issues Details of Financial Rundown of 22 CPEC Projects," <https://propakistani.pk/2018/12/31/chinese-embassy-issues-details-of-financial-rundown-of-22-cpec-projects/>
- CPEC – a win-win situation for Pakistan, China," *Daily Times*, December 31, 2018.

A. Z. Hilali

- CPEC to Create 700,000 direct Jobs for Pakistanis by 2030,” *The News*, 2019.
- China’s Loans to Pakistan to Lift Debt Repayment ability,” *The News*, June 16, 2019.
- China-Pakistan Cross-border Optical Fiber Cable Project, Special Report on CPEC Projects (Transportation Infrastructure: Part 3), Embassy of the People’s Republic of China in the Islamic Republic of Pakistan (Islamabad): 2018.
- Chinese Currency Gains Prominence as Pakistan Approves Issuance of Panda Bonds,” *The Express Tribune*, December 12, 2018.
- Chinese Foreign Minister Appreciates Progress on Zarb-e-Azb,” *The Express Tribune*, December 9, 2015, <http://tribune.com.pk/story/1006910/chinese-foreign-minister-appreciates-progress-on-zarb-e-azb/>.
- Country’s Installed electricity Capacity increased by 30pc to 29,573 Mw,” *The News*, June 16, 2019.
- Development of Gwadar will benefit entire world,” *Radio Pakistan*, March 29, 2019, Prime Minister Imran Khan performed ground-breaking of Gwadar International Airport at Gwadar.
- Dawn* (Lahore), May 29, 2015. 26 and *Express Tribune* (Karachi), May 1, 2015. 27.
- Dawn* (Lahore), June 11, 2015. 29.
- Falak, Jawad. (2017) “CPEC: Internal Significance and Challenges,” Strategem. Government Unveils CPEC Route.” *The Nation* (Lahore), May 26, 2015.
- Gwadar Free Zone to follow Shekou Industrial Zone model,” *Pakistan Today*, April 21, 2019. See also Youlin Magazine <http://www.cpecinfo.com/news/gwadar-free-zone-to-follow-shekou-industrial-zone-model/Njk2NQ==>
- Gwadar Port,” Gwadar Port Authority, <http://www.gwadarport.gov.pk/about%20us.html>.
- Hali, Sultan M. “CPEC Strengthening Pakistan’s Tourism Industry,” *Pakistan Today*, February 28, 2019.
- Hali, S. M. (2017) “Merits of CPEC long term plan,” *Daily Times*.
- Haque, Jahanzaib, (2019) Exclusive: The CPEC Plan for Pakistan’s Digital Future,” *Dawn*.
- Hussain, Faiz (2014). “Natural Gas Allocation and Management in Pakistan: Issues and Actors,” ISSRA Paper, pp. 26-32.
- Han Chinese Proportion in China’s Population Drops: Census Data,” *Xinhua*, April 28, 2011, http://news.xinhuanet.com/english2010/china/2011-04/28/c_13849933.htm.
- Irshad, Muhammad Saqib. “One Belt and One Road: Dose China-Pakistan Economic Corridor Benefit for Pakistan’s Economy?” *Journal of Economics and Sustainable Development*, Vol. 6, No. 24, 2015, pp.
- Jingfeng, Li. (2019) “CPEC: Progress and Prospects,” *Youlin Magazine*.
- Jinping, Xi (2015). “Pak-China Dosti Zindabad,” *Daily Times* (Lahore), April 19, 2015. The same article appeared in the special supplement on the Chinese President’s visit to Pakistan in *Express Tribune* (Karachi).

China-Pakistan Economic Corridor (CPEC): A Multi-dimensional Plan 2017-2030 and Its Characteristics

- Khawar, Hassan (2019). "CPEC and Skills Development," *The Express Tribune*,.
- Kiani, Khaleeq. (2017) "Yuan may replace dollar in Pakistan-China trade," *Dawn*, December.
- Kamal, Junaid. (2017) "Dynamics of Pakistan's Trade balance with China," State Bank of Pakistan Notes 04/17.
- Kugelman, Michael. (2015) "Pakistan's Other National Struggle: Its Energy Crisis," *The Wall Street Journal*, , <http://blogs.wsj.com/washwire/2015/07/09/pakistans-other-national-struggle-its-energy-crisis/>.
- LOS (2019) Issued to Two AJK Hydropower Projects," *Dawn*,.
- Lijian, Zhao. Acting Chinese Ambassador (2019) "Industrial and Trade Development Top Priority Under CPEC," Interview to radio Pakistan (Islamabad).
- Malik, Manzoor Hussain. (2017) "Dynamics of Trade Between China and Pakistan," State Bank of Pakistan Notes 04/17.
- International Journal of Social Science and Economic Research ISSN: 2455-8834 Volume:02, Issue:11 "November 2017"
- Mustaf, Sadaf and Ammad Zafar, (2017) "China-Pakistan Economic Corridor: Importance and Challenges for Pakistan and China," *International Journal of Social Sciences and Economic Research*, Vol. 2, Issue No. 11, (November 2017), pp.17-34.
- McCartney, Matthew. "The China-Pakistan Economic Corridor (CPEC): Considering Contemporary Pakistan through Old-Fashioned Economics and Historical Case Studies," *The Lahore Journal of Economics*, Vol. 23, No. 2 (Winter 2018), pp. 19–48.
- Markey, Daniel S. and James West, (2016) "Behind China's Gambit in Pakistan," The Council for Foreign Relations, <http://www.cfr.org/pakistan/behind-chinas-gambit-pakistan/p37855>.
- Maini, Tridivesh Singh (2016), The China-Pakistan Economic Corridor," Stimson Center.
- Nasim, Haider, "Pak-China Fibre Optic Link Activated for Commercial use," *The Express Tribune*, February 2, 2019.
- National Electric Power Regulatory Authority (NEPRA), January 24, 2017 Case No. LAG-361.
- Nien, Cheng Yung. (2010) "The Chinese Model of Development: An International Perspective," *Social Sciences in China*, Vol. 31, Issue, 2 (April 2010), pp. 44-59.
- Rana, Shahbaz. (2018) "China agrees to give \$2b loan to Pakistan," *The Express Tribune*,.
- Rana, Shahbaz (2017). "Chinese currency to get same status as the US dollar in Pakistan," *The Express Tribune*,.
- Richter, Linda. (1969) *The Politics of Tourism in Asia* (New York: Rutledge, 1969), pp.

A. Z. Hilali

- Rizvi, Hassan Askari. "The China-Pakistan Economic Corridor: Regional Cooperation and Socio-Economic Development," *Strategic Studies*, Rakisits, Claude. (2015) "A Path to the Sea: China's Pakistan Plan," *World Affairs*, Vol.178, No. 3 (Fall): 67-74.
- Ranjan, A. The China-Pakistan Economic Corridor: India's Options, Occasional Paper No. 10 (New Delhi: Institute for Chinese Studies, 2015), 16, <http://www.icsin.org/uploads/2015/06/05/31e217cf46cab5bd9f15930569843895.pdf>.
- Rehman, Shoaib ur (2018). "11 CPEC Projects Completed, 11 in Progress with \$18.9bn," *Business Recorder*.
- Reuters, (2017) "China is Investing \$75 Billion into Pakistan," *Fortune Media*.
- Qureshi, Aamir, (2018) "China-Pakistan Economic Corridor: Opportunities and Risks," Crisis Group Report -297..
- Shah, Saeed (2015). "China's Xi Jinping Launches Investment Deal in Pakistan," *The Wall Street Journal*, <http://www.wsj.com/articles/chinas-xi-jinping-set-to-launch-investment-deal-in-pakistan-1429533767>
- See the road map published by the Planning Commission, Ministry of Planning and Development and Reforms, Government of Pakistan: *Dawn* (Lahore), May 10, 2015. See also *Express Tribune* (Karachi), May 18, 2015 (Special Report on CPEC.);
- Second Phase of China-Pakistan FTA to be Signed on April 28," *The Express Tribune*, April 23, 2019.
- Smith, Jeff M. (2019) "China's Rise and Balancing in the Indo-Pacific," Heritage's Asian Studies Center, The Heritage Foundation - Washington, DC: Massachusetts Ave.
- Smith, Jeff. A research fellow for South Asia at the Heritage Foundation, USA.
- Syed, Baqir Sajjad. (2019) "China Acknowledge its Extending Financial Help to Pakistan," *The Express Tribune*.
- The Nation* (Lahore), April 22, 2015. See also Muhammad Amir Rana, "Economic Corridor Challenges," *Dawn* (Lahore), May 17, 2015. 28.
- Two hydropower projects being completed under CPEC to generate 1,630 MW electricity, APP, February 3, 2019.
- What is the future of the CPEC?," *The Economist*, March 28th 2019.
- Warner, Eric. *At The Dawn of Belt and Road: China in the Developing World* (California: RAND Corporation, Santa Monica, 2018), pp.
- Walsh, Declan. "After Decades of Neglect, Pakistan Rusts in Its Tracks," *The New York Times*, May 18, 2013, http://www.nytimes.com/2013/05/19/world/asia/pakistans-railroads-sum-up-nations-woes.html?_r=0. 11
- Yousafzai, Fawad. "Gwadar-Nawabshah LNG Project Part of CPEC," *The Nation*, March 28, 2016,
- Why Is There Tension Between China and the Uighurs?," *BBC News*, September 26, 2014, <http://www.bbc.com/news/world-asia-china-26414014>.
- Wong, Edward. (2008)"Doubt Arises in Account of an Attack in China," *The New York Times*.
http://www.nytimes.com/2008/09/29/world/asia/29kashgar.html?_r=0.
- Xu, Beina (2014). Holly Fletcher, and Jayshree Bajoria, "The East Turkestan Islamic Movement (ETIM)," *The Council for Foreign Relations*, <http://www.cfr.org/china/east-turkestan-islamic-movement-etim/p9179>.

Biographical Note

Prof. Dr. A.Z. Hilali is Chairman Department of Political Science, (DPS) University of Peshawar, Khyber Pakhtoonkhwa, Pakistan.
