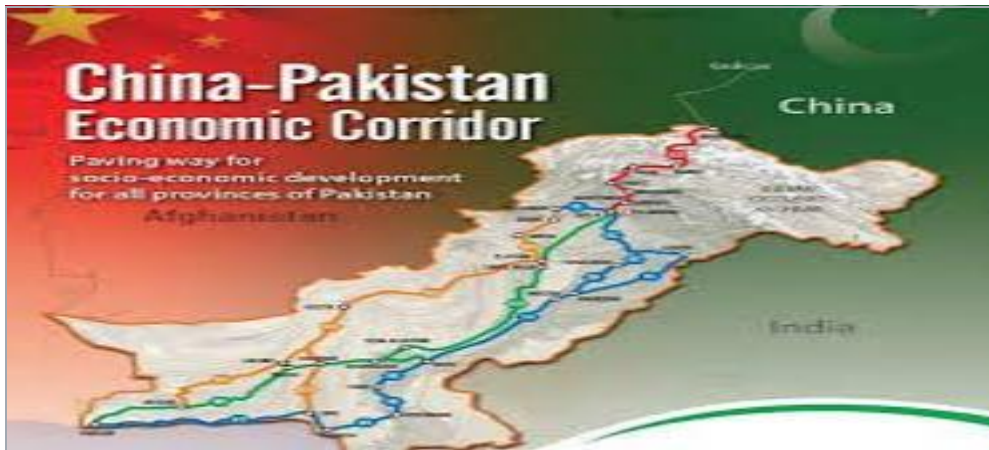


China-Pakistan Economic Corridor



Mission statement :Securing Energy Import and Trade Boost for China, Infrastructure Development for Pakistan

Type of project :Economic corridor

Location : Pakistan: Khyber Pakhtunkhwa, Gilgit-Baltistan, Punjab, Balochistan, Sindh & PAK/AJK China: Xinjiang

Established :20 April 2015 (10 years ago)

Budget: \$62 billion

[Download PDF File](#)

China–Pakistan Economic Corridor title can be described as the China–Pakistan Economic Corridor(CPEC) is a 3,000 km Chinese infrastructure network project currently under construction in Pakistan. This sea-and-land-based corridor aims to secure and shorten the route for China's energy imports from the Middle East,avoiding the existing path through the Straits of Malacca between Malaysia and Indonesia, which could be blockaded in case of war, thereby threatening China's energy-dependent economy.Developing a deep-water port at Gwadar in the Arabian Sea and establishing a robust road and rail network from this port to the Xinjiang region in western China would serve as a shortcut, enhancing trade between Europe and China. In Pakistan, the project aims to address electricity shortages, develop infrastructure, and modernize transportation networks, while also transitioning the economy from an agriculture-based structure to an industrial one.

The potential industries being set up in the CPEC special economic zones include food processing, cooking oil, ceramics, gems and jewelry, marble, minerals, agriculture machinery, iron and steel, motorbike assembling, electrical appliances, and automobiles.

Announcement of CPEC

General Secretary of the Chinese Communist Party Xi Jinping described his "fate-changing visit" to Pakistan for signing the CPEC agreement by saying, "I feel as if I am going to visit the home of my brother,"[36] and claimed that the friendship between the two nations was "higher than mountains, deeper than oceans, and sweeter than honey." China frequently uses terms like "iron brothers" and "all-weather friends" to describe its relationship with Pakistan.On 20 April 2015, Pakistan and China signed an agreement to commence work on the \$46 billion project, which is roughly 20% of Pakistan's annual GDP, with approximately \$28 billion worth of fast-tracked "Early Harvest" projects to be developed by the end of 2018.

By the end of 2018, over 10,400 MW of generating capacity is expected to be brought online, with the majority developed as part of CPEC's fast-tracked "Early Harvest" projects. A network of pipelines for transporting liquefied natural gas and oil will also be laid, including a \$2.5 billion pipeline between Gwadar and Nawabshah to eventually transport gas from Iran. Electricity from these projects will primarily be generated from fossil fuels, though hydroelectric and wind-power projects are also included, as well as the construction of one of the world's largest solar farms. CPEC is seen as a central component of China's Belt and Road Initiative. At the start of the project, Pakistan assigned about 10,000 troops to protect Chinese investments, a number that increased to 15,000 active troops by 2016.

Projects in Gwadar

Gwadar gained strategic importance after the Kargil War when Pakistan recognized the need for a military naval port, leading to the construction of the Karachi-Gwadar Coastal Highway for defense purposes. Gwadar is central to the China-Pakistan Economic Corridor (CPEC) project, envisioned as the link between China's ambitious One Belt, One Road initiative and its 21st Century Maritime Silk Road project. Over \$1 billion worth of projects were planned around the port by December 2017. Over the past two years, China has provided 7,000 solar panel sets to households in Gwadar. An additional 10,000 sets are being prepared for distribution to underprivileged communities in Balochistan. The Chinese Embassy in Pakistan is also set to donate household solar units and other forms of assistance to the people of Balochistan.

Gwadar city projects

China will grant Pakistan \$230 million to construct a new international airport in Gwadar. The provincial government of Balochistan has set aside 4,000 acres for the construction of the new \$230 million Gwadar International Airport, which will require an estimated 30 months for completion. The costs will be fully funded by grants from the Chinese government, which Pakistan will not be obliged to repay. As of 2017, there are a total of nine projects funded by China in and around Gwadar.[95] Development of Gwadar includes the construction of a hospital funded by a Chinese government grant. The proposed project includes the building of medical blocks, nursing and paramedical institutes, a medical college, a central laboratory, and other allied facilities, along with the supply of medical equipment and machinery.

Roadway projects

The CPEC project includes significant upgrades and overhauls to Pakistan's transportation infrastructure. So far, China has announced financing for \$10.63 billion worth of transportation infrastructure under the CPEC project; \$6.1 billion has been allocated for constructing "Early Harvest" roadway projects at an interest rate of 1.6 percent.

Three corridors have been identified for cargo transport: the Eastern Alignment through the heavily populated provinces of Sindh and Punjab, where most industries are located; the Western Alignment through the less developed and more sparsely populated provinces of Khyber Pakhtunkhwa and Balochistan; and the future Central Alignment, which will pass through Khyber Pakhtunkhwa, Punjab, and Balochistan.

Railway projects

The CPEC project emphasizes major upgrades to Pakistan's aging railway system, including the reconstruction of the entire Main Line 1 railway between Karachi and Peshawar by 2020. This

railway currently handles 70% of Pakistan Railways traffic. As of 25 May 2022, the project is stalled due to China's reluctance to provide funds. In addition to the stalled Main Line 1 railway, upgrades and expansions are planned for Main Line 2 and Main Line 3. The CPEC plan also includes completing a rail link over the 4,693-meter high Khunjerab Pass, providing direct access for Chinese and East Asian goods to Pakistani seaports at Karachi and Gwadar by 2030. In September 2018, the new government led by Prime Minister Imran Khan reduced Chinese investment in the railways by \$2 billion to \$6.2 billion due to financing burdens.

Khunjerab Railway

Longer-term projects under CPEC also call for the construction of the 682-kilometer-long Khunjerab Railway line between the city of Havelian and the Khunjerab Pass on the Chinese border, with an extension to China's Lanxin Railway in Kashgar, Xinjiang. The railway will roughly parallel the Karakoram Highway and is expected to be completed by 2030. The cost of the entire project is estimated to be approximately \$12 billion and will require 5 years for completion. A 300 million rupee study to establish the final feasibility of constructing the rail line between Havelian and the Chinese border is already underway. A preliminary feasibility study was completed in 2008 by the Austrian engineering firm TBAC.

Lahore Metro

The Orange Line of the Lahore Metro is a significant commercial project under CPEC.[173] This \$1.6 billion project was initially planned for completion by Winter 2017. However, it faced several delays and was finally launched on 25 October 2020. The Orange Line spans 27.1 kilometers (16.8 mi), with 25.4 kilometers (15.8 mi) being elevated and the remaining portion underground between Jain Mandir and Lakshmi Chowk. The project has the capacity to transport 250,000 commuters per day, with plans to increase this to 500,000 commuters per day by 2025. As of now, the Orange Line of the Lahore Metro is fully operational. It is the first automated rapid transit line in Lahore, Punjab, Pakistan, and the first driverless metro in Pakistan. It is operated by the Punjab Mass Transit Authority and forms part of the Lahore Metro system.

Impact

As of early 2024, CPEC is the most developed land corridor of the BRI. CPEC runs through twelve cities with over one million inhabitants and eighteen cities with populations over 100,000. On 8 January 2017, Forbes claimed that CPEC is part of China's vision to shape the rules of the next era of globalization and keep its export and investment engines running for years to come. According to China's premier, Li Keqiang, Pakistan's development through the project might "wean the populace from fundamentalism". In part because of the impact of CPEC, former EU diplomat Bruno Maçães describes the BRI as the world's first transnational industrial policy, as it extends beyond national policy to influence the industrial policy of other states.

Pakistani economy

The CPEC is considered a landmark project in the history of Pakistan, representing the largest investment the country has attracted since its independence and the largest by China in any foreign country.[263][264] CPEC is considered economically vital to Pakistan, helping to drive its economic growth.[265] The Pakistani media and government have called CPEC investments a "game and fate changer" for the region,[266][267] with both China and Pakistan aiming for the massive investment plan to transform Pakistan into a regional economic hub and further deepen the ties between the two countries.[268] Approximately one year after the announcement of CPEC,

Zhang Baozhong, chairman of China Overseas Port Holding Company, told The Washington Post that his company planned to spend an additional \$4.5 billion on roads, power, hotels, and other infrastructure for Gwadar's industrial zone,[89] representing one of the largest sums of foreign direct investment into Pakistan.

Challenges and Criticism

CPEC, despite its strategic and economic potential, faces several significant challenges and criticisms that affect its implementation and overall impact. One of the most pressing concerns is security, especially in the province of Balochistan, where separatist groups and insurgents have repeatedly targeted Chinese nationals, engineers, and CPEC-related infrastructure. These attacks are rooted in local grievances over resource control, political marginalization, and environmental concerns. In response, the Pakistan Army has created a special security division comprising thousands of personnel to ensure the safety of Chinese workers and protect key project sites, but security risks continue to pose a serious threat to smooth progress. Apart from security, financial and political issues also hinder the corridor's success. A major criticism is related to Pakistan's rising external debt, with many analysts warning that over-reliance on Chinese loans could create long-term economic dependency and repayment difficulties. There is also a lack of transparency in many of the CPEC agreements, leading to public and parliamentary concerns over hidden costs and terms unfavorable to Pakistan. Moreover, delays in project execution—due to bureaucratic inefficiencies, political instability, and lack of coordination—have slowed down progress. Additionally, there are growing complaints from smaller provinces like Balochistan and Khyber Pakhtunkhwa about the unequal distribution of benefits, with a perception that the Punjab province receives the lion's share of infrastructure and industrial projects. These issues have sparked political debates and protests, raising questions about the inclusiveness and fairness of the CPEC framework.