

The Role of China-Pakistan Economic Corridor (CPEC) And Its Effects On The Relations Between Pakistan and China

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Abstract

Pakistan and China are two major players in Asia, particularly in South Asia. Pakistan is the most important Muslim country because it is the world's only nuclear power. China is a huge country with huge economic power. Moreover, the country has put a huge investment in infrastructure in South Asia to make the economy of Asian countries and to build economic integration. The main objective of this study is to investigate the role of the China-Pakistan Economic Corridor (CPEC) as well as study the effects of CPEC on the relationship between Pakistan and China. The method used in the research is qualitative analysis in which the related documents on Pakistan-China relations have been analyzed. The study concludes that China wishes to concentrate its efforts on real economic stability and development while trying to dodge conflicts such as India. Pakistan should follow its path to accelerate its economic growth and progress. In the end, it has also been analyzed that CPEC is China and Pakistan's new effort to uplift the youth of international trade, this road will become the game changer for Pakistan which means forming economic integration will benefit other Asian countries as well including China and Pakistan. This will help Pakistan to utilize its geographical location.

Keywords: Pakistan, China, CPEC, Pak-China Relationships, Pak Export Industry

1. Introduction

In the subcontinent's history, the Silk Road has played an important role in connecting the Indian land and its riches with the Middle Eastern and European world (Menhas, 2019). It has been said that the part of the Indo-Pak subcontinent known as the Islamic Republic of Pakistan nowadays has a very significant geographic condition amongst most of the nations from the day of independence and as we are defining the relations between Pakistan and China so first of all China is neighbor country to Pakistan. Both countries share a border of around 596 kilometers and it is also said that by 2050 China has the chance of becoming the new superpower of the planet byways there are many features which is assisting China to become a superpower, but China's Silk Road is one of the major projects of China which is going to support China economically and China Pakistan Economic Corridor is part of this project which China has initiated with Pakistan because of its geographical importance in the world (Khan et al. 2017, Ali, 2020).

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The friendship between these countries has historical importance, the diplomatic relations between these countries have established in 1951, and both countries maintained their relationship at the international level and also facilitated each other in economic collaboration and also two of them are engaged in some contracts which shows the cooperation of both countries in diplomatic, strategic and economic relations. Both countries have very strong diplomatic relations with each other based on geo-strategic and geopolitical grounds and this diplomatic relation started in the first decade of the 1950s later on Pakistan and China also turned their relationship economically to boost each other's economy in the decade of 1960s both these countries are joined with the border named Khunjerab Pass which is considered to be the highest in the world and with the strategic alliance both countries made the one of the famous Karakoram Highway (KKH) and the motive behind this highway was to attach Kashgar by Islamabad in 1978 the reason behind establishing Karakoram Highway to create a strong relationship and created easy trade routes to improve trade between both countries as the time passes joint venture of Pakistan and China extended the project of KKH and later on Kashgar now has access to Gwadar Port via distinctive directions. Throughout the Cold War, both countries increased and sustained strategic and defense relations and help each other throughout the whole Cold War and later on to boost economic activities both countries get under contracts of barter trade, interest-free loans, free trade, industrial segment, and currency exchange programs (Hussain et al, 2020).

2. Historical Connections between Pakistan and China

In 1963 Pakistan and China signed the first joint trade agreement. And then they signed Free Trade Agreement (FTAs) in 2006, and both China and Pakistan shared a mutual interest in regional peace and solidity. (Javeed, 2021). Several contracts related to free trade and economic cooperation were signed between these two states. China is also known as its second-largest trading partner of Pakistan; it has given hope to Pakistan to enhance its economic development of Pakistan. (Ghafoor, 2020)

The relationship between Pakistan and China has a huge history both countries know the importance of each other. Since 1990, China started cooperation with Pakistan in all sectors of the economy, infrastructure, investment, trade, etc. Both countries were thinking of expanding trade from Gwadar to the west by the Karakorum highway. Economic and trade relations are gradually increasing which is having a positive impact on both economies, due to economic and investment ties with china Pakistan has made significant progress in technology and trade furthermore implementation of CPEC will be more beneficial for both countries. (Ali 2016)

Both states not only shared global borders but also share Karakorum Highway which is also known as the China-Pakistan Friendship Highway. Through this, both states can import and export their products. The Port of Karachi and Gwadar port connects to the Karakoram highway through the internal route of roads (Ali, 2016). The geographical location of Pakistan bounces another route to China, Beijing for their gas and oil supply from the contact Gulf region. The Chinese President visited Pakistan and said promised to form a multi-layered system called the China-Pakistan Economic Corridor in 2015. China-Pakistan Economic Corridor is one of the top One belt, one road creativity; this corridor connects the silk road to the north and the 21st silk road to the south. (Akhber,2015).

3. Pak-China Relations and CPEC

The work that existed in the past 19th century was all about industries, expansions of territories, competition, and war between two superpowers but as the world stepped into the 20th century the priorities of the World changed and all the countries across the globe wanted to enrich their economic resources and we can see the most powerful countries exist in the world are most powerful in terms of money So Pakistan and China the old and traditional friends also needed to increase their mutual benefits and strengthen for economic enhancement. Since the start of the 21st century, both countries push their efforts to the limits to get a good relationship with each other to boost the economic, social, cultural, and political values of both countries and also enhance relationships In terms of defense and become good friends in this strategic region and later on both countries stakeholders wanted to achieve a major mile-stone which was launching CPEC project to encourage the strong relationship between two countries and give new heights to their economic, political, social and cultural values of both countries. This project not only supports any individual country relatively but this project is mutually beneficial for both countries in terms of infrastructure and strategic partnership however from this project most of the other regional actors can take benefit from it, When two of the countries were initiating the project, the Chinese president, Mr. Xi Jinping explaining the projects benefits that It can lead to empowering the strategic, diplomatic and defense relationship between both countries and also with that we can increase our trade with cost-effective strategy relatively with other old mediums of trade and also it is the focal point of our development to reach to Gwadar Port with that humongous cost of project china is planning to invest a huge amount in energy and industrial sectors which is going to benefit Pakistan for the long run. (Butt et al, 2015).

China Pakistan Economic Corridor was officially launched in 2015 when the president of China was visiting in April. It was decided that the Xinjiang province of China and Gwadar port of Pakistan will be connected through roads and railways. Out of many ways in which this project could help boost our economy, one thing which was of utmost importance was that the Chinese government would hold an area under their control and would do all the necessary construction according to the need of the project which would help Pakistan in gaining better facilities of commute and communication for their people and as a result of this project, the infrastructure was improved quite a bit. (Ahmar, 2014) Economic stability is very important for every state in this era to hold a strong position on the globe. Many countries go for unions with other states to be economically stable and, Pakistan and China did the same by signing this economic corridor because they are working as a team this helped Pakistan in improving its position and image worldwide which would attract more states to form organizations and unions with Pakistan for economic stability. In this way, Pakistan can gain more investments and trade and business opportunities from all over the world and she can improve its relationship with many countries which would ensure security and stability in all. (Makhdoom, Shah & Sami, 2018).

The project is about building a network of highways and railway tracks that will spread throughout the country, connecting all the provinces of Pakistan and further connecting them to China's Xinjiang province. The modern roads to be built under CPEC will connect the ports of Karachi and Gwadar to the Northern areas of Pakistan. Pakistani officials predict that the CPEC will be generating an average of 2.3 million jobs between the span of 2015-2030, which as a result, will add to the country's economic growth. (Akber, 2015 & Allauddin, et.al., 2020).

Any independent state needs to make them socio-economically developed. That's why any state needs to establish a strong relationship with other states. Pakistan always tried to make a strong

relationship with its neighboring countries since its independence but due to some internal and external problems Pakistan wasn't able to do that in 2014 Pakistan was able to create a strong relationship with China and signed a project "CPEC". China helps Pakistan to improve its trading. China told Pakistan to talk with India on the serious issue of Kashmir. Due to the CPEC China also helps Pakistan to become economically strong. Pakistan plays the role of a moderator in the America-China conflict and tried to strengthen the bilateral relation between China and America. (Shazad, 2020).

As it is stated above that china to enhance its trade and boost its economic trade among the world to become a superpower initiated the project named China Silk Road (CSR) the Chinese government facing a lot of issues in the South China Sea (SCS) as all the countries located in SCS such as Japan, Vietnam, Taiwan, and Philippines are the threat to China as they are the major allies of United States of America the biggest enemy of China (Karki, 2022). China has access to water from only SCS so with that China fulfills most of the fuel consumption from Saudi Arabia and other OPEC countries they use the routes of SCS and it is a big threat to China because if any war happened in the future with the USA, America with the help of its major allies can block the trade of china so this is one of the biggest reason China added CPEC as the part of CSR so they can save their cost in terms of fuel and instead of getting oil from SCS we can get it through CPEC and also CPEC is a gigantic two-sided project initiated by China and Pakistan to upgrade trade between both countries and also involve other countries to boost the trade of Pakistan and China with most countries of the world also giving a chance to central and western Asian countries to boost their trade through their China Silk Road. The project was initiated on April 20, 2015. The higher authorities of both countries President of China Mr. Xi Jinping and Pakistani Prime Minister Mr. Mian Nawaz Sharif both marked various contracts. The main goal of CPEC is to enhance the economy of both countries and also improve the infrastructure of Pakistan in Railway, Roads, Energy, and Transportation systems and provide China the access to the Deep Sea Which Northern Asia countries are incapable of and also join the countries like Mongolia, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Afghanistan, Pakistan and India (Rauf, 2019).

CPEC is among the greatest projects of this era which is signed between China and Pakistan to make them economically strong. The idea of this project was proposed based on "One belt One Road" It was established to link the trade route through 60 countries including the countries of Europe and Asia. Both countries have decided to end this project from 2014 to 2030. In the region of Southeast Asia Pakistan is connected with Afghanistan, Iran, India, and also the Arabian sea so CPEC is not only providing benefits to Pakistan and China it also benefits the whole region. (Khundi, 2017). CPEC is a project which is established with the investment of multi-billion dollars therefore it is not only helpful in boosting the Pakistan economy but also helping its regional cooperative. A crucial part of this project developed by China is based on 'One Belt, One Road (OBOR)'. This helps in connecting Asia with the Middle East and Europe as well that's why it is also providing benefits and developing interest in its regional cooperative too. CPEC is established to create a transport connection with its regional cooperative so they can also get benefits and the neighboring countries must open their route for trading so they can also get bene from this project too. (Wolf, 2017).

4. CPEC and Pakistan's Export Industry

In addition, the exports of Pakistan's products will increase gradually. For example, a lot of goods are produced in the northern part of the country and due to a lack of connectivity, most of the

products cannot be exported. The CPEC will connect Pakistan's most cities. CPEC will also help to increase the exports and imports of goods, most of the goods will be transported to other countries by road and highways. The CPEC will change the transportation mode. After the completion of the project, Pakistan's trade with China will be done by land which will decrease the transportation cost. (Anwar, 2013). Pakistan should also establish good and friendly relations with its eastern neighbors. Friendly relations with neighbors will not only bring investment but also increase Pakistan's strategic importance and value in the region. Pakistan should also solve its internal issues because until peace is restored in the region the benefits of CPEC will not be acquired and should focus on the benefits of the CPEC project. In this regard, Pakistan's relations with China should be carefully considered for prospects. Pakistan must also bring industrial development to the country so that this corridor can be successful and reap the benefits of CPEC. (Ishaq, 2017).

Therefore, Pakistan and China both should seriously focus on this project and work toward completion of this project as soon as possible. When Gwadar connects with Kashgar, Pakistan's trade with Asia will be improved and its strong relationship with China as well. In addition, China is naturally dependent on the Middle East because of its oil reserves but has no means of influencing it. Pakistan already provides ownership to China in Gwadar and allows it to use the port, this will help also help Pakistan to secure the port and the relationship between both countries stronger. (Ahmad, 2020). Overall, the future of Pak-China relations is bright under the CPEC project. Both countries stand ready to take advantage of their relationship and contribute to the development of the region peacefully. Other countries are also taking part in the CPEC, and the possibility of more countries will likely be taking interest in the future to connect Gwadar with Asian countries in the future and take advantage of this mega project. (Khetran, 2014).

Moreover, both countries have a good political relationship, but their economic relations are very deep we know that China has become the third-largest economy in the world so both countries have strengthened their economic relations and are also working on free trade relations between both countries with that Pakistan could receive benefits. (Kayani et al, 2013). The relationship between China and Pakistan is a special reason for International Relations. The relationship between the middle of both countries was begun in 1951 and both, countries have assisted each other in international forums both sides have strong contracts related to economic, diplomatic, and strategic cooperation (Zhang et al, 2017).

Pakistan and China are set to conduct naval operations together; they are working to provide each other with support and arms on the naval front so that both states can fight the enemies together. It has strengthened their military relationships as well as a result of which China has proved to be a great source of the supply needed for arms and ammunition, China is also providing ships with advanced technology to Pakistan and it has also partnered with Pakistan to get JF-17 Thunder built, which would ensure the security of the two states and would help them to continue their progress and economic development without any worries. (Ishaq, Ping & Ahmed, 2017). The United States of America has always been on the front in the world and it is believed that it is the leading power for all of the other countries on any and every front, the United States has a great and influential role in the Asian region as well but now with this economic corridor, the position of China is improving economically, politically and geographically which is a great threat to the United States. China is coming on the front in trade, investments, and military which is now shifting the power in the Asian region. It might affect the economy of China as the United States would make every possible effort to cut provisions to China to stop China from emerging and to make sure that the position of the United States is not taken away. (Shahzad & Javaid, 2020).

There are two ways in which a country can get threatened i.e. internally and externally. A state might face internal threats sometimes and that is by its people in any form, Pakistan also face security issues internally sometimes, more than half of the population of Pakistan consists of youngsters, and every year hundreds of thousands of students are getting passed out and searching for jobs, CPEC has created a great opportunity for Pakistan to sustain its youth in their home country and provide them better opportunities here so that they do not get distracted and start to harm the country and its sovereignty. (F. Hussain & M. Hussain, 2017). New opportunities would be provided for both of the countries because opening new trade routes as a result of all the constructions of this economic corridor, will enable both of the countries to enter into new markets and gain a new horizon of experience and learning. China imports oil from the Middle East to meet 60 percent of its energy demand and it has to do that through a very long and dangerous route which also proves to be very expensive for them, Gwadar port has helped them in meeting their needs at much less price. On the other hand, it has also helped Pakistan in gaining profit by providing a route for all trade and transportation. (K. Butt & A. Butt, 2015).

The relationship between China and Pakistan with each other and their relationship with other states has not only provided new trade routes and markets for them to enter and gain customers from there but it has also provided them new options for procuring goods and services from the international market which result in a lower cost of any locally made products and services. Especially for China as it is dependent on other countries to meet its energy demands, therefore the better relations of the state because of economic activities with other countries have provided the opportunity of gaining new options to meet its demand. (Iqbal, 2017). The partnership between both countries has resulted in agreements on free trade. Both of the states have agreed to form Free Trade Zones in their countries which would help the business personnel to conduct their business activities more smoothly and with minimal no taxes which would integrate the international stakeholders and shareholders to do more business in Pakistan and by doing so the GDP of both of the states will also increase. And it is statistically proven that trade and economic activities have increased by billions of dollars in both states that is to the trade done between the two countries as well as the business coming from the international market. (Ghani & Sharma, 2018).

5. Conclusion

The study finds that the Pakistan-China relationship is extremely important in the whole world. Pakistan-China relations are not only political, but the people of both countries feel a mutual and interesting bond. The different eras of civil and military leadership are also analyzed in the study which concludes that Pakistan's foreign policy towards china became particularly strong in all political regimes. It also finds that CPEC is critical for strengthening Pakistan-China political and economic ties and Pakistan and China must continue to explore new ideas, strategies, and tactics to fortify their relationship. China-Pakistan Economic Corridor (CPEC) has turned into the most fundamental arrangement endorsed by China and Pakistan. It assists with further developing linkage between Pakistan and China, further developing effects on the expectations for everyday comforts, making more business and exchanging exercises, more open positions, and developing correspondence frameworks. Pakistan culture moves towards advancement particularly connected with rural and specialized turns of events (Ibrar, M. 2016).

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