



# CPEC: A Fate Changer

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#### REPORT AUTHORS

"CPEC: A Fate Changer" was researched, compiled and written by Zohaib Leghari, a contributor to CommandEleven.

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CPEC is a win-win situation for both sides. Through his project, Pakistan will become the hub of business and trade in Asia, and South China will penetrate into Asia and Europe. It will cater to the needs of all the federating units of Pakistan through proper rail, road and projects on energy. CPEC is not a game changer, but a fate changer for Pakistan.

Ahsan Iqbal, Federal Minister for Planning and Development

The statement of Mr. Ahsan Iqbal clearly expresses that China-Pakistan Economic Corridor (CPEC) is pivotal for both Pakistan and China. It is a \$ 46 billion project, which will connect Chinese province of Xinjiang with Pakistani port of Gwadar through the land route. Mr. Ahsan Iqbal, further revealed that CPEC will make Pakistan an economic hub of Asia, open opportunities of development for all provinces of the country by upgrading infrastructure of roads, railway and energy sector. Therefore, he termed CPEC not only a game changer, but a fate changer for Pakistan. Economically speaking, CPEC will bring economic prosperity in the country, increase the growth rate by 2 to 2.5 percent, and enhance the GDP from 4.5 to 7 percent per year. On a social level, CPEC will reduce the poverty in the country by half, create employment opportunities of 700,000 jobs, and bring people of different provinces closer by upgrading connectivity. On a political front, CPEC will create stability in the country's politics, and resolve energy crisis in the country by providing 10,400 MW of energy. Internationally, CPEC will circumvent Chinese concern of Strait of Malacca, Pakistan's concern of Indian funded Chabahar Port, and volatile Afghanistan to reach Central Asian Republics. This piece of paper will discuss some points favoring CPEC to solve all the problems of Pakistan. Furthermore, it will also highlight some impediments in the way of CPEC. Lastly, it will offer some pragmatic solutions to overcome these impediments, so that the country can take full benefit of this project.

The first and the foremost important impact of CPEC is that it will revolutionize the economy of Pakistan. According to Economic Survey of Pakistan 2015-2016, Economic growth rate in Pakistan is 4.5 percent, which is on the lower side. But, Ahsan Iqbal, remarked that CPEC will increase the economic growth of Pakistan to 7 percent, which will result in the prosperity in every sector of the country. Moreover, CPEC will also enhance the GDP of the country by 2 to 2.5 percent every year. In this way, the economy of the country which is suffering due to various impediments will regain its pace and Pakistan will become free from international money lenders.

Apart from revolutionizing the economy of the country, CPEC will also bring foreign investment in the country. \$46 billion, which the Chinese are going to invest in the country, will bring more money from the world. The best example of it can be seen from the agreement between Pakistan and Chinese company of China overseas port holding company, whose chairman remarked that they would invest \$4.5 billion on roads, power and hotels for Gwadar Industrial Zone. The reason behind this cold wind is CPEC, because investors are realizing the very basic fact that Pakistan will become business hub of Asia once the CPEC get completed. In this way, CPEC is helping Pakistan in bringing investment in the country.

Moreover, CPEC will also bring immense employment opportunities to the country. From the early days of business activities, it has been realized that more investment brings more business which in return brings more job opportunities, same is the case with CPEC. According to an estimate by the Planning Ministry, CPEC will bring 700,000 jobs in Pakistan. According to World Bank report, unemployment rate in Pakistan is very high and is close to 5.8 percent. 700,000 jobs, which the CPEC will create, help Pakistan to resolve the problem of unemployment to a measureable extent. This will not only uplift the standard of living but also bring prosperity in the country.

In addition to it, CPEC will also help Pakistan to reduce poverty in the country. According to Asian Development Bank report, Pakistan has a high poverty rate of 40 percent. This high poverty rate will lower down when CPEC will mature. According to Ministry of Planning Commission, CPEC would help Pakistan reduce poverty by one half. It will also help Pakistan achieve Vision 2025 of reducing poverty by one half. CPEC will bring money, job opportunities and energy to the country, and all this contributes in bringing down poverty in the country.

Furthermore, CPEC will also resolve energy crisis of Pakistan. Energy is the major factor behind the development of any country. World powers are fighting with each other due to this energy shortage. But, it is a great blessing of God that Pakistan will be able to resolve this energy crisis with the help of CPEC. At present, the energy shortfall in the country is 4500 MW. However, CPEC early harvest projects which are expected to mature by the end of 2017 will produce 10400 MW of energy. In this way, not only Pakistan's energy problem will be resolved, but it would have surplus of energy. Secondly, CPEC also contains project for building of gas pipeline from Nawabshah to Gwadar. This will also solve gas shortage which the domestic and industrial consumers face during the winter season.

Besides energy, CPEC will upgrade connectivity between different regions of the country. CPEC promised to invest \$11 billion on rail and road infrastructure, so that the export and import from Gwadar port can be transferred to different regions of the country. These transport infrastructures do not only bring benefits to the local and Chinese investors, but also indicates opportunities for the investors from European and Asian countries to invest in Pakistan, and take benefit from the untapped markets and resources. This connectivity will also help in the development and prosperity of remote and underprivileged areas as well.

CPEC will also instigate technological advancement in the country. Chinese and Foreign experts, engineers and other officials will come and do work with Pakistani workers and this will inculcate more experience and expertise in Pakistani labor. China is also opening Maritime research center under CPEC in collaboration with Pakistan navy. This, in reality, will open new horizons for the Pakistan's navy. Additionally, China is also willing to open agricultural research center under CPEC in Pakistan to increase productivity of agriculture crops and fertilizers in Pakistan. All this help bring a technological revolution in the country.

Simultaneously, CPEC will also favor the tourism industry in the country. More and more foreigners visit the country, more they required world class facilities to live and the more hotel industry will flourish in the country. After looking at this opportunity, Hayat Group, agreed to open four hotels in Pakistan in collaboration with Bahria town group. All these initiatives will bring more people and money in the country and hence the economy along with tourism industry prospers at great pace in the country.

Along with domestic benefits, CPEC has international benefits as well for both China and Pakistan. CPEC is a Chinese project of 'One belt, One road' vision and it will address Chinese concern of high dependence on Strait of Malacca for its trade purpose. CPEC provides an alternative route to China to export its product to the world through Strait of Hormuz. Moreover, CPEC will also circumvent Chabahar port threat to Pakistan by India, because India is building Chabahar port against Pakistan Gwadar port. But, Gwadar port under CPEC is much more viable and efficient than the Chabahar port. In addition to it, CPEC will also circumvent Afghanistan's threat of not allowing Pakistan to reach Central Asian Republics (CARs) via Afghanistan. CPEC will provide opportunity to Pakistan to reach CARs without entering into Afghanistan. In this way CPEC is extremely important on international front for Pakistan as well as China.

Now we will discuss some of the impediments in the way of CPEC.

The first impediment in the way of CPEC is the security concern. Pakistan is a very volatile country viz-a-viz security and CPEC has to pass through it. Therefore, security is major concern of both the governments. Taliban, Baloch nationalist especially Baluchistan National Army, Jindullah, Indian RAW all are threatening the security of the country to an unexpected level. And the matter of the fact is that all these are against CPEC and are committing heinous crimes against Pakistan in general, and CPEC in particular. Recently Quetta and Shah Noorani attacks are perfect examples of the malicious intentions of these terrorists.

Secondly, Khyber Pakhtunkhwa (KPK) province of Pakistan is also charging allegations against the center of not playing fair game and giving KPK its due share. Chief Minister of KPK alleged the federal government that they are not interested in the Western route of CPEC. Apart from it, KPK government is charging federal government that they are only interested in pursuing those projects which would benefit Punjab. In this way, KPK government is casting wrong image on this otherwise brilliant project.

Along with KPK government, Baloch Nationalists are also raising their concerns against CPEC. They, as they have been doing since independence, are charging federal government, that their genuine concerns are going unheard because of the attitude of the federal government. They claim that the Gwadar Port is part of Baluchistan, and Baluchistan should be allowed to harvest it to the maximum. Nawab Akhtar Mengal of BNP (Mengal) claimed that whenever they raised their legitimate concern, they were declared traitors by the center. They claimed that they should be given their due right according to 18<sup>th</sup> Amendment of the constitution. In this way, Baloch nationalist are playing their part in disturbing CPEC.

Moreover, the people of Gwadar also joined their voice with Baloch nationalist. They have the major reservation that all the development in Gwadar is for the Non-residents of Gwadar. The resident card which the government is issuing will turn Gwadar people to non-entrant in Gwadar. Fisherman also wants government to solve their issues as soon as possible before the completion of CPEC. People of Gwadar believe that they will get only drinking water out of this development, but still the government is not serious in at least giving them water.

The fourth major problem in the way of CPEC is the controversy over the finance. The government claims that this entire amount is an aid to Pakistan. Whereas, the critics claim that it is not an aid but a loan to Pakistan. Secondly, it is also believed that the loan is at 5 percent interest which is high, and if the government had taken measures before and contacted other financial lender; the interest would have been significantly low. Thirdly, Pakistan is also facing difficulty in paying its debt. Pakistan contacts foreign lenders to reschedule the installments to be paid every now and then, how it can pay this entire loan with all its business flatterings and tax base not expanding.

Additionally, the economists also claim that the project is not equally distributed between all the regions of the country. Out of \$46 billion; Sindh will get \$10 billion, Baluchistan \$8.5 billion, Punjab \$7 billion, KPK only \$1.7 billion and Gilgit Baltistan is getting nothing, although Gilgit Baltistan connects Pakistan and China. \$4.5 billion are going to be invested in projects which will benefit Punjab, claims the critics. Hence, Punjab would have a higher share in CPEC which is extremely unfair to other provinces. Similarly, there are 11 projects which are going to be covered under CPEC in Punjab, but there are only 6 projects for KPK and out of these 6 projects; one project is only a feasibility report. Thus, unfair distribution of funds is a great hurdle in the path of CPEC. The last but not the least significant impediment in the way of CPEC is the lack of transparency. The government is not opening each and every detail of the project to the

public. If there is nothing fishy in the project, and it is bringing investment and jobs in the country then hiding the details of the project seems a ridiculous tactic. Along with it, the tariff which the Chinese companies are demanding is extremely high. National regulatory authority of power (NEPRA) has set the tariff of energy projects under CPEC at 75 cents per unit but Chinese companies are demanding 95 cents per unit. According to the sources, government has given positive nod to the companies by-passing the regulatory authorities. This again is a wrong step and will prove fatal for CPEC in the long run.

These are some of the impediments in the way of CPEC. Now, we will discuss some pragmatic solution to overcome these impediments.

Providing security is quintessential for the success of CPEC. Chinese engineers have been targeted by suicide bombers and kidnappers in the past. Government has provided 8000 security officials to 8100 Chinese workers. Pakistan army promised to provide 12000 security men for CPEC. The government is taking right steps in providing security to these entire officials. It also needs to tighten security and remove all the loopholes in security to protect the life of all those working on the CPEC.

Pakistan is a democratic country and it is the need of the hour to solve all the concerns regarding CPEC of all the sections of society democratically. In order to follow this, the government had better make a parliamentary committee on CPEC in which all the officials should be held responsible. This committee should have representation of all the stakeholders, so that the concerns of every nook and corner come in front and would be resolved judiciously and legitimately.

The government should also need to hear the reservations of Nationalist parties as well. The approach of labeling everyone as traitor who raises their concern should be avoided ones for all. An all-party conference is a good approach in this regard where all parties can express their views and their voice reaches to the ear of those who matter, so that their problems can be resolved as soon as possible.

In addition to it, the government should also need to publicize all the details of the project. CPEC is a sign of Pakistan's prosperity and it promises a bright future for the country. Then there is no need to hide the details of the project. All stakeholders should be called and a proper presentation should be given to them about Eastern and Western route so that the project does not become another Kalabagh Dam.

Beside this, 21<sup>st</sup> century is the century of media. Media can play an effective role in addressing all the wrong rumors about CPEC. The government should need to utilize both social and electronic media to address all the issues regarding CPEC, remove all the false news which are revolving around against CPEC, and spread by those who have their own axe to grind. Media should be utilized to expose all these hidden hands.

Lastly, 18<sup>th</sup> amendment in the constitution of 1973 is a very great achievement of democratic system in the country. According to it, all the provinces should be given their due right in every project and the resources produces by any province should be utilized by that province first. The government should require following this golden amendment in letter and spirit, so that issues of provincialism should not arise and nationalist leaders should not utilize it for their own petty interests.

In short, the conclusion of this monograph is that CPEC is a very pivotal project for both china and Pakistan. It is a \$46 billion project which will connect Pakistan's Gwadar port and Chinese Xinjiang province. It has a great potential of revolutionizing the economy of Pakistan, bringing investment to the country, providing employment opportunities and reducing poverty in the country. It can also help resolve energy crisis in the country by providing 10,400 MW of energy. However, there are certain impediments in the way of

CPEC. The major one is the security because of the volatile security paradigm of the country. Moreover, there are nationalist and local residents of Baluchistan along with major technical issues. The government needs to take pragmatic steps to overcome these impediments. The first to mention is providing security to the Chinese officials. In addition to it, setting parliamentary oversight committee, publicizing the details of the projects, hearing reservation and solving them will remove these impediments. Hence, CPEC is a fate changer for Pakistan; if it is implemented properly it will transform Pakistan from developing country into a developed country.

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