

## CHINA PAKISTAN ECONOMIC CORRIDOR AS A KEY PART OF BELT AND ROAD INITIATIVE

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**ABSTRACT:** *Currently, Belt and Road Initiative (BRI) is proposed by Chinese government at the time when the international scenario is being changed and world economy is developing. BRI has successfully attained the immense attention of world. Main focus of this initiative is connectivity and cooperation among nations to promote international trade and investment. It had identified six economic corridors to connect the continents of Asia, Europe and Africa. China-Pakistan Economic Corridor (CPEC) being one of the corridors is a key part of this initiative. CPEC is a trade-cum-development deal which will establish economic and strategic connectivity among China and Pakistan. It involves the collaboration and development of infrastructure, trade and investment. This paper aims to evaluate the CPEC as a part of Belt and Road Initiative with reference to its projects in which China is investing in Pakistan. Significance of CPEC will also be highlighted for China and Pakistan as well as for the region.*

**KEYWORDS:** Belt and Road Initiative; China Pakistan Economic Corridor; Gawader; Infrastructure; Energy; Industrial Zone

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### INTRODUCTION

The process of multipolarization has been accelerated and globalization is gaining momentum<sup>1</sup>. Globalization has promoted the cross-border movement of various economic factors, such as capital, information, resources, products, technology and ideas. With the growth of economic globalization, countries have become more closely linked and interdependent<sup>2</sup>. There was a time when China claimed not to be a part of globalization. Such a claim appeared to be sound when China, which was not a part of the international economy, remained largely unaffected by the financial crisis of 1997 in Southeast Asia. However, China felt an impact from financial crisis of US in 2008, as it had then become well integrated into the world economy. Today market fluctuations in China affect stock markets worldwide, and likewise economic situations of US and Europe directly affect China<sup>3</sup>. Thus keeping in view the importance of globalization, China has proposed “Belt and Road Initiative (BRI)”. BRI is an aspiring project and focusing to improve interconnection and collaboration among the countries of Asia, Africa and Europe<sup>4</sup>. The Initiative conforms to the shifting of multipolarization to economic globalization and the information age. BRI has six economic corridors totally. CPEC is one of them. It is considered as a heart of BRI. It is a crown project of BRI which is stretched from Kashgar, China to Gwadar, Pakistan. Gwadar port, under CPEC, is one of the points of intersection between the

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<sup>1</sup> Su Ge, The Belt and Road Initiative in Global Perspectives, 57 China Int'l Stud. 5(2016) at P.6

<sup>2</sup> Ibid at P.8

<sup>3</sup> Guiguo Wang, Legal Challenges to the Belt and Road Initiative, 4 J. Int'l & Comp. L. 309 (2017) at P.310

<sup>4</sup> <https://www.investopedia.com/terms/o/one-belt-one-road-obor.asp> accessed on 24.09.2018

BRI Countries<sup>5</sup>. For the understanding of CPEC, it is necessary to have detailed knowledge of BRI and its strategic directions. So, a detailed discussion on BRI and its Strategic directions are elaborated as follow.

### **Belt and Road Initiative(BRI)**

Chinese President Xi Jinping visited Central Asia and Southeast Asia in 2013. He declared to build “Silk Road Economic Belt” (SREB) in Kazakhstan firstly and then “21<sup>st</sup> Century Maritime Silk Road” in Indonesia for the support of first. So, BRI is an amalgamation of “Silk Road Economic Belt” (SREB) and “Twenty-first Century Maritime Silk Road” (21MSR). "Silk Road Economic Belt" is dealing with transnational economic cooperation between the countries along with the ancient silk road from Central China to central Asia and then to Western Europe with Amsterdam as finishing point and the "21<sup>st</sup> Century Maritime Silk Road" is dealing with the countries from China to South-East Asia, India, Sri Lanka, Yemen, Egypt, Greece, Italy to the Netherlands (Amsterdam). The main focus of this initiative is to connect and create collaboration between the countries in Eurasia and Africa<sup>6</sup>. The basic theme of the initiative is the revival of ancient trade routes<sup>7</sup>. BRI is considered as China’s reply to the issues which are attached with globalization<sup>8</sup>.

National Development and Reform Commission ("NDRC"), Ministry of Foreign Affairs and the Ministry of Commerce ("MOFCOM") jointly constituted the " Vision and Action to Promote the Co-Construction of 'Silk Road Economic Belt and '21st- Century Maritime Silk Road" on 28<sup>th</sup> March, 2015 with the powers of State Council ("B&R Document")"<sup>9</sup>. According to this document, major collaborative goals of BRI are<sup>10</sup>;

- a) “Policy Coordination”,
- b) “Facilities Connectivity”,
- c) “Unimpeded Trade”,
- d) “Financial Integration” and
- e) “People-to-People”.

It is working according to the principles of UN Charter. It confirms five rules as given below<sup>11</sup>:

- a) “Mutual respect for each other's sovereignty and territorial integrity”
- b) “Mutual non-aggression”
- c) “Mutual non-interference in each other's internal affairs”
- d) “Equality and mutual benefit”, and
- e) “Peaceful coexistence”.

<sup>5</sup> Abhineet Singh, Chinese Corridors And Their Economic, Political Implications For India, Swarajya (June 7, 2016), at Para 2

<sup>6</sup> Guiguo Wang, Legal Challenges to the Belt and Road Initiative, 4 J. Int'l & Comp. L. 309 (2017) at P. 309

<sup>7</sup> Editorial, Transnational Dispute Management, Volume 14 - Issue #03 – October 2017

<sup>8</sup> Sarah Grimmer and Christina Charemi, Dispute Resolution along the Belt and Road , 22.05.2017, at P. 1 , available at <https://globalarbitrationreview.com/chapter/1141929/dispute-resolution-along-the-belt-and-road>, accessed on 16.05.18

<sup>9</sup> <http://zhs.mofcom.gov.cn/article/xxfb/201503/20150300926644.shtml> accessed on 22 February, 2018

<sup>10</sup> Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road, 2015/03/28

<sup>11</sup> Ibid

Chinese government promotes peace, cooperation, openness, learning and mutual benefits. Jointly building BRI is beneficial for the world. Economic prosperity and cooperation will be increased in the member countries. BRI will fortify the interchange of trade and ideas among the civilizations. The initiative will promote and enhance the investment, market potential, job opportunities, people to people contacts, consumption, development and world peace. It is introducing a new model of collaboration and globalization at international level<sup>12</sup>. China is constructing the BRI keeping in view the “Ancient Silk Road” which was a symbol of cooperation among the different cultures. So, BRI is also determined to develop economic collaboration and partnerships among the member countries<sup>13</sup>. It will create new sources of growth, revitalize economies, and achieve win-win outcome<sup>14</sup>.

BRI is supported by six economic corridors and a number of maritime pivots which are connecting the almost sixty-seven countries of three continents of Asia, Europe and Africa. They are following<sup>15</sup>;

1. “China-Indochina Peninsula Economic Corridor”
2. “China-Myanmar-Bangladesh-India Economic Corridor”
3. “China-Pakistan Economic Corridor”
4. “China-Central Asia-Western Asia Economic Corridor”
5. “New Eurasian Land Bridge”
6. “China-Mongolia-Russia Economic Corridor”

Each of the corridors mentioned above is serving different geopolitical objectives for china and other relating countries. This article is dealing with China-Pakistan Economic Corridor (CPEC) as a key part of BRI due to its significant value for the whole initiative. CPEC is a pet project of globalization.

### **China-Pakistan Economic Corridor (CPEC)**

Chinese President Xi Jinping visited Pakistan in April 2015<sup>16</sup>. During this visit, fifty one agreements, MoUs, and financial contracts were signed. These agreements are the bases of CPEC<sup>17</sup>. CPEC has origin in ancient and medieval Silk Road. Basically “21st Century Silk Road” is the up gradation of ancient Silk Routes which were used for trade by the Chinese with the collaboration of Kushan Rulers of Indus Valley with Central and South Asian population and all the way to Rome through Arabian and Red Sea during the period of 100-500 AD<sup>18</sup>.

CPEC is a 3218 KM long route which consists of railway, highway and pipeline. The corridor starts from Gwadar Port on Arabian Sea and passes through Gilgit Bultistan, Pakistan and ends at Kashgar, Xinjiang, China<sup>19</sup>. Besides the land routes between the Gwadar to Kashgar,

<sup>12</sup> Ibid

<sup>13</sup> Malik R. Dahlan, Dimensions of the New Belt & Road International Order: An Analysis of the Emerging Legal Norms and a Conceptualisation of the Regulation of Disputes, 9 Beijing L. Rev. 87 (2018) at P. 91

<sup>14</sup> Su Ge, The Belt and Road Initiative in Global Perspectives, 57 China Int'l Stud. 5 (2016) at P.10

<sup>15</sup> Baker McKenzie, Belt & Road: Opportunity & Risk ;The prospects and perils of building China’s New Silk Road, at P.18

<sup>16</sup> <https://www.irishtimes.com/news/world/asia-pacific/china-s-president-xi-jinping-in-first-state-visit-to-pakistan-1.2182465>

<sup>17</sup> List of Pakistan-China MoUs, The NATION (Apr. 21,2015)

<sup>18</sup> Kazi A , Pivotal Pakistan: GCAP and the Geopolinomics of Central Asia’s Traditional Indus Basin Corridor, at P.13

<sup>19</sup> Maryum Ashraf,Awaisra Shafiq,Sana Batool, China Pakistan Economic Corridor (CPEC): Analysis of Internal and external Challenges, 2017, at P.106

Maritime Silk Route is also a major part of CPEC. This sea based route will connect China to Indian Ocean, Gulf states and East Africa by deep sea port and all the way to Mediterranean via Red Sea, and then North Africa and Europe. This corridor is providing an alternative trade route and transportation from China to broader global regions easily and cost-effectively<sup>20</sup>. CPEC is providing a direct route from Persian Gulf to China which will decrease the distance of almost thirteen thousands km to two thousands km and the journey of forty-five days to ten days for transportation of goods<sup>21</sup>.

### **Agreements and Memorandums of Understanding (MoUs) under CPEC**

The documentation of CPEC agreements is not public. So, the detail cannot be given. However, the list of MoUs was published by “The Nation” newspaper which includes the mega projects of infrastructure, energy, industrial zones and construction<sup>22</sup>. The details of the projects are now also available at the official website of CPEC. It was announced with an initial investment outlay of around US\$46 billion by China in Pakistan which has now been increased to more than US\$70 Billion. CPEC has been termed as the game changer for Pakistani economy and will help Pakistan for developing a rusty infrastructure<sup>23</sup>. China-Pakistan has developed a long-term plan for CPEC and the key areas of cooperation are following<sup>24</sup>:

- a. Development of Gwadar
- b. Infrastructure
- c. Energy
- d. Industrial Zones and Other Projects

### **Development of Gwadar**

Development of Gwader is the key project of CPEC. Gwadar Port is the main point for the activities of CPEC. The exceptional quality of this port is that it is amongst one of the largest deep water ports in the world. It connects South Asia, Central Asia, and the Middle East. It has almost two-third oil reserves of the world<sup>25</sup>. It is situated at the mouth of Persian Gulf which has made it an important gateway for CPEC projects<sup>26</sup>. All the developmental projects have been started and are in progress. These projects will directly beneficial for the local people who are leading very deprived lives. The projects relating to the Gwader can be seen in the following table with their estimated cost.

<sup>20</sup> Riaz A, Mi H (2017) China-Pakistan Economic Corridor and Its Social Implication on Pakistan: How Will CPEC Boost Pakistan’s Infrastructures and Overcome the Challenges?. Arts Social Sci J 8: 265. at P. 1

<sup>21</sup> Maryum Ashraf, Awaisra Shafiq, Sana Batool, China Pakistan Economic Corridor (CPEC): Analysis of Internal and external Challenges, 2017, at P.106

<sup>22</sup> [http://www.pcgov.org/april\\_23\\_2015.pdf](http://www.pcgov.org/april_23_2015.pdf) accessed on 06.06.2016

<sup>23</sup> Y. Tan; M.S. Javaid; "China-Pakistan Economic Corridor ("CPEC") Dispute Resolution Mechanism" TDM 3 (2017), at P. 2

<sup>24</sup> Ibid

<sup>25</sup> Shirin Lakhani, The China-Pakistan Economic Corridor: Regional Effects and Recommendations for Sustainable Development and Trade, 45 Denv. J. Int'l L. & Pol'y 417 (2017) at P.419

<sup>26</sup> <https://www2.deloitte.com/content/dam/Deloitte/pk/Documents/risk/pak-china-eco-corridor-deloittepknoexp>. Accessed on 20.06.2018

**Gawader Projects<sup>27</sup>**

#	Project Name	Estimated Cost(US\$M)
1	Gwadar East-Bay Expressway	168
2	New Gwadar International Airport	230.00
3	Construction of Breakwaters	123
4	Dredging of berthing areas & channels	27
5	Development of Free Zone	32
6	Necessary facilities of fresh water treatment, water supply and distribution	130.00
7	Pak China Friendship Hospital	100
8	Pak-China Technical and Vocational Institute at Gwadar	10.00
9	Gwadar Smart Port City Master Plan	4
10	Bao Steel Park, petrochemicals, stainless steel and other industries in Gwadar	----
11	Development of Gwadar University (Social Sector Development)	----
12	Gwadar Livelihood Project	----

**Infrastructure**

Development of infrastructure is a vital part of CPEC. The infrastructure projects will expand, upgrade and extend the roadways, railways and airways. These projects will connect the Gawader to Kashgher through Lahore-Karachi motorway, Karakorum Highway, Karachi-Peshawar railway, Pakistan to the Xinjiang Railway and Gawader Airport<sup>28</sup>. The infrastructure projects can be observed in the following tables;

**Roadway Projects<sup>29</sup>**

#	Project Name	Length(KM)	Estimated Cost(US\$M)
1	KKH Phase II (Thakot -Havelian Section)	118	1335
2	Peshawar-Karachi Motorway (Multan-Sukkur Section)	392	2,889
3	Khuzdar-Basima Road N-30	110	80
4	Upgradation of D.I.Khan (Yarik) - Zhob, N-50 Phase-I	210	195
5	KKH Thakot-Raikot N35 remaining portion	136	719.8

<sup>27</sup> <http://cpec.gov.pk/gwader> assessed on 03.09.2018

<sup>28</sup> Moonis Ahmar, Strategic Meaning of the China-Pakistan Economic Corridor, at P. 40

<sup>29</sup> <http://cpec.gov.pk/infrastructure> assessed on 03.09.2018

**A. Western Route Projects<sup>30</sup>**

#	Project Name	Length(KM)
1	Hakla D.I Khan Motorway	285
2	D.I Khan (Yarik) –Zhob (N-50)	210
3	Zhob Quetta (N-50)	331
4	Khuzdar-Quetta– Chaman Section (N-25)	431
5	Surab-Hoshab (N-85)	449
6	Gwadar – Turbat – Hoshab (M-8)	193

**B. Rail Sector Projects<sup>31</sup>**

#	Project Name	Length	Estimated Cost(US\$M)
1	Expansion and reconstruction of existing Line ML-1	1,830	8,172
2	Havelian Dry port (450 M. Twenty-Foot Equivalent Units)		65
3	Capacity Development of Pakistan Railways		

**C. Rail Based Mass Transit Projects<sup>32</sup>**

#	Project Name	Status/Estimated Cost(US\$M)
1	Karachi Circular Railway	Feasibility is completed
2	Greater Peshawar Region Mass Transit	Feasibility is under process
3	Quetta Mass Transit	Feasibility is under process
4	Orange Line – Lahore	1626

**Energy**

Currently, Pakistan is facing energy crises. China as a good friend of Pakistan is supporting and investing in the energy projects under CPEC. These projects include Coal, hydropower, Wind, Solar, LNG, and transmission lines<sup>33</sup>. The total capacity of the projects agreed as

<sup>30</sup><http://cpec.gov.pk/westren-route> assessed on 03.09.2018

<sup>31</sup><http://cpec.gov.pk/infrastructure> assessed on 03.09.2018

<sup>32</sup><http://cpec.gov.pk/mass-transit-projects> assessed on 03.09.2018

<sup>33</sup>Moonis Ahmar, Strategic Meaning of the China-Pakistan Economic Corridor, at P. 40

cooperation in the energy sector is 17045 MW. It is agreed to ensure the completion of these projects timely to meet the short fall of energy in Pakistan<sup>34</sup>. Energy projects in the CPEC have been divided into three categories. They are understandable in the tables given below.

#### A. Energy Priorities Projects<sup>35</sup>

#	Project Name	MW	Estimated Cost(US\$ M)
1	2×660MW Coal-fired Power Plants at Port Qasim Karachi	1320	1912.2
2	Suki Kinari Hydropower Station, Naran,Khyber Pukhtunkhwa	870	1702
3	Sahiwal 2x660MW Coal-fired Power Plant, Punjab	1320	1912.2
4	Engro Thar Block II 2×330MW Coal fired Power Plant TEL 1×330MW Mine Mouth Lignite Fired Power Project at Thar Block-II, Sindh, Pakistan ThalNova 1×330MW Mine Mouth Lignite Fired Power Project at Thar Block-II, Sindh, Pakistan Surface mine in block II of Thar Coal field, 3.8 million tons/year	660 330 330	995.4 497.7 497.7 1,470
5	Hydro China Dawood Wind Farm(Gharo, Thatta)	49.5	112.65
6	Imported Coal Based Power Project at Gwadar, Pakistan	300	Yet to be determined
7	Quaid-e-Azam Solar Park (Bahawalpur)	1000	1,302
8	UEP Wind Farm (Jhimpir, Thatta)	99	250
9	Sachal Wind Farm (Jhimpir, Thatta)	49.5	134
10	SSRL Thar Coal Block-I 6.8 mtpa &SEC Mine Mouth Power Plant (2×660MW)	1320	1912.12 + 1,30
11	Karot Hydropower Station	720	1698.26
12	Three Gorges Second Wind Power Project Three Gorges Third Wind Power Project	49.5 49.5	150
13	CPHGC 1,320MW Coal-fired Power Plant, Hub,Balochistan	1320	1912.2
14	Matiari to Lahore ±660kV HVDC Transmission Line Project Matiari (Port Qasim) —Faisalabad Transmission Line Project		1658.34 1,500
15	Thar Mine Mouth Oracle Power Plant ( 1320MW) & surface mine	1320	Yet to be determined

<sup>34</sup> <https://www.icap.org.pk/cpecconference/pdf/SalmanAminCPECNEPRA.pdf> accessed on 03.09.2018

<sup>35</sup> <http://cpec.gov.pk/energy> assessed on 03.09.2018

**B. Energy Actively Promoted Projects<sup>36</sup>**

#	Project Name	MW	Estimated Cost(US\$ M)
16	Kohala Hydel Project, AJK	1100	2364.05
17	Rahimyar khan imported fuel Power Plant	1320	1600
18	Cacho 50MW Wind Power Project	50	
19	Western Energy (Pvt.) Ltd. 50MW Wind Power Project 50	50	

**C. Potential Energy Projects<sup>37</sup>**

#	Project Name	MW	Estimated Cost(US\$ M)
20	Phandar Hydropower Station	80	
21	Gilgit KIU Hydropower	100	

**Industrial Zones and other Projects**

China is major trade partner of Pakistan. Chinese investment has been increased rapidly after the commencement of CPEC. A lot of economic zones and other projects are under construction in following the agreements of CPEC. These economic zones will change the fate of the people of Pakistan financially. Some social projects of are also the part of CPEC which are going smoothly. The detail of the economic zones and other projects can be seen in the table below.

**A. List of Special Economic Zones<sup>38</sup>**

#	Project Name
1	Rashakai Economic Zone , M-1, Nowshera
2	China Special Economic Zone Dhabeji
3	Bostan Industrial Zone
4	Allama Iqbal Industrial City (M3), Faisalabad
5	ICT Model Industrial Zone, Islamabad
6	Development of Industrial Park on Pakistan Steel Mills Land at Port Qasim near Karachi
7	Special Economic Zone at Mirpur,AJK
8	Mohmand Marble City
9	Moqpondass SEZ Gilgit-Baltistan

<sup>36</sup>Ibid<sup>37</sup>Ibid<sup>38</sup><http://cpec.gov.pk/special-economic-zones-projects> assessed on 03.09.2018

**B. Other Projects<sup>39</sup>**

#	Project Name	Estimated Cost(US\$M)
1	Cross Border Optical Fiber Cable	37
2	Pilot Project of Digital Terrestrial Multimedia Broadcast (DTMB)	
3	Early Warning System (EWS), Pakistan Meteorological Department	

**C. Social Sector Development Program<sup>40</sup>**

#	Project Name
1	People to People exchanges
2	Transfer of Knowledge in different sectors
3	Establishment of Pakistan Academy of Social Sciences
4	Transfer of Knowledge in Education sector through Consortium of Business Schools

**D. New Provincial Projects<sup>41</sup>**

#	Project Name
1	Keti Bunder Sea Port Development Project
2	Naukundi-Mashkhel-Panjgur Road Project connecting with M-8 & N-85
3	Chitral CPEC link road from Gilgit, Shandor, Chitral to Chakdara
4	Mirpur – Muzaffarabad - Mansehra Road Construction for connectivity with CPEC route
5	Quetta Water Supply Scheme from Pat feeder Canal, Balochistan
6	Iron Ore Mining, Processing & Steel Mills complex at Chiniot, Punjab

**Modus Operandi for the Construction of CPEC**

The modus operandi to construct CPEC, adopted by both countries, involves Pakistani construction companies as sub-contractors beneath the main contractor of Chinese construction companies<sup>42</sup>. Chinese companies whether private or public are investing under CPEC in different areas and in many forms. Most of the Chinese State-Owned enterprises are investing in the field of defense production, infrastructures and mining. The projects for the development

<sup>39</sup><http://cpec.gov.pk/others> assessed on 03.09.2018

<sup>40</sup><http://cpec.gov.pk/social-sector-development-projects> assessed on 03.09.2018

<sup>41</sup> <http://cpec.gov.pk/new-provincial-projects> assessed on 03.09.2018

<sup>42</sup>Y. Tan; M.S. Javaid; "China-Pakistan Economic Corridor ("CPEC") Dispute Resolution Mechanism" TDM 3 (2017), at P.

of infrastructures are arranged through build, operate and transfer. The enterprises of China have started their projects and businesses in Pakistan independently or through joint venture. They are doing independent business by getting license for a specific field and area under the laws of Pakistan. The Pakistani Government had made special laws and policies to promote investment in Pakistan and giving special privileges to the investors. With regard to joint venture, Chinese enterprises have made agreements with the local enterprises as joint ventures for running the business to complete the projects of CPEC. Telecommunication Sector is the illustration of licensing regime and the example of joint venture is joint venture of the “Haier Group and the Ruba Group, Hair Pakistan”<sup>43</sup>.

Chinese state owned enterprises are leading in major projects of CPEC with the collaboration of China’s Policy Banks and China’s Silk Road Fund Co. Ltd (SRF). The SRF was created in 2014 in Beijing. Its primary purpose is to promote the economic development and prosperity in the region. It is participating in many infrastructural projects. For example, it has participated for the construction of Karot Hydropower Station in Pakistan in 2015 to cooperate with China Three Gorges Corporation<sup>44</sup>.

Asian Infrastructure Investment Bank (AIIB) is also supporting the project of CPEC by way of outbound investment. It was established in 2015 to fulfill the financial requirements of infrastructure projects in Asia. Currently the total number of its membership is seventy. The AIIB is financing different projects of CPEC which includes National Motorway M-4 (Shorkot-Khanewal Section) Project in Pakistan<sup>45</sup>.

### **Significance and Importance of CPEC**

China-Pakistan trade relationship is not new. It starts from 1963 when a Bilateral Trade and Civil Aviation Agreements were signed<sup>46</sup>. Both the countries constructed the Karakoram Highway in following these agreements<sup>47</sup>. CPEC is a tremendous example of China-Pakistan trade relations. It is a light of hope for regional peace, development and cooperation which will ultimately throw its impacts for the wellbeing of people. Its projects will improve the growth of economy, investments, trade, infrastructure, regional collaboration and political flexibility. This corridor will be utilized as trade gateway and route by China and Pakistan as well as Africa and Middle East<sup>48</sup>. CPEC will provide energy to Pakistan to become “Asian Tiger”. It will increase the collaboration between both the countries by introducing “one corridor, multiple passages”<sup>49</sup>.

The government of China is making its best efforts to create an environment under CPEC to promote open economic and logistic systems at regional level. CPEC projects will be helpful to Pakistan to rebalance among geopolitical and geo-economic. CPEC is considered as a game changer at regional level. It will provide facilities and source to the common people in the

<sup>43</sup>Ahmad Ghouri, Towards Greater Integration? Legal and Policy Directions of Chinese Investments in Pakistan on the Advent of the Silk Road Economic Belt, *The Chinese Journal of Comparative Law*, 2016, at P. 50, 51

<sup>44</sup>Sarah Grimmer and Christina Charemi, Dispute Resolution along the Belt and Road, at P.1

<sup>45</sup>Ibid

<sup>46</sup>Ahmad Rashid Malik, *The Pakistan-China Bilateral Trade: The Future Trajectory*, at P. 72,

<sup>47</sup>Dr. Zahir Shah, China-Pakistan Economic Corridor(CPEC) and its Importance, *The Diplomatic Insight Magazine*, at P.10

<sup>48</sup>Maryum Ashraf, Awaisra Shafiq, Sana Batool, China Pakistan Economic Corridor (CPEC): Analysis of Internal and external Challenges, *International Journal of Business, Economics and Management*, 2017, at P.106

<sup>49</sup>Mr Sun Weidon, Chinese Ambassador to Pakistan, China-Pakistan Economic Corridor will Bring Benefits to Pakistan and the Region, *The Diplomatic Insight Magazine*, at P.9

whole region for their development which will improve their living standard<sup>50</sup>. GDP of Pakistan will be increased by 2.5% till 2030 by an impressive infrastructure, transportation, and energy projects<sup>51</sup>.

Pakistan has become the first passage of China for trade purposes with the blessings of CPEC who is the second large economy of the world. The network of road and railways under CPEC will be beneficial to the neighboring countries. The imports and exports of goods and services will be increased by the development of CPEC. China deserves appreciation for their role in the regional economy which has created peace and solidity in South and Central Asian States and molded the opponents as business competitors<sup>52</sup>.

## CONCLUSION

After a long discussion, it is crystal clear that CPEC is a project of sustainable development for the whole region including China-Pakistan. CPEC has an ideal geographical position for international trade among the continents of Asia, Europe and Africa. It will create valuable opportunities which will directly beneficial for the people of Pakistan. This corridor will have a significant impact on the socio economic and foreign policies of Pakistan in future. CPEC is an extensive project which is not without challenges because the challenges are always attached with sweeping transformation. Chinese state owned and private enterprises are investing in national infrastructure such as ports, airports, railways, roads, pipelines and energy generation. The Chinese enterprises are facing the problems of political instability, lack of security, poor corporate governance system<sup>53</sup>, lack of rules and regulations, local prejudices and absence of a fair and impartial legal system<sup>54</sup>. Due to these issues, parties to the CPEC are facing problems and litigations in the local courts of Pakistan which are causing the delay in its implementations. The main delayed projects are The Matiari–Lahore transmission line<sup>55</sup>, Orange Line Train Project<sup>56</sup>, Suki Kinari hydroelectric power project<sup>57</sup>, Punjab-based 330MW coal-based power project<sup>58</sup>, Five Sindh-based schemes<sup>59</sup>. In this situation, corridor may not achieve its goal in its true spirit. The governments of China and Pakistan are required to give proper attention for the solution of these issues and to develop a proper legal system including

<sup>50</sup>Riaz A, Mi H (2017) China-Pakistan Economic Corridor and Its Social Implication on Pakistan: How Will CPEC Boost Pakistan's Infrastructures and Overcome the Challenges? Arts Social Sci J 8: 265 at P. 2

<sup>51</sup>Deloitte, how will CPEC boost Pakistan economy?

<https://www2.deloitte.com/content/dam/Deloitte/pk/Documents/risk/pak-china-eco-corridor-deloittepknoexp>.

<sup>52</sup>Rohimi Shapiee; Rao Qasim Idrees, China Pakistan Economic Corridor (CPEC); Most Valuable Dream for Pakistan through Economic Integration in the Region but May Not Become True without Up gradation of Physical Infrastructure and Legal System, 8 Beijing L. Rev. 481(2017) at P.485

<sup>53</sup>Lin Wang, Opportunities and Challenges of the China-Pakistan Economic Corridor (CPEC) and Implications for US Policy and Pakistan, Asia Pacific Bulletin, at P.2,

<sup>54</sup>Ruilian Zhang, Social Impact Assessment of Investment Activities in the China–Pakistan Economic Corridor, at P.6

<sup>55</sup><https://tribune.com.pk/story/1696285/2-matiari-lahore-cpecs-transmission-line-project-faces-three-year-delay/> accessed on 10.08.2018

<sup>56</sup><https://tribune.com.pk/story/1775582/1-money-drying-olmt-project-face-delays/> accessed on 10.08.2018

<sup>57</sup>[https://www.business-standard.com/article/news-ani/several-projects-under-cpec-delayed-on-verge-on-being-axed-116081000580\\_1.html](https://www.business-standard.com/article/news-ani/several-projects-under-cpec-delayed-on-verge-on-being-axed-116081000580_1.html) accessed on 10.08.2018

<sup>58</sup>[https://www.business-standard.com/article/news-ani/several-projects-under-cpec-delayed-on-verge-on-being-axed-116081000580\\_1.html](https://www.business-standard.com/article/news-ani/several-projects-under-cpec-delayed-on-verge-on-being-axed-116081000580_1.html) accessed on 10.08.2018

<sup>59</sup>The projects reportedly facing the axe are four Sindh-based schemes, including the Engro surface mine in Block-II of Thar Coal with a capacity of 3.8 million metric tonnes per annum, the 1,320MW Engro Thar coal-fired power plant, the 1,320MW Sino-Sindh Resource Limited Power Plant in Thar Coal Block-I, and the 1,320MW Thar Mine Mouth Oracle coal-fired power plant. [https://www.business-standard.com/article/news-ani/several-projects-under-cpec-delayed-on-verge-on-being-axed-116081000580\\_1.html](https://www.business-standard.com/article/news-ani/several-projects-under-cpec-delayed-on-verge-on-being-axed-116081000580_1.html) accessed on 10.08.2018

rules and a specific dispute settlement system in order to complete the CPEC projects and to secure the Chinese investment in an effective manners because the existing system of Pakistan is not efficient enough to give fruitful results.