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China-Pakistan Economic Corridor (CPEC): Its Impact on Pakistan's Economy and Society

Koridor Economic China-Pakistan (CPEC): Kesan terhadap Economic dan Sosial di Pakistan

Zainab Iftikhar,* & Ishtiaq Hossain**

Abstract

This paper focuses on the China-Pakistan Economic Corridor (CPEC), a mega-initiative of Pakistan and China. The CPEC is important to both Pakistan and China. It is viewed in Pakistan that CPEC is a great opportunity for development of Pakistan. This article examines the impact of CPEC on Pakistan's economy and society. It highlights the impacts of a number of projects undertaken by CPEC such as infrastructures, Special Economic Zones (SEZ), energy, Gwadar port and social sector projects on Pakistan's economy and society. This paper adopts a qualitative research method and the analysis made concludes that CPEC has more positive than negative impacts on Pakistani economy and society. In order to draw benefits from CPEC, its proper implementation and functioning is important.

Keywords: CPEC, Special Economic Zones, Pakistan, China.

Abstrak

Kajian ini membincangkan Koridor Ekonomi China-Pakistan (CPEC) sebagai inisiatif mega antara Pakistan dan China. Projek infrastuktur ini penting untuk kedua-dua buah negara ini terutamanya dalam memberi peluang kepada pembangunan di Pakistan. Kajian ini juga bertujuan untuk menghuraikan kesan CPEC terhadap sektor ekonomi dan sosial di Pakistan. Ia menekankan kesan projek-projek CPEC seperti dalam infrastruktur, Zon Ekonomi Khas (SEZ), Tenaga, Pelabuhan Gwadar dan projek-projek sektor Sosial untuk ekonomi dan masyarakat Pakistan. Kajian ini telah menggunakan kaedah kualitatif dan analisa dalam mengkaji bahawa pembinaan infrastruktur CPEC mempunyai kesan yang positif berbanding daripada kesan negatif untuk

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sektor ekonomi dan sosial. Pelaksanaan yang rapi sangat penting untuk mencapai hasil yang memuaskan.

Kata Kunci: CPEC, Zon Ekonomi Khas, Pakistan, China.

Introduction

Pakistan and China possess great bilateral relationship. China is a strategic partner of Pakistan, who always support and assist Pakistan through thick and thin. Pakistan has been dealing with internal and external challenges for decades. There is the presence of terrorist threats, insurgency as well as clashes on border with India and Afghanistan. Battling with a difficult time of economic crisis and security threats, China proposed a project to Pakistan, named as China-Pakistan Economic Corridor (CPEC). This initiative was envisioned in 2013. According to Rahman and Shurong (2017), CPEC was announced formally in 2015, when Chinese Premier Li Keqiang visited Pakistan (p.1). China-Pakistan Economic Corridor (CPEC) is a flagship project under China's well-publicised One Belt, One Road (OBOR) policy initiative.¹ CPEC is an integral project of OBOR aimed at connecting Southwestern China through Pakistan to the Arabian Sea routes. China is financing CPEC projects for Pakistan. The launch of CPEC ushered a new era of friendship between Pakistan and China with military and political relations, as well as economic relations, being enhanced. This project allows regional connectivity and carries with it the potential to strengthen bilateral cooperation, as well as improve infrastructure and energy projects within Pakistan. After decades, mega-initiative CPEC appeared as a ray of hope to Pakistan. This project is expected to impact the economy and society in a greater way.

This paper assesses the impact of CPEC on the economy and society of Pakistan. Although, CPEC is in the middle stage and it is impossible to present the actual impact of projects, therefore, with the help of facts and reports and available information, this study will be conducted. In this way, this paper will analyze the impact of CPEC projects on the economy and society of Pakistan. This paper is divided into four section.

¹ OBOR is also known as the 21st century Silk Road project. OBOR aims to improve connectivity and cooperation among more than 70 countries across three continents: Asia, Africa, and Europe. This project consists of two parts: the Silk Road Economic Belt and the Maritime Silk Road.

Features of China-Pakistan Economic Corridor (CPEC)

The CPEC is a network of 3,000 kilometres of roads, railways and pipelines to transport oil and gas from Gwadar port in Southern Pakistan to Kashgar City, North western China's Xinjiang Uyghur region. There are four key projects of CPEC. Such as Infrastructure, Special Economic Zones, Energy and Gwadar port. CPEC aims at increasing Pakistan's economy, modernizing its infrastructure, building connectivity across Pakistan. CPEC also aims at connecting Gwadar port (Pakistan) to Xinjiang (China). Connecting Gwadar port to Xinjiang will help in reducing the distance and cost of transportation for China. For instance, China imports 80% of oil from Strait of Malacca with a distance of 12000 km (Hamzah 2017). Gwadar port provides shortest route for China to import oil from Middle East by reducing the distance to 2,395km (How will CPEC boost Pakistan economy n.d., 2). CPEC is important for both China and Pakistan. It is a prosperous project, which will bring fruitful outcome for both countries. CPEC also aims at connecting China with Middle East, Africa and Central Asia. CPEC would function as a bridge for a New Maritime Silk Route that would create links within Africa, Asia, and Europe. The CPEC aims to improve the lives of people in Pakistan and China. Pakistan's Ministry of Planning (n.d.) describes this project having the potential to help in development of Pakistan. However, even though it is hoped that CPEC would bring about an economic revolution in Pakistan, sections of Pakistani society have raised questions about successful implementation of CPEC projects.

CPEC is a mega initiative of Pakistan with the help of China, containing multiple aims of Pakistan. CPEC has four routes, eastern, central and western and northern route. According to a report of Alam (2016) published in *Dawn*, eastern route of CPEC will pass through Sindh and Punjab. Cities included Makran coastal highway, Karachi, Hyderabad, Sukkur, Multan, Lahore, Islamabad, Mansehra, Thakot, Railkot to Khunjarab. The western route will pass through Gwadar, Turbat, Bismah, Surab, Qalat, Quetta, Zhob, Dera Ismail Khan, Bannu, Kohat, Peshawar and Islamabad onward (Batie 2017). The western route of CPEC is designed to pass through Baluchistan, Khyber Pakhtunkhwa, and western Punjab. Northern route passes through Karakorum highway, Kunjareb, Railkot, Thakot and Abbottabad. The central route of CPEC is designed to pass through Gwadar, Turbat, Panjgur, Khuzdar, Ratodero, Kashmire, Rajanpur, Dera Ghazi Khan, Dera-Ismael Khan, Banu, Kohat, Peshawar, Hassan Abdal, and Abbottabad. There are four key areas, where Pakistan has initiated projects under CPEC. These includes Infra-

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structure, Special Economic Corridor, Energy, Gwadar port and social developmental projects.

Pakistan has poor infrastructure network of roads and railways. Pakistan has initiated projects of roads, railways and optic fibre cables to modernize the infrastructure of country. According to Pakistan's Ministry of Planning (n.d.), Pakistan is constructing several projects such as upgradation of Karakoram Highway (Thakot-Havelian section). Construction of Peshawar-Karachi Motorway (392 km), which is worth 2889 million dollar, has completed in August 2019. Another project is the upgradation of Dera Ismail Khan-Zhob, N-50 Phase (210 km) in Khyber Pakhtunkhwa and Baluchistan. Similarly, Pakistan initiated railway projects under CPEC. Such as one of the railway projects initiated under CPEC is they reconstruction and expansion of Karachi-Peshawar railway line, which cost \$8172 million. Pakistan also initiated rail-based Mass Transit projects under CPEC, for improving public mass transportation system. (Complete details of infrastructure projects are in Appendix I and II). Pakistan and China initiated the construction of cross border optical fibre cables throughout Pakistan as well as between Pakistan and China. This project will also pass from Khunjerab pass (South western border of China) to Rawalpindi (Pakistan), (Details are in Appendix III). Better connectivity through infrastructure is linked with the trade and business opportunities. Thus, Pakistan launched the Construction of Special Economic Zones and these are positioned as mega projects in the history of Pakistan. According to Pakistan's Ministry of Planning (n.d.), Pakistan initiated nine special economic zones in CPEC. (Complete details are in Appendix IV).

Pakistan initiated various projects to meet the domestic needs of energy and power. Such as the Coal-Fibre power plant at Port Qasim Karachi and Baluchistan will produce 1320 mega wats electricity (Complete details of all energy projects are in Appendix V).

CPEC is projected to link Kashgar in Xinjiang with Gwadar on the Makran coast in Baluchistan. Pakistan initiated several projects in Gwadar with the financial assistance of China. Pakistan along with the assistance of China launched several initiatives in Gwadar for its development. Not only, Baluchistan's development is linked with Gwadar port but western region² of Xinjiang in China will also gain benefit from

² Western region of Xinjiang is landlocked, and operationalization of Gwadar will connect Pakistan (Gwadar) to China (Kashgar). Pakistan is keenly focusing on developing and making Gwadar port a transit and regional hub

Gwadar port. Therefore, Pakistan has initiated several costly projects in Gwadar (Details of projects are in Appendix vi. The official website of Pakistan's Ministry of Planning, Development, and Reform (n.d.) mentions about some projects that are initiated under social sector in CPEC (See in Appendix VII).

Impact of CPEC Projects on Pakistan's Economy

The 21st century is an era of economic independence and self-reliance. Successful implementation of CPEC can have great impact on Pakistan. There are economic challenges and risks that Pakistan is facing while implementing CPEC such as dilemma of returning foreign debt. Many analysts criticized Pakistani policymakers for receiving a substantial amount of debt to implement CPEC projects. However, many officials believe that CPEC will impact the economy of Pakistan positively. According to document *Long Term Plan (2017-2030)* published by Pakistan's Ministry of Planning, Development, and Reform (2017), CPEC will increase industrialization and urbanization (p.6). Document also identified that development of industrialization will also help in making Pakistan, a highly inclusive, globally competitive and prosperous country (p.6). Even though Pakistan is facing local, regional, as well as international challenges, the country still strive to implement CPEC projects in order to pursue its interests. Following are the impacts of CPEC projects on Pakistan's economy.

Impact of Infrastructures and Special Economic Zones on Pakistan's Economy

Pakistan is suffering from huge economic crisis. Such crisis can be seen by the fall of economic growth rate of Pakistan from 6.2% to 3.3% in 2019 (Siddique 2019). Economic development is usually followed by job creation, the progress in the industrial and manufacturing sector, investment, modernize infrastructure, and increase Gross Domestic Product (GDP). CPEC projects will impact on Pakistan's economy positively. According to *The impact of CPEC & related road infrastructure projects on employment* of Muhammad M. Zia (2017) published under Pakistan's Ministry of Planning, Development and Reform "a total investment of \$13.58 billion is to be invested in the construction of infrastructures" (p.12). The following is a key infrastructure project: Karakoram (Thakot-Havelian section), linking the region of Gilgit Baltistan and Khyber Pakhtunkhwa with Islamabad. According to *Employment Outlook of China Pakistan Economic Corridor: A Meta-Analysis* published

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by Dr. Shahid Rashid (2018), Karakoram Highway (KKH) has created 7,800 direct jobs out of which 6000 are ascribed to Pakistan and 1800 are allocated to China (p.5). Infrastructure project of Peshawar-Karachi motorway (Multan-Sukkur section) envisages 6 lanes of 1100 Km road for better commuting. It will have 11 interchanges, 22 toll plazas with latest intelligent technology, six public service areas, five rest areas, 107 underpasses, 188 subways, 100 bridges ("First section of CPEC" 2018). The project has paid USD 39,920,404.5 taxes since its commencement ("First section of CPEC" 2018). This means that Peshawar-Karachi motorway is capable to contribute in national economy of Pakistan. CPEC will bring economic gains by the income collecting from toll tax. In March 2019, tax revenue of Pakistan was 22.782 billion dollars, however, it increased at 30.355 billion dollar in June 2019 (*Census and Economic Information Center (CEIC)* 2019). Tax from tolls at motorway will contribute in economy of Pakistan. The upgradation of Dera Ismail Khan (Yarik) - Zhob, N-50 Phase-I (210 km) under CPEC is underway. According to report of Siddiqui, S (2019) in *The Express Tribune*, China's investment of over \$60 billion in Pakistan's infrastructure and power projects under the China Economic Corridor (CPEC) is expected to increase Pakistan's economic growth by around 3.5%. This means that infrastructure projects of roads, railways and motorways will impact the economy of Pakistan positively by generating employment, sources for national economy, business opportunities, commuting and travel convenience.

Adding to the infrastructure projects, Special Economic Zone (SEZ) will also play a very essential role in impacting positively the economy of Pakistan. Special economic zone (SEZ) are the key features of CPEC projects. People living along the western route will have the opportunity for selling various items such as like livestock, poultry, horticulture, fisheries, to a much larger segment of consumers. Increase in exports is also likely to lead to the growth in new opportunities for members of the society. Northern areas of Pakistan such as Baltistan, is known for its fresh fruit exports including cherries, apricot, and apple. CPEC is beneficial for local traders as it facilitates easy exports. There are nine Special Economic Zones in CPEC. One of these is Rashakai Economic Zone, M-1, Nowshera. This zone is expected to provide industrial investment, job creation, and economic development. This project requires professionals, engineers for its construction. Other economic zones offer the industrial projects of food processing, agriculture machinery, oil, ceramic, textile industries, steel, chemical, printing, packag-

ing and garments, leather industry, etc (Government of Pakistan, Ministry of Planning, n.d.). According to the *Employment Outlook of China Pakistan Economic Corridor: A Meta-Analysis* by Dr. Shahid Rashid (2018), “0.6 million jobs are expected to be created by the development of SEZ in Faisalabad” (p.11). Further, these Special Economic Zones is expected to bring foreign investment in Pakistan. It can be seen by the increase rate of foreign Investment in Pakistan. In July 2019, foreign Direct Investment in Pakistan increased by \$179 million (“Pakistan Foreign Direct Investment” 2019). It is apt to say that the smooth execution of these projects will increase the industrial base and attract Foreign Direct Investment (FDI). China-Pakistan Economic Corridor brings the prosperous opportunities whose aftermaths will be positive on the economy of Pakistan.

Impact of Energy Projects on Pakistani Economy

Energy is one of the factors for the economic development of a country. Various forms of energy such as natural gas, petroleum, hydrocarbon gas liquids, electricity, and pulping liquids are used in industrial and production sectors. In short, energy is very important for the economic development. Pakistan suffers from acute energy and power shortage. In 2013, Pakistan’s economy lost US\$ 250 billion due to power shortage (Jorgic 2016). However, World Bank investigated that Pakistan’s power sector is facing loss at cost 6.5% GDP in 2015 and that 50 million people in Pakistan have no access to grid electricity (The World Bank 2018). Pakistan faces an average decline of electricity from 4000 MW to 7000 MW per year” (*Energy Dynamics of CPEC* n.d. p.3). Energy shortage in Pakistan had affected many sectors in its economic strategy, resulting in slow industrial growth, low Foreign Direct Investment (FDI), lack of infrastructure development, low volume of exports, as well as high imports. Power and energy shortage also caused frequent disruptions of power supply (locally known as load shedding), which negatively impacted the society. Business and trade are equally affected by power shortage. Hence, Pakistan initiated several energy projects such as coal-fired power plants in Punjab and Karachi, hydro-wind farm in Thatta, solar park project in Bahawalpur. According to Singh and Magry (2017), 10,400 MW of energy generation capacity will be developed between 2018 and 2020 in Pakistan (p.8). According to Jabri (2019), there are 20 energy projects under CPEC which involve an investment that is worth US\$ 25 billion.

Seven of these projects are already completed and had contributed 3,340 megawatts of electricity to the national grid (Jabri 2019). Seven other completed projects include Solar Park, Dawood Wind Farm, Jhimpir UEP wind power project, Sachal Wind Farm, Coal-fired Power Plant at Port Qasim, three Gorges-Second Wind Power Project and Three Gorges-third Wind Power Project are completed (Government of Pakistan, Ministry of Planning n.d.). These projects had added 3240 MW to Pakistani national grid, amounting to more than 11% of the total installed capacity of 29,000 MW in Pakistan (“Embassy of People's Republic of China” 2018). Pakistan's economy is expected to grow rapidly once these projects begin their operations. According to document *CPEC Quarterly* of Centre of Excellence (2017) under Pakistan' Ministry of Planning, Development and Reform, “once energy and infrastructure bottlenecks are addressed, it is estimated that GDP will at least increase by more than 2 percent from its current trend” (p.8). The success of the implementation of CPEC energy projects will also provide new job opportunities and cause positive impacts on the Gross Domestic Product (GDP) in Pakistan. In 2016, Pakistan's annual growth rate rose from 4% to 5.5% while IMF predicted that investment in CPEC would add \$3 to \$13 billion in output to Pakistan's GDP by 2024 (Chen et al 2018, 62).

Thus, CPEC energy projects are expected to contribute towards the growth of economy in Pakistan by increasing its GDP. Increase in Gross Domestic Product (GDP) will impact positively on Pakistan's economy. When Pakistan completely meet their requirements of energy, opportunities for foreign investment will be available in industrial sectors as well as trade and commercial businesses. CPEC's positive impact can be seen by the functioning of Thar Coal-Power Plant. This power plant had already contributed 330 megawatts of electricity into the national grid (“Thar coal plant” 2019). Energy projects will attract Foreign Direct Investment (FDI), after its completion and successful functioning.

These energy projects also provide more job opportunities. According to Kausar et al. (2017), 30,000 Pakistani engineers and workers were given jobs in June 2017 (p.914). Energy projects are the major contributor in creating job opportunities. For an example, in 2017, 16,000 Pakistanis were hired as laborers and engineers in CPEC energy projects. The energy project at Port Qasim, Karachi had provided 5000 job opportunities to Pakistani people (Kausar et al. 2017, 915). The implementation of two more energy projects, at Sukki Kinari and Karot, also has the ability to offer another 6,000 jobs for Pakistan. Kausar et al. (2017) investigated that Sahiwal Coal Power Plant and solar power project under

CPEC had offered 3000 jobs (p.915). Therefore, CPEC is highly impactful for economic growth of a country. Pakistan will be less dependent on other countries for energy after CPEC energy projects were initiated.

Impact of Gwadar Port on Pakistani Economy

Gwadar port is important to CPEC due to its strategic location which provides China access to the Arabian Sea and ultimately into the Indian Ocean. According to China's Ambassador to Pakistan, Mr. Sun Weidong, "Gwadar Port as a project aimed at improving regional and economic cooperation and it will be a hub connecting the region's land and maritime routes" ("Gwadar Port" 2017). His statement indicated the fact that the port will facilitate China's access to the Middle East and connect the Middle East to Central Asia via Pakistan. This port is designed to establish an energy and trade corridor from the Persian Gulf, across Pakistan to western China. Thus, Gwadar port is valuable not only for China but also for Pakistan. Gwadar port will have direct effects on the economic growth of Pakistan. For instance, Gwadar port provides an alternative route to China for safely importing oil from Middle East. According to the study of Alam et al. (2019), China imports 77% of its oil through the Strait of Malacca (p.1). The distance to transport oil from the Strait of Malacca to China is 12,000 km, while the distance between Gwadar and China is only 2000 km (Alam et al. 2019, 2-3). Therefore, Gwadar port is beneficial to China as it will shorten the distance for the transportation of oil (Alam et al. 2019, 2-3). As, China will be able to use Gwadar port for importing oil, strategic value of port will increase more. Also, this port has the potential to improve the economic growth in Pakistan. Gwadar port is a deep warm water port which indicates that it can be used throughout the year. In his report, (Kanwal 2018) revealed that Gwadar Port will be able to handle about one million tons of cargo annually by the end of 2019 and 400 million tons of cargo annually by 2030 (p.3). These indicates that Gwadar port will be flagship project under CPEC, which will greatly contribute to Pakistan's economy. Technical and Vocational Institute at Gwadar will train people with skills and knowledge to ensure their employments at the Gwadar port facilities. The development of Gwadar University is also an important initiative for social development. The construction of Gwadar International Airport is also expected to increase the number of passengers traveling between Pakistan and other countries. Other projects such as freshwater treatment, water supply, and distribution as well as disposal systems have also been initiated. This will help in recycling the water and manage waste prod-

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ucts produced by the industry sectors and the development of the port. Furthermore, the operation of the Gwadar port will provide more job opportunities for the local people and hence, reducing its rate of unemployment. Gwadar is warm water port and most appropriate for trade and commercial activities. It is hoped that Gwadar port will benefit remote areas such as Baluchistan. Trade, business, and investment will benefit the people of Baluchistan and increase the GDP of Pakistan.

As soon as, China and Central Asian states will start using Gwadar for trade and imports, Pakistan will be granted economic benefits through the freight and cargo handling charges at its areas. Gwadar port is expected to create 40,000 jobs (Munir 2017). Gwadar port plays a key role in the economic development of Pakistan. Gwadar port has capability to attract Foreign Direct Investment (FDI). For example, Saudi Arabia is investing \$10 billion dollar in opening a n oil refinery at Pakistan's Gwadar port ("Saudi Arabia" 2019). The construction of Gwadar-East-Bay-Express on the other hand will provide many facilities in order to ensure the traffic at the port to flow smoothly (Government of Pakistan, Ministry of Planning n.d.). It also connects Gwadar port with the national highway. This will improve logistic transportation, import and export activities and, facilitate safe trade. This will attract domestic as well as international investments. Currently, the Gwadar peninsula is home to about 100,000 people and with stable economic growth, the area's population is expected to grow up to 500,000 by 2020 ("Pakistan's Gwadar Port" 2018). This will result in more business opportunities and enhance people-to-people connectivity. Gwadar port will become a major trading hub after its projects are completed. Hence, Gwadar Port and its implementation will transform Pakistan into a trade hub. It has the potential to bring Pakistan's economic growth to its highest point.

China-Pakistan Economic Corridor (CPEC)'s Impact on Society of Pakistan

This section will discuss and analyse the impact of CPEC on Pakistan's society. This analysis was done based on the following focus: poverty alleviation, education, health status, understanding between Pakistan and China, demographic imbalances in Baluchistan and, environmental impact of energy projects on society.

Poverty Alleviation

Poverty alleviation aims at improving the living condition of the people who are in poverty. There were attempts made to alleviate poverty

by creating more jobs, providing opportunities for income. According to the *survey of Multi-Dimensional Poverty Index*, 24% of Pakistan's population live within the national poverty line, which includes 31% in rural areas and 13% in urban areas ("Baluchistan Drought Needs Assessment" 2019). The report also stated that 38% of the national population is poor, 4% in rural areas and 9.4% in urban areas. According to a report published by the United Nations Development Programme (2018), Baluchistan is considered as the poorest province out of four provinces in Pakistan. CPEC initiative managed to create jobs and is expected to provide more job opportunities for the nation. The Executive Director of Pakistan's Centre of Excellence, Dr Shahid Rashid, stated that, "75,000 jobs have already been created by CPEC projects in past five years" ("CPEC created 75,000 jobs" 2018). CPEC is also expected to increase the volume of export and also to increase the GDP of Pakistan up to 3.5%. Hence, CPEC implementation will facilitate the local and international investment in Pakistan. For an example, Pakistan expected 60% Foreign Direct Investment in 2017/2018 (Jorgic 2018). According to Pakistan's Board of Investment (BOI), Pakistan received Foreign Direct Investment, which is worth US\$ 939.7 million, in 2017-2018 due to CPEC. Foreign Direct Investment of \$939.7 million, which was made in 2017, represented 74.4% increase in the inflow of investment. ("CPEC boost" 2017). Gwadar port is a key project to enhance trade and commercial activities in the country. The development and function of the Gwadar port will help in alleviating poverty by creating more jobs.

Thus, it is notable that CPEC consists of big-budgets projects whose functioning will improve the economic development of Pakistan. This would aid in alleviating poverty in the country. Employment will help to reduce its poverty rate. An increase in employment and income will bring positive impacts for the society. Special economic Zones designed to increase industrial production and contribute towards increased commercial and trading activities. Infrastructure, energy projects, and Gwadar port are essential in Pakistan's effort to eliminate poverty by creating more jobs and increase volume of exports as well as Foreign Direct Investment (FDI). Poverty will also be reduced especially in Baluchistan. The implementation of CPEC has the ability to alleviate poverty and hence, improve the lives of Pakistani people.

Educational Facilities

China-Pakistan Economic Corridor (CPEC) requires skilled workers, professionals, engineers and architecture for its implementation.

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One of its positive impacts on society is its role in the expansion of education sector. According to the “Pakistan Bureau of Statistics Labor Force Statistics for 2017-2018”, 45% of Baluchistan’s population is illiterate (“Baluchistan Drought Needs Assessment” 2019). China and Pakistan are making efforts to improve vocational training and higher education resources (Daud 2019). CPEC is also expected to have a positive influence and effect on society by establishing technical and vocational training centers for skilled-based learning and knowledge. This is surely a positive impact that society of Pakistan will experience. Higher Education Commission (HEC) of Pakistan is initiating Pakistan’s Academy of Social Sciences with the help of Chinese Academy of Social Sciences under CPEC. This academy will help in promoting philosophy and social sciences and also produce think tanks like that of Chinese Academy of Social Sciences. This is a positive impact of CPEC for society of Pakistan. Similarly, China has offered many scholarships for Pakistani students under CPEC. On February 22, 2019, a Memorandum of Understanding (MoU) was signed between Shenzhen University (SZU) of China and Higher Education Commission Pakistan at HEC Secretariat (“HEC signs MOU” 2019). This memorandum contains fully funded scholarships by Shenzhen University of China for Pakistani students for doctoral and post-doctoral levels, and joint research initiatives. CPEC will enable Pakistan to compete in the contemporary world of globalization. CPEC allows universities in Pakistan to cooperate with Chinese universities. This can be seen by the establishment of institutional link between the two well renowned universities, National University of Modern Languages (Pakistan) and Xinjiang Normal University (China), by the governments of both countries. Pakistan’s National University of Modern Languages and Xinjiang Normal University had agreed to set higher standard of education. National University of Modern Languages will establish NUML International Centre of Education in China (“NUML to set up center” 2015). For an example, the collaboration of these universities under CPEC will allow its students to exchange knowledge. This approach will allow Pakistani students to pursue higher education in Chinese universities. Therefore, CPEC provides educational opportunities for Pakistani students. Hence, CPEC will benefit Pakistani society by providing opportunities for a better higher education.

Under CPEC, a Consortium of top Business Schools from Pakistan and China were established. Former Minister of Planning, Development and Reform, Mr. Ahsan Iqbal, said that “the project of Consortium of Top Business schools under CPEC will have a significant role in pro-

moting business-to-business relations and academic collaboration between Pakistan and China” (Imran 2017). It can also be maintained that educational agreements between universities of Pakistan and China will further expand the educational availability to students of Pakistan. Scholarship programs provided by China for Pakistani students is highly motivational. Hence, this shows that CPEC has the capability to expand Pakistan’s education sector and provide the locals with technical skills to ensure better employment opportunities. CPEC is greatly impacting society in the form of providing opportunities for skill-based learning, technical education, post-doctoral studies on scholarship (offered by China), and student exchange programmes between China and Pakistan.

Better Health Facilities

China-Pakistan Economic Corridor also aims to improve Pakistan’s health sector. As a developing country, Pakistan struggles with its health system. Unclean water, poor sewerage system, pollution and poverty cause health issues in Pakistan. According to a report entitled “The State of Food Security and Nutrition in the World 2015-2017”, 20.5% of the total population of Pakistan is undernourished (“Baluchistan Drought Needs Assessment” 2019). This indicates that the country suffers from various health issues. CPEC does not only aims to modernize Pakistan’s infrastructure and railways links, but it also aims to provide health care facilities.

Due to no medical facilities and poor transportation, many patients suffer greatly in Baluchistan. Areas with access to medical facilities on the other hand face other challenges such as lack of trained doctors, paramedical staff and drugs. Moreover, there is only one medical college in Baluchistan before CPEC initiative was implemented. Due to a growing population and lack of access to healthcare in Baluchistan, Pakistan initiated “Pakistan-China Friendship Hospital” (Government of Pakistan, Ministry of Planning n.d.). This hospital began its operation on 29th March 2019. According to Pakistan’s Federal Minister for Port and Shipping, Mr. Bizenjo, and Chairman of China Overseas Ports Holding Company Ltd., Zhang Baozhong, “the hospital was a gift for the people of Gwadar from the Red-Cross Society of China” (Behram 2017). This hospital provides healthcare facilities for people in Baluchistan. Physical connectivity through better roads, railways, and transportation are beneficial to society. It facilitates them to travel easily for reaching hospitals, educational institutions, work sites etc.

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Similarly, clean water is a vital source for survival. According to the World Bank, 64% of Pakistanis are still deprived of their access to clean water (“64% Pakistanis” 2019). Under CPEC, clean water projects have begun for catering to future water and managing disposal sewerage system. It is one of the benefits of the implementation of CPEC initiative in Pakistan. Previously, People of Gwadar had no access to clean water. According to a report by “Health Department under the Baluchistan Provincial Ministry of Health”, 138,000 people of Gwadar had to go to hospitals due to consumption of uncleaned drinking water from private tankers last year” (Bhatti 2018). Since Gwadar has acute water crisis, the implementation of CPEC will provide facilities for access to clean water. Through CPEC, water desalination plants will provide 300,000 gallons (“Gwadar long plagued water problem” 2018). This project benefited 4000 families. Hospital facilities, access to healthcare, clean water and proper management for disposal of waste are important to ensure better living standard. Health sector will flourish under CPEC. CPEC brings optimism in Pakistan. Pakistan and China can also have benefits by cooperating on pharmaceutical industries and production. It indicates that CPEC also provides trade and industrial benefits in health sector. Facilities of hospital, medical college, trade and productive opportunities in medical sector are the benefits for Pakistan. CPEC has a great impact on the society of Pakistan as it shows the hope for a better healthy society. CPEC is facilitating local people of Pakistan with clean water and health care. This process will continue to entire Pakistan under CPEC.

Understanding between Pakistan and China

CPEC is one of the most important projects in the history of Pakistan-China relationship. This mega initiative is also viewed as the greatest opportunity for people of both countries to interact, understand and exchange cultural experience. Promoting culture, developing more people-to-people contact and tourism are some of the methods to better understanding each other. CPEC will develop and improve existing communications between people of Pakistan and China. Chinese citizens are working on CPEC projects in Pakistan and are also committed to work together in the future. This provides opportunities to understand each other's culture, and way of living life. Currently, Pakistan and China are experiencing frequent exchange of media, business, culture, study and skills. One of CPEC initiatives is “People-to-People Exchange” which is a programme under CPEC social sector (Government of Pakistan, Ministry of Planning n.d.). The purpose of this project is to promote Pakistani

and Chinese culture as well as heritage as a way to strengthen partnership. Therefore, CPEC is altering the nature of exchanges between Pakistan and China. Since the launch of CPEC, there had been some influence of China-Pakistan friendship on the entertainment industry as well. For examples, Pakistani movie “Chalay Thay Saath” with a Chinese actor as the lead role, food advertisement with a Chinese couple and, the broadcast of Beijing Youth (A Chinese TV series) on Pakistan Television (PTV) (Ahmad 2019). Hence, CPEC aids in learning and understanding each other's culture. Since there are Chinese who are already residing in Pakistan, the locals are exposed to Chinese culture, values and rituals. This is the positive impact on society as people can grow together belonging to different culture and countries. After the launch of China-Pakistan Economic Corridor, there is an increasing number of Chinese tourists in Pakistan. Some of these tourists include official visitors, workers, business men and many more. Pakistan has a potential to become a tourist destination. Similarly, student exchange programmes between Pakistan and China allow for more people-to-people contact. However, despite of benefits expected from people-to-people contact, cultural exchange, tourism and student exchange programmes, China and Pakistan have very different cultural notions and practices (Spearhead Research 2017). It is apt to mention that China describes itself as a socialist country with Confucian norms and its cultural life is based on Buddhism and atheism. Pakistani culture on the other hand is based on strict Islamic values. In this context, Report of Spearhead Research (2017) stated that possible impact of Chinese values and beliefs on Pakistan's social style is a matter of concern for many Pakistanis (p.11). Both countries have different cultural notions and practices. China represents as a socialist country, blended with the cultural life of Buddhism and atheism. While Pakistan's culture is based on Islamic values. There can be some negative impacts of Chinese culture on Pakistani society such as affecting the existing culture of Pakistan. Hence, it is also important to explore whether or not cultural ties will become an issue between people from these countries. In April 2019, Pakistan and China were challenged culturally which involved fake marriage scandal between Pakistani brides and Chinese grooms. Several news agencies reported about the exploitation made by marriage brokers for Pakistani brides. According to those alleged Chinese men, with the help of collaborators in Pakistan, they married young Pakistani women after paying their families with cash and brought them to China. There are also some alleged claims that some women were forced into prostitution or used for organ harvesting (Aamir 2019). This

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issue gained widespread attention across Pakistan and it was one of the negative incidents that had happened. The spokesperson of Ministry of Pakistan's Foreign Affairs, Mr. Mohammad Faisal, stated that the scandal of the fake marriage there are "relevant authorities (immigration and embassies of both countries, NADRA-Pakistan, police) from both Chinese and Pakistan governments are in close contact on the issue" ("China assures cooperation" 2019). Both China and Pakistan are investigating on alleged trafficking and complains about a rise of such incidents in Pakistan. Hence, it can be said that CPEC will bring both positive and negative impacts on the society of Pakistan. It cannot be denied that Chinese culture is different from Pakistani culture which could lead to some problems. The fake marriage scandal indicates that it is important for Pakistan and China to be vigilant against such practices and must instil respect towards each other's culture. Another concern is that Pakistani, especially society in Baluchistan may struggle in adjusting to themselves with Chinese culture. It is obvious that Baluchistan's culture is based on Islamic values, and if they [Baluchistan] will not accept Chinese living style, can result in negative impact on society. There are possibilities that the influence of Chinese culture on culture of Pakistan can be perceived negative and unacceptable for many Pakistani. This is a concern present in Pakistan. Thus, the implementation of CPEC may also have negative impacts which may be in the form of fraud, intolerance, mistrust.

Demographic Imbalance in Baluchistan

CPEC provides various opportunities to generate Pakistan's economic growth. Regardless, CPEC is also equipped with some negative impacts on the society of Pakistan. CPEC undoubtedly provides employment, security, modernization, connectivity and better economy. However, it is also challenged by some negative impacts in terms of demographic imbalance. Although cultural exchange and marginalization will also help in enhancing better relationship between the two countries, it can also cause negative implication for Baluchistan's society. Baluchistan is the least populated province in Pakistan. According to the 2017 census of Pakistan conducted by the Pakistan Bureau of Statistics, Pakistan constitutes a total population of 212,742,63 ("Demography" 2017). Out of this total population, Baluchistan only constitutes 5.8% of the total population of the Islamic Republic of Pakistan ("Demography of Baluchistan" 2017). Yet this province is rich in natural mineral resources including coal, chromite, sulphur, marble, limestone, barites and etc. Gwadar port is located in Baluchistan which increase the geopolitical

value of Baluchistan. Gwadar port is strategically located as it is connected to Xinjiang in China. This port provides China an access to the Arabian Sea. Gwadar port is designed to play a key role in changing the fate of Pakistan.

The port is also importance to China in increasing its trade market. Gwadar port also provides a land route access to the Middle Eastern, Central Asian, and African Countries. This led to an increasing migration rate from other provinces and China into Baluchistan. People of Baluchistan are concerned that an increase migration rate of foreign nationals will endanger their ethnic identity. Federation of Pakistan Chambers of Commerce and Industry (FPCCI) reported that Chinese nationals in Baluchistan will outnumber the local population by 2048 (Yousefzai 2016). Thus, the completion and functioning of CPEC will lead to an increasing influx of Chinese nationals into Baluchistan. Conservatively 0.44 persons per thousand migrate from China due to economic reasons that corroborate the inflow of more than 6,00,000 people per year in Pakistan after the launch of CPEC (“Chinese to outnumber Baluchistan” 2016) This will outnumber the Baluchistan’s local population. Federation of Pakistan Chambers of Commerce and Industry (FPCCI) published a report which raised concern among people of Baluchistan about marginalisation. Report of FPCCI also identified that ethnic patterns of population in Baluchistan will be disturbed by the inflow of people from other provinces of Pakistan and China (“Chinese to outnumber Baluchistan” 2016)

This may cause negative implications in the form of violence, disputes as well as seeking justice for equal opportunities to employment under. This demographic imbalance is one of the negative impacts that can be caused by CPEC. Excessive migrations of Chinese nationals will change the demographic map of Baluchistan. Their identity, culture, ethnic norms and historical civilization could be jeopardized by foreign settlement in Baluchistan.

Conclusion

CPEC is one of the best examples of Pakistan-China relationships. This project is an amazing opportunity for Pakistan to revive its economy. Leadership and people of Pakistan are hopeful that CPEC will brings positive impact for Pakistan’s economy and society. Construction of Infrastructure projects such as roads, highways, railways and cross border fiber optics will result in creation of jobs and opportunities for investments. Special Economic Zones along with infrastructure projects under CPEC will not only provide employment but also contribute in na-

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tional economy of Pakistan. Such as toll tax, increase exports etc, are the positive impacts for Pakistan's economy. Pakistan's energy crisis will be solved once all energy projects will start its operations. Energy projects has positively impacted economy of Pakistan. It provides highest rate of jobs to locals of Pakistan. Availability of energy is expected to impact Pakistan's industrialization positively. The economy will flourish with the availability of the needed power and energy. Gwadar port is a key to success and development of Pakistan. Gwadar port has the potential in creating employment opportunities as well as attracting domestic and foreign investment. It is expected that Pakistan's GDP would increase by 3% as a result of CPEC.

Moreover, CPEC is expected to impact positively the society of Pakistan. Job creations, opportunities for business, increase in exports will also lead in poverty alleviation and raises the standard of living. Social projects under CPEC will facilitate people to pursue education. The benefits gained from CPEC initiative is reflected through its policy initiatives to establish Gwadar University and institutes for vocational and skill training. Availability of medical education as well as medical facilities (in the form of establishing hospital, presence of doctors, nurses, medicines, medical equipment) are designed to offer relief to the people. This is the mark of a positive impact on society. Despite its good relations, China and Pakistan have different values, cultures and ways of living. CPEC is one of the biggest projects that will allow people from both countries to interact and understand each other through student exchange programmes, tourism and migration of Chinese nationals into Pakistan. However, this can lead to negative impacts to some Pakistani people. Social connectivity between Pakistan and China will strengthen their bilateral relations but how the culture of China will be adjusted in Pakistan's society is a question of concern. It was reported that by 2048, Chinese nationals will outnumber the locals in Baluchistan. It will also be troublesome for some people in Baluchistan to accept a different and open culture of China. Therefore, CPEC can cause also negative impacts on the Pakistani society.

However, Government of Pakistan must focus properly on the implementation process of CPEC. Pakistan must also address all the challenges in the implementation of CPEC. Most importantly, to reap fruits from CPEC for economic and social sector, Pakistan must step forward with taking whole country in its journey to success through CPEC.

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APPENDICES

Appendix I

Table 1: Infrastructure projects under CPEC

INFRASTRUCTURE PROJECTS	LENGTH (KM)	ESTIMATED COST\$ (M)	DETAILS
KKH Phase II (Thakot -Havelian Section)	1181	1,315	Under construction
Peshawar-Karachi Motorway (Multan-Sukkur Section)	392	2,889	It envisages construction / development of 6-Lane access controlled Motorway having total length of 1,100 Km
Khuzdar-Basima Road N-30 (110 km)	110	19.19 billion Rupee	Projected in Khuzdar district Baluchistan
Upgradation of D.I.Khan (Yarik) - Zhob, N-50 Phase-I (210 km)	210	-	On existing alignment (section of N-50) with geometric improvements
KKH Thakot-Raikot N35 remaining portion (136 Km)	136	Rs. 8.15 billion	In Khyber Pkhtunkhwa (KPK)

Source: Government of Pakistan, Ministry of Planning, Development and Reform, CPEC <http://cpec.gov.pk/infrastructure>

Appendix II

Table 2: Infrastructure projects of Railway and mass transit projects under CPEC

RAIL SECTOR PROJECTS	LENGTH	ESTIMATED COST US\$ (M)	DETAILS
Expansion and reconstruction of existing Line ML-1	1830	8172	Rehabilitation & Up-gradation of Karachi-Lahore Peshawar (ML-1) Railway Track (1,872 kms)
Havelian Dry port (450 M. Twenty-Foot Equivalent Units)	--	65	Construction of Havelian Dry port including cargo handling facilities.
Capacity Development of Pakistan Railways	--	--	Focus groups be established for effective training and capacity enhancement
Karachi circular Railway (mass transit project)	--	--	Completed in May 2017. It serves as a mass transit corridor
Greater Peshawar Region Mass Transit	--	--	Important component of CPEC and is under process
Quetta Mass Transit	--	--	Under process

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Orange Line-Lahore	--	--	
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Source: Government of Pakistan, Ministry of Planning, Development and Reform, CPEC <http://cpec.gov.pk/infrastructure>

Appendix III

Table 3: Project of Fiber optic cables between Pakistan and China under CPEC

FIBER OPTIC PROJECTS	ESTIMATED COST (US \$ M)	DETAILS
Cross border Optical Fiber Cable	37	Project will help improve the telecom and ICT industry of Pakistan, promote tourism and create trading opportunities for northern areas of Pakistan

Source: Government of Pakistan, Ministry of Planning, Development and Reform, CPEC <http://cpec.gov.pk/others>

Appendix IV

Table 4: Special Economic Zones under CPEC

SPECIAL ECONOMIC ZONES	DETAILS
Rashakai Economic Zone, M-1, Nowshera	Purpose is to promote industrialization through optimally priced, world-class industrial infrastructure in the KPK, which enables industrial investment, job creation and economic uplift.
China Special Economic Zone Dhabeji	Priority Project under China-Pakistan Economic Corridor (CPEC), which will facilitate the potential investors of China and other countries to either start new enterprises or transfer their facilities to Pakistan

Bostan Industrial Zone	Fruit Processing, Agriculture machinery Pharmaceutical, Motor Bikes Assembly Chromites, Cooking Oil, Ceramic industries Ice and Cold storage
Allama Iqbal Industrial City (M3), Faisalabad	Textile, Steel, Pharmaceuticals, Engineering Chemicals, Food Processing, Plastics
ICT Model Industrial Zone, Islamabad	Steel, Food Processing, pharmaceutical & Chemicals, Printing and Packaging Etc
Development of Industrial Park on Pakistan Steel Mills Land at Port Qasim near Karachi	Steel, Auto & allied, Pharm, Chemical Printing and Packaging, Garments etc.
Special Economic Zone at Mirpur, AJK	Mix industry
Mohmand Marble City	In Federally Administered Tribal Areas (FATA) of Pakistan
Moqpondass SEZ Gilgit-Baltistan	Marble / Granite, Iron Ore Processing Fruit Processing, Steel Industry, Mineral Processing Unit, Leather Industry

Source: Government of Pakistan, Ministry of Planning, Development and Reform, CPEC <http://cpec.gov.pk/special-economic-zones-projects>

Appendix V

Table 5: Energy Priority Projects under CPEC

PROJECT NAMES	Megawatt (MW)	ESTIMATED COST
2x660MW Coal-fired Power Plants at Port Qasim Karachi	1320	1912.2

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Suki Kinari Hydropower Station, Naran, Khyber Pukhtunkhwa	870	1707
sahiwal 2x660MW Coal-fired Power Plant, Punjab	1320	1912.2
Engro Thar Block II 2x330MW Coal fired Power Plant TEL 1x330MW Mine Mouth Lignite Fired Power Project at Thar ThalNova 1x330MW Mine Mouth Lignite Fired Power Project at Thar Block-II, Sindh, Pakistan	600 330 330	995.4 497.7 497.7 1470
Surface mine in block II of Thar Coal field, 3.8 million tons/year		1470
Hydro China Dawood Wind Farm (Gharo, Thatta)	49.5	112.65
300MW Imported Coal Based Power Project at Gwadar, Pakistan	300	To Be Determined
Quaid-e-Azam 1000MW Solar Park (Bahawalpur) Quaid-e-Azam	300 600 100	1302
UEP Wind Farm (Jhimpir, Thatta)	99	250
Sachal Wind Farm (Jhimpir, Thatta)	49.5	134
SSRL Thar Coal Block-I 6.8 mtpa & SEC Mine Mouth Power	1320	1912.12+1300
Karot Hydropower Station	720	1698.26
Three Gorges Second Wind Power Project Three Gorges Third Wind Power Project	49.5 49.5	150
CPHGC 1,320MW Coal-fired Power Plant, Hub, Baluchistan	1320	1912.2

Matiari to Lahore \pm 660kV HVDC Transmission Line Project		1658.34
Matiari (Port Qasim) —Faisalabad Transmission Line Project		1500
Thar Mine Mouth Oracle Power Plant (1320MW) & surface mine	1320	To Be Determined

Source: Government of Pakistan, Ministry of Planning, Development and Reform, CPEC <http://cpec.gov.pk/energy>

Table 6: Energy actively promoted projects under CPEC

PROJECTS	MW	ESTIMATED COST
Kohala Hydrel Project, AJK	1100	2364.05
Rahimyar khan imported fuel Power Plant 1320 MW	1320	1600
Cacho 50MW Wind Power Project	50	--
Western Energy (Pvt.) Ltd. 50MW Wind Power Project	50	--

Source: Government of Pakistan, Ministry of Planning, Development and Reform, CPEC <http://cpec.gov.pk/energy>

Table 7: Potential-energy projects under CPEC

PROJECTS	MW	ESTMATED COST \$US (M)	DETAILS
Phandar Hydro-power station	801	--	
Gilgit KIU hydro-power	100	--	

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Source: Government of Pakistan, Ministry of Planning, Development and Reform, CPEC <http://cpec.gov.pk/energy>

Appendix VI

Table 8: Gwadar projects under CPEC

GWADAR PROJECT NAMES	ESTIMATED COST
Gwadar East-Bay Expressway	168
New Gwadar International Airport	230.00
Construction of Breakwaters	123
Dredging of berthing areas & channels	27
Development of Free Zone	32
Necessary facilities of fresh water treatment, water supply and distribution	130.00
Pak China Friendship Hospital	100
Pak-China Technical and Vocational Institute at Gwadar	100.00
Gwadar Smart Port City Master Plan	4
Bao Steel Park, petrochemicals, stainless steel and other industries in Gwadar	-----
Development of Gwadar University (Social Sector Development)	-----
Gwadar Livelihood Project	-----

Source: Government of Pakistan, Ministry of Planning, Development and Reform, CPEC <http://cpec.gov.pk/gwader>

Appendix VII

Table 10: Social development projects under CPEC

SOCIAL DEVELOPMENT PROJECST	DETAILS
1) People to people exchanges	Long term partnership has been planned between Pakistan and China in the form of promoting Media (movie, dram, theatre, Cultural and heritage exchanges.
2) Transfer of knowledge in different sector	This include training workshops on industrial zones
3) Establishment of Pakistan Academy of Social Sciences	Efforts to being made for establishment of PASS with the Chinese Academy for Social Sciences. HEC has been made focal agency on Pakistan and consultative process has commenced.
4) Transfer of knowledge in Education sector through consortium of Business Schools	Consortium of Top Business Schools from Chinese and Pakistan Side established. HEC is leading the Project.

Source: Government of Pakistan, Ministry of Planning, Development and Reform, CPEC <http://cpec.gov.pk/gwader>