

CHINA- PAKISTAN ECONOMIC CORRIDOR: MYTH AND REALITIES

*Zahid Yaseen; Tahir Mahmood Butt; Mohammad Riaz

Govt. Post Graduate College for Boys, Satellite Town, Gujranwala.

*Corresponding Author; Dr. Zahid Yaseen, mr.scholar5455@gmail.com Cell # 03456644953

ABSTRACT: *Pakistan China economic corridor is the project to bring the prosperity in Xining and to decrease the distance in China and Middle East via Gwader port. To interconnect the Pak-China borders and to decrease the distance among the states via constructing the roads and rail routes. It would also be beneficial for Pakistan and this attachment will be more helpful for the western part of China, Afghanistan and Central Asian states could also gain benefits from this project. The import from China can disturb the industry of Pakistan .But it would be totally based on the security situation of Pakistan. The research is based on the analysis of the authentic material in the form of literature in comparative relations of the states. Historical theory, as well as the historical relations of China and Pakistan in economic corridor would be analyzed in perspective of reality and myth. Through the conceptualization of the data, the researchers have developed their stance that if this project is completed on time, it would be beneficial for both the states and prosperity will come in western part of China as well as in Pakistan. CPEC is not unique project various states are interconnected throughout the world with the help of railway tracks and routes.*

Key words: *Economic prosperity, Regional integration, short route, strengthening the friendship.*

INTRODUCTION:

China Pakistan relations remained positive from the very start. History of pure relations leads both the states towards a big project. This project will be useful for both the states. With this project western part of China will be upgraded and the economic situation of Pakistan will be changed. Infrastructure would be settled in Pakistan. Pakistan will entertain these projects and China will maintain its hegemony in the Persian Gulf, its distance will be decreased; the circle of Strait of Malacca would be escaped with the extra distance. Pakistan's benefits can also be feared that China's industry will disturb the Pakistan's industry and it will never allow Pakistan's industry to promote. On the other hand if Pakistan's security situation is not heading towards positive directions what would be with Pakistan (in perspective of CPEC), it would be tried to answer these questions in the following with the name of myth and reality.

China's ambassador to Pakistan Sun Weidong exposed the will of China with the words that China's hopes are that Pakistan will play a great constructive role not only in the region but also on international level. He also mentioned that china will bring peace, prosperity, and development in the world with the help of Pakistan. He further mentioned that our friendly and bilateral relations will bring more benefits to the masses of the states. Zhou Gang another ambassador to Pakistan and a scholar called the friendship of both the states with the name of 'guarding against international hegemony'. He further emphasized the extra strong relations against unilateralism of the world, security and sovereignty interest of both the states. He emphasized on strong relations of both the states. He suggested that both the states must never allow the other states to intervene in their personal matters. Chinese scholars have always preferred and appreciated the positive relations of both the states with different names and phrases like 'shared intellect' 'common interest' 'shared responsibility' 'shared destiny of Pakistan and China, China Pakistan economic corridor is a game changer in this region, this corridor will connect china with the Europe through Central Asia. It is hi-hoped that Iran Pakistan gas pipeline would be connected with China through this project. This

route will also decrease the time period between China and Persian Gulf from 45 to 10 days. 1600 km distance will also be reduced. [1] A 2500 km pipeline construction is also a part of CPEC project from Gwader to Kashgar [2]. The development in northern areas of Pakistan can also develop the tourism industry in northern areas of Pakistan. China is the largest consumer market of gemstones. Pakistan's potential is 800000 crates of Ruby and 875000 crates of Emerland, five million crates of Peridot, these are all underutilized. China can gain benefits from this opportunity [3].

Pakistan's official export of rough gemstones for the year 2005-06 was \$4.350million, with the major markets being USA, Hong Kong, Germany and the United Kingdom having 33%, 25% and 5% market shares respectively.

Co-operative framework for PCE:

Prime Minister conducted a meeting with the Chinese investors for investment in Pakistan. Five agreements were signed between Pakistan and China in the visit of president of Pakistan in February 2014. The field of these agreements was economy, trade, energy, regional connectivity and people's mutual contacts. Twenty seven agreements were signed in visits of Prime Minister of Pakistan Nawaz Sharif in July and November 2014 [4]. Pakistan and China have multidimensional agreements project with strong bilateral trade relationship. Current trade of both the states is about \$12 billion per year, it is expected that it would be doubled in coming years. More than 120 companies are working in Pakistan. Not only leadership of both the states is welcoming these projects but also the masses of both the states are appreciating them. In 'treaty of friendship' appropriately 250 agreements are signed including long and short term projects. Reconstructing the Karakoram Hi-way is under the project with the name of 'early harvest project' another important agreement for spreading Fiber-optic cables from China to Rawalpindi for the improvement of Pakistan's access to international communication network, this project is of \$44 million and 85% share would be of China and this project would be completed in three years [5].

Table No1: Pakistan's Exports of Gemstones (Value in \$ '000')

Countries	2002 – 03	2003 – 04	2004 – 05	2005 – 06
Australia	6	12	15	43
Austria	22	14	57	47
Canada	5	3	8	57
China	27	10	9	70
Dubai	55	38	-	-
France	46	108	20	52
Germany	317	417	338	557
Hong Kong	832	1611	871	869
India	175	824	190	307
Italy	18	53	89	39
Japan	11	23	22	60
Netherlands	9	14	329	44
Thailand	123	188	334	366
USA	330	417	597	1067
UK	55	50	388	141
Others	7	58	114	55
Total	2173	3696	3601	4350

Source: EPB & APCEA

**Table No
-2 Chinese share in investment in Pakistan**

Estimation of Local component	Investment of China (USDbn)	Domestic share in %	Domestic Share (USbn)
Energy	33.8	20%	1.8
Coal	8.8	20%	0.1
Wind	0.5	50%	2.1
Hydel	4.2	0%	00
Solar	1.7	20%	1.9
Mining expenditures	9.0	50%	4.5
Roads	5.9	80%	4.7
Rail	3.7	50%	1.8
Mass Transit in Lahore	1.6	50%	0.8
Gwader port	0.7	50%	0.3
China Pak Fiber Optics	0.0	0%	-
Total	45.7	--	18.1

Source: BMA Research.

Following is an overview of the recent developments in the fields of road construction, railway lines, and Gwadar seaport related projects under the CPEC.

The plan and progress:

CPEC is also co-operating in the energy sector of Pakistan through the construction of Diamir Bashah Dam, coal project at Sahiwal and Gadani, construction of Orange Metro train in Lahore, rail routes from Gwader to Jacobabad, textile industrial park Faisalabad, Thermal power project at Qasim

port and power plant of solar panel at Bahawalpur in Quaid-e-Azam park is also the part of CPEC project [7]. CPEC will increase the GDP of Pakistan and the Stock Market impact would be strong. The income would be accelerating the income level in Pakistan. A 50 megawatt windmill project will also be settled by a local subsidiary of united energy group at Thata. Suki-Kinari Hydro power 870 MW and 720 MW at Karot would be settled under CPEC agreement [8]. The implementation of these projects has been divided into three phases with the name of long-term, medium term, and short term. Long term would be completed till 2030, medium term till 2025 and short term would be completed till 2017. The focus of both the governments is to complete short term projects on time, these short term projects are the construction of Kara Karam Hi-way, construction of Karachi-Lahore Motorway (KLM), Orange Train in Lahore, compulsory projects related to Gwader [6].

Roads:

Road construction is an essential part of CPEC, roads would be the direct link from Khunjrab to Gwader. For this easy reaching China will construct vast roads, now Karakoram Hi-way which was constructed in 1979 is not fulfilling the requirements, there is a higher need of its realignment and rehabilitation. The project would be started from Attock (Punjab) & would be avoided to land-slide prone areas and some sharp turns up to Mansehra. From Burhan an alternative route would be constructed. With Burhan link it will be connected with Havelian where a dry port is planned under CPEC, the project would be completed by the end of 2017.

Table No-3 List of Major projects:

Projects	Details
Gwadar Port	Completed, handed over to China for 40 years starting 2015
Upgrading of Karachi-Peshawar Main Line	Feasibility study underway
Khunjerab Railway	Feasibility study underway
Karachi - Lahore Motorway (KLM)	Approved, Under construction 2015
Havelian to Khunjrab Rail track	Project is expected to be completed by end of 2017. The network of Pakistan motorways will be connected to Karakorum Highway near

	Rawalpindi/ Islamabad. Hazara Motorway will be connected to M-1 and M-2 near the capital.
Hazara Motorway (Also known as E35expressway)	Approved(under construction)
Havelian to Khunjrab Rail track	Under construction. Connect with M-1 and M-2 at Burhan, near Islamabad/ Rawalpindi. The project is expected to be completed before end of 2016
Iran–Pakistan gas pipeline	Under construction, Iran's part of the pipeline is completed
Gwadar-Ratodero Motorway	Under construction, approx. 820-km long, expected completion Dec, 2015
Economic Corridor Support Force	Completed, armed division of the army for security of workforce, cost \$250 million
Havelian Dry Port	Feasibility study underway for the container port
Orange Line (Lahore Metro)	The work has been started. The project is expected to be completed towards end of 2017
Upgrading of Gwadar International Airport	Work has been started and project is expected to be completed by December 2017
China-Pakistan Joint Cotton Bio-Tech Laboratory	Approved
Gwadar-Nawabshah LNG Terminal and Pipeline Project	Approved
700 MW Hydro-Electric Suki Kinari Hydropower Project	Approved
Port Qasim 2x660MW Coal-fired Power Plants	Approved
720MW Karot Hydropower Project	Approved
Zonergy 9x100 MW solar project in Punjab	Approved
Jhimpir wind Power project	Approved
Thar Block II 3.8Mt/a mining Project	Approved
Thar Block II 2x330MW Coal Fired Power project	Approved
Development of Private Hydro Power Projects	Approved
Dawood Wind Power Project	Approved
Hubco Coal-fired Power Plant Project	Approved
Cross-border fibre optic data communication system project, a digital terrestrial multimedia broadcast pilot project at Murree	

Figure 1: Pak-China Economic Corridor Road Network Map

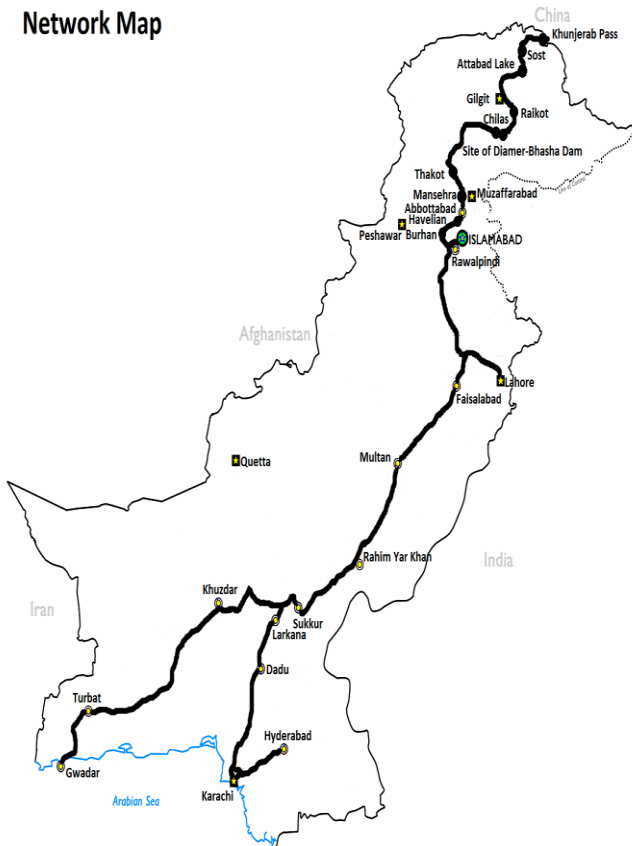
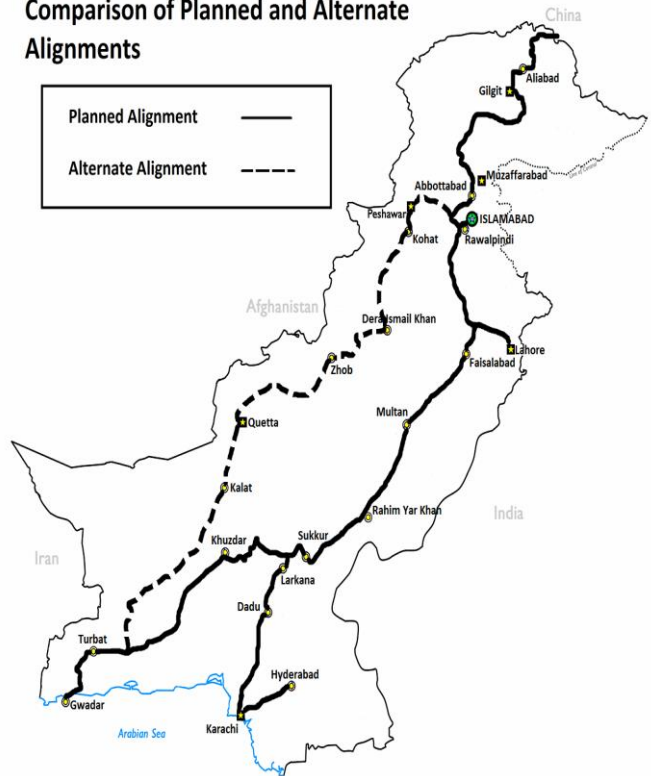


Figure 2: Pak-China Economic Corridor Comparison of Planned and Alternate Alignments





This Karakoram Hi-way would be connected through Burhan to Islamabad Lahore motorway (M-II). From Lahore to Karachi via Multan, Khanewal, Khairpur and Dadu. The whole country would be interconnected with the chain of Motorways in all over the country [9].

Railways:

Another important portion of CPEC is a rail link of Pakistan with China. It would be greatly beneficial project to Pakistan. Deadly railway of Pakistan would be re-improved. Railway tracks from Karachi to Peshawar would be renewed and upgraded. Dry-port project at Havelian is also a part of CPEC. A 23 members of railway experts committee of Chinese have visited Pakistan and made feasibility report and estimated the project of \$ 3.5 billion over 376 km with 54 underpasses, 250 flyovers, 500 bridges and 438 km tracks changes would be included in this project[10]. A new project from Gwadar to Jackbabad would also be part of it, but its implementation would be late.

Gwader:

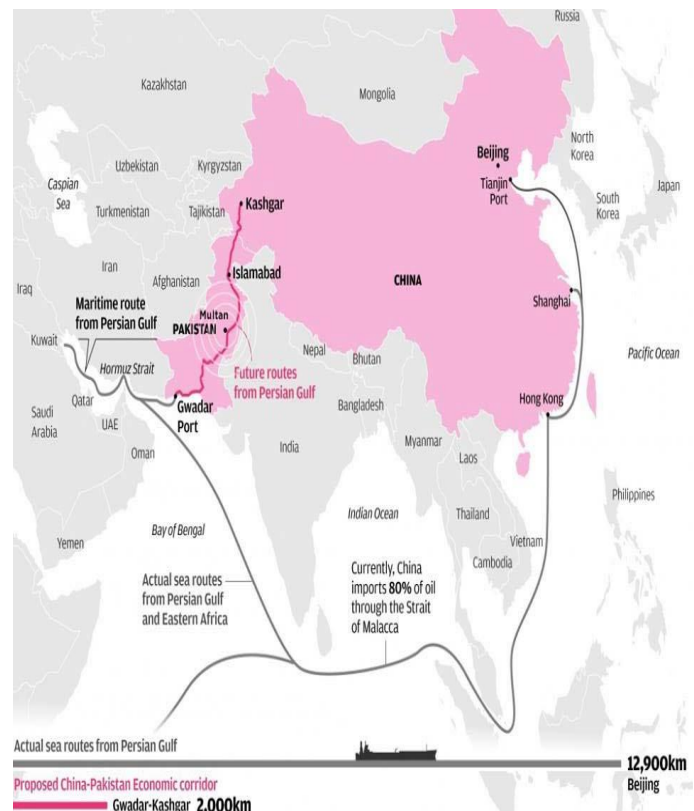
The CPEC's project is totally based on the smooth functioning of Gwader port. So, Gwader's completion is a priority based. Airport completion, construction of breakwaters and other necessary projects related like Hospitals, Freshwaters, power plant, Training institutes are yet to be completed till 2017 [11].

The mega project of CPEC totally depends on the smooth functioning of Gwader port. So all the projects under the CPEC are interlinked like the railway, Motorway, and power projects in Pakistan. A functional Gwader port is the symbol of progress and the further agreements of projects in Pakistan. The top priority of both the governments is to complete the related necessary things at Gwader port. Dostain Khan Jamaldin chairman of Gwader port authority shared in press media in March, 2014 that China Overseas port Holding

Company Ltd (COPHCL) will invest \$7.75million in the city of Gwader [12].

He further shared information that \$1.8 billion investment in another nine approved projects at Gwader city including the Gwader port expansion, Ratodero to Gwader Motorway and the construction of an international airport. Xinjiang province is 3000 KM from Gwader port and 4376 KM away from the eastern part (Beking) of China and 12900 KM distance is from Beking to Persian Gulf. 14276 KM distance of China will be removed with this route.

Time space will also be reduced from 45 to 10 days. During the fiscal year of 2016-18 medium potential of GDP of Pakistan will raise gradually more than 6 % investment. 15000 mw coals based power plants programme are yet to be started, coal is of 74% existing capacity in Pakistan. Due to electricity shortage 12.6% investor's interest has decreased to invest in Pakistan [13].



The real and present challenges:

China's communist party's central committee has already mentioned some fears or challenges about the completion of CPEC like trembled security situation in Pakistan, political instability, administrative problems, poor skills in workforce of Pakistan (Nandipur power project is the current example of this discipline is) [14]. The security situation in Pakistan remained a serious problem throughout the history of Pakistan, especially in Baluchistan. In CPEC's project Baluchistan's security situation is also not showing well. In security perspective China is not relying on Pakistan, President of China cancelled his visit in September,2014 and China closed her border on its independence day in 2013[15]. The security situation has halted the work various times on

Ratodero to Gwader project (M-8). On this project 1040 registered terrorist attacks and 25% were reported in Khuzdar, Lasbela and Panjgoor districts, these districts are on the route of CPEC. \$5.2 billion rupees have been approved for securing this construction, 10000 personnel would be more recruited for security purposes in Baluchistan. This poor security situation delayed the construction process of CPEC, now it would be 96 to 97 times more expensive than in past. Chairman of Gwader port exposed before the senate committee that delayed process in construction increased the prices from 8 billion rupee to 100 billion rupee in six years [16]. The glaring example of this fear is when the president of China postponed the official visit in September due to gearing poor security situation in Pakistan. The second threat to Pakistan in this project is from India, it has activated its intelligence agencies to sabotage this project. India's fear in this project is that if this project is completed china's worth would be strong not only in Arabian Sea but also in Hormuz strait which is full of oil and necessary for the whole world. That's why India is working with Iran on Chahbhar route [17]. The third negative point of this corridor is in industrial field of Pakistan china's goods will disturb the local industrialists, it would be crippled. Pakistan's interest is to keep the balance of its trade in import and export [18].

CONCLUSION:

It is said that states are like the human beings and human beings cannot pass their life alone. If we see towards the world like European states, America, Canada, Russia, Middle East, Central Asia & China. All these states are interconnected with road and rail routes. Siberian railway, China land bridge, Russia to China via Mongolia, Kazakhstan to China, China and western Europe, European land bridge, Iron silk road via Turkey, Bering strait link, Paris to Frankfurt, Netherlands to Paris, London to Paris, London to Germany, Spain to France, Italy to France etc. Central Asian states are also interconnected with different names. So, interconnecting of China Pakistan with the name of CPEC is not a different or amazing as compare to above mentioned projects.

The objective of this project is not only Pak-China relationship, but also a regional connectivity. Afghanistan and Central Asian states can also utilize these routes. President of Republic China also called this project with the name of 'Shared Destiny' mutual benefits of this region can be secured through this project. The spirit of both (Pakistan & China) is to create easement for the region through this project. Central Asian region can be connected to Middle East with this project. Western part of china which is less developed would be connected with Gwader further with Gulf for trade. Pakistan would gain benefit through this transit trade route. Pakistan's export with china would also be increased in textile, agriculture, and in mineral fields. Tourism would also increase the revenue of the government of Pakistan. Both the states have inked in of \$46 billion in rail, road, fiber optic links, and energy power projects,

development of Gwader port. Positive start has been taken from both the government. A point is to be taken here of security situation in Pakistan. China's pumping of millions of dollars in Pakistan would only base on Pakistan's security situation, it would be based only on our security situation. Inefficiency can halt this project which would be dangerous for the economic prosperity not only for Pakistan but also for the western part of China Xinjiang (those are also Muslims). In concluding remarks it is said that the project of this corridor is the 'game changer' in this region, it would must be completed for the prosperity of this region.

REFERENCES:

- [1]. Peerzada, Salik, "China to close Pak border for 10 days," *The Nation*, Karachi, 27 September 2013.
- [2]. Chinese company proposes to make PR profitable," *The News*, Karachi, July 12, 2013.
- [3]. "Economic cooperation deals signed with China" *Dawn*, Karachi, 20 February 2014.
- [4]. "Keen neighbour: Chinese show interest in Vision 2025," in *Express Tribune*, Karachi, 22 August 2014.
- [5] "Nawaz, Li hold fruitful meeting: 2,000km road to link Gwadar with Kashgar," in *Dawn*, Karachi, 6 July 2013.
- [6]. "PM for railway tracks, expressway," *The Nation*, Karachi, 22 June 2013.
- [7]. "Sherpao opposes change in Pak-China Economic Corridor route," *Dawn*, Karachi, 15 December 2014.
- [8]. "Sino-Pak corridor to bolster regional development" *Dawn* Karachi, 28 August 2013.
- [9]. "Sino-Pak corridor to bolster regional development," *Dawn*, Karachi, August 28, 2013; and Muhammad SalehZaafir, "Govt sets up dedicated division for China in FO," in *The News*, Karachi, 28 August 2013.
- [10]. "Third meeting of JCC on China-Pakistan Economic Corridor held" *The News*, Karachi, 28 August 2014.
- [11]. "An exhibition to promote Pakistan's agriculture" *The Express Tribune* Islamabad, 6 August 2014.
- [12]. "China to invest \$1.8bn in Gwadar projects," *Dawn*, Karachi, 14 March 2014.
- [13]. "Pakistan should unearth wealth, exploit advantage" *The Express Tribune*, Islamabad, 6 August 2014.
- [14]. "Third meeting of JCC on China-Pakistan Economic Corridor held," *The News*, Karachi, 28 August 2014.
- [15]. Amin Ahmed, "Headway in building of Pak-China trade corridor," *Dawn*, Karachi, August 17, 2013.
- [16]. Amin Ahmed, "Xinjiang-Gwadar: Economic corridor task force formed," *Dawn*, Karachi, 21 July 2013.
- [17]. Anwer Sumra, "Pakistan Railways: China to inject \$3.5b into infrastructure development," *Express Tribune*, Karachi, 22 October 2014.
- [18]. Hasan Askari Rizvi, "China and Pakistan's economic recovery," *Pakistan Today*, Islamabad, 10 July 2013.