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Ujala Siddiq *

Zargham Ullah Khan †

Aisha Tahir ‡

CPEC a Gateway: Changing the Lives of Intra and Inter-Regional People

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Abstract

CPEC is an ongoing development megaproject which aims to connect Gwadar Port of Pakistan to China's northwestern region of Xinjiang, via a network of highways, railways, and pipelines. The economic corridor is considered central to China–Pakistan relations and will run about 2700 km from Gwadar to Kashgar. The vision and mission of CPEC are "To improve the lives of people of Pakistan and China". By building an economic corridor promoting bilateral connectivity, construction, explore potential bilateral investment, economic and trade, logistics and people to people contact for regional connectivity. It includes integrated transport, IT systems including road, rail, seaports, air and data communication channels, energy cooperation, spatial layout, functional zones, industries and industrial parks, agricultural development and poverty alleviation. This intimacy will lead to human resource development. In this paper, a study is done by collecting primary data by questionnaires. The development of the health sector and the construction of the hospital, water filtration plants and other facilities have been checked and analyzed. The question that is answered by conducting this study is; will this project help to change the lives of the people and will facilitate them nicely?

Key Words: CPEC, Pakistan, China, People.

Introduction

The China-Pakistan Economic Corridor (CPEC) is a super project. This project is used to connect the southern port of Pakistan at Gwadar through road, rail system, and channels to China's northwestern Xinjiang district for connectivity to transfer goods (KM Alam 2019).

This mega project is considered very dynamic for friendly relation as well as economic growth between two neighbouring countries (Ahmar 2014).

In a shell, seaports and seaway are considered one of the cheapest and the most effective way to attach one part of the sea to the other.

One of the biggest questions in the minds of the people is "What will happen when the economic corridor will be completed and start functioning as a primary port for connected two countries?"

The economic corridor has a primary role in connecting Pakistan, China, the Middle East and Africa. So, the possible situation is that oil from oil-rich Middle Eastern states will be unburdened at Gwadar port. This port is located outside the Persian Gulf and transported to China (B Petersen December 2016).

By this port, the route for oil supplies will be shortened by 12,000 kilometres. As, one of the reports by the Asian development bank about CPEC said that, "It is a connection bridge between the two neighbouring countries, but it is along with the defined geography" (PJ Buckley 2004).

* Lecturer, Faculty of Contemporary Studies, National Defence University, Islamabad, Pakistan.
Email: ujala.emails@gmail.com

† Assistant Professor, Hailey College of Banking and Finance, University of Punjab, Lahore, Punjab, Pakistan.

‡ MPhil, Junior Regional Manager SMEDA.

The economic corridor will also act as an agent for connecting South Asia with East Asia. The CPEC is also an important player for regional connectivity. The regional connectivity is significant in for the paradigm shift of “security” to economics”_(Wang 2019).

The Gwadar, district of Pakistan located in the province of Baluchistan is of vital importance for the development of China-Pakistan Economic Corridor. The Gwadar port is located near the Strait of Hormuz. The Strait of Hormuz is considered having one-third of the world's oil trade_(Sial 2014).

The AIIB is assisting China with its OBOR policy. Investment, as part of CPEC, has ensured that China has easy accessibility to the Gwadar Port, shortening the time from the cities in China to the Arabian Sea (Das, *The making of one belt, one road and dilemmas in South Asia 2017*). Most of the loans to the countries under these institutions are strategic, with China expanding its soft power and attaining acceptability in the global stage_(Heng 2010) .

While analyzing the cost-benefit analysis, of CPEC China has plans to figure oil storage services and will also construct a refinery at the Gwadar Port. The oil will be transported to the Xinjiang Uighu Region through roads and also by pipeline, without going from the Strait of Malacca. It is estimated that 0% per cent of oil comes from the Middle East that China used for its consumption, and 80% per cent of that oil is transported to China via this Strait of Hormuz.

Table I.

CPEC	Cost in US \$ Million	%
Energy	33,793	76%
Transport and Infrastructure		
Roads	6100	
Rail Network	3690	24%
Gwadar port	786	
Others	44	
Total	44413	100%

*Source: *Planning Commission of Pakistan, 2014*

Under the BRI, China has galvanized its financial, diplomatic, political resource. Under the ambit of finance, the Chinese have formed institutions such as the AIIB and the Silk Road Fund, as well as the New Development Fund, with a combined capital of \$240 billion. These funds are for giving loans to developing countries that will, subsequently, sign contractual agreements with Chinese companies. (Salidjanova 2011).

The economic corridor is an “advantageous position” for china, but this project is also considered vital for Pakistan. The economic corridor will not only boost the economic growth, but it will also help for the societal uplift of the people living in Gwadar and the areas near it.

Asian Infrastructure Investment Bank

Initiated in 2016, with its headquarters in Beijing, the bank has 57 members. As of January 2017, the nine infrastructural projects under the bank – mostly co-financed by the ADB and European Bank for Reconstruction and Development (EBRD) – 3 are based in Pakistan (Panda, 2017).

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Along with the AIIB, the ADB and Department for International Development too, have taken up the responsibility for co-financing certain projects under OBOR as well. Case in point, National Motorway M-4 Gojra-Shorkot Section project that falls under CPEC (Chan 2017).

New Development Fund

Established in 2015, the multilateral fund, with an initial capital of \$50 billion, has not had any link to CPEC yet; it does, however, have the vision of co-financing projects with the AIIB under the BRI, considering that they are sustainable and feasible (Weiss 2017).

The Asian Development Bank

Established in 1966, this regional development bank has expressed its openness in investing in CPEC; however, insofar, the federal government has not extended an invitation to the institution (Copper 2016).

Unlike the AIIB and the Silk Road Fund, the bank is not an OBOR-specific initiative. However, it has shown an interest in CPEC and is already involved in co-financing one project under it (Panda, 2017). The 59 kilometres long road from Havelian to Burhan, under the Northern section KKH E-35, has also been financed by the ADB (NRT, 2016), along with the Lahore to Peshawar railway line under ML-1 and its up-gradation, with the bank providing \$2.5 billion of the funds with a 2% interest rate (J Syed 2018).

By the year 2014, the government of China was agreed to spend \$45.6 billion for building the corridor. This economic corridor will include the construction of roads, highways, railway stations, and the pipelines for natural gas and oil. These pipelines will connect China to the Middle East. The CPEC will not only connect the china and Pakistan to the Middle East but by this Gwadar Port, the influence of China will be increased in the Indian Oceans. This economic corridor will definitely contribute to the socio-economic path of the people of the Gwadar. This project will eliminate the sense of deprivation from the folks of the province Baluchistan.

Table 2.

Category	First Level Index	Second Level Index	High	Middle	Low
Political Risks		National Secession Forces	✓		
		Kashmir Dispute	✓		
		Great Power Intervension			✓
		Complicated Neighborhoods		✓	
		Natural Risks		✓	
Safety Risks		Extremism Risks	✓		
		Terrorism		✓	
		Threats from NGOs	✓		
Macro Risks		National Perspective		✓	
		Local Regulations		✓	
Law Risks		Ethnic Minority benefits			✓
		Aboriginal benefits			✓
Ethnic benefits		Regionalism	✓		
		Religious Customs	✓		
		Social Taboo			✓
Religious Belief		Dispute Between Politics and religious	✓		
		Income damage induced by land acquisition	✓		

		Unemployment and poverty of affected persons	✓	
		High consumption burden/ low livelihood level		✓
	Economic Damage	Assets Depreciation of stakeholders		✓
		Damage of natural and Hestorical Heritage	✓	
		Obstacle of language, culture and customs	✓	
Micro Risks	Language and Culture	Obstacle of Affected persons integration	✓	
		Vulnerable groups benefits damage	✓	
		Gender issues	✓	
		Bad working Conditions		✓
		Public Health Issue		✓
	Community Benefits	Social Network reconstruction problem	✓	
		Community Safety	✓	
		Reasonable Compensation Issue		✓

The societal and cultural change that CPEC will bring is because of the socio-economic prospect of this mega project. There are a pair of obstructing factors in the development of CPEC. There is a need to critically evaluate the collaborating structure of this corridor, but also the communicating structure of the economy, social, and security-related features.

Literature Review

International Economic Dependence

By virtue of operating in a globalized world where international relations and diplomacy govern the behaviour of states, countries cannot develop in isolation. Economic cooperation and regional integration have propelled countries to become interdependent, whereby exchange and sharing of capital, technology and human resources is common practice. Today countries have developed their economies to an extent which was not envisioned by their ancestors; part of which can be attributed to economic interdependence and factors external to the country or region of concern (Fukuyama 2011).

The International Dependence Theory, as founded by Hans Singer and Raúl Prebisch in 1949, espouses that though economic cooperation between countries contributes to the economic development of the whole region, underdevelopment continues to exist because of the dominance of developed countries over developing countries. The theory refers to the developed countries as the 'core' while the developing countries are referred to as the peripheral countries (Richardson 1980).

Based on the ideas of Marxism, the theory propagates that the peripheral countries rely on the core countries for the supply of capital and technology. Hence economic development is often influenced by factors external to the economy under consideration. In this process, a major proportion of economic benefits are reaped by the developed countries instead of the peripheral countries, primarily because of initiatives such as free trade agreements act as a convenient vehicle of exploitation (DS Massey 2002).

The AIIB is assisting China with its OBOR policy. Investment, as part of CPEC, has ensured that China has easy accessibility to the Gwadar Port, shortening the time from the cities in China to the Arabian Sea (Das 2017). Most of the loans to the countries under these institutions are strategic, with China expanding its soft power and attaining acceptability in the global stage (Heng 2010).

Since poor countries suffer at the hand's poor governance, limited administrative capacity and ineffective regulatory framework, growth of international capitalism and multinational corporations cause developed countries to be exploited, rendering them underdeveloped. It is due to this very reason that many developing countries have not been able to rise from underdeveloped or developing status. Having said this, developing countries cannot escape from core-peripheral dependence relationship, and though they have not been able to achieve sustained growth from a particular dependence, survival in the world economy necessitates reliance on developed countries. Countries, such as China and India, which initially resisted economic dependence, were propelled to open their economies to global markets, in order to escape the vicious state of stagnant growth.(Pomeranz 2000).

In the case of CPEC, China is the core country while Pakistan is the peripheral country; hence speculations regarding the efficacy of this initiative are mounting day by day. It is being argued that China is rightfully pursuing its economic interests, with the aim to develop its western regions but unfortunately there are only a handful of benefits for Pakistan. CPEC, according to Mario Esteban, will serve as an economic corridor for China, providing the country easy access to Central Asia. The corridor is expected to save China US\$ 2 billion, annually on the import of oil along with numerous other benefits. Renowned economists and researchers believe that the inability of Pakistan's federal and provincial governments to conduct feasibility studies, forecast effects and negotiate the terms and conditions of various projects with the Chinese government will render the country deprived of potential benefits. Furthermore, CPEC will only serve as a transit corridor for Pakistan and with limited socio-economic development.(Esteban 2016).

The Heartland Theory

Much like the theory of international dependence, the Heartland and Rimland theories lend another perspective to this project. Halford Mackinder's theory about the control of resources can also hold true in the 21st century vis-à-vis CPEC. As set forth by Mackinder, the theory claims that the geostrategic centrality and a wealth of resources of the 'Heartland', which extends from central to northern Eurasia, would allow the region to be self-sufficient and to challenge the West's dominance in sea power. Moreover, the geopolitical actor controlling the heartland would control the world.(Smith 2013).

Globalization

Globalization, too, has paved the way for countries to undertake such collaborative projects, transcending national boundaries. The impact of this phenomenon is different for different countries; however, it is seen as the inevitable in this day and age. Countries cannot isolate themselves but can deter negative impacts through adequate and sound policies.(M Ravallion 1999).

The International Dependence Theory, as founded by Hans Singer and Raúl Prebisch in 1949, espouses that though economic cooperation between countries contributes to the economic development of the whole region, underdevelopment continues to exist because of the dominance of developed countries over developing countries. The theory refers to the developed countries as the 'core' while the developing countries are referred to as the peripheral countries.(Richardson 1980).

As Anthony Giddens stated in his book, "globalization is the intensification of worldwide social relations which link distant localities in such way that local happenings are shaped by events occurring many miles away and vice versa (I DDUCTION 2007)".

Thus, from the viewpoint of the economy, the global economy beckons interdependence. Economic globalization links countries via trade, production and consumerism. Such linkage makes the economic growth of a country dependent on its trading partners. A close match to economic interdependence, globalization has set the stage for greater cooperation among countries; thus, greater regional ties and cooperation is not a drastic concept – for Pakistan or its neighbours, should they partake in CPEC.

This idea of increased regional connectivity, when it comes to Pakistan, gained greater impetus in 2013 when the President Xi Jinping made a case for regional cooperation among Asian states and the rest of the world (Das, The making of one belt, one road and dilemmas in South Asia 2017).

Naima Saeed's paper on the impact of globalization on Pakistan's economy conducted an analysis of the country's approach to globalization; albeit it was one that was gradual and selective, it was seen as being linked with GDP growth, greater FDI post-1988, decreased import duties, and increase openness worsening the Balance of Payments condition, continued unemployment and high poverty levels. Over the 1990s, a declining economy was seen, but not solely owing to the trend of globalization (Rogoff 2003).

Reiterating such a situation was Mohammad Afzal's research on the role of globalization on economic growth in Pakistan from 1960-2006. He concurred that the economic growth was fuelled by greater public and private investment stimulated via greater openness and liberal policies. Better and sound policies from the country could propel economic growth and globalization (JE Aubert 2004).

Results and Discussions

Financial Condition

Communal society and isolated financial authorities are not interested in this project. Land investors from all over put resources into Gwadar in the year 2006 (B Petersen December 2016). Certainly, even now, many business meetings discussed for putting resources into Gwadar to take advantage of this monetary Gwadar ocean port. Moreover, social development links, commonly lead paths about Baluchistan's matters in five-star inns are similarly not strong on essentially advancing help.

Table 3. Increase of Real State Price Benefits for Local People

Particulars	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	34	68	68	68
No	7	14	14	82
I Don't Know	9	18	18	100
Total	50	100	100	

Source: Questionnaire

The table describes that CPEC project has increased the real state price, which is very beneficial for the local people. 68% of the respondents give a positive response. The total frequency of this study is 50. The table depicts that 68% of the respondents respond in the positive whereas, 14%, that means seven respondents respond in a negative way. The third particular in the table is "I Don't Know", 18% of respondents respond that. That means a total of 9 respondent chose that option. The cumulative percentage is 68 voted for "Yes", whereas 82 voted for "NO" and for "I Don't Know" it is 100%.

Improvement in Health Sector

By the CPEC it is planned that a 50-bed hospital in Gwadar is made and will start functioning soon. The requirement of the hospital is being fulfilled, and the functioning of the hospital will be started soon. Other projects including in CPEC are

1. Colleges for the local people and especially for the girls.
2. Clean drinking water. For this new filtration plants are installed in the area.
3. Making the city clean and also plan to provide the facilities for the export of fish

Table 4. Health Sector Will Improve after Materialized the CPEC

Particulars	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	47	94	94	94
No Comment	3	6	6	100
Total	50	100	100	

Source: Questionnaire

The table shows the details of the Health sector. 94% of the respondents give a positive response, whereas 6% of the respondents do not pass any comment.

Gwadar: A Door of Equal Opportunities

Gwadar can be converted into the port of transshipping, giant ships can come here, off tons of the consignments and small boats can take it privileged the Gulf that is exterior length but inside without these up north links, Gwadar has no potential. Therefore, when PML-N come into government, even earlier signing of the CPEC contract, the party was at work on two plans and FWO is working under very tough circumstances and very successfully.

One road was to produce from Gwadar to Suhraab, to offer connectivity to the road which is from Gwadar to Suhraab. Then from Quetta and from here to the top Killa Saifullah, Zoab and D.I Khan. This road will be finalized in 2 years, and the work is now proceeded by FWO. By 2016, when this partial road and the link road will be completed, Gwadar will have one road accessible from Peshawar to Gwadar, Quetta, Zoab, D.I Khan and Peshawar.

The second lost link was Gwadar to Rathodero, Sukkur link and the work is along enduring and hopes to be completed by 2016. The second road which will be accessible from Gwadar to Sukkur and from here the Indus road which drives up and other is Peshawar, Islamabad, Lahore and Karachi Motorway which will be the Eastern arrangement so the CPEC will be the grid of diverse roads It will assist South Asia, Pakistani markets like Karachi, Hyderabad, Multan, Sukkar, Faisalabad and Lahore, Rawalpindi, Peshawar, Quetta and Gwadar, especially with all dissimilar nodes, will be assisted.

Table 5. People of Gwadar/Baluchistan Get Equal Opportunity in CPEC

Particulars	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	9	18	18	18
No	38	76	76	94
I Don't Know	3	6	6	100
Total	50	100	100	

18% of the respondent's remark were positive, whereas 76% of the respondents give a negative remark, and 6% of the respondents didn't share any views.

Territorial Impact

Areas along the Gwadar-Kashgar route don't have an adequate and basic urban infrastructure in place; with such a primitive system in place, a lack of positive impact via CPEC could further antagonize the locals. Another issue is the possibility of migration of workers from other provinces to Baluchistan, adding to the animosity and feeling of marginalization of the lesser skilled labourers of the latter.

Shang Wu's article during the conference proceedings of the International Association for Impact Assessment pointed out several risks associated with the transport and infrastructure projects of CPEC one of them being land acquisition and immigration resettlement. While this issue is complex, it is felt that

in Pakistan, the legal structure pertaining to the issue, and the Land Acquisition Act 1984 is not without faults - a far cry from the World and Asian Development Bank's resettlement policy. Wu states that the government could replace companies in this complex process, and make decisions regarding compensations, after consulting with the relevant stakeholders – increasing the possibility of social contradictions being deepened. To prevent social risks from overriding the projects, it is recommended that the government take up social risks at the policy and execution level; strictly following local laws and regulations, adhering to international and industry standards, building and improving information communication mechanisms, and resource coordination between experts.

Conclusion

The study provides strong foundations to conclude that, the social impact of CPEC ascertained that there are both micro and macro risks involved in the implementation of the project, using the Delphi technique method. From amongst the macro risks, the Kashmir issue, extremism, and natural secessionist forces pose a higher risk, while micro risks of a higher degree include political and religious disputes, community safety, and income damage induced by land acquisition, social network reconstruction problem, and regionalism. It is concluded that prevention is the best option to ensure smooth implementation and make it a win-win situation for both countries.

The potential risks in the corridor entail – more so with regards to the balance of payments. While exports are facing a decline, import growth vies-a-vies CPEC will accelerate. Low oil prices will leave the inflow of remittances uncertain, increasing the current account deficit, leading to greater borrowing. All such factors and the country's possible failure to attract FDI – Chinese excluded – will leave the balance of payments and the economy in a precarious situation.

Hence, by maintaining more financial transparency, keeping an eye on the implementation of the project and facilitating the people directly linked with this project and by making the projects available publicly. Along with that, security concerns also needed to be addressed. This by following the instructions advised by the policy experts and by catering the security issues at the spot CPEC will be a success not only for the people of China and Pakistan but also for the region.

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