

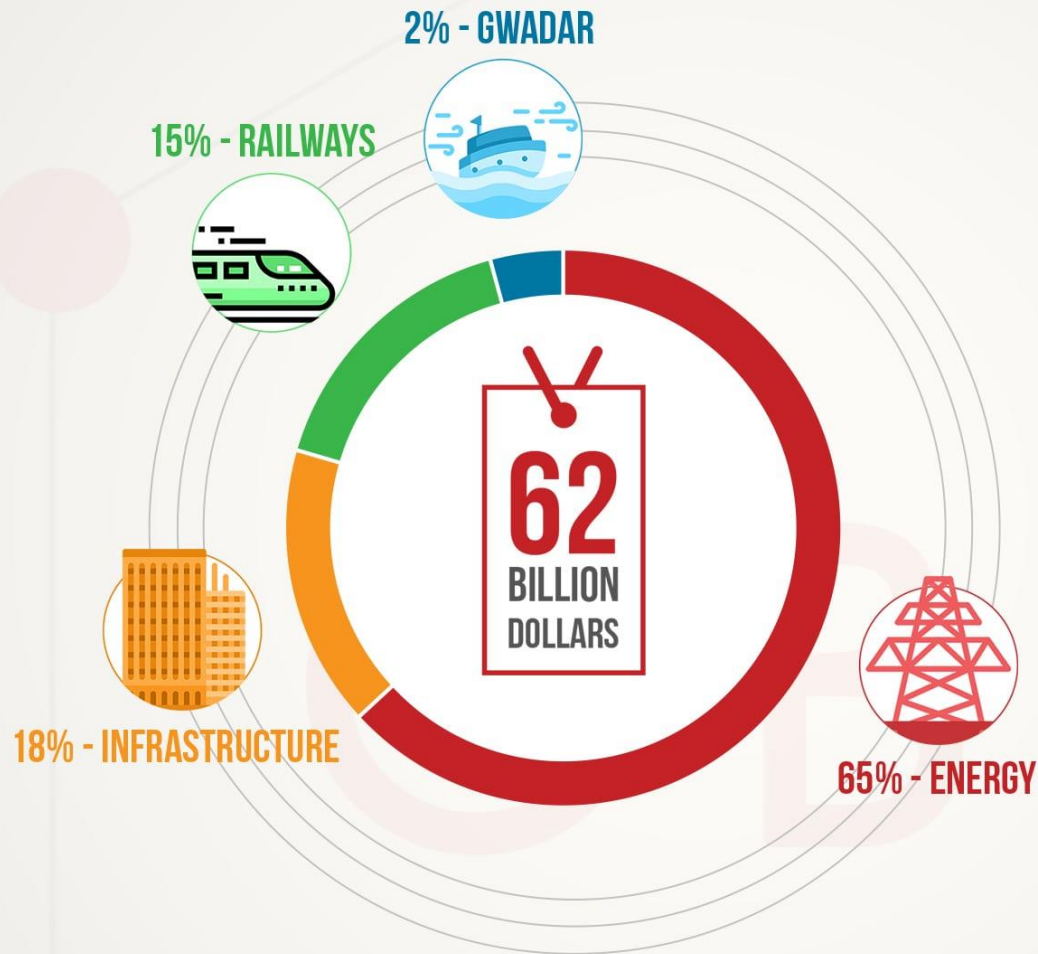
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International Relations

Topic:

China-Pakistan Economic Corridor

C P E C INVESTMENT BREAKDOWN



BY



China-Pakistan Economic Corridor

- **China–Pakistan Economic Corridor (CPEC)** is a collection of infrastructure projects
- Originally valued at \$47 billion, the value of CPEC projects is worth \$62 billion as of 2020.

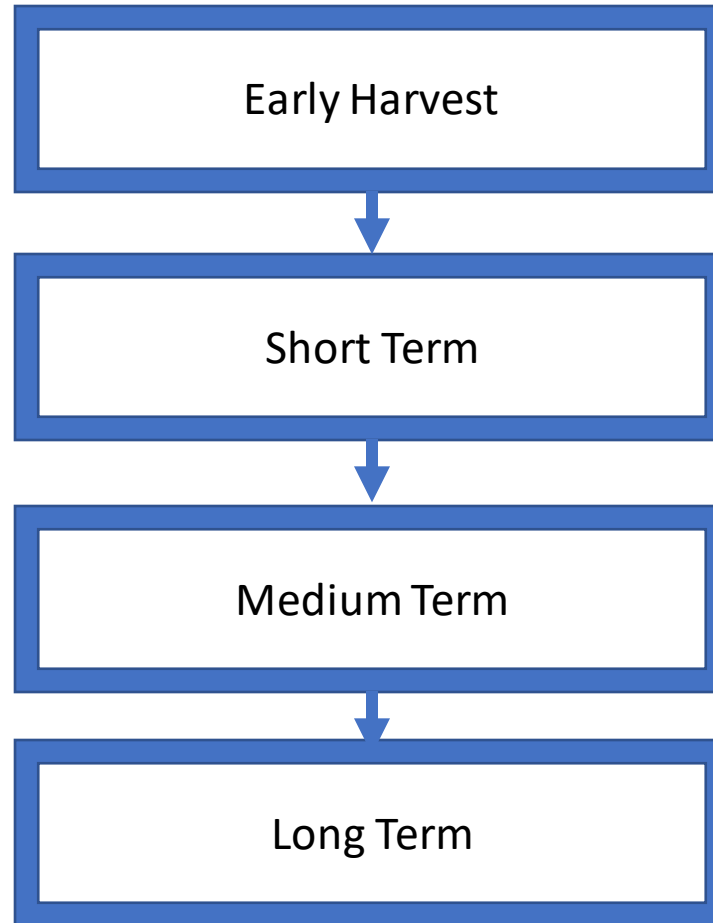
Belt and Road Initiative

- China-Pakistan Economic Corridor
- New Eurasia Land Bridge
- China-Mongolia-Russia
- China-Indochina Peninsula
- Bangladesh-China-India-Myanmar
- China-Central Asia-West Asia

Purpose

- To rapidly upgrade Pakistan's required infrastructure
- strengthen its economy
- Investment Method:
 - The construction of modern transportation networks
 - Building of numerous energy projects
 - Developing special economic zones

Project Plan



Early Harvest

- Energy related projects
- \$33 billion worth of energy infrastructure
- 17000 MW energy by 2019
 - The plans envisages adding 10,400 megawatts of electricity at a cost of \$15.5 billion by 2018.
 - After 2018 a further 6,600 megawatts
- \$2.5 billion pipeline between Gwadar and Nawabshah to eventually transport gas from Iran
- The construction of The Quaid-e-Azam Solar Park

Short Term Plan

- Up to 2022
 - Roads
 - Gwadar Development
 - Optic Fiber Network
 - Hydel and Coal Mining projects

Medium Term Plan

- 2022-2025
- Construction of railways and industrial zones

Long Term Plan

- Up to 2030
- Agricultural projects
- Tourism related projects

Major Areas

- 1. Construction of highways and railway tracks
- 2. Development of Gwadar port
- 3. Energy generation projects
- 4. Establishment of industrial zones along the C-PEC route
- 5. Laying down of pipelines for oil and gas transmission
- 6. Cyber networking and telecommunication
- 7. Water supply projects for industrial and municipal use (mostly in Baluchistan)

Transportation and Communication Infrastructure - Roads and Highways

No	Project Name	Status (April 2018)	Progress
1	120 km KKH Phase-II, Havelian- Thakot:	Under construction	70%
2	392 km Karachi-Lahore Motorway (S-M-S)	Under construction	70%
3	Establishment of Havelian Dry port	Feasibility completed	100%
4	Upgradation of Multan-Lahore Section, 339 km; Hyderabad-Multan Section, 749 km; and Kemari-Hyderabad Section, 182 km.	Agreement under discussion	40%
5	Construction of New Havelian Dry Port	Feasibility completed.	25%
6	110 km Khuzdar-Basima Highway (N-30)	Feasibility completed.	25%
7	280 km KKH Phase III (Raikot-Thakot Section)	Feasibility completed. Procedural formalities to be completed soon	25%
8	533 km D.I.Khan-Quetta Highway (N-50)	Feasibility stage	15%

Industrial Cooperation Projects

No	Project Name	Status	Progress
1	700 km Gwadar-Nawabshah LNG Terminal and Pipeline	Ready to be inaugurated	40%
2	Haier & Ruba Economic Zone Phase-II	Feasibility stage	15%
3	Laying of Optical Fiber Cable Rawalpindi to Khunjrab	Under construction, Expected Completion by Dec 2018	70%
4	DTMB Demonstration Project	MOU Signed	5%
5	Lahore Orange Line Metro Train	Under construction	70%
6	Promotion and commercialization of TD-LTE in Pakistan	Feasibility stage	15%

Gwadar Port and Peripheral Projects

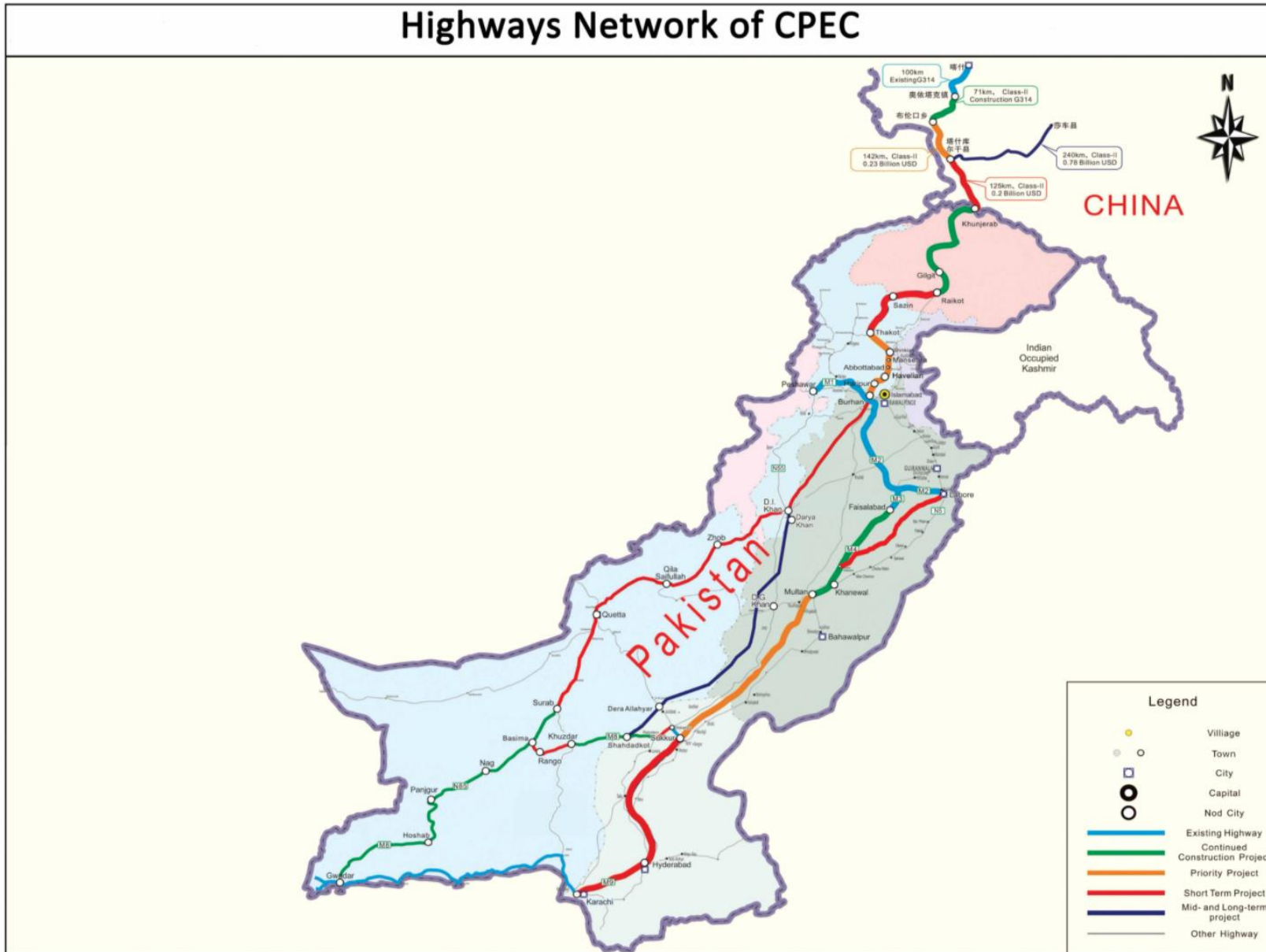
No	Project Name	Status	Progress
1	19 km Gwadar Eastbay Expressway	Framework Agreement Signed	60%
2	New International Airport Gwadar	Framework Agreement Signed	40%
3	Free Economic Zone Gwadar	1st phase completed	60%
4	Smart Port City Master Plan Gwadar	Contract negotiations underway	20%
5	Expansion of Multi-purpose Terminal	Feasibility stage	15%
6	Fresh Water Supply, Wastewater Treatment Plants for Gwadar City	Feasibility stage	15%
8	China-Pakistan Faqeer Primary School Gwadar	Completed.	100%
9	Pak-China Friendship Hospital Gwadar	Feasibility study underway	10%
10	Pak-China Friendship Technical and Vocational College Gwadar	Feasibility study underway	10%

Special Economic Zones

No	Name	Type of Industry	Progress
1	Rashkai Economic Zone, M-1, Nowshera, KPK	Fruit/Food/Packaging/Textile Stitching/Knitting	Feasibility study is technically evaluated by China
2	Special Economic Zone Dhabaji Sindh	To be determined during feasibility stage	Feasibility study is technically evaluated by China
3	Bostan Industrial Zone Balochistan	Fruit Processing, Agriculture machinery, Pharmaceutical, Motor Bikes Assembly, Chromite /Ceramic, Ice and Cold storage, Electric Appliance	Feasibility study is technically evaluated by China
4	Allama Iqbal Industrial City (M3), Faisalabad, Punjab	Textile, Steel, Pharmaceuticals, Engineering, Chemicals / Plastics, Food Processing, Agriculture Implements	Feasibility study is technically evaluated by China
5	ICT Model Industrial Zone, Islamabad	Steel, Food Processing, Pharmaceutical & Chemicals, Printing and Packaging, Light Engineering etc.	Feasibility study is technically evaluated by China
7	Industrial Park at Port Qasim, Sindh	Steel, Auto & allied industries, Pharmaceutical, Chemical, Printing and Packaging, Garments.	Feasibility study is technically evaluated by China
8	Special Economic Zone at Mirpur, AJK	Mix industry	Feasibility study is technically evaluated by China
9	Mohmand Marble City FATA-KPK	Marble / Granite, Mineral Processing Industry	Feasibility study is technically evaluated by China
10	Moqpondass Special Economic Zone, Gilgit-Baltistan	Marble / Granite, precious stones, Fruit Processing, Steel Industry, Mineral Processing and Leather Industry	Feasibility study is technically evaluated by China

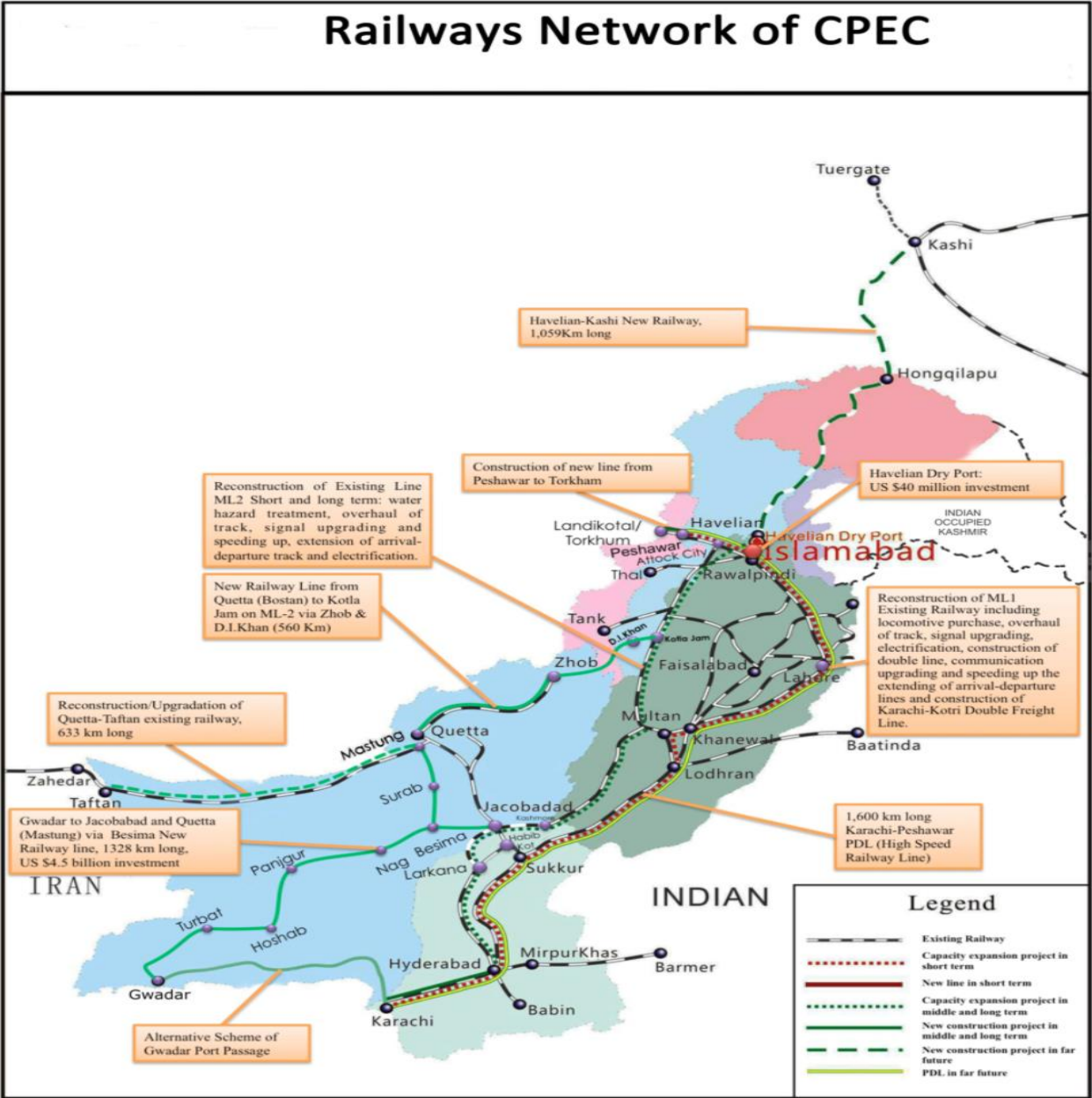
CPEC Routes

Highways Network of CPEC



Railway Network

Railways Network of CPEC

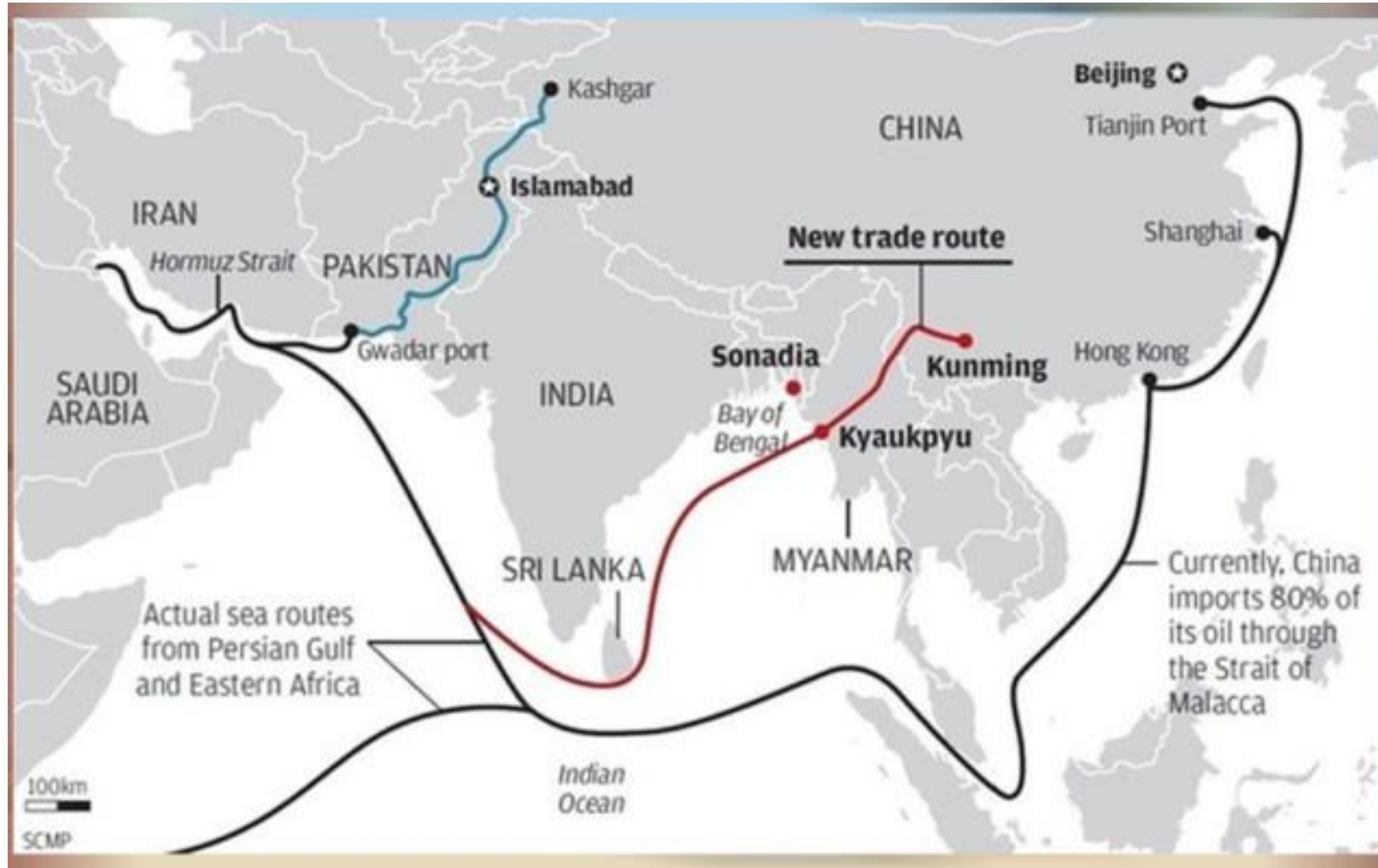


Benefits For China

Economic Benefit for China

- China is some 13,000 km from the Arabian Gulf with a shipping time of about 45 days.
- CPEC will shrink this distance to merely 2,500 km (an 80 percent reduction).
- The shipping time will reduce to 10 days (a 78 percent reduction). The bulk of China's trade is through the narrow sea channel of the Strait of Malacca.

Economic Benefit for China



Strategic Benefit for China

- China is importing about 83% of oil supplies by sea, out of which 77% are functioning through the Strait of Malacca, a possible bottleneck for China.
- There are some factors like China's regional disputes, pirate incidences, and geopolitics that make the Strait of Malacca as an attentive weakness for China.

Strategic Benefit for China

- Top security analysts say that in the event of a future war in Asia, the US Navy could block the Strait of Malacca, which would suffocate China's trade route.
- CPEC, besides providing an alternate route, will reduce the shipping time from China to Europe.

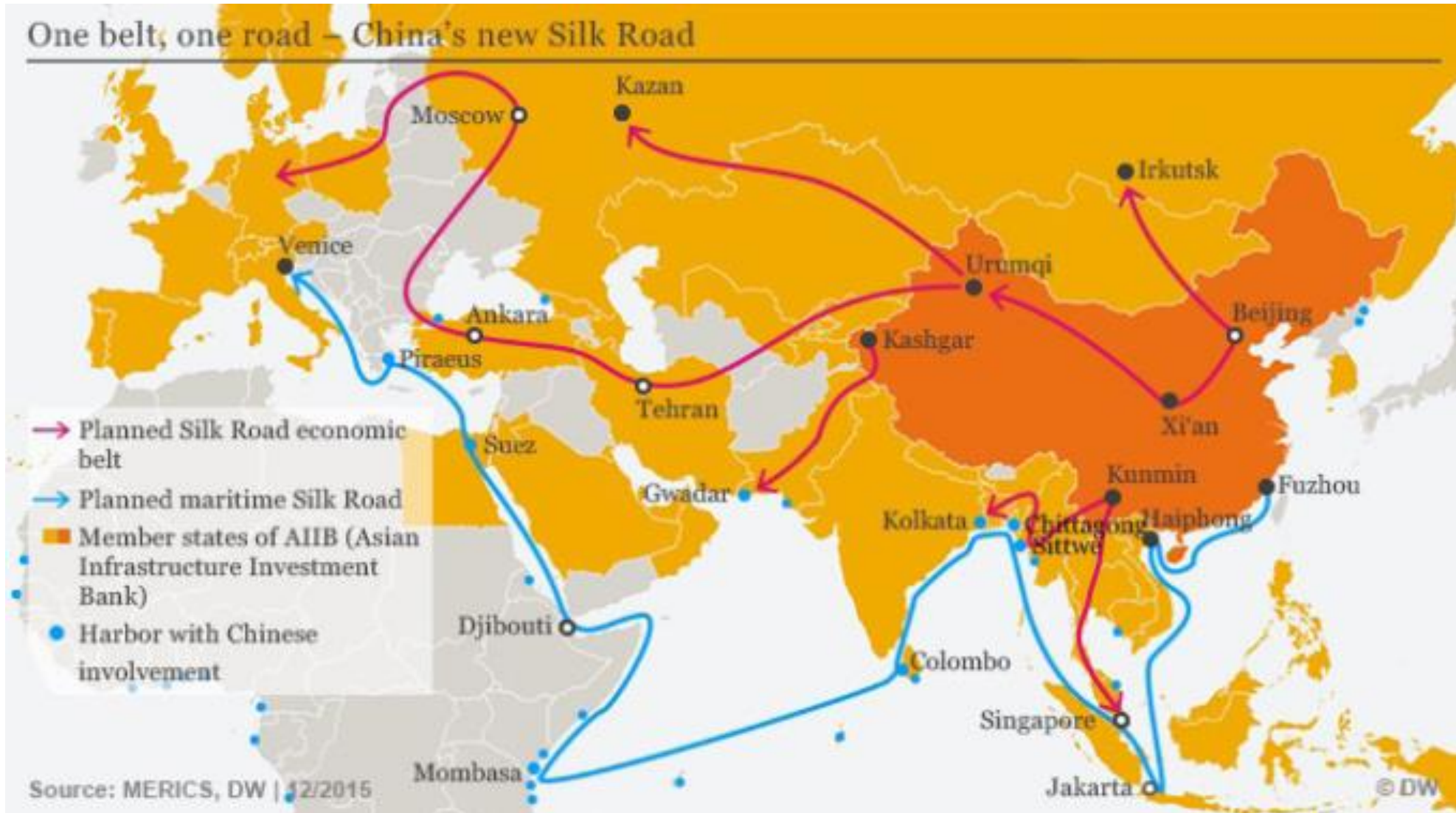
Strategic Benefit for China



Regional Connectivity For China

- CPEC will link China with nearly half of the population of the world.
- There are almost 65 developing countries under Belt and Road Initiative.

Regional Connectivity For China



Quell Insurgency in China

- It connects Pakistani port of Gwadar with Xinjiang Uyghur Autonomous Region, North Western China.
- Less developed part of China now will be cynosure for the whole world.

Quell Insurgency in China



CPEC: A Survival of China

- Why does China starts so many economic projects?
- Cecil Rhodes- King of Finance
- I was in east of London and attended the meeting of an unemployed. They were shouting: bread, bread, bread.
- On my way home I convinced of the importance of imperialism.

CPEC: A Survival of China

- My cherished idea is a solution for social problem. We must acquire new lands to settle the surplus population to provide new markets of goods produced by them in factories.
- So, if you want to avoid civil war, you must become imperialist.

Instrument of Regional Hegemony

- Neo-colonialism of China
- Countries like Pakistan, Sri Lanka, and Kenya become dependent on China.
- Through the instrument of economy, China influence the foreign policy decisions of the other countries.

China's String of Pearls Policy



Challenges

Security Challenge

- There are two major sources of threat:
 - Indian involvement
 - the separatist rebellion in Baluchistan where the port of Gwadar is situated.
- Both dimensions of threat are interconnected because recent arrests of Indian spies by Pakistan reveal that the Indian government is spending a huge amount of money and resources on sabotaging the CPEC project.
- Apart from espionage activities, India is also supporting the Baloch rebels.
- 1000 strong army unit under the command of Major General

Uneven Distribution

- Hasil Bizenjo, the then federal minister for ports and fisheries:
- China would receive 91% of Gawadar port generated profits over 40 years
- Gawadar Port Authority, controlled by federal government would receive 9%.

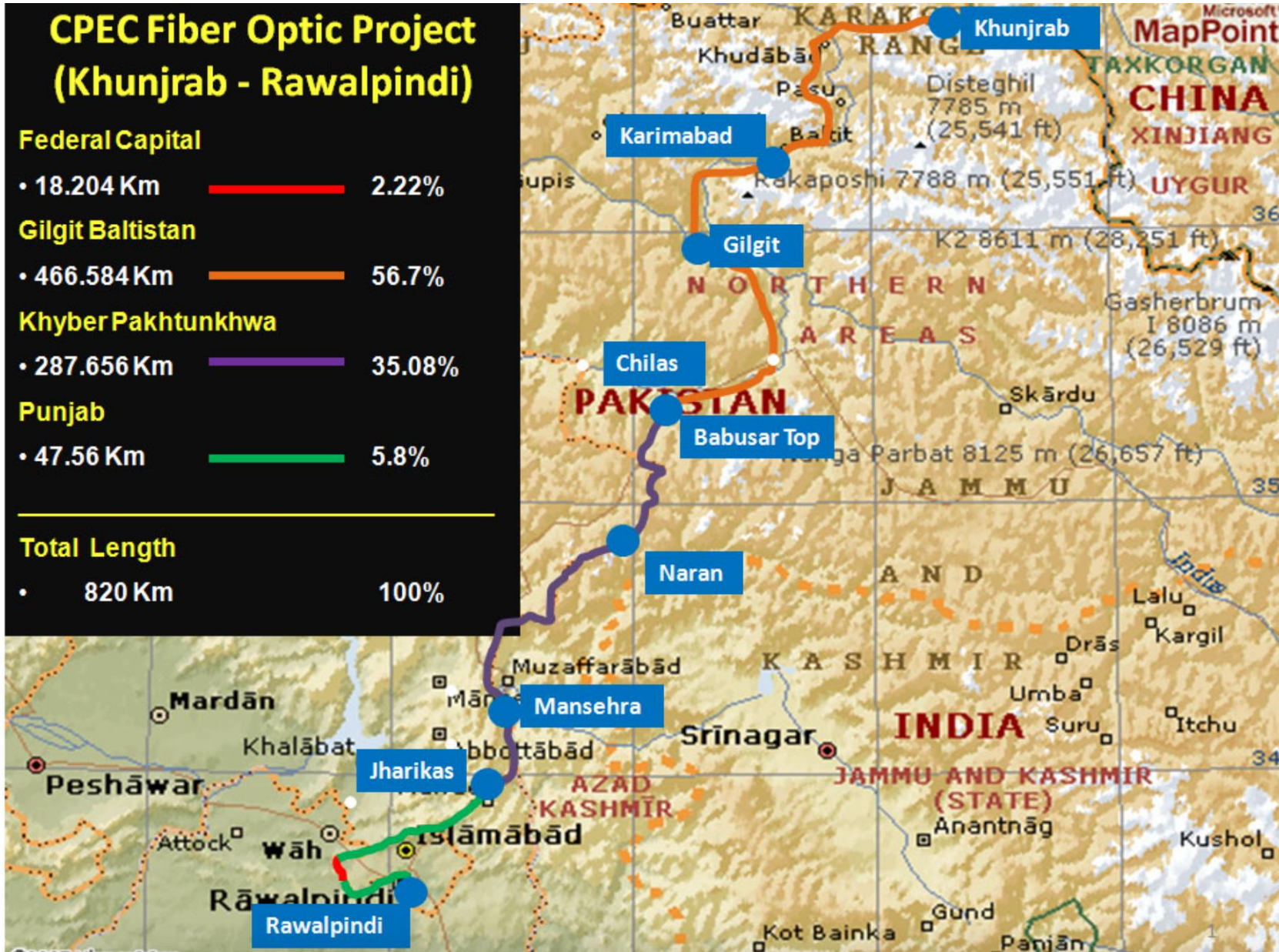
Tight Control of Chinese

- Gwadar Free Trade. Zone would be controlled by Chinese
- In November 2015, the China Overseas Ports Holding Company Pakistan assumed control over Gwadar's free trade zone.
- Situation: If you want to open a factory there, then you have to approach the Chinese manager
- In November 2017, China asked for its currency Renminbi be given a legal tender in Gwadar's free trade zone.
- Requested rejected.

Lack of Domestic Consensus

- Potential stumbling block for CPEC
- Baluchistan and Sindh has reservations
- Another technique of exploitation of resources
 - Ports, infrastructure and projects benefit Punjab.

Lack of Domestic Consensus



Cultural Threat to Balochistan

- The presence of a large number of Afghan refugees has had a weighty impact on the demographics of Baluchistan.
- According to some reports, more than four million Afghan refugees have settled across Baluchistan and a large number of them have obtained citizenship and other rights.
- With the development of the Gwadar port and CPEC, a large number of people from other areas of the country are likely to settle in Baluchistan, becoming voters in the province.
- Pakistan is reportedly building a city to house half a million Chinese nationals at a cost of \$150 million in port city of Gwadar.

Chinese Military Purposes

- Part of China string of pearls policy
 - To encircle the Indian Ocean
 - To counter the US influence in the region
- Realism: National Interest is the guiding principle.

Opportunities For Pakistan

Agricultural Modernization

- Long Term Plan outlined a focus on agricultural modernization.
- Help Pakistan to enhance food trade with China
- Help to mitigate trade deficit with China (Current \$12b)
- Pakistan currently 7% of world's food needs
- Capacity to raise to 20-25% with better Chinese technology.

Agricultural Modernization

- Introduction of drip irrigation system
- Post harvest handling, storing and transportation
- High quality seeds
- Example: Central Asian Case of grievance on Chinese investment

Special Economic Zones

- Provide immediate access to high quality infrastructure
- Uninterrupted power supply, public facilities and support services
- Attracts Foreign Direct Investment (FDI)
- Growth and Development
- Liberalized policies
- Tax free enclaves

Enhanced Energy Supply

- Over 140 million Pakistanis have either no access to the existing power grid or suffer chronic load shedding
- Cottage industry impacted
 - Over 5000 households became unemployed
 - Over 30 billion rupees is spending on UPS and others.

Enhanced Energy Supply

- \$33 billion worth of energy infrastructure
- 17000 MW energy by 2019
- Enhances 2-2.5 % GDP

Energy Projects

Table 2. Energy and Power Generation Projects [11]

No	Project Name	Status	Progress
1	Two 660MW Coal-Fired Power Plants at Port Qasim	Under construction	100%
2	Two 660MW Coal-Fired Power Plants at Sahiwal	Two units inaugurated	100%
3	Four 330MW Engro Thar Coal-fired Power Plant	Under construction	60%
4	50MW (Dawood) Wind Farm, Gharo	Ready for operation	100%
5	900MW Solar Power Park Bahawalpur	Energization achieved	100%
6	100MW Jhimpir Wind Energy Farm Jhimpir	Under construction	100%
7	50MW Sachal Wind Energy Farm, Sachal	Under construction	100%
8	720MW Karot Hydro-Power Project,	Financial close achieved	70%
9	873MW Suki Kinari Hydropower Project	Under construction	65%
10	Two 60MW Coal-Fired Power Plant Rahimyar Khan	Feasibility stage	15%
11	Two 660MW Coal-Fired Power Plant Hub (Habco)	Under construction	50%
12	300 MW Power Plant Gwadar	Feasibility stage	60%
13	Faisalabad-Matiari-Lahore Transmission Line	Negotiation in process	15%
14	Two 660MW Power Plants Gadani Lasbela,	Feasibility stage	15%
15	1100MW Hydro-Power Station Kohala	Negotiation in process	15%
16	300MW Power Plant at Salt Range Mine	Feasibility stage	15%
17	Two 660MW Coal-Fired Power Plants, Thar Coal Mine	Feasibility stage	15%
18	Two 660MW Coal-Fired Power Plants Muzaffargarh	Feasibility stage	15%

Growth in Tourism Sector

- CPEC is a beneficial opening for the tourism industry of Pakistan.
- CPEC is expected to be lucrative for tourism and travel in Pakistan.
- **Improved roads, power infrastructure, and pipelines** will make the pristine tourist spots accessible.

Infrastructural Development

- Roads - \$ 5.341 Billion
- Railway - \$ 8.237 Billion
- Fiber Optic Cable - \$0.044 Billion

Employment Generation

- 2.3 million jobs between 2015 and 2030
 - 2 to 2.5 percentage points to the country's annual economic growth.
- Roads - 31474 jobs
- Railway - 14000 jobs
- Fiber Optic Cable - 1294 jobs

Export of Fruits

- Gilgit-Baltistan is known for its fresh fruits like Cherries, apricots, and apples.
- With an estimated production of 4000 tons of cherries and 20000 tons of apples, the region has potential to tap into Chinese market.
- Presently fruits are being exported through air via Dubai.
- Selling fruits to China would be more beneficial.

CPEC: East India Company (EIC) by another name?

- Both are foreign companies.
- Both started with economic investment.
- China is transporting its citizens like EIC did.
- China demands for Renminbi tender.
- Realism: No permanent friends/ foes, but permanent interests.
- Zero-Sum gain

CPEC: Debt Trap Technique?

- China is often accused of “debt-trap diplomacy” – strategically ensnaring recipient countries with loans they can’t repay.
- Hambantota Case Sri lanka
- Mombasa Case Kenya

Readings

- China-Pakistan Economic Corridor; Prospects and Challenges for Baluchistan, Pakistan.
- <https://www.dawn.com/news/1372695>
- <http://cpec.gov.pk/maps>
- <https://www.theintlscholar.com/periodical/2021/01/24/analysis/benefit-cpec-pakistan-balochistan-ethnonationalism>

