

## **The implications and Geo-Strategic Dimension of China – Pakistan Economic Corridor and its consequences and benefits overall**

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### **Abstract:**

*Under the new One Belt One Road (OBOR) initiative, CPEC is the comprehensive measure and aspiring idea of the Chinese government to rebuild of prehistoric Silk Road. China start One Belt One Road project initiative, the first phase CPEC is anticipated to carry, harmony, opulence and prosperity in the regions is a whole and especially in south Asia. The CPEC consist of, railway tracks, oil pipe lines and routes. Which connect Kashghar, China northwest area to Pakistan Gwadar port in Arabian Sea through shortest route of only two thousand kilometers. However it consist several interior and exterior defies for both countries to appliance this billions-dollars task.*

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*Once this project is being fulfilled it will change the fortune of Pakistan. This Project will make also Pakistan to become develop, prosperous and advance in infrastructure and will boost the economic situation and international trade, local connectivity, overawed energy crunches, and will arise the person to person contacts between peoples in both nations. China has a great implication from CPEC as well, and reflects its a “leading project” due to CPEC they will get access via a shortest route to African, European and Middle Eastern countries. The international trade and markets of china will be robust and enhanced furthermore. This paper inspects the hurdles and challenges and also the benefits related to accomplishment of CPEC for both China and Pakistan. This paper investigates the background of the project that what it contains. Now a question arises what’s CPEC perspective? This paper will point out the impediments and challenges to this vital project and how will these countries handle it. China and Pakistan have to cope with that hurdles to completely understand the main aims of CPEC which is vital to the strategy of revitalizing ancient Silk Road, Founding the new one built one road for local, worldwide, business and trade association by building maritime routes, modern roads, energy, pipelines and much more grounded on by the idea of win-win situation.*

**Key words:** Pakistan, China, Economic corridor, regional integration, geo-strategic dimension, Technical & Technological Cooperation, Infrastructure & development.

## **INTRODUCTION:**

In coming decades it is hoped that Pakistan will be a hot destination for international investors due to its strategic location and higher percentage of youth in the population that can drive the country towards progress faster than ever before. Pakistan, one of the 6<sup>th</sup> populous country on the earth with an average middle-class sixty millions consumer, trainable labor force and beside that one of the fast rising emergent marketplace. The regularity milieu of Pakistan is being one of

the best investor-friendly on globe. Like others countries there is no limitations on foreign possession as like currency exchange conversion, return of incomes and profit or hiring of expats. Pakistan have At the Present considerable chances in devalued resources and corporations, and dynamic privatize initiative, huge infrastructure associated ventures schemes and investment projects particularly underneath CPEC. After cold war ending, the interdependence and globalization got stimulus. The geo strategic urgencies permit countries to acquire assistances from economic interaction and cooperate in handling their economics and socio political challenges and interest. As a consequence, mutual dependence between countries enlarged the states have now started to raise their political and diplomatic relationships with one another on the foundation of their geo-strategic benefits. Similarly, China and Pakistan, who are thought “iron brothers” both are diplomatic and strategic allies in the Region considered to expand their association in wider range both the traditional time-tested friends also sense the essential to surge and advance joint economic relationship<sup>2</sup>.

China Pakistan Economics Corridor is essential and advantageous project which achieves the aims and benefits for China and Pakistan jointly. It's anticipated also that will improve fiscal and economics collaboration among many actors in the region who involved in it, for mutual growth and development. While explaining the importance of CPEC, President Jinping said, “CPEC is essential point of our combined struggles to attain joint improvement and development, we have to initiative this project to drive our pragmatic collaboration, emphasis essentially on Gwadar Port, energy, infrastructure development, and industrial

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Impact of CPEC on regional and extra regional actors” Dr. Khalid Manzoor Butt and Anam Abid Butt Journal of Political Science XXXIII (2015) GC University Lahore

cooperation.”<sup>3</sup> Beyond its significance for our nations, the aspiring project will also unite the other states in the region as well. As this project consist of infrastructures like transportations, highways and maritime routes, consequently it would have ultimately vast influence on all adjacent states whom comes to join. While showing their desire to spread the benefits of CPEC.

President Jinping further said, “The arrangement and plan of the CPEC will prosperous and cover Pakistan is a whole while the benefits will also spread others states as well in the regions.”<sup>4</sup> No doubt, CPEC is a geostrategic plan which can become an economic blessing for the whole region, yet some regional and extra-regional actors are irritating and may view this project as dangerous for their political and strategic interests. April 2015 which can be considered is a historic year, President of China Xi Jinping visit to Pakistan and made a huge push in this regard, PM Nawaz Sharif and President Xi signed 51 agreements and memorandums of understanding (MOUs) worth US \$46 billion which is equal about 20% annually to Gross Domestic Products of Pakistan, one of the largest outward investment by China in Pakistan. This project as a confirmation and prolongation to the increasing mutual friendship bonds among China and Pakistan.

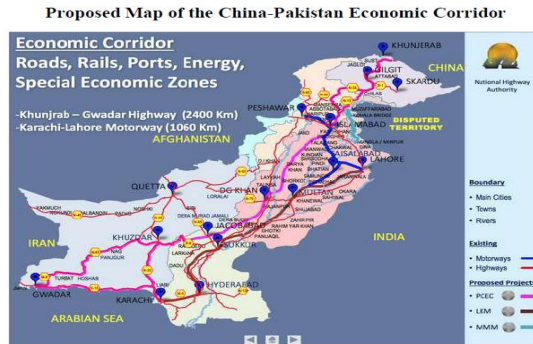
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<sup>3</sup>Text of President Jinping’s Speech to the Parliament in Pakistan,” April 21, 2015, [http://issi.org.pk/wpcontent/uploads/2015/07/PakChinaYear\\_of\\_Friendly\\_Exchange\\_Doc-1.docx.pdf](http://issi.org.pk/wpcontent/uploads/2015/07/PakChinaYear_of_Friendly_Exchange_Doc-1.docx.pdf).

<sup>4</sup>Ibid.

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Source: <https://www.google.com/search?q=Maps+of+Pak-China+economic+corridor&ie=utf-8&oe=utf-8>

It is well-shaped idea and thriving project, to release the development and significant collaboration among China and Pakistan and also aimed at the advantage of China and Western, Central and South Asian nations. Founded on the concept of win-win situation, this study will focus on the subtleties of the economic corridor by answering these questions:

- What concern and challenges are associated to CPEC accomplishment?
- Is it having a win-win situation for both countries?
- What are the perspectives associated and who will be the partners to join CPEC?
- What is the future prospects associated with CPEC and what is its strategic implication?
- What are the Impacts and consequences of CPEC on Regional and Extra-Regional Actors?

The China-Pak economic corridor is regarded quite useful for the countries involved in it not only but as well also for the whole region. Inter-Regional connection and development is the main aim of it. Moreover, the land locked Central Asian states and Afghanistan will become close to Arabian Sea underneath

the operation of China-Pak economic corridor .It would demonstrate to grab the threat of violence and terror from the area, which is a main danger to the safety and constancy of the area. Besides, the development of Pakistan under economic corridor, it seems a hope for the enhancement of Pakistan and India relations. Similarly, there is chance of constancy in Afghanistan, since China would easily access and invest in Afghanistan through the stability and improved infrastructure of Pakistan. PM of Pakistan Nawaz Sharif consider it as a “Game-Changer” and “Corridor to Peace” for the area. China will also acquire a chance to advance and develop its backward province ‘Xinjiang’ of the Northwest.

China realizes US “axle to Asia” strategy contrast to its main securities, and has opinion that United State wants to impede his development and growth by increasing collaboration and creating coalition with emerging powers like India, North Korea, Malaysia, Singapore, and other East Asian nations hence that it can preserve its sovereignty and domination in the South Pacific region. Additional China perspective is to find a substitute to Strait of Malacca, The South China Maritime, which is being disputed between China and some Southeast Asian states.

The Channel of Malacca attach China through worldwide trade an expansive 12000km maritime route, and also to carriage their goods through transportation to the Xingjian province, the Chinese travel another 3500kms. most of China’s oil and goods, passes over that Channels, whose governor is frequently defied for supremacy by other nations increasing to the ‘Malacca disputes’. CPEC reduces the lengthy route to only 2700km across Pakistan. Gwadar port has a capacity of 200000 ton tankers, which grants Pakistan matchless opportunities for enhancing international economic interconnectivity. Positioned strategically, at the termination of the CPEC, there is a junction of many oil exporting countries,

Gwadar automatically become one of the important transshipment port. The Gwadar airport will be also important and predicted that there will be establishment of crude oil refineries, vigorous trade centers and the facilities to dock big ships. Unfortunately Pakistan faces even more political volatility, insurgence, ideological skirmishes, terrorism and nationalist actions as the CPEC become in evolutions. So Pakistan should develop adroit diplomatic and enhancement political reforms at home.

Of the expected external allies, Russia is to be found to get benefit from CPEC new trade routes and consequently marks a natural target for support. In recent progress Pakistan and Russia have reached to an agreement in principal, according to which Russia will be given access to warm waters of Arabian Sea through Gwadar, and Russia will also be a part of CPEC. According to dawn news the chief of the Russian federal security services (formerly KGB) visited Pakistan and met his counterpart in Pakistan and this was decided in the meeting, meanwhile a gold plated gun was also gifted to the guest, KGB aka FSS chief visiting Pakistan is very significant for Pakistan Russia relations.<sup>5</sup>

Primarily the CPEC faced hostility from Iran who apparent it to be a rivalry and as working with India to develop its port of CHABAHAR. Though, recently in September 2015, Iran has considered choices of involvement in CPEC, the goal being to improve connectivity via road and railway networks to enlarge the possibility of trade and transport. But good things for Iran is that as part of CPEC, China and Pakistan will build the liquid natural gas (LNG) station at Gwadar and 700 km long pipelines to import LNG from China which can become the Iran-Pakistan pipeline also.

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<sup>5</sup>Source: <http://defence.pk/threads/russia-to-get-access-to-warm-waters-and-be-a-part-ofcpec.463084/#ixzz4R1npfFOQ>

In the opinion of India who have rediscovered new issue about Gilgit Baltistan who consider it a part of Indian occupied Kashmir. It visualizes severing a Pak China land link and is at discomforts to show and present new map to the world, think that Gilgit Baltistan as Indian Region, an unabashed effort to figure global view. Also, the Thar Desert in southern Pakistan with its huge coal reserves, is another place of issue due to being contributory in energy generations plan united into the corridor. Thar region could be exclusively exposed to Indian intervention. A probable for future skirmish reveals gloomily and keeps Pakistan in a risky position, with there being intimidations at its extremes, i.e. at Thar, Gilgit Baltistan, and also it the western boundary.

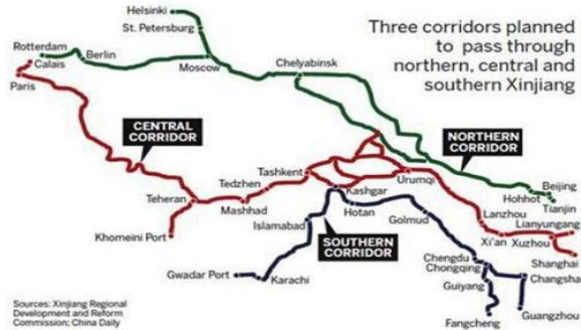
United Arab Emirates (UAE) also looks to be unhappy with the idea of CPEC. It is obvious and a fact that its ports play vital part in economy of UAE and once Gwadar port becomes complete and start operational it will directly or indirectly upset Dubai port, which will ultimately lose some of its business. However UAE should recognize the ground truths which show that the disadvantage of CPEC and Gwadar for UAE are not for longer period. In future, if UAE makes investment in real estate and construction in Gwadar, it can generate huge profit for UAE.

### **One Built One Road (OBOR):**

CPEC is the wider part of the Chinese governance and aspiring vision of reconstruction of olden Silk Road under the new One Belt One Road (OBOR) initiative. This would integrate countries like as Egypt in the Middle East and European countries and important global points in Eurasia. The linkage getting bigger in the form of Land Silk route and Maritime Silk route would connect the regional countries through trade leading to an economic affluent in the region. Gwadar port has



the uncommon peculiarity of being one the few points where one belt and road would intersect.



The highway is very essential for China, because it has a two way use, it will open the Middle East energy sources to Chinese energy necessities and China can sell its goods into Pakistan, Afghanistan and whole Middle East. So it's a very enormous pace for Chinese economy, it will have entree to its energy wants and it will get a new and innovative market for its goods and services.

### **Security anxieties:**

Security fears are one of the main serious defy to the project and both countries are trying to cope with this challenge. An arch of violence stretches from Xinjiang to Gwadar involving of groups like the East Turkestan Islamic Movement, Tehreek-e-Taliban Pakistan, Lashkar-e-Jhangvi, Baluchistan Liberation Army, Baluchistan Liberation Front and the aggressive arms of some political parties. Most of these groups may not have an antagonism with China itself but rather intend to attacks the Chinese interests like the CPEC as a means to deal with the Pakistani state. Gwadar is the end of the Silk belt, which will connect at Kashghar via diverse communication links. The security and safety of the entire corridor and Gwadar is a real anxiety for China and Pakistan. The foremost worries are about the Kunnar and Nooristan regions of Afghanistan, where

several extremist groups are hiding, so it needs an improved consideration among Pakistan and Afghanistan which is vital to attain border security and safety.

Defies related in construction of the project is essential to be recognized by the government of Pakistan and undertook in time to address the hitches in the execution of it. For The security anxieties of Chinese personnel working on CPEC, a Special Security Division (SSD) have been set up. Likewise disputes associated with routes, arguments and strains must be set by the Government of Pakistan and should give the clearly mention its stance on CPEC that whether the Government of Pakistan is supporting one Province by giving all of CPEC shares to Punjab or the three Provinces and Gilgit Baltistan is also considered as part of Pakistan. As the menace awareness both countries government have to be actual, Pakistan will be provide SSD, including of 12000 young army divisions and CAF (Civil Armed Forces) arms devoted to safeguard CPEC project.<sup>6</sup> These projects also give access China direct entrance to the Indian Ocean and yonder, designs a main progress in China strategies to increase its influence in Central and South Asia. As China is one of the largest oil importuning country, energy security is a crucial anxiety. It acquires a pipelines that nearly expand from the Gulf to China, which decreasing thousands of kilometers of maritime via Southeast Asia.<sup>7</sup>

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<sup>6</sup>China Pakistan Economic Corridor (CPEC)” Dr. Dhruvajyoti Bhattacharjee. Indian Council of World Affairs, Issue Brief 12 May, 2015

<sup>7</sup>CPEC: Challenges and Opportunities for Pakistan”, Massarrat Abid and Ayesha Ashfaq. *Pakistan Vision Vol. 16 No. 2*



### **Political anxieties:**

The absence of political coherence is the key challenge to execution of the CPEC project. Some sub nationalist parties in all the provinces have stated profound requests about the project, demanding that there is an alteration in the routes by the Federal Government and only favor the eastern provinces of Pakistan and divest the western provinces. The underdeveloped provinces of Baluchistan and Khyber Pakhtunkhwa have expressed an objections over the planned new route, which can hinder the accomplishment of the project. There is a need to bring political coherence in all the provinces of Pakistan because it is essential at present-day, when Pakistan is going to join the sprint for economic growth, development and regional integration it should involve all the Provinces in this Project and give them their rights.

In fact the operation of the CPEC project has driven a sequence of national political discussions in Pakistan. Firstly, an argument arose among the provinces and the political parties over the route and railway between Gwadar in the country's southwest and China in the northeast. This clash has meanwhile given way to general agreement that there should be several routes benefitting and promoting as many provinces

as possible. But there is still continuing dispute over whether the eastern or western routes should complete first.

**Eastern route:** The eastern route will run through only a few regions of Baluchistan and Khyber Pakhtunkhwa. This alteration in original plan got some critique from ministers of these provinces because the new route will divest their particular provinces of progress, development and employment prospects.

**Western route:** it is considered the original route which the government declares it has delayed till the eastern route of the corridor is finalized. Conferring to the western route proposal, which starts from Gwadar and goes through some southern and eastern districts of Baluchistan, and some districts in South Punjab to reach D.I. Khan in KPK respectively. From D.I. Khan it further spreads to Islamabad and Abbottabad and from there forwards the route joins with eastern route. The western route will have an extra regional connectivity linking to Afghanistan via Chaman and will attach to Iran through Quetta-Kho-e-Taftan link”.<sup>8</sup> The western route is the original one but Pakistani politicians change the route for their political gain to get more vote as Punjab is the populated Province of Pakistan having more seats in the National Assembly and only promote that area to whom which it belongs. The currently approved Hakla-Yarak motor way is not the western route decided in national consensus of 28<sup>th</sup> may 2015 there is no western route in the files of Islamabad and the land of KPK<sup>9</sup>.

Actually CPEC is the name of multiple roads of one corridor, in Pakistan there are three major routes having several roads are the part of this project, western route, eastern and central route all of these three routes will be connected

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<sup>8</sup>The Geo-Strategic Dimension and Challenges” Majid Mahmood China – Pakistan EconomicCorridor

<sup>9</sup>Dr Sayed Alam” member of APC talking to local talk show program Khyber news.

through highways and motor ways. However, western route is more vital relatively than others because it will open the door of prosperity and development in Baluchistan and KPK which are the backward province in Pakistan, because Chinese investors will establish their manufacturing zones on this route, which will upsurge the chance of employment in these far-flung and underdeveloped regions but unfortunately some political entities are defaming both of the Provinces and showing a very bad image that there is no peace , they are terrorists and extremists which is totally wrong. In fact the People of these two Provinces are famous for hospitality, peace keeping, bravery, harmony and Solidarity of the country.

**Map of the Western Route of China-Pak economics corridor as Decided on the Time of All Parties Conference held in Islamabad on May 28, 2015.**



Source: <https://www.google.com/search?q=maps+of+China-Pakistan+Economic+Corridor>

**The perspective of CPEC for both countries and several contract signed are:**

**The Chinese Perspective:**

By investing profoundly on the economic corridor, China has made an effort to achieve various benefits of its own. Energy

and various projects of about 46B dollars will be completed in more than six years, where Chinese enterprises will be capable to work on projects as profit making bodies. According as media news, the Chinese state and its banks would lend it to its own corporations to carry out the projects, thus makes it a profitable ventures.

### **Energy Resources, Easy Access to Africa, Middle East and the Europe in the future.**

China needs energy, and it is truth that every developing or developed country needs energy for further development and make the country a hot destination for investment on the globe. By investing in Pakistan, China has taken its first step in the long journey it has planned. Through Pakistan, it can gain ease of access to markets of Middle East and then to Africa and if possible, Europe.

### **The Pakistani Perspective:**

The foremost attainment of Pakistan is to fasten with China as to discover a quick and resilient solution to the widespread energy crunch that has immersed it. The planned project would endeavor to solve derelict electricity short fall, which consume about 2 % off the Pakistan GDP each years annually and will augment 10400 MG to Pakistan energy grid stations through coal, nuclear and renewable energy projects. Both countries have signed agreements on 20 April worth of 28B US dollars to instantly begin ‘early harvest’ projects, it contain; Punjab solar power park (1000MW); Suki Kanari (KPK,870MW) & (Karot, Azad Jammu Kashmir), hydropower project (720MW); three wind power projects at Thatta of United Energy Pakistan (100MW), Sachal and Hydro-China (50MW) both respectively; Chinese government’s concessional loans for the second phase up gradation of Karakorum Highway (Havelian to Thakot); Karachi-Lahore Motorway (Multan to Sukkur), Gwadar Port

east-bay expressway project and Gwadar international airport; providing of material for tackling climate change; projects in the Gwadar Port area and establishing of China Pakistan Joint Cotton Biotech Laboratory and China-Pakistan Joint Marine Research Centre.

A contract for assistance among the State Administration of Press, Publication, Radio, Films and Television of China and Pakistan's Ministry of Information, Broadcasting and National Heritage and a three-party agreement between China Central Television and PTV and Pakistan Television Foundation for rebroadcasting of CCTV-NEWS/CCTV-9 Documentary in Pakistan were also signed. Protocol agreements were signed on the establishment of sister-cities relationship between Chengdu, China's Sichuan province and Lahore; Zhuhai, Guangdong province and Gwadar and Karamay (Xinjiang Uyghur) and Gwadar.

Another agreement was signed on the Gwadar-Nawabshah LNG terminal and pipeline project. Commercial agreement and contracts on financing for Lahore Orange Line Metro Train project, Port Qasim 2x660MW (1320MW) coal-fired power plant, Jhimpir wind power project, Thar Block II 3.8 million tons coal production per annum and Thar Block II 2x330MW (660MW) coal-fired power project.

A financial cooperation contract was signed by China Development Corporation and Habib Bank Limited for the implementation of the CPEC. A MOU between WAPDA, PPIB and China Three Gorges Corporation (CTG) for cooperation in development of hydropower projects and Silk Road Fund on the development of private hydropower projects were signed.

A financing facility contract among Industrial and Commercial Bank of China (ICBC), PCC of China and HDPPL for Dawood wind power project and a framework agreement on financial services corporation between ICBC and HBL for

promoting Chinese investments and development of industrial parks in Pakistan were also signed.

### **Future Prospects:**

From the above study we found that China is now tied up in an unmatched close mutual collaboration with Pakistan through a variety of ranges. From a local, national and global political side, and support its relationships with Pakistan. Apart from India, regional powers such as the US, Arab states, and Iran, are optimistic about China takes charge for keeping regional order in Afghanistan and Pakistan. Also other SAARC countries may get closer to China in hope of such investment and partnership. Central Asian Republics states which are land lock and have lavish of natural resources like Uzbekistan, Turkmenistan, Tajikistan, Kazakhstan are keen to get into close relations with china and Pakistan and get access to the sea and broadening of energy channel which CPEC project can achieve.

Consequently, in the imaginable upcoming decades, both nation relationships as well as the increase of China influence in Central and South Asia will develop further as they pursues the “One Belt and One Road” initiative, slowly changing the United states prevailed status-quo. Subsequent his growth to supremacy, president Xi has made key modifications to China external policy and had no longer ready to show a passive and low key roles, and have seek great power position reliable with its particular supremacy which can affect the international.<sup>10</sup>

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<sup>10</sup> Report, the Strategic Importance of Chinese-Pakistani Relations”. Al Jazeera Centre for Studies Tel: +974-40158384 [jcforstudies@aljazeera.net](mailto:jcforstudies@aljazeera.net) [Http://studies.aljazeera.n](http://studies.aljazeera.n)  
By Raymond Lee 3 August 2016



## CONCLUSIONS AND SUGGESTIONS:

Leaders and peoples of Pakistan describes the Corridor project as a game changer not only for Pakistan but for the region as well. Though, the fruits of corridor will be yield in the coming decades. So it needs a continuous grit on part of both countries to stay stable on the advancement.<sup>11</sup> Also, protections are required against corruption and dishonesty. Pakistan will have to deliver safety to engineers, technicians, workers and labor who works on the projects. Corridor project will eliminate energy crunches of Pakistan while linking the economy of Pakistan with its neighbors. India is only missed from the linkage project and upraised complaints to the planned building of the projects over Gilgit-Baltistan territory. China commitment with Pakistan give a chance to counter balance the Indian-US strategic relation.<sup>12</sup> The ten energy project comprised beneath the corridor umbrella are crucial and serious to fulfill Pakistan power necessities. Some may face financing and implementation difficulties as a result. It seems vital to create a neutral mechanism to address and resolve objections quickly, obviously, honestly and fairly. Also, disputes about the routes disagreements and strains among several

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<sup>11</sup>Dr. Hasan Askari Rizvi, "The China-Pakistan Economic Corridor: Regional Cooperation and Socio-Economic Development", [http://issj.org.pk/wp-content/uploads/2015/12/Hasan-Askari-Rizvi\\_3435\\_SS\\_41\\_20142015.pdf](http://issj.org.pk/wp-content/uploads/2015/12/Hasan-Askari-Rizvi_3435_SS_41_20142015.pdf)

Mir Sherbaz Khetran, "The Potential and Prospects of Gwadar Port", Institute of Strategic Studies Islamabad (ISSI), *Institute of Strategic Studies Islamabad (ISSI) Journal*, Vol. 34 and 35, No. 4 and 1, (Winter 2014 and Summer 2015): 73, (accessed April 10, 2016), [http://issj.org.pk/wpcontent/uploads/2015/12/Sherbaz\\_3435\\_SS\\_41\\_20142015.pdf](http://issj.org.pk/wpcontent/uploads/2015/12/Sherbaz_3435_SS_41_20142015.pdf)

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The China-Pakistan Economic Corridor "Regional Dynamics and China's Geopolitical Ambitions" by Louis Ritzinger National Bureau of Asian Research, Commentary Published: August 5, 2015

political groups and leaders associated to corridor project must be kept aside and accomplishment should be given top priority by the government of Pakistan.

Hence, government should deal positively with all the challenges in constructing of corridor and change this golden chance into an economic realism. The corridor project would also address the grudge of Baluchistan and Khyber Pakhtunkhwa provinces. The people would have an economic progress and would get opportunities to trade and invest. The oil and mineral resources of the province would be explored and the establishment of Gwadar port, Gwadar International Airport and Special Economic Zones (SEZ) would further improve the strategic and economic location of Baluchistan. CPEC would open job opportunities for the Balochi youth that would attain modern innovative skills in the future being part of CPEC.

The emblematic and strategic role of Karakoram Highway is another side of CPEC strategy. CPEC has opened opportunities for locals in Azad Kashmir and Gilgit-Baltistan as some routes of CPEC would pass through Gilgit-Baltistan. The development of this economic corridor is a win-win situation for both Beijing and Islamabad. This holds incredible potential as it would rise economic prospects and activity in Pakistan. It will also enable Pakistan to expand its interactions with Central Asian countries and Afghanistan as in the case of China. The shift of operations in Gwadar into the hands of the Chinese is certainly a matter of deep concern for the major stakeholders in the Indian Ocean, particularly the United States and India.