

## China Pakistan Economic Corridor (CPEC): Regional Development, Employment Opportunities and Policy Challenges

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### Abstract

*A lot of people believe “China Pakistan Economic Corridor (CPEC)” to be a doorway to regional prosperity and regional cohesion. It carries an abundant perspective in relation to regional connectivity, regional development, and employment creation. Although a topic of increasing interest, CPEC has been relatively under-researched and under-conceptualized to date. In this article, we attempt to inspect CPEC in relation to its prospects for infrastructure development, regional development, and employment creation through a methodical databank check and cross-reference snowballing. Significantly contributing: (1) reviewing of recent literature focusing on the concepts of economic corridors in different regions and (2) underlying challenges addressing the political, economic and geographical differences among different groups based on their perspectives. The paper concludes with possible managerial suggestions for the challenges faced by stakeholders participating in the China Pakistan Economic Corridor.*

**Key Words:** CPEC, Regional development, infrastructure development, employment creation, policy challenges

### Introduction

Economic corridors have become very popular during the last thirty years as a way for sub-regional financial growth, though the practice of ‘corridor’ as a notion of realistic and urban development has an elongated record, which dates back to 1880s (Priemus & Zonneveld, 2003). It is due to their ability to promote unbiased development amongst regions through nation-states that have shared boundaries, also amongst territories in nation-state with substantial regional earnings differences. Economic scientists have also been using the term ‘economic corridor’ to mention economic connectivity among main cosmopolitan centers (Rimmer, 2014). Though, this term’s early introduction in business was in policy papers of “Asian Development Bank (ADB)’s” concerning the “Greater Mekong Sub-Region (GMS) development program” hurled in 1992. It was a portion of a huge infrastructure scheme anticipated to develop transportation links to far-flung and blocked-in places in these nations and include growth of 3 important across borders economic corridors amongst the GMS nations (Athukorala & Narayanan, 2018).

In Asia, Economic corridor development gained additional push after China’s initiative to establish “China–Pakistan Economic Corridor (CPEC)” that is expected to hook up “Western China to the Arabian Sea” through Pakistan as a flagship project of its “One Belt, One Road initiative” (Athukorala & Narayanan, 2018). China will spend more than \$55 billion in Pakistan under this project in energy and other employment associated substructure development projects for a duration of 5-15 years. Establishing the “Belt and Road Initiative (BRI)” or “One Belt, One Road (OBOR)” carries several advantages for China and Associated nations. CPEC is an essential part of OBOR. From commerce viewpoint, potentially reduced

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distances, the resultant decrease in supply duration, and the developed transport system security and safety with the use of the new BRI paths could benefit Chinese export companies - which is very important for the expansion of Europe and the China business market. We can witness the merits brought by BRI since it's commencement in 2013. As mentioned by the "Ministry of Commerce of the People's Republic of China", China's business volume with the "Belt and Road" countries grow rapidly in 2017. For instance, the trade size between China and European countries increased remarkably (15.2% increase) in that year (Wen et al., 2019).

The OBOR – comprising of railways, ports and power grids across Asia, the Indian Ocean, Africa, and Europe – is a landmark initiative of infrastructure projects. It comprises of a "Southeast Asian Maritime Silk Road" and a "Eurasian Silk Road Economic Belt" where Pakistan is preordained to function as a junction for both the routes (Markey & West, 2016; Limo, & Venables, 2001).

Through BRI, which is China's utmost worldwide financial drive, China is targeting at inspiring financial growth in extensive territories in "Asia, Europe, and Africa", that is equal to 64 percent of the global populace and 30 percent of the global Gross Domestic Product (GDP). To carry on its robust growth, this drive is developed to restructure the external sector of China. Although infrastructure growth performs a vital part, the BRI is an inclusive project, also containing strategy discourse, unhindered trade, economic sustenance and people-to-people exchange (Martincus, Carballo, & Cusolito, 2017). By integrating successful practices of developing market economies, it surely has the potency of transforming the less developed "Belt & Road" territories into a fresh vivacious financial hub and causal to economic policy intelligent. Still, the Initiative is also faced with extraordinary obstacles, such as the possible clash of diverse political systems and views, the financial viability of cross-border projects, and the absence of a basic control system (Huang, 2016).

China considers that CPEC would bring internal accord and financial constancy within Pakistan and as well as appeases the former's western restless Xinjiang province (Zhiqin, 2016). As an integral part of the BRI, the CPEC links China's Kashgar with Pakistan's Gwadar Port through highway/railway system building and advancement schemes (see Fig. 1), carrying extensive advantages for the allied nations (Boyce, 2017; Hali et al., 2015). Inferring a shrill decrease in the business routes between 'West China' and 'Europe', this corridor significantly reduces the space between the Arabian Sea and West China (Wen et al., 2019). Thus, the CPEC, with enhanced logistics efficiency, generates immense possibilities for West China to open to the world (Shaikh et al., 2016).

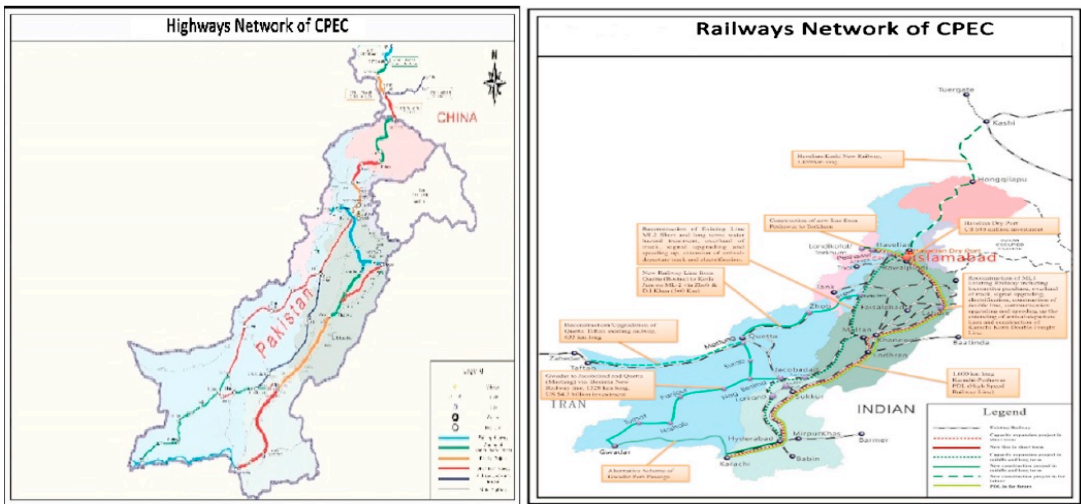


Figure 1: Map of the CPEC. (Can be found at "<http://cpec.gov.pk/maps>".)

## Methodology

This article is based on an organized literature review. A meticulous database search was conducted as demonstrated in Fig. 2.

Firstly, we carried out a methodical literature search. The search strings, “China Pakistan Economic Corridor” in “Title” correspondingly “Article title” and “China Pakistan Economic Corridor”, “China Pakistan Economic Corridor\* and infrastructure development”, “China Pakistan Economic Corridor” AND regional development, “China Pakistan Economic Corridor” AND employment creation\*, \* in “Topic” correspondingly “Article title, Abstract, Keywords” were used to search for reviews or articles in English on the “Science Direct”, “Elsevier Scopus”, “Science Hub databases”. In order to specify an early model of related literature, we scan the abstracts of the selected articles (Geissdoerfer et al., 2018).

By first skimming, the articles’ name in the citation section and their contextual background and the referred contents in the text in this initial sample, related “cross-references” were identified in a second step. In order to decide whether the article was pertinent, the abstracts of the selected additional publications were looked over. Pertinent references were then added to the sample and analogously scanned for relevant cross-references. We repeat this process until no additional related cross-references could be selected (Geissdoerfer et al., 2018).

Thirdly, we assimilate, synthesize, and compile the final sample into the literature review.

We structure the remaining of the article as follows. We start with an analytical perspective of economic corridors. Next, we turn to history and facts and figures of CPEC. Then we discuss regional development, infrastructure development, and employment creation under CPEC followed by challenges to CPEC and conclusion.

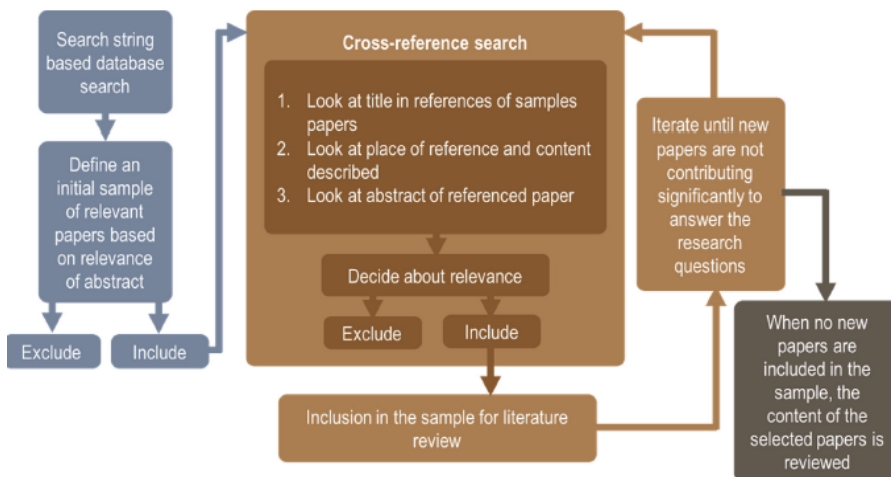


Figure 2: Illustration adapted from Geissdoerfer et al., (2017b.)

## Analytical Perspective

With the start of the 21st century, globalization is taking place very rapidly. The tendency in global collaboration from two-sided to multilateral activities has shifted through the physical as well as virtual means due to increased connectivity. Thus resulting in the emergence of economic corridors across the world hugely benefitting partaking countries. Among major examples of these occurrences are “European Union” and “NAFTA”. Though there are several territories that are least integrated in terms of connectivity, South-Asia is amongst those less integrated territories of the world (Xie et al., 2015).

The conventional policy support for incorporating the emerging economies inside the worldwide economy concentrated mostly (if not wholly) on eradicating trade barriers (Krueger, 1997). It was assumed that an economy would certainly result in growth in business, and stimulate additional development if it is opened up to business and investment. As barriers to trade were significantly pulled to pieces through individual and joint improvements, it became obvious that without balancing business-related infrastructure, the technological capability to manufacture and supply products whereas sustaining quality measures, and without eliminating several other obstacles to resource allocation and business, trade liberalization alone would not produce the expected result (Bougheas, Demetriades, & Morgenroth, 1991). This change in “policy” rationale gave the motivation for the increasing acceptance of “economic corridors” as a means for trade and industry growth.

There is still no consensus on the proper definition of the “economic corridor”. By refining features usually recognized in different “economic corridor programs” and associated policy papers, the subsequent definition is used to oversee the resultant examination in the present article:

*“The economic corridor is an integrated framework of economic development within a designated geographical area, which places trade-related infrastructure at the core, but goes further to encompass interconnected issues of public policy, regulations and operational practices required for stimulating economic growth and development within the designated area”* (Athukorala & Narayanan, 2018 p-2).

The definition includes three important fundamentals of a corridor development program: the building of infrastructure, business easing (logistical) modifications, and refining the investing settings. At a given time amongst economic corridors, “policy” urgencies can, of course, fluctuate depending on domestic growth urgencies and indigenous financial circumstances of the constituent nations/territories.

The importance of “economic corridors” as an instrument for progression is narrowly associated with the example for building financial clusters. To soften this procedure, there also exists the option to develop cross-border “Special Economic Zones (SEZs)”. Local SEZs can be established close to significant business infrastructure in an economic corridor. Planning Commission of Pakistan is anticipating to establish 27 SEZs throughout Pakistan under CPEC by presenting “Gwadar SEZ” as the initial and first prototype constructed on an area of 3000 acres on the special preference of China. The dissemination of SEZs will be as follows: “8 SEZs in Khyber Pakhtunkhwa, 7 in Punjab and Baluchistan each, 3 in Sindh while Gilgit-Baltistan and Islamabad will have 1 each” (DAWN, Jan 2016).

The probable trade-off amid economic progression and impartiality results in an argumentative subject in the discussion on the part of “economic corridor” as a contiguous growth device. As stated, contiguous assimilation and accumulation of financial activities have the ability to build the platform for the growth of a cumulative outcome. However economic growth might also include adverse consequences of contiguous disparities and marginalization of particular groups for a couple of reasons. Firstly, because of more than the necessary focus on infrastructure development and extra actions in the selected territory, signs of tangentially inside the broader economy can emerge. Secondly, contiguous differences can also arise in the selected territory of the corridor due to investment priorities guided by market demand. The focus of development in sub-regions nearer to business paths and with further particular spatial benefits may perhaps produce economic areas. The task required is, so, to plan and carry out the corridor program for attaining a favorable result of corresponding inclusive development with commercial and societal coherence.

A soundly devised infrastructure improvement scheme can perform a crucial part in attaining this target. Specifically, regional road highways properly linked to countryside feeder infrastructures and upgrading countryside infrastructure can assist in spreading economic activities from within the corridor. Still, it cannot be guaranteed that entire bordering territory and marginalized societies will take advantage similarly from regional assimilation by infrastructure only. We have a convincing circumstance for blending infrastructure development along with an inclusive partaking and people-centered growth policy that includes enthusiastic involvement of local people and stakeholders. The system, breadth, and method of the requisite policy

outline and the control style, of course, rest on the structure of the social, cultural and bureaucratic setting and the development phase of the nations/territories involved

## **“China Pakistan Economic Corridor (CPEC)”**

### **Background**

While “Chinese President Xi Jinping” visited Pakistan officially in the first quarter of 2015, he took with him a 46B USD grant which possibly might have momentous advantages for Pakistan, as well as have considerable influence on the territory. It is undeniable that it will draw Pakistan more deeply into Beijing’s geostrategic ambit, still there persist many unknowns on how this enormous money will be spent during the coming fifteen years or so. Although China and Pakistan are enjoying protracted and fertile relations for more than fifty years, if total schemes related to this pact are eventually executed, it will be a game-changer for the whole territory.

This 46B USD pact, recognized as the CPEC, is basically a set of large projects which consist of two dominions: “transportation and energy”. On the transportation side, there are almost 12B USD to construct, amongst different projects, “a rail link connecting Gwadar, a Chinese-built deep-sea commercial port on Pakistan’s southern coast, to the western Chinese city of Kashgar, some 2,000 miles to the north”. Further developments consist of broadening the Karakoram highway, also formerly constructed with the help of China; Gwadar airport; constructing a 125-mile long tunnel connecting the two and improving many current roadways, including ‘Karachi-Lahore section’.

A bunch of electricity projects, nearly 34B USD in total, are also in plans to be built, comprising “pipelines to transfer oil and gas to Kashgar; Iran-Pakistan gas pipeline completion; and a bunch of coal, wind, solar, and hydro energy plants that would supplement some 10,000 megawatts to energy-starved Pakistan”.

However, the masterpiece for China is the construction of Gwadar, which is anticipated to provide Beijing a stable and strong long-standing strategic position in the “Indian Ocean” and near to the “Persian Gulf”, efficiently helping China to become a “two-ocean power”.

The CPEC pact bestows the Chinese 4 decades management privileges of the port. It is extremely significant for China as it will permit China to transport its oil forthcoming from the “Persian Gulf” to that port and inject it via the pipelines to “Western China”. Consequently, with more than nine thousand kilometers of shorter transportation lines, China will be capable to save mammoth amount in shipping expenditures. Certainly, Pakistan in common and Gwadar in specific will be performing a very important part in China’s joint plans for a “Silk Road Economic Belt and a Maritime Silk Road” connecting China to Europe and beyond (Rakisits, 2015).

With CPEC the region will be incorporated into an economic center assuring a tremendous prospect for its population. Greater exchange of trade, ideas, and populations are all possibilities under CPEC. CPEC portfolio is projected to trigger the GDP growth of Pakistan by 1.5% from 2016-2020 and additional growth of 1% for the period 2020-2030 (Planning commission of Pakistan, 2015).

### **Facts and Figures about CPEC**

The design of CPEC consists of 4 phases. They are:

- “Early Harvest 2015-2019”: Majority of the schemes relating to electricity that is concluded or anticipated to be concluded by 2019 supplementing around 7000 MW energy to the national power grid and therefore reducing the power shortfall and blackouts which had impaired the business and exports
- “Short term projects up to 2022”: mostly “Infrastructures, Gwadar Development, Optic fiber network and the hydel, coal mining and power projects”

- “Medium projects up to 2025”: Rail lines and Industrial parks
- “Long term projects up to 2030”: Includes large projects such as SEZs, Agriculture, and Service sector, etc.

CPEC has to turn into a topic of growing number of seminars, dialogues, conferences, research articles, etc. The attention it has provoked is felt not only in Pakistan but has reached over to other places as well. The primitive push of the discussion originates from two diverse aspects of thoughts. At the geopolitics' standard, the “One Belt One Road (OBOR)” – of which CPEC is a fundamental component – is regarded as a sign of China's motivations of becoming an international influencer to look upon to. The current power design, so, is endangered by the growing impact of an emerging economic power on the arena. Fresh coalitions like US-Japan-India are developing to comprehend the dominance of China. India and Pakistan – South Asian archrivals, are readjusting. An old-time associate of the United States, Pakistan is moving increasingly towards China whereas India—an old ally of Russia—is establishing strong relationships with the US. CPEC has consequently been trapped in the skirmish amid these two competing groups. The concern of China probably utilizing Gwadar eventually as a strategic naval base gives rise to some of the criticism and suspicion about CPEC.

Concerning geo-economics of ‘OBOR’, as much as 60 states would become linked to China via a system of road and rail network, pipelines, grids, and fiber optic. This connectedness at its highest would additionally improve the quality of Chinese products and services by decreasing selling/buying costs and accelerating the distribution period. Globally China has developed into the leading exporting country by inundating the global marketplaces with its comparatively economical products and its relative advantage over time would, therefore, be sustained. Its status as a top exporter would be strengthened more.

It is in the above-stated background that the prospects and risks ascending from CPEC need to be studied objectively in a comprehensive fashion. In a span of four years the notable remarkable input that has already made a momentous and obvious change is the inclusion of 10,000MW to the production volume in Pakistan. It has reduced lingering power outages and replaced plants with a 61% productivity factor in place of those functioning at 28% reducing consumers' costs. Due to load shedding economy had lost about 1.5 to 2 percentage points of GDP. Because of energy shortages, regular distributors could not execute the orders in due time and consequently, export orders were called off and the clients went away from Pakistan. The number of exports declined, producing a balance of payments emergency. As new hydel, renewables, coal-based projects emerge on the scene, there would be a consistent reduction of imports of Furnace oil and Diesel.

Another field that might be beneficial for “Pakistan” is the development of highways and railway lines connecting Gwadar with Kashgar and the “Mass Transit systems” inside big metropolises. “Inner-city Mass Transit systems in Lahore, Peshawar, Karachi, and Quetta” would give secure and economical public transportation to the inhabitants who confront plenty of troublesomeness and consume a high amount of money and time in traveling to work. The shortened commuting duration and saving in transport expenditures would enhance their work output and also increase the buying ability of middle and lower-income groups.

The Western road would make accessible the undeveloped areas of “Balochistan and Southern KP” and incorporate these areas with the nationwide markets. The inhabitants residing alongside the track will become capable to manufacture and trade their “mining, livestock, poultry, horticulture, and fisheries” production to a very bigger portion of customers. Their shipping charges would be reduced significantly, the number of perishable items and trash would go downward, cool chains and storage places will be made accessible and manufacturing would become feasible in the adjacent Industrial parks. Approach to the big trucking flotilla and containers with superior recurrence and minimized reversal duration may possibly assist in the mounting up of processes. Fiber optic network would let the inhabitants of these underprivileged territories approach to state-of-the-art 3G and 4G broadband internet.

Summary of China Pakistan Economic Corridor's Major Projects				
Major Categories	# of Projects	Estimated Cost (US \$ Million)	Projected Cost (US \$ Million)	Direct Job Opportunities
Energy	21	26,370 for 13,810MW	33,000 for 17,045MW	71,959
Infrastructure (Road)	5	5,341	5,341	31,474
Infrastructure (Rail)	3	8,237	8,237	14,400
Infrastructure (Optical Fiber)	1	44	44	1,294
Gwadar	12	793	10,000-14,000	77,700
<b>Total</b>	<b>42</b>	<b>\$40,784</b>	<b>\$58,622</b>	<b>196,827</b>

Figure 3: CPEC major project details. (Adopted from Husain, 2019)

### Regional Development under CPEC

Development specialists and scholars are increasingly examining the opportunities of “China's One Belt One Road (OBOR)” initiative. Pumin (2015) states that —“21st Century Maritime Silk Road program” will accompany social and financial advantages to nations and territories alongside the route. Kun (2015) argues that by endeavoring an inclusive global policy of connectedness recognized as the OBOR, China will be capable to generate a link between the “Chinese dream and —World dream”. Xudong (2015) believes that China's strategic drive to set up the “Silk Road Economic Belt” and the “21st-Century Maritime Silk Road” will place potential national as well as international growth on fast-track. Haris (2015) argues that establishing new industries in SEZs beside the CPEC will help in overhauling Pakistan's worsened manufacturing divisions. Hamid & Hayat (2012) maintains that Pakistan will have to look for certain protections for its indigenous industries as it is a meager economy compared to China. CPEC will boost social connectedness amongst people (Hussain & Ali, 2015). CPEC is significant for both the countries as it will boost trade and commercial activities in Pakistan (Hasan, 2012).

Following the signing of 45.6B USD Memorandum of Understanding (MoU) between China and Pakistan, there has been extensive discussion on social, print and electronic media with respect to the likely ramifications of CPEC. From a positive perspective, as far as business, access to market and territorial connectedness are concerned, CPEC is considered as a “game-changer”. These are altogether anticipated to boost development and generate investment and job prospects in the country. From a negative perspective, there exists an absence of accord on the choice of routes, the coordination between stakeholders, the allotment of economic zones and further infrastructure projects. In spite of such contrasting viewpoints, the forecasts, particularly for regional growth, are optimistic due to better market access, superior regional connectedness, and huge infrastructure development.

CPEC also accompanies a huge prospective in terms of resolving the current electricity emergency and ultimately heading Pakistan towards energy security (Ahmed et al., 2019). Out of the whole 46B USD Chinese financing through CPEC, around 35B USD is dedicated to the power sector and for its renaissance.

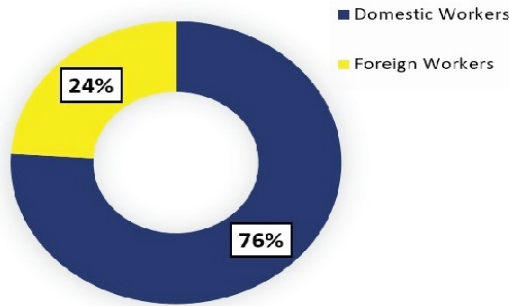
### Related road infrastructure projects under CPEC and its impact on employment (graphs and figures adopted from Zia & Waqar, 2018)

The total investment budgeted to operationalize the projects under the umbrella of CPEC is more than 45B USD, of which 30% (US\$ 13.58) of the investment is sanctioned for infrastructure development. Planning of CPEC is anticipated to enhance cross border real infrastructure where cross border infrastructure availability leans to reduce transport charges, boost the business volume, improve regional connectivity and unhindered flow of workforce. Lowered cost draws foreign aid which additionally boosts business and development. Presently six road construction schemes are underway across various territories of Pakistan. These are:

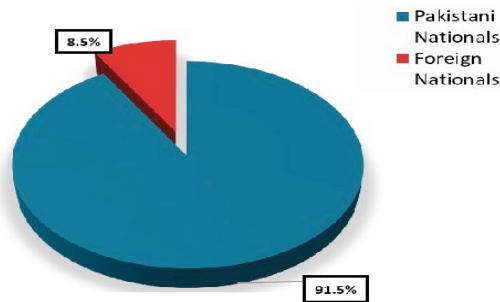
- “Karakoram Highway Phase-II (Thakot-Havelian section)”

- “Peshawar-Karachi Motorway”
- “Multan-Sukkar and Lahore-Multan section”
- “D. I. Khan (Yarik)-Zhob N-50 Phase-I to Phase-V between Peshawar and Baluchistan”
- “The remaining portion of E-35 expressway”
- “M-4 between Faisalabad and Multan”

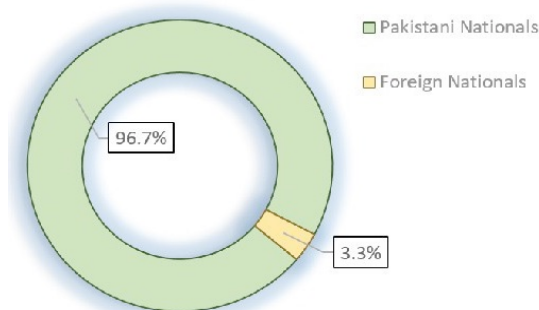
Karakoram Highway Phase-II (Thakot-Havelian section) created almost 7800 direct jobs of which almost 6000 (76%) are Pakistani workers and 1800 (24%) are Chinese workers.



Peshawar-Karachi Motorway (Multan-Sukkar section) – the overall employment generated by this project till now is 15,174. Out of which only 8.5% (1,293) labor force is employed from China whereas 91.5% (13,881) workers are domestic.



Peshawar-Karachi Motorway (Lahore-Multan section) – total jobs created are 17,246. Of which 96.7% (16,676) workers are hired from Pakistan and only 3.3% (570) workers are hired from China.

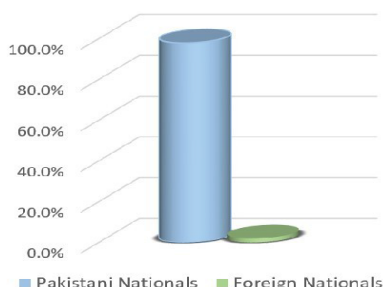


“D. I. Khan (Yarik)-Zhob N-50 Phase-I” to Phase-V “between Peshawar and Baluchistan” – total employment generated under these projects is 6,700. All the workers are entirely from Pakistan.





E-35 expressway – the total jobs created by this project are 1,020. Out of which 1,000 (98%) were employed from Pakistan and only 20 (2%) were employed from China.



M-4 between Faisalabad and Multan – the total jobs created under this project are 3,640. Hiring 3,543 workers from Pakistan and only 97 workers from China.

### China’s Gains from CPEC

Xinjiang is by far the biggest province of China (with an area of about one-sixth of China or twice that of Pakistan – of which albeit 90 percent is uninhabitable, a population of under 25 million and a GDP about half of Pakistan) sharing a 5,000 kilometers land borders with eight countries (including Kazakhstan, Kyrgyzstan, and Tajikistan – all potential partners through CPEC).

Traditionally, Xinjiang’s economy has been based on agriculture (cotton), livestock (sheep farming and wool production), and mining (oil, natural gas, and coal), although manufacturing and services have become significant in recent years. Xinjiang’s exports (about \$18 billion) consist of textiles, garments, shoes, and electromechanical products, primarily to Kazakhstan, Kyrgyzstan, and Tajikistan and the US, while its imports (about \$2 billion) consist of agricultural products, ore, crude oil, and medical instruments from Kazakhstan, Uzbekistan, the US, and Russia.

For China, amongst other gains, CPEC would generate a far more cost-effective and secure transit corridor between Xinjiang and the Middle-East and Africa than at present. To transform this transit corridor into an economic corridor, however, besides vision and leadership four more things would be required: (1) existence of cities, areas, and regions with genuine economic potential; (2) innovative research to identify business opportunities and infrastructure needs; (3) plans, policies, and regulations to attract genuine investment in internationally competitive clusters; and above all (4) continued commitment by government, private investors, and other stakeholders.

Xinjiang denotes the only boundary China shares with “Central Asia”: more than 1,000 miles with “Kazakhstan”, about 700 miles with “Kyrgyzstan”, and approximately 280 miles with “Tajikistan” (Zhao). Furthermore, Xinjiang is narrowly connected to Central Asia through ancient, traditional, religious, and cultural ties.

The conflict between “Ethnic Uighur” and “Han Chinese” in Urumqi in 2009, which supposedly led to more than 200 deaths, possibly depicted China's largest ethnic conflict in long times (Hastings 2011). China's worry over “Uighur ethnic” independence struggle in Xinjiang has forced it to accelerate the speed of progress in its biggest territory which is one of its most underdeveloped regions. China's ambitions of “leapfrog development” and “long-term stability” in Xinjiang are expected to conclude in specific “leapfrog” raise of Chinese existence in “Central Asia” (Wei & Cuifen, 2010). And it is without any doubt that this is already happening.

## **Challenges to CPEC**

Beijing is aware of the fact that due to Pakistan's internal imbalance, CPEC is a colossal gamble. The bilateral relationship will nonetheless be more concrete if the projects are not completely executed—and there are a number of reasons why it may not.

While clearly not openly stated, it is important to counteract the Indian-US accord, which has acquired speed since “Narendra Modi” was voted as Indian prime minister. It was a development previously started during President Bush's tenure, who had declared in 2005 that the United States of America desired to support India grow stronger and powerful. But recently it has turned into more adamant. During President Obama's official visit to India in January 2015, he concluded the “July 2005 nuclear deal” and refreshed the ten-year armed forces collaboration deal of 2005. While visiting India in June 2015, Defense Secretary Ashton Carter also penned a defense structure treaty. Most of this understanding between the “United States and India” is motivated by China's smart and bold actions in the South and East China Seas. And this most recent Chinese huge investment in Pakistan will without any doubt provoke apprehensions about China's military intents in the Indian Ocean.

Besides, the massive logistical, development, regulatory, and labor force issues, the CPEC need both countries to focus on two important security issues. First, the action of rebels in Baluchistan, the biggest southwestern province where Gwadar is situated, and the second is the constant existence of the “Taliban” and their supporters in the northwest part of the country. China urges strong action on both issues (Rakisits, 2015).

Since the beginning of this century, Baluchistan has witnessed increased insurgency. Baluch rebels who are opposed to mega-projects have progressively been targeting Chinese personnel and other non-Baluchs. In May 2004, for example, three Chinese engineers were assassinated in a car bomb blast. Also, gas and oil pipelines are being destroyed by rebels on a regular basis.

Particular political parties in Khyber Pakhtunkhwa are also against CPEC which is a big issue for this multibillion-dollar project. The opposition is due to the changes being made in the standard design of this corridor by the federal government which will turn away economic advantages to Punjab only (Abid & Ashfaq).

## **Discussion and Conclusion**

Though South Asia has two-third of the world's population, it is regarded as one of the most less integrated territories of the world. One main cause of this fact is the high rate of unemployment due to not having entry to markets and other business opportunities.

CPEC will provide South Asia an opportunity to access inaccessible marketplaces and bigger financing resulting in industrial development and growth of less-developed regions in Pakistan and China. It will generate extensive employment opportunities to provide people with appropriate jobs. At the same time, relationships built on the business, economy and societal and cultural aspects will grow and pave a path towards a renaissance of “ancient silk route”.

We also conclude that, though CPEC is believed to be a game-changer for the entire territory, there's also the absence of unanimity on the choice of paths, the synchronization amid stakeholders, the distribution of economic zones and other development projects. In spite of the extraordinary benefits of the CPEC,

from a political point of view, we propose that it is crucial for the governments to work together to assist in the smooth and effective operations of the projects by offering a substantial and consistent political atmosphere. This is because political consistency is considered to be an eminent precondition for the successful completion of economic corridors, as the advantages brought might be relatively limited due to possible damages triggered by political unrest. Also, policies that improve the development and encourage the applications of economic corridors must be initiated to continue the sustainability of the initiative.

Lastly, with the goal of helping take full advantage of the advantages of CPEC, we suggest three managerial proposals for the strategic design of CPEC. First, there has to be a central coordination committee in order to avoid potential political clashes of diverse political systems and philosophies and economic feasibility of cross-border projects. Second, Pakistan, in particular, should devise a strategy to create accord on the choice of routes, the synchronization amongst stakeholders, the distribution of economic zones, and other infrastructure development projects. Third, both Pakistan and China should (must) address domestic and global challenges. China, in particular, should convince world powers (especially anti-CPEC powers) that CPEC is meant purely for regional economic development and that China has no other hidden intentions of destabilizing the region.

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