

China Pakistan Economic Corridor: Implications on Regional Peace and Security

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Abstract

This research takes an exploratory approach to studying the China Pakistan Economic Corridor (CPEC) and its implications on peace and security in the South Asia region. It further analyzes the possible impacts of CPEC on the peace and security of Pakistan and connects these effects to the broader South Asia region. This study proposes that economic integration, achieved as a result of the development of CPEC will aid in establishing better regional connectivity and foster more peaceful relations amongst regional neighbors. This research relies on judgments and views of South Asian experts as a source of primary data. Because of the fact that the CPEC project is work in progress and is still in the development phase, this study does not provide any definitive conclusions; however research findings indicate a positive relationship between the development of CPEC and the peace and security of the region.

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List of Abbreviations

AIIB	Asia Infrastructure Investment Bank
ASEAN	Association of Southeast Asian Nations
BCIM	Bangladesh China India Myanmar Economic Corridor
BLA	Balochistan Liberation Army
BLF	Balochistan Liberation Front
BRA	Balochistan Republican Army
CARs	Central Asian Republics
CPEC	China Pakistan Economic Corridor
EU	European Union
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
FWO	Frontier Works Organization
GDP	Gross Domestic Product
IEP	Institute for Economics and Peace
KKH	Karakoram Highway
KP	Khyber Pukhtunkhawa
MoU	Memorandum of Understanding
OBOR	One Belt One Road
POK	Pakistan Occupied Kashmir
PRC	Peoples Republic of China
PSA	Port Authority of Singapore
RAW	Research and Analysis Wing
RMB	Renminbi
SAARC	South Asian Association for Regional Cooperation
SCO	Shanghai Cooperation Organization
TTP	Tehreek-e-Taliban Pakistan
UAE	United Arab Emirates
USA	United States of America

Chapter 1

INTRODUCTION

The region of South Asia is perhaps one of the most interesting regions of the world. Despite having been the heartland of some of the world's earliest civilizations, this region has not yet been able to fully develop. This territory has been tormented by internal and external conflict and despite sharing common cultures and histories, the countries of this region have not been able to find a common ground, due to which it remains highly segmented, volatile and conflict-prone.

South Asia is home to some of the world's newly emerging economies such as China and India, and yet it has one of the world's lowest economic integration figures. However, with China's new initiative of the China Pakistan Economic Corridor (CPEC) which forms a part of its larger vision of the One Belt One Road, it seems that the current situation of the South Asian region may be changing dynamically in the near future.

The research takes an exploratory approach to studying the CPEC project and its possible implications on the peace and security of the South Asia region. It aims to study how the changing economic situation as a result of CPEC can influence the political scenario of the region and in turn affect its peace and security. Furthermore it seeks to identify how CPEC can impact the national security of Pakistan and how Pakistan's internal security can impact the external security and stability of the entire region.

This poses as an important research topic because this project lays down the foundation for further development and cooperation between regional neighbors such as China, Pakistan, India, Iran and Afghanistan, which could potentially change the fate of this region and subsequently affect the geopolitical scenario of the world.

The findings of this research support the view that the development of this project could lead to cooperative security and help improve the security situation and bring about peace and stability

in turbulent South Asia. Economic cooperation in the form of CPEC can bring regional actors closer and encourage them to work together to tackle common challenges of poverty, terrorism and socio-economic development. In this sense greater economic cooperation can lay down the foundation for the integration of the South Asia region.

1.1 China-Pakistan Relationship:

Pakistan and China have come a long way since the 1950's when Pakistan was one of the first countries to recognize the Peoples Republic of China (PRC) and both countries established diplomatic relations. Since then some mentionable events include the signing of the 1963 trade agreement and the signing of the boundary agreement on Xinjiang in the same year. A Pak-China joint committee on economy trade and technology was established in 1982. The signing of the free trade agreement (FTA) of 2006 also marks an important event in the history of the two countries (Sial, 2014). High-level diplomatic visits have always been a regular feature of their bilateral diplomacy and both sides are vigorously pursuing mutual cooperation on economic and military fronts.

Apart from their all-weather friendship, China has been quick to recognize Pakistan's geostrategic importance as a trade partner which is evident not only from its recent but also historic efforts, the work on the Karakorum highway began as early as 1958 (Pakistan-China Institute, 2015). The Karakoram highway formed one of the many branches of the original Silk Route which connected the ancient Chinese civilization to others such as the ones in the Indian subcontinent, Europe, Persia, the Horn of Africa and Arabia. Since the time of the Han dynasty in about (207 BCE – 220 CE), the silk route paved a way for political and economic ties between

these civilizations and connected the ancient world through a vast network of roads and sea routes (Mark, 2014).

The idea of the Silk Route has recently been revitalized by the Chinese president Xi Jinping when he put forth his vision of the ‘One Belt One Road’ project. As part of this, at least three corridors are to pass through the central, northern and southern Xinjiang in order to connect China to more than 65 countries in not only the Central Asian region but also in Europe and Africa (Hofman, 2015). In time, China hopes to extend this cooperation to the rest of the world under its ‘One Belt One Road’ vision, of which CPEC is a vital component.

The China Pakistan Economic Corridor (CPEC) is the flagship project of OBOR and is a new avenue of economic cooperation between Pakistan and China. This unprecedented mega project will consist of a vast network of roads, rail roads, fiber optics, oil and gas pipelines, maritime routes and various energy corridors and economic zones at key locations, connecting China to Pakistan through its Xinjiang province. This mega project is a giant leap by both countries to not only serve their respective national interests, but also a joint interest of reaching a prosperous future, as often highlighted by Chinese representatives in terms such as ‘shared destiny’ and ‘shared responsibility’.

1.2 Pakistan’s Position in the Region:

Pakistan is positioned at the seam of great powers, with China, a rapidly emerging power on the one side and Russia, a world power, on the other. To strike an alliance with world powers augments its substance. This notion has been capitalized on by Pakistan post 9/11, where the identifiable interests of the United States were essentially security and business, and Pakistan has taken a proactive stance on addressing the former through its role in the war against terrorism. Other than that the US concern in the region is to contain the emergent Republic of China,

nuclear Iran, and radical Afghanistan and to benefit from the market of India all of these encompass the ability to move from a unipolar world into bipolar world. In all these matters, Pakistan is directly or indirectly involved particularly following the al-Qaeda operations.

History is evident of the relations of Pakistan with its neighbors. India and Pakistan had a weak and hateful foundation to begin with. Since their partition they have engaged in a number of conflicts and wars in 1947, 1965, 1971 and the latest in 1999 which almost caused a nuclear showdown between the two. The issues of Kashmir, Bangladesh and Kargil have been points of constant conflict between the two neighbors and instead of coming to terms with each other and trying to achieve lasting peace; both countries have always been at each other's throat. Since their bitter parting in 1971, Pakistan and Bangladesh haven't been on the friendliest of terms either.

Pakistan has had problems with Afghanistan ever since the Soviet-Afghan war that started in 1979 and spanned over nine years. As a result of this war nearly one million civilians lost their lives and nearly 2.8 million Afghans fled to Pakistan for asylum. The casualties suffered during the war and the huge influx of refugees created countless other problems for Pakistan and in some cases undermined the security situation where the refugee settlements harbored extremist elements (Encyclopedia Britannica, 2015).

Over time Pakistan has also become involved in the sunni-shia conflict between Saudi Arabia and Iran. Saudi Arab has a largely Sunni population whereas Iran comprises predominantly of a Shiite population. These two major oil producing countries have long quarreled over regional hegemony and influence in the Persian Gulf. Pakistan, which comprises of both Sunnis and Shias, has found itself dragged into this tug of war. On one hand it is compelled to support Saudi

Arabia with which it has a long standing historic relationship and on the other hand it does not want to worsen relations with Iran, its regional neighbor.

Internally Pakistan suffers from a number of problems such as economic fragility, political instability, sectarian divides and a problem of non-integration at the national level. Numerous martial laws and sudden shifts from democracy to military governments have contributed to an overall unstable political situation in the country. Dishonesty and lack of accountability at the national level has resulted in a weakened economy where state institutions are running on empty and public welfare is suffering. Ethnic and sectarian divides further exacerbate the situation and often give way to violent conflict in an already choked atmosphere. Growing militancy in the recent years has also worsened the security situation in the country. Areas that have been severely affected include FATA, Balochistan and South Punjab. Terrorism in Pakistan has claimed nearly 80,000 lives according to some estimates (The Express Tribune, 2015).

T.V Paul in his book 'Pakistan a warrior state' writes that Pakistan suffers from a 'strategic curse' the way many nations suffer from a resource curse. He states that Pakistan has been built on rigid ideologies and religious sentiments. He further goes on to state that instead of investing on important indicators such as health, education and infrastructure, Pakistan has been more interested in warfare with neighbors (Haq, 2014).

Although somewhat partial and narrow-minded, this book does bring the interesting concept of the 'strategic curse' to light. CPEC may provide a way for Pakistan to turn this strategic curse to a strategic advantage.

1.3 China's Internal Struggle:

Similar to Pakistan, some regions of China also suffer from militancy and economic underdevelopment. Xinjiang is an autonomous region in the distant west region of China, which China wants to develop. The region is plagued with internal conflict, which subsists between two ethnic factions in this region. Xinjiang is a large region that shares a border with Mongolia, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Afghanistan, Pakistan and India. Its population was mostly Uyghur, until recently. The conflict began over the Uyghur people's want for political and religious independence from the Han Chinese (ICE Research Team, 2006). With this want for independence, came the skirmish for natural resources and local economic sustainability. The abuse of local oil reserves aggravated ethnic disparities and further triggered the conflict.

The past fifty years have borne witness to many violent occurrences. In the late 1990s and specifically after September 11th, the confines of the ethnic conflict and natural resources have developed beyond Urumqi, Xinjiang and the violence has now spilled over into other cities like Beijing where fatal bombings took place in late 1997 (ICE Research Team, 2006).

The region thrives in the primary sector, as it is an agro-based one. Kashgar is in Xinjiang, which will connect China to Gwadar through the corridor. Through the development of CPEC, China will not only be able to open its West to the World, but it would instigate economic opportunity as the reduced distance would allow a trade of agricultural items to the rest of the World, a trade that was not possible before due to the distance and perishable nature of commodities.

Thus if the region is filled with both threats and opportunities, and corridor offers a bargain whereby the threats can be reduced as people would be inclined towards the better standard of living offered by the economic activity, the grievances of the indigenous people would be

addressed and this would prove as a disincentive for people to engage in violent conflict. Through this geo-economic strategy China would be able to achieve both peace and prosperity in the region and beyond.

1.4 CPEC and Security Situation in South Asia:

Security can be defined as the quality or state of being safe or as a free from peril, a situation of peace without any risks, vulnerabilities or threats.

The conventional definition of security with respect to a country had to do with military security that would act as a safeguard of sovereignty from both internal and external violent threats. However, with the passage of time the world has witnessed a broadening of this definition. The term security has shifted from a traditional to a non-traditional phenomenon, as its contents become more and more dynamic, for instance environmental security, economic security, socio-political security, cyber security as well as food, resource and health securities amongst others.

Non-traditional and often global pressures to security have increasingly become evident especially in developing countries. The nexus of security threats and weak political and economic implementation not only emphasizes the negative development, it essentially threatens the very composition of the feeble states in which security threats thrive.

Smaller States that are strategically situated relative to the interests of the economic giants or those that occupy valued natural resources are confronted with greater troubles. They are under a lot of pressure to accommodate the demands of the more powerful States. Pakistan is an example, as a result of its geostrategic locality. Pakistan sits at the crossroads of South Asia, West Asia and Central Asia, and offers itself as node between resource rich countries of Central Asia and the Gulf and energy deficient economies of India, China and the surrounding regions.

The global arena is plagued with energy crises and terrorism. Pakistan provides the commute for transportation, and a platform against terrorism.

How Pakistan is mapped into the Asian continent has a significant role to play in ensuring economic development and growth, by acting as land-bridge between different areas. Because of its role as a pivotal state Pakistan can contribute to peace, stability and prosperity of the entire region. This provides an opportunity to not only Pakistan but also to its immediate neighbors and the region at large. In this respect, China is the crucial strategic and economic partner of Pakistan. To do so, there is a prerequisite to reinforce the bilateral strategic association with deeper economic cooperation for enlarging and strengthening areas of shared benefits.

CPEC is the main instrument through which China can meet its security requirements internally as well as externally. Internally, economic prosperity would provide a platform to address grievances and citizens may opt for a better standard of living (as opposed to a life indulgent in violent crimes). Externally as through the means of the OBOR initiative, an East to West Corridor (i.e. essentially CPEC) will incorporate the stakes of the regional economies. In this way it would be in the interests of respective economies to safeguard these stakes rather than being a threat to the project. The CPEC would allow Pakistan to reestablish its significance amongst the top players in the global economic arena.

One nation's security is often another's insecurity. With the making of CPEC and further strengthening of Pak- China relations, Pakistan's dependence on former alliances such as the US and Middle East, specifically Saudi Arabia will decrease considerably. Changing relations between Pakistan and its Arab allies is evident from Pakistan's recent neutral position on the Yemini crisis, which did not sit very well with Saudi Arabia (Panda, 2015). In the past, Pakistan

has constantly relied on the Saudis for financial aid, however with the success of CPEC Pakistan will emerge as a stronger country than before.

Similarly CPEC also emerges as a direct economic threat to Dubai which was an unparalleled economic hub before. Although no direct action is expected from the Middle East, it does hold an unfavorable view of this development as CPEC challenges its position on many fronts. Similar is the case with the US. A strengthened alliance between Pakistan and China undermines the standing of the US. Already under a huge strain and millions in financial debt (Amadeo, 2016), the US economy stands at a direct loss if China emerges as a stronger economy which it aims to accomplish with CPEC.

On the military front, the presence of Chinese warships in the Indian Ocean is being perceived by many as a strategic move on China's part to establish its blue water navy. Although China denies any such allegations of an intention of war, others still see it as strategic move not just aimed at protecting the Chinese interest, but also as a move to establish and further its military interest. The US has already initiated its strategy of encircling China, under its grand strategy of an Air-Sea battle, by surrounding it with a chain of military posts and air bases, specifically in the Pacific, so that China cannot launch an assault in the event of a conflict (Glaser, 2013).

Over the years USA has invested a lot in Pakistan, specifically in counter terrorism related projects. Recently a \$7.5 billion aid package, in 2009-2012 was designated for development projects over five years. However this project failed to have the desired impact due to planning deficiencies (Iqbal, 2015).

The success of CPEC will strengthen Pakistan's position and decrease its reliance on the US considerably, both in terms of economic support and in support of its foreign policies. Although

officially the US maintains more of an observer status on the matter, it stands to lose a lot if Pakistan and China succeed in completing this project.

A competing country in the Indian Ocean, India also sees China as a rival in this regard. Its long standing feud with Pakistan also makes it a direct stakeholder in the development of CPEC. India has out-rightly opposed the development of CPEC on many occasions and is now trying to counter it with the India-Iran collaboration in the Chabahar port. Only recently the Indian cabinet approved a provision of credit of \$150 million USD to Iran for the development of the Chabahar port, which also includes an adjoining transit route to Afghanistan (The Express Tribune, 2016).

India hopes to compete with China and increase its regional presence with the collaboration of regional partners specifically Iran and Afghanistan. Heavy involvement of RAW, the Indian intelligence agency in the Pakistani province of Baluchistan is further proof of its efforts to create problems for the development of CPEC. RAW's involvement with militant groups in the area is an effort on its part to undermine the security of Pakistan (Elahi, 2015).

Such external threats coupled with the internal security situation of Pakistani are a hindrance to the realization of CPEC. Externally funded activities of regionally funded and so called independent militant groups such as the Tehreek-e-Taliban Pakistan and insurgent groups like the Baluchistan Liberation Army (BLA), the Baluchistan Liberation Front (BLF) pose a threat to the security of Chinese workers and officials working on CPEC. Ever since its launch in March 2014, a large number of Chinese workers have been kidnapped and killed, both in direct assaults and incidents of bombings (Elahi, 2015). These militants have been most active in tribal areas, Khyber Pukhtunkhawa (KP) and Baluchistan, areas that are infested with insurgents. Civilian and military workers from both Pakistan and China have suffered losses in wake of such terrorist attempts.

However despite their differences, regional countries including Pakistan, Iran and India suffer from almost identical problems of poverty, low standards of living, lack of economic progress, sectarianism and ethnic divides. Moreover, these countries are affected by the phenomenon of terrorism and their geographical proximity ensures that what happens inside one country's borders has a spillover into the other. These factors compromise the security of each nation and often result in them playing the 'blame game' and holding each other responsible for anything that goes wrong even inside their borders.

The significance of this project lies not only in its immense benefits to Pakistan and China, but to the entire region. If developed according to plan, this project will help to connect South Asian countries such as Iran, India and Afghanistan with China and provide trade access to these countries. In a region full of nuclear neighbors, it is extremely important that a joint front for mutual cooperation exists, where every nation has something at stake. CPEC provides this much needed common ground. By establishing trade and economic links between these countries, the CPEC project offers a ray of hope to strengthen relations and cooperation between all stakeholders involved. Trade partnerships and alliances can help to ease decades old ill feelings and mistrust between Pakistan and its neighbors and set the region on a much needed path to long lasting stability.

LITERATURE REVIEW

There is a growing body of literature on CPEC which can be divided into three broad schools of thought: the optimists, the pessimists/skeptics and the realist. These schools of thought represent the popular opinions and literature arising out of each of the countries being studied as crucial components to CPEC.

The Optimistic literature is the one that supports the development of CPEC and subsequently foresees its impacts on the region as being positive. Such opinions mainly arise out of China and Pakistan. The skeptic/pessimistic literature emerges out of countries that oppose the development of CPEC and do not hold favorable opinions about it. Such opinions mainly arise out of countries such as India, Iran, the UAE and USA.

The realist school comprises of all the scholarly works that view CPEC in a more pragmatic light. Such literature does not necessarily support or criticize CPEC, but merely analyses various possible outcomes in light of the current international scenario. This section takes into account the stance of Afghanistan and concerned international organizations such as SAARC and SCO.

Optimistic School of Thought

Pakistan:

Pakistan and China's long-time friendship turned into a strategic partnership in 2003 with the signing of the Joint Declaration on the Directions of Bilateral Cooperation. This was considered as a blueprint for future economic cooperation and common aspiration for bringing peace and stability in the region. (Fazal-ur-Rahman, 2010)

A case study on security and peace dimensions of South Asian region reveals that South Asia is a region that is tainted by instability, economic underdevelopment, wars and crises since 1947

when the British decided to give up their colonial rule. Pakistan, one of the major countries of South Asian region because of its geographical location, is marred with social, political and economic barricades. (Bukhari, 2015) However, according to a defense analyst Dr Rizvi, the changing global and regional politicking has made a circumstance for Pakistan that can be depicted as an unprecedented chance to lessen reliance on foreign monetary support and control radicalism and terrorism inside Pakistan, which as a result will positively affect the whole region. The open door for Pakistan to this road of success is the development of China Pakistan economic corridor. (Rizvi, 2015)

In support of the hypothesis, a research article by Atia Ali Kazmi on Pak-China commercial cooperation asserts a very promising trajectory of Pak-China cooperation. The article highlights the fact that CPEC has become a high point for achieving regional prosperity through economic activity that will ultimately bring stability in the South Asian region. (Kazmi, 2014-2015) According to a former Chinese ambassador to Pakistan Mr. Lu Shulin, the past events have proved that military actions against terrorism have failed to eliminate the root causes of terrorism. Many areas of Pakistan and China are poverty stricken, especially those through which the CPEC route is passing. CPEC will not only improve the social and economic conditions of both the countries through its several projects but also reduce and eventually eliminate the extremist activities in the region. (Shulin, 2015)

In current geo-economic situation, sea ports have gained significant importance. The success of China Pakistan Economic Corridor (CPEC) is profoundly dependent on the development and exhaustive working of Gwadar port. In a research article by Dr. Rizvi, the geographical location of Pakistan is being highlighted. It asserts that Pakistan can take its economy to new heights by developing the Gwadar port. The CPEC will connect Gwadar with Kashgar, making Pakistan a

bridge for trade and economic activity in the region. The study also proposes the road network should be extended to the Central Asian states through Afghanistan to establish trade connections with resource rich central Asian states. (Rizvi, 2015)

Naheeda Naseem in her research study draws attention to two main aspects of development of Gwadar port. First, Gwadar with its perfect geographical location has the potential to increase Pakistan's trade tremendously. Second, for China, the Gwadar port is similar to the Karakoram Highway, with regards to strengthening ties between China and Pakistan. It is estimated that, CPEC will reduce the distance of 16,000km between the Arabian Sea and the South China Sea to 2,500 km. (Naseem, 2014)

However, in an article by Sial, potential threats and constraints to the development of CPEC are assessed. In his study, he evaluates two variables that can affect the implementation of CPEC projects in the long run. The first variable is Pakistan's political stability and policy consistency and the second variable deals with the current economic situation of Pakistan and possible future scenarios. The second variable is dependent on the first variable as economic growth is substantially dependent on political stability of a country. It has been witnessed in the past that 40 percent Chinese investment projects either are not timely finished or not completed at all. Alongside this there is a concern that as government-funded investment is triggered by political decisions; it is likely to result in waste and corruption. (Sial, 2015)

Keeping in view its geostrategic importance, Pakistan faces diverse challenges to its security. Internally, it faces ethno-political violence in Karachi, Taliban militancy in KPK and other tribal areas, nationalist insurgency in Baluchistan, deteriorating law and order situation and growing religious extremism and radicalism in the country. External challenges arise from many factors, one of them being the involvement of other regional and global players in Pakistan through

proxy wars. In view of many analysts, these security situations pose serious threats to the construction of China Pakistan Economic Corridor.

China:

China and Pakistan have long enjoyed friendly relations with each other. In a somewhat hostile neighborhood, both countries have relied on each other as ‘all weather friends’. Relations between the two began as early as the 1950’s. They have relied upon each other for economic, military and technical assistance. The beginning of bilateral trade between the two was marked by the signing of the first bilateral long term trade agreement in 1963. (Sial, 2015)

In order to promote trade with China, Pakistan signed the Free Trade Agreement (FTA) in 2006. As a result of this Pakistan gained access to the Chinese market at zero duty on many products. (Isran, 2014)

In 2009, China and Pakistan signed the FTA on Trade in Service, further enhancing trade between the two. As a result trade between the two countries has increased up to 9.2 billion US dollars in recent years, while the share of China in Pakistan’s total exports has increased up to 10 percent. (Sial, 2015)

The China Pakistan economic corridor is an attempt to enhance Pak-China long standing relations. This corridor will not only provide immense economic opportunities for Pakistan, but it will also enhance China’s economic standing considerably and help China to enhance its presence not only in the South Asia region, but also worldwide. Currently around 70% of China’s energy and trade imports travel through the Indian Ocean and Strait of Malacca. The feasibility of this route is challenged by the presence of both the US and Indian navies. Even the slightest conflict could prove fatal for China by choking its imports and oil supply (nearly 40 %

of general consumption). China's complicated relations with both the US and India increases the risk of this route considerably.

The extensive project of dry ports, rail links, economic and energy corridors, the China-Pak economic corridor will serve as a much shorter and safer alternative for China, with the added benefit of expanding China's reach to the Gulf countries. This route is expected to considerably reduce trading costs and shipment time for China. Not only will this project serve as a "game changer" for both Pakistan and China, but also a preliminary project for China's 'One Belt One Road' vision, proposed by the Chinese president Xi Jinping. This project will establish land and sea routes across South Asia, Central Asia, Southeast Asia, Middle East and Africa. This initiative is the very first of its kind and will lay down the physical groundwork for sustainable global development and cooperation. (Malik, 2015)

The current government under Xi Jinping hopes for the One Belt One Road project (OBOR) to act as a means to multiple ends. Through One Belt One Road (OBOR), the Chinese government aims to create better economic connectivity with the help of increased physical infrastructure. Economically, the government hopes for OBOR to present new sources of growth abroad. The Chinese economy can benefit immensely through the new avenues for growth especially for excess capacity industries and construction companies which need new markets and customers. OBOR can also function as a means to promote the expansion of China's efficient and nuclear powered rail technologies, which will serve to elevate China's exports from low- to high-value capital goods in the international arena. Financially the Chinese government hopes that One Belt One Road (OBOR) project will help to internationalize the RMB (Chinese Yuan Renminbi) as Chinese exports increase and trade settlement in RMB is promoted. Increased lending and investment in RMB by Chinese entities will also serve this purpose. Strategically, China intends

for the project to expand China's political influence and allow it to play a greater role in an economically consolidated Eurasia and to help harmonize unstable neighbors like Afghanistan and Pakistan. (Kuo & Tang, 2015)

However apart from the immense economic benefits, some are viewing this corridor as China's attempt at not only showcasing its soft power, but also as an advance by China to expand its military presence in the Indian Ocean. Proponents of this view often use the term "string of pearls." First used by defense contractor Booz Allen Hamilton in his report "Energy Futures in Asia" in 2004, this term has come to be known as a geopolitical theory regarding China's potential intentions to establish a maritime presence across the Indian Ocean. According to the report, China's investments in strategic locations such as Pakistan, Bangladesh, Sri Lanka, the Maldives and Somalia could serve as logistic support for the Chinese Navy with less costs and act as a precursor to establish its 'blue water' navy in these locations. (Marantidou, 2014)

This presents a threat to both India and the US. The threat to India may be in the form of a direct military face off and the possibility of increased Chinese presence may affect US operations in the region. Although no solid evidence exists to support any such intentions by China to date, the idea of 'string of pearls' remains a potential threat for both India and the United States (Marantidou, 2014).

Skeptical School of Thought

India:

The relationship between India and Pakistan has been a complicated one since partition. The emergence of the economic corridor faced a lot of hostility from the Indian front. Indian Prime Minister Narendra Modi has showed his reservations over CPEC plan during a meeting with Chinese president Xi Jinping at seventh BRICS (Brazil, Russia, India, China) summit concluded in Ufa, Russia. Modi has constantly shown his grievances to quit CPEC in the recent past right from unveiling of the mega project of economic corridor (Janjua, 2015). The economic corridor challenges India in multiple ways such as oil, energy, trade and economy but most importantly presence of Chinese naval forces in Arabian Sea.

Kashmir, once again has emerged as the focal point of contention between India, Pakistan and China. Indian official position so far is one that of displeasure of a permanent link-route, an international highway, that will run through a territory India claims as part of its Jammu & Kashmir State (Janjua, 2015). The Indian Foreign Minister, Sushma Swaraj, defines the Indian position:

“Government has seen reports with regard to China and Pakistan being involved in infrastructure building activities in Pakistan Occupied Kashmir (POK), including construction of China-Pakistan Economic Corridor. Government has conveyed its concerns to China about their activities in Pakistan Occupied Kashmir, and asked them to cease such activities.” (Janjua, 2015)

This statement distinctly expresses India's attitude towards the megaproject under CPEC. Furthermore, Alok Ranjan in his paper on CPEC has also given valuable insight of Indian

perspective on this ongoing development. He sums up the Indian position in his observation that Indians have either ignored the proposed CPEC or have rejected it as unviable. (Ranjan, 2015)

However, India does not dismiss the idea of the economic corridor as completely futile. Alok Ranjan's paper suggests that the idea of CPEC presents to India some interesting and promising choices which, if applied innovatively, may open new vistas of regional cooperation, stability and economic growth in the region (Ranjan, 2015). Pakistan could consider this an opportunity to negotiate and try gaining Indian support. Comparably, strategic analyst C. Raja Mohan proposed that India could adopt a more constructive approach by reaching out to Pakistan and China to propose a trilateral collaboration in the development of the corridor. It seems that both parties view the notion of negotiation as mutually beneficial.

Even though India's initial reaction was more reticent than accepting. However, Indian countermeasure has been quite strategical and astute. A business alliance between India and Iran, with developing Chabahar port as its focal point, has been established. The port is central to India's efforts to circumvent its chief rival Pakistan and establish new route to landlocked Afghanistan where it has developed close security ties and economic interests. (Ranjan, 2015)

As stated by Shipping Minister Nitin Gadkari, India is ready to invest more than \$15.2 billion to build projects in Iran and also full-scale development of Chabahar Port if Tehran offers better terms including cheaper gas (Miglani, 2015). Recent developments show that the project is underway in full swing. Similar to CPEC, Chabahar port can serve as a gateway to Central Asia and its resource rich states. Therefore, India is in direct competition with Pakistan and there is no room for error or delay on either side.

Iran:

Iran and Pakistan have had their differences. Iran's Islamic Revolution and Pakistan's continuous participation in proxy wars has led to certain distrust between the two countries; although, the signing of CPEC has had a significant effect on their relationship. In the anticipation of the sanctions being lifted from Iran, discussions took place in September 2015 between representatives of both countries. However, international sanctions on Iran will be lifted in return for restrictions on its nuclear program thus preventing it from being able to develop atomic weapons. (Mobasherat, 2015)

Iran is an oil rich country with approximately ten percent of the World's oil reserves it has a lot of potential in the global arena and India has wasted no time in realizing it. Accordingly, India has been making subtle changes in its approach towards Iran's nuclear program. Despite voting in favor of International Atomic Energy Agency perseverance condemning the Iranian nuclear program, New Delhi has now taken the track of diplomacy as its preferred means of neutralizing nuclear tension. India has also expressed disapproval of sanctions by individual countries that limit other countries' investments in Iran's energy sector. Despite existing sanctions, government is encouraging Indian companies to invest in Iranian energy sector to reinforce political arrangements with Iran through economic activities. (Pant, 2015)

Regional alliances are undergoing some drastic changes. Pakistan needs to act fast and make sure its policies accommodate these changes.

UAE:

In 2015 the Prime minister of India visited UAE after thirty four years where agreements were signed between the two to improve relations. Some schools of thought are of the opinion that the

emerging alliance of Russia, China, Pakistan and Iran has worried USA and its allies, which include India and Israel. This has resulted in efforts by concerned countries to establish and improve alliances and strengthen their position on the global front. (Riaz, 2015)

Moonis Ahmar expresses concerns of UAE regarding the potential damage CPEC could have on UAE's economy. He explains that in future we are likely to witness struggle among countries to secure transportation routes for moving resources. A growing competition can already be witnessed to take control of ports, connecting routes and choke points. Gulf States such as the UAE consider Gwadar port as a rival port in the region. They fear that Gwadar will take away considerable amount of trade and economic activities which they are benefiting from currently. (Ahmar, 2015)

The United States:

United States of America and China have always had one common denominator, Pakistan. With the signing of the China Pakistan Economic Corridor (CPEC) agreement in April 20th, 2015, USA has renewed its interests in the CPEC (Bhutta, 2015). The mission director of USAID in Pakistan states that it is their policy to invest in renewable energy and energy conservation. A number of renewable energy projects are planned under the CPEC. China's Zonergy is slated to construct the world's largest solar power plant with an estimated capacity of 900MW. The Jhimpir Wind Power Plant constructed by a Turkish company, has already started functioning and is in the process of selling 56.4 MW to the government of Pakistan. The total investment in the renewable energy sector of Pakistan totals to a massive \$20.4 billion, with a few projects requiring initial capital investment by international players. This is where United States is primarily interested. USA is wary of China getting strategic access to the Arabian Sea through the

CPEC and has been unsuccessful in persuading Pakistan against letting China undergoing development projects in Pakistan. USA understands the strategic importance of the CPEC and does not want its economic competitor to take advantage of it through its ally. In response to the investment of China in Pakistan, USA has invested in the health care sector Sindh, Pakistan and has provided scholarships to more than 7000 students (Ali, 2015).

The CPEC will inevitably alter the future geopolitical scenario of the world. This could inadvertently cause Pakistan to be in the center of a power struggle between two of the world's biggest economies and make it even more intricate for it to form its foreign policy and actually implement it.

Realist School of Thought

Afghanistan:

Andrew Small in his article explains how Afghanistan is posing a threat to regional stability and developmental projects in the region such as the CPEC project. While China has set its policies to stabilize Afghanistan, recent events like the death of Mullah Omar and the resulting chaos are undermining the Chinese efforts. Afghan officials have actively accused China of lack of involvement and relations between the two are starting to get murky. With the failure of the peace talks between Taliban and Afghan Government, the attacks conducted by Taliban have picked up again. This had further resulted in the deterioration of relations between Afghanistan and Pakistan. The advances being made by the Islamic movement of Uzbekistan in the north and consistent attacks by Taliban have further aggravated the problems. Previously China had concerns that Afghanistan may become a place where East Turkestan Terrorist could take shelter

and now in addition, China is concerned about the dangers that the Silk Road economic schemes could face due to instability especially in Afghanistan, Pakistan and Central Asia. (Small, 2015)

Talks of possible involvement of the Indian intelligence agency RAW are also circulating in various circles. Ashis Ray has also highlighted the visit of Pakistan Chief of Army Staff General Raheel Shareef to USA in November 2015. He put forward his concerns to United States Secretary of State John Kerry about possible Indian involvement in breaking of peace between Pakistan and Afghanistan. This claim was made on the basis of substantial evidence. (Ray, 2015)

An article by Raffaello Pantucci and Kane Luo highlights the efforts of Afghanistan to gain support of bordering countries and the international community. In 2015, Afghan President attended the SCO summit held in Ufa with hopes of gaining support of regional powers to help Afghanistan against the civil war and increasing presence of ISIS. The role of the stability of Afghanistan has been time and again highlighted as a focal point of the development and functioning of CPEC, however neither the SCO nor China seem to be able to achieve any solid results and the Chinese vision pertaining to Afghanistan still remains somewhat ambiguous. (Pantucci & Luo, 2015)

Akhtar Munir in his research states that the close proximity of Afghanistan with Pakistan will help it benefit from developments in Pakistan, whether they are economic or security related. The western route of CPEC is the main route that will provide Afghanistan with economic benefits. The western route has an additional connectivity that will connect Afghanistan and Pakistan through Chaman. This route will encourage increased trade between Afghanistan and Pakistan. The eastern corridor will also benefit Afghanistan through its motorway from Karachi to Islamabad that will not only shorten the distance but also help save time (Munir, 2015).

Shanghai Cooperation Organization (SCO):

At its annual Summit held in July 2015 in Russia, SCO's Council of Heads of State approved the membership of Pakistan and India (Danlaycock, 2015). Dr. Shabbir Ahmad and Dr. Zafar Nawaz Jaspal view CPEC as an opportunity not only for Pakistan but also for other SCO members. They predict that after the development of CPEC, Pakistan will be able to provide an opening to resource rich Central Asian Republics which will also benefit the landlocked SCO members by increasing their global access to economic opportunities. Currently facing huge energy deficits, the South Asian countries need oil and gas resources to meet their energy requirement. CPEC can help promote trade and mobilize resources in the Central Asian and South Asian regions (Jaspal, 2015).

However, William Piekos recently argued about the risks attached with the SCO expanding its membership to India and Pakistan. In his opinion the main reason for giving membership to Pakistan was due to its growing significance that has resulted from the prospect of the economic corridor. He also highlighted an aspect of SCO as a potential risk to Russian interests. With increased Chinese influence through the SCO, the former could emerge as a major challenger to Russia's dominance in the region (Piekos, 2015).

Several schools of thought in Central Asia have shown doubts about the Chinese intentions pertaining to the region. Concerns exist that China might try to repeat history and follow in Russia's footsteps to establish a likeness of the USSR. Chinese president Xi Jinping has denied any such claims, however the element of fear still exists.

SAARC:

China's economic achievement has allowed it to pursue a greater part on the international arena, crafting inroads into different regional alliances with its rising economic and military might. China's presence is evident within South Asia, where growing Chinese engagement and aggressive diplomacy, increasing trade and investment relations with SAARC nations (China is India's largest trading partner), and several cooperative agreements (Hussain, 2015).

China through its increasing trade and investment relations with SAARC nations has made its mark in South Asia, however the CPEC is perceived as an effort to throw India off the power struggle. This power struggle between India and China is quickly altering the South Asian strategic landscape (Hussain, 2015).

China's addition in SAARC may develop a strong Pakistan-China grouping, which may pose as a threat to India. SAARC has constantly been led by India, economically and politically, due to India's size, central location, economic accomplishments, sturdy leadership and growing population. China joining SAARC essentially means that India's influence could potentially be challenged. Giving China full-membership fosters reasonable security and strategic concerns for India, thereby India's stance would be to maintain its dominance in SAARC, but conversely its current approach does not support that effort (Shah, 2014).

Analysis

Although some view this development skeptically and others oppose it outright, a great deal of literature supports CPEC as a prospect for regional peace and security. Studies show a positive relationship between economic development and peace and security and CPEC will help to bring the much needed economic boost to the South Asia region.

Chapter 2

Research Methodology

Research methodology has been defined as a methodical way to solve a problem. It is a science of studying how research is to be conducted. This chapter therefore will discuss the methods and techniques employed to gather the necessary data for the purpose of this study. The research orbits around the proposed research question, “Will China Pakistan Economic Corridor bring peace and stability to the region of South Asia?” Consequently, the chapter also underlines the technique for analyzing the implications on regional peace and security. Lastly, the selection of respondents, classification of data, limitations and ethical considerations will be discussed.

2.1 Research Methods:

The research that has been conducted for this particular subject matter is especially qualitative. The qualitative research done has been predominantly exploratory research. It is applied in order to comprehend the fundamental reasons, estimations and attitudes, as well as provocations. It stipulates discernments into the problem or rather aids in the cultivation of ideas or hypotheses for potential quantitative research. Qualitative Research is similarly used to discover movements in thought and judgments, and plunge into the depths of the problem (Slevitch, 2011).

Exploratory research is a study befitting a problem that has not been clearly defined. It frequently occurs before there is sufficient evidence to establish conceptual discrepancies or speculate an explanatory relationship (Patricia & Nandhini, 2013). Exploratory research is not normally generalizable to the population at large. This style of research is particularly suited to the subject matter, this paper seeks to study, as the CPEC Project is still in the initial phase, with only a small portion of the plans to be materialized by 2017 and/or 2018, and as is common with any project of this magnitude, its years before the breakeven point is identified, let alone the profit and or loss. Thus, the research looks to explore the impending outcomes, both positive and

negative, their implications, and stakeholders' attitudes towards the project as well as many other factors whilst the essential concern being whether or not the corridor would enable security, peace and stability in the region of South Asia.

A social exploratory research purposes to understand individual interactions in a given society that is predominantly characterized by a certain phenomenon, for instance the impact of the CPEC project on the direct and indirect stakeholder, the interactions between the various stakeholder both at micro and macro levels. It is important to assess how and why individuals behave in a certain environment and what issues ordinarily or specifically concern them. The objective is to gauge an understanding of the existing situation and to examine social facts without overt expectations" (Schutt, 2006).

This methodology is also known as a grounded theory approach to qualitative research or interpretive research, and is an effort to divulge a theory from the data itself rather than from a susceptible hypothesis. The topic falls under the broad umbrella of social science, looking at various aspects of international relations and politics, as well as socio-economic shifts that determine peace and stability.

Qualitative research is intended to show a target audiences range of behaviors and the opinions that determine it, that is, the topic at hand. It adopts in-depth studies of small groups of people to guide and support the composition of the hypotheses. The findings of qualitative research are explanatory rather than quantitative.

Thus this study would be focused on predictions and estimations, by interviewing various analysts and researchers to understand the basic sentiments and attitudes towards this project.

Since the study is based on a mixed methods approach, quantitative data will also be generated for the purpose of clearer understanding and further analysis of data and findings generated through the research.

The quantitative data will be generated through interviews conducted with learned experts, connected to the various aspects of the CPEC project.

2.2 Data Collection:

The method employed for primary data collection is expert judgment, collected through structured and semi-structured interviews as well as through conference proceedings, and recordings. Expert judgment is a method for beseeching informed opinions from individuals with exact expertise. This approach is practiced to procure a quick assessment of the state of knowledge about a particular aspect of the study subject. Expert judgment is commonly used to produce position papers on issues that requisite policy responses and is central to many other decision-making instruments (United Nations, 2014).

The timeline selected for the purpose of this research was from 1st February 2016 to 1st May 2016.

Secondary data was accumulated from various sources including books, journals, research publications of expert individuals and institutions as well as articles from credible newspapers.

The timeline for this research ranged from 1st September 2015 to 30th December 2015.

2.2.1 Selection of Respondents

A range of twenty to twenty five people was set for the purpose of interviews, keeping in mind the various constraints attached with approaching and accessing the experts related to the various fields. The respondents were selected according to two major categories; they had either been in the past or were currently directly involved in the project of the CPEC, or had performed

significant research and/or had publications on the topic. The respondents are be categorized as follows: Economic experts, Policy analysts and journalists, International Relations experts , Academic researchers, Public administrators, Project directors, Political figures, Army personnel and Legal and financial experts.

2.2.2 Interviews

Semi-structured interviews were carried out using an interview guide consisting of fifteen standardized open ended questions H. Russell Bernard gave a simple but comprehensive definition of semi-structured interviews in his book *Research Methods in Anthropology: Qualitative and Quantitative Approaches* (Bernard, 2006).

In situations where one does not get more than one chance to interview somebody, semi structured interviewing is best. It has much of the freewheeling quality of unstructured interviewing, and requires all the same skills, but semi structured interviewing is based on the use of an interview guide. This is a written list of questions and topics that need to be covered in a particular order. The questions in the interview guide were designed using a model for the internal and external peace and security of the South Asian region. Specific indicators had been formulated as unit for measuring in this type of qualitative research. The questions for the interview have been attached in Appendix 1.

2.2.3 Content Analysis

Content analysis enables researchers to sift through large volumes of data with relative ease in a systematic fashion (GAO, 1996). It also allows inferences to be made which can then be corroborated using other methods of data collection (Stemler, 2001). For this Particular topic, conventional approach was used as existing theory and research is rather limited. Questions were designed after careful analysis of relevant literature. The aim was to address possible challenges

and opportunities for regional peace and security with reference to CPEC. The literature that was analyzed included newspapers articles, articles in periodicals, journal articles and academic research (electronic sources, articles were mostly recent and written by renowned analysts). Certain themes were kept in mind while sifting through content, such as the significance of CPEC, regional and global perspectives, the potential opportunities and challenges to the project and so on. The aim was to acquire all three types of views regarding the project i.e. negative, positive and neutral.

A supplementary method that was employed was the critical analysis interpretation, which is subjective writing as it articulates the outlook or evaluation of the individuals' responses. Once a sample that's provided data was categorized and analyzed, we tried to deduce a hypothesis bases on the acquired information and our own rationale, lettering an analytical paper perquisites conducting critical research and reporting it systematically.

2.2.4 Analysis and Interpretation

Various themes were identified for the preparation of the surveys for this study. Structured around peace and stability, these themes included internal peace and stability of the countries involved and the external effects and outcomes resulting from the project. 12 basic indicators were prepared seven for internal peace and six for external peace; internal peace indicators measured how peaceful the country would be inside its national borders as a result of this project whereas external peace indicators were used to measure how peaceful a country would be outside its national borders as a result of this project. Some aid in the development of these indicators was taken from the 'global peace index' developed by the Institute for Economics and Peace (IEP), in collaboration with international think tanks and institutions such as the United Nations. The indicators are given below:

Table 2.1

Internal Peace Indicators	External Peace Indicators
Inter and intra provincial stability	Probability of Hostile Elements
Political stability of Pakistan	Proxy wars
economic stability of Pakistan	Economic scenario in the region
Instances of militancy and violent crimes	Political scenario in the region
Social security and equity	Multilateral Organizations and External Actors
Capacity issues and capacity building of the country as a result of this project	Reassertion of Pakistan's Regional and Global position
Environmental impacts	

Two types of questionnaires were prepared for the collection of primary data.

2.2.5 Quantitative Data: Close Ended Structured Questionnaire

The first type of questionnaire consisted of 10 close ended questions. The basic Likert scale was used. Respondents were provided predefined options and were required to rate each questions on a scale of 1-5. Each one of these numbers represented an opinion. This structured type of questionnaire formed the quantitative part of the research and responses were analyzed in the form of graphic representations to observe the direction of the answers. Data was input into

Microsoft Excel to generate bar graphs and observe responses. The numeric representation of opinions is given as follows:

Table 2.2

1	Strongly Disagree
2	Disagree
3	Neither Agree nor Disagree
4	Agree
5	Strongly Agree

2.2.6 Qualitative Data; Open Ended Semi-structured Questions

Open ended questionnaires are some of the most popular type of questionnaires used in an exploratory research. These questions contain no pre-defined options or categories. The respondents can provide their desired opinions on any particular subject matter. The semi-structured survey designed for this research contained 15 open ended question with no predefined options included. The participants supplied their own personal opinions on the various topics under discussion. These participants belonged to different fields and every participant provided his/her unique view. These responses formed the qualitative section of the primary information collected.

The structured questionnaire and semi-structured questions have been attached in Appendix B and C. The responses generated were grouped under the different categories defined in Table 1.1.

2.3 Limitations:

The confinements of the study are those features of design or methodology that influenced the analysis of the findings from the research. They are the constraints on generalizability, applications to practice, and or usefulness of findings that are the consequence of the ways in which originally design of the study and/or the method used is structured to establish internal and external validity (Labaree, 2013).

The most obvious limitation of the study is the lack of available/reliable data. The CPEC project is still in its initial stages with new developments occurring each day, thus the information presented is primarily based on predictions, estimations and projections. In addition to all other limitations, the contracts that explicitly lists the terms and conditions are not available to the general public, or made transparently available and are only available to the institutions directly involved in the development of the project.

Another limitation to the study is the sample size. Since the topic is very specific and requires specialized knowledge, the number of people that could qualify, as respondents was sparse as many people do not have sufficient insight on the subject matter. For this reason, information could only be collected from knowledgeable individuals and not the general public. This research was also partial as the economic cooperation is to be carried out between primarily two countries, of which we were limited to one.

2.4 Ethical Considerations:

The consent of the participants was given utmost importance. Confidentiality and data protection was ensured, as it was a common concern among the participants. The issues were identified prior to the process of interviews to avoid any such conflict that would hinder the research process.

While conducting interviews, the questions were designed in such a way that maximum knowledge could be extracted. They were kept clear and to the point so as to reduce the risk of error. Additionally, participants were given sufficient time to answer so that they were able to provide accurate and error free answers. Furthermore verbal consent was taken on matters such as whether or not the interviewees could take notes of the conversation as well as record audios for the purpose of their research.

Respondents were also assured the protection of their identity and or anonymity and that the responses were solely for the purpose of research (Figure 4.5, Appendix A).

Chapter 3

One Belt One Road (OBOR)

After having experienced a period of unprecedented economic progression, China looks to now emerge into a new age of economic, social and political maturity. As it is wedged due to its locus as the world's second prime economy, that has a resonant middle class populace whilst at the same time deteriorating environmental apprehensions. Thus now, in China, there is a shift in focus from growth 'at any cost' to quality of growth. OBOR ascendancy is an increment of China's 'go out' and 'go west' policy and it signifies an effort by the Government to be more directed, strategically calculated and determined in its potential progress (Andrew Moody, 2011).

China's perception of the "silk road and economic belt" and or the "21st century maritime silk road" encompasses both ground and naval routes for economic collaboration, with central Asia, Russia, south Asia, Persian gulf and Europe at one end, whilst the ASEAN countries, southeast Asia and Indian ocean region at the other. The inkling of these nexuses is grounded on the ancient trading routes linking Asia, Africa and Europe. The initiatives are components of a regional economic stratagem that is also inclusive of the scheduled China-Pakistan Economic Corridor (CPEC) and Bangladesh-China-India-Myanmar Economic Corridor (BCIM) (Yini, 2015).

OBOR may be materialized to be larger than what it is perceived to be, in its broadest demarcation, it would comprise of 65 countries, a 4.4 billion population and roughly estimated 40% of the global Gross Domestic Product (GDP). China is supporting the strategy with

substantial resources, making a New Silk Road Fund of \$40 billion to encourage private investment in OBOR along with government investment and foreign exchange reserves. Another supplement is also available in the form of the Asia Infrastructure Investment Bank (AIIB) that is to extensively support the initiative with a sizeable share of its \$100 billion in lending, and the China Development Bank is reported to have said that it would endow nearly \$900 billion into several projects (Hofman, 2015).

China’s proposed New Silk Roads



Figure 3. 1 China's proposed New Silk Road

Source: Council on Foreign Relations

3.1 The Many Dimensions of OBOR:

The OBOR initiative encompasses a vision that is not only limited to infrastructure but also a keener organization of economic expansion policies, coordination of technical criteria for

infrastructure, elimination of investment and trade barriers thereby encouraging areas for free trade, financial collaboration and “people to people bonds” involving exchanges of cultural and academic nature (Hofman, 2015).

China has fashioned a plan of action for its Silk Road model in the form of the “One Belt, One Road” (OBOR) initiative. It is ambitious, theoretically involving an expanse that shields 55% of world Gross National Product, 70% of global populace, and 75% of recognized energy stocks. In the coming year an estimate of \$300 billion infrastructural financial support from China, that does not account for the weight of private investors and lenders and the influence of peer competition (Godement, 2015).

3.2 Rebalancing the World Economy through OBOR:

China is exploiting the OBOR as an apparatus in bridging the gap between the Asian and the European economies. The OBOR can function as a strategic link between the two economies, which would not have to depend on the United States for their economic development. Europe has taken the initial stride by “turning east”, directing more and more towards Asia for economic purposes. The United Kingdom, the US’s closest affiliate, has become a part of the Asian Infrastructure Investment Bank (AIIB) and has now adopted a more reserved stance to Washington. In reaction, China is endorsing the OBOR to bridge the kilometers that were previously a hindrance, and thereby allow a link between the two continents, Europe and Asia (Hao, 2015).

However, power transition theory articulates that growing powers, like China, provoke hostility not only from neighbors but also from prevailing powers, such as the United States, the resultant apprehensions and or frictions from which may lead to a greater probability of conflict and or

even war (Allison, 2012). China is very well cognizant of this outcome. The OBOR enterprise seeks to establish that China's imperative is neither a threat nor pragmatic rising power, contrary to predecessors.

In a press conference held in March, the Chinese Foreign Minister, Wang Yi, stated that the OBOR is not an instrument of geopolitics, but a novelty of a completely different stature. As a response to the Western critique, he expressed that the project is not to be perceived through an "outdated Cold War mentality" (Bondaz, 2015). China's OBOR is not a weapon directed or pointed specifically at any country or organization, but is a necessary economic effort in the global arena.

Chinese officials insist that to compare the OBOR initiative to the Marshal Plan is a laughable notion altogether, as the two are poles apart. The OBOR is centered on an open cooperation, whilst the Marshal Plan assigned strict political terms and conditions on the countries that were a part of it and it rejected pro-Soviet European countries, which steered the divide in Europe. The OBOR initiative invites China's neighbors, regardless of their relations with China and offers an unconditional plan of action to aid in the development of their respective economies. The initiative itself entices and appeals to the countries of the region, which would not want to miss out on the economic opportunity it may provide (Bondaz, 2015).

Another perspective suggests that the OBOR initiative firstly, does not target the US, and secondly it should not be viewed as a retort to the US rebalancing strategy in the Asia-Pacific. In October 2012, Beijing University professor Wang Jisi was the original Chinese scholar to voice of the necessity for China to rejuvenate three Silk Roads, to Southeast Asia, to South Asia, and to Central Asia. He reasoned that although the dominant world economies may shift their pivotal focus to the East, China should further enlarge its vision towards the West (Jisi, 2012).

His argument was two-fold. One, there is no threat of US-China military competition in the west, as their economic interests trumps all other interests. Both share a common interest of wanting peace and stability in the region, even in the case of countries like Afghanistan and Pakistan, as there is an enormous potential for bilateral and or multilateral cooperation. Two, he saw his concept materializing a new era of phenomenon such as geo-economics and geo-politics (Jisi, 2012).

OBOR is seen as an integral component that would open a gateway for China to the rest of the world. Its objective is to stimulate China's economic elevation and thereby rebalancing its economic efforts through such an opening. Conversely, the notion is still at the initial planning stage and it will be years before the benefits surface, provided it does not fall prey to the challenges that lay in its path to completion.

Chapter 4

China Pakistan Economic Corridor (CPEC)

An economic corridor is defined as a territorial or sea-based transport network, which serves the logistical purpose in the movement of goods, services, energy and people across states. This thereby connects economic activity amongst evidently outlined geographical localities. An economic corridor provides a link between economic hubs that may engage in an interchange of sizeable economic resources, as many actors are concentrated there. It provides a space whereby the demand and supply- with regards to markets, can be addressed. Economic linkages generate new economic opportunities for the people of the connected regions or states.

Pakistan is geographically situated at a very strategically significant location in the region. It is positioned at the junction of energy proficient to energy deficient countries. On one end it links with the Persian Gulf and on the other it provides entry to the warm waters to reach bolted countries. The geo-strategic importance that Pakistan gains is visible as it shares the region with countries such as India and China which are the emerging economies and countries like Iran and Afghanistan which are rich in natural resources. As a part of China's OBOR initiative, the China Pakistan Economic Corridor (CPEC) aims to build land routes and maritime openings that would provide a platform enabling economic and trade linkages with the neighboring countries and beyond.

4.1 History:

The proposal of local monetary availability and connectivity was skimmed by China in 2013 to resuscitate the antiquated exchange and transportation courses in a changed environment of the 21st century. In any case, its precursors go back to the pre-2013 period. While addressing the Boao Forum for Asia in April 2013, President Xi Jinping made a solid request for advancement of local collaboration amongst the Asian states and the rest of the world (Rizvi, 2015).

The CPEC Project expands to the road link between Pakistan's Gilgit-and the Xinjiang area of China. The foundations of road building were set up in 1959 when Pakistan's Army Engineers started to fabricate a 155 mile long low quality road connecting Chilas to Gilgit, which later became famous as the Indus Valley Road. The idea behind it was to link the remote areas of Pakistan with China. After the 1965 Indo-Pakistan War, it was chosen to extend this road to the Chinese outskirts (Butt, 1978).

The Sino-Pakistan arrangements in 1966-67 prearranged the platform for Chinese and Pakistanis to construct the road, later titled as the Karakoram Highway (KKH), which was inaugurated in 1971. In 1973, China and Pakistan decided to renovate it into an international standard highway, with the Chinese making the prime contribution to this undertaking (Ispahani, 1989).

Pakistan made a noteworthy decision in February 2013 to award the contract for building and operation of the Gwadar Port to a Chinese public sector company. The official assignment of the Gwadar Port to the Chinese company was completed in May 2013. Giving the initial 600 acres of land for Gwadar Free Zone is landmark towards implementation of CPEC (Planning Commission, 2016).

When the Prime Minister Li Keqiang of China came to visit to Islamabad in the final week of May 2013, a Memorandum of Understanding MOU was signed for the construction of an economic corridor, connecting Kashgar in the Xinjiang region of western China with Gwadar by road, air and railway. This plan was enlarged through Prime Minister Nawaz Sharif's visit to China in the first week of July 2013. (Planning Commission, 2016). Its secretariat was launched in Islamabad on August 26 to certify the implementation of the Memorandums of Understanding regarding the CPEC and the related projects for Pakistan's industrial and energy development and infrastructure and transportation development. A Joint Pakistan-China Coordination Committee was fixed for the timely assessment of the effort on the CPEC and other joint projects in Pakistan (Rizvi, 2015).

4.2 Projects:

The proposed China-Pakistan Economic Corridor perceives the new substances of worldwide and territorial legislative issues by developing a more methodical, up-reviewed and need-based collaboration for socio-economic, industrial, energy and trade build out. Both Pakistan and China are relied upon to pick up from the proposed availability through interstates, railroads, ocean paths, vitality pipelines and power transmission lines. They will similarly add to financial advancement of different nations that turn out to be a piece of these courses of action.

An investment will be made by China of \$46 billion to Pakistan in which as stated by the planning minister, \$11 billion will be allocated for the infrastructural construct of the corridor, and the rest of the \$35 billion will be focused towards energy projects. This includes \$15.5 billion in coal, wind, solar, and hydropower projects, which as a result will upsurge Pakistan's

national grid capacity by 10,400 MW. It additionally comprises a project to build a \$44 million fiber-optic cable (Salman, 2015).

The diagram below illustrates major energy projects along the highway routes. There are two hydro energy projects along the northern and eastern routes, in the provinces of Punjab and Khyber Pukhtunkhawa, respectively; one each of solar power and of wind energy along the eastern route in the provinces of Punjab and Sindh, respectively and six of coal energy along the eastern and central route, three of which are in Punjab, two in Sindh and one in Balochistan. The latter three are along the coastal borders of the country. The illustration is inclusive of existing, under construction and planned highway routes.

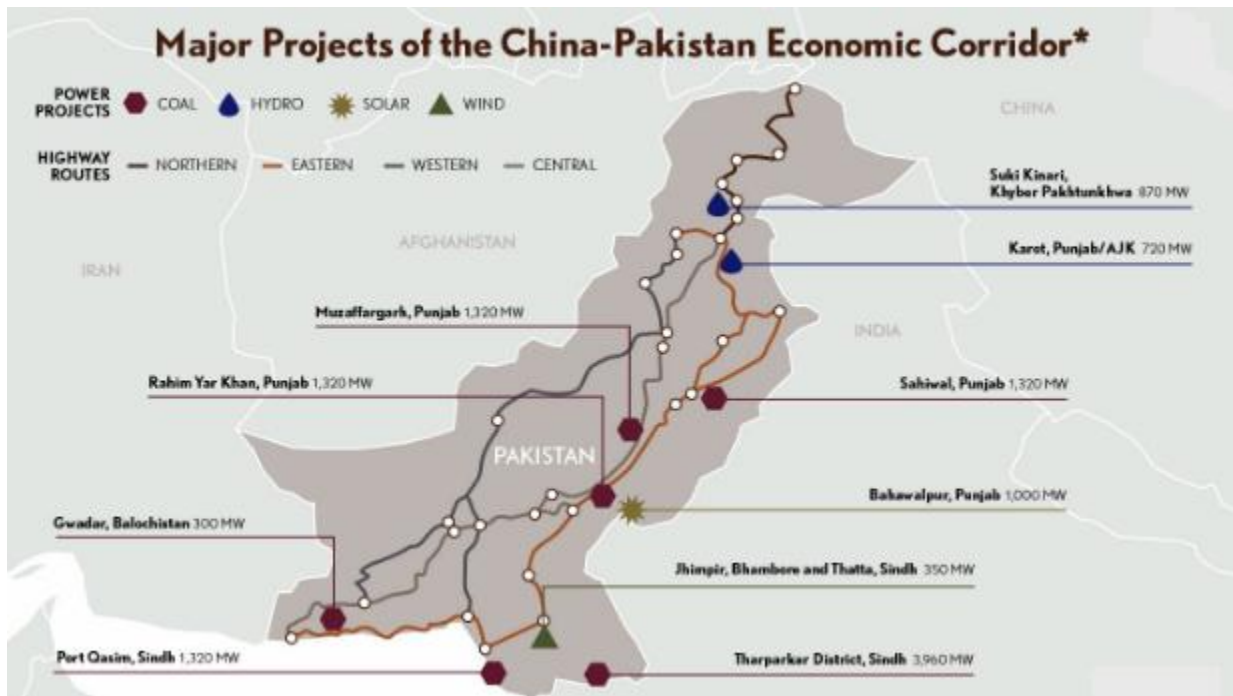


Figure 4. 1 Major Projects of CPEC

*Includes existing, under construction and planned highway routes, Source: Government of Pakistan

The plan demands the completion of all the projects by 2030. CPEC is assessed to be around 3000km in length (Elahi, 2015). The corridor is likely to cut nearly 12,000-kilometre route that Middle East oil supplies currently utilize to arrive at the Chinese ports. Furthermore, it will link China's underdeveloped far-western region to Pakistan's Gwadar deep-sea port on the Arabian Sea via PoK (Pakistan occupied Kashmir) through an enormous and multifaceted network of roads, railways, business zones, energy schemes and pipelines (Sial, 2014).

After it enters Khyber Pukhtunkhawa, there are three routes of the CPEC, from the Khunjerab Pass and Gilgit-Baltistan. The first (Western) route advocates that the CPEC will arrive Balochistan via Dera Ismail Khan to Zhob, Qila Saifullah, Quetta, Kalat, Punjgur, Turbet and Gwadar. The second (Central) route stretches from Dera Ismail Khan to Dera Ghazi Khan and ahead to Dera Murad Jamali, Khuzdar, Punjgur, and Turbet to Gwadar. The third route (Eastern) arrives the Punjab province from Khyber Pukhtunkhawa, passing through Lahore, Multan and Sukkur, from where it takes the established highway to go to Balochistan, going through Khuzdar, Punjgur, Turbet and Gwadar. An alternative route is to passage through Sukkur to Karachi and from there sequence the coastal highway to Gwadar (Rizvi, 2015).

The federal government of Pakistan arranged to meet with the chief political parties on May 28, 2015 to deliberate the respective route networks. It was collectively agreed that the shortest of the three routes was to be constructed first, on a priority basis (Ghumman, 2015). This route would pass through areas plagued with high underdevelopment and security concerns. Conversely, economic progress through road building and infrastructure development in the areas would subsidize to their socio-economic development. The third route (Eastern) is currently functional, though it needs renovation.



Figure 4. 2 Highway Network of CPEC

Source: Ministry of Planning, Development and Reform

4.3 Significance of Gwadar:

The most important fact about Gwadar is the port that stretches out quite a distance into the sea and then it spreads in an East West direction as a hammerhead. This is a large natural hammerhead port that allows advancements of trade and commerce, as it is a large deep-sea port (The Pakistani Nationalist, 2013). The natural geographical features put Pakistan at an enormous advantage. If developed for the purpose of economic cooperation, as a part of CPEC and or

otherwise, the port can produce many benefits for Pakistan, as well as the South Asian region at large.



Figure 4. 3 Gwadar

Source: Google Maps

The development of the port initiated in March 2002, when it was given over to the Port Authority of Singapore (PSA). The port was initiated by then President, General Pervez Musharraf in March 2007. Development on the second period of the port started in 2007, and has been ongoing till date. Taking after the disappointment of the PSA to make the port operational, the development of the port was given over to a state-run Chinese firm - China Overseas Port Holding Company (COPHC) – in 2013. The development of the port has provoked other significant infrastructure projects in this range. This incorporates the 700 km Makran Coastal Highway that has now been finished due to which the time travel to Karachi has been reduced to 7 hours which was 48 hours previously (Khetran, 2014-2015).

Indian Ocean has, as of now, turned into a phase of geopolitical rivalry on account of the rich regular assets it holds. The littoral nations of the Indian Ocean are likewise seen with continuous ascent in their energy. Situated at the top position of North Arabia Ocean, Gwadar helps Pakistan interface with four vital and asset rich locales of the world: South Asia, China, Central Asia, and Iran. Indeed, even Russia and Mongolia are associated by this geological closeness.

Moreover, Gulf States and Iran consider Gwadar as a rising adversary port in the locale. They expect that Gwadar Port will share the financial and exchange exercises, which else they are getting a charge out of only in Dubai and Chabahar. They additionally expect that Gwadar would be raised to the level of Hong Kong and Singapore (Khetran, 2014-2015). Subsequently, the enthusiasm of these nations is disparate in nature as to the development of Gwadar Port. Chinese presence near Gulf and Strait of Hormuz is a key stress for the U.S and India. They expect that their advantages in the vitality asset Middle East and Central Asian Republic (CARs) be undermined (Jamali, 2013).

The smooth working of the CPEC is in accord with the development of the Gwadar seaport, which plays an important role in setting the foundations of the project. In this way, every one of the activities under the CPEC identified with Gwadar is priority projects. As indicated by the CPEC arrangement, the development of the Eastbay Expressway, culmination of the Gwadar International Airport, framework for the fare handling zone and port related commercial ventures, important offices for crisp water treatment and supply, development of a coal-based power plant, health facility and so on are to be finished by 2017 (Khan, 2015).

Gwadar is farthest from India and, hence, offers strategic depth against any confrontation, especially violent. Due to this distance from Pakistan's eastern neighbor, it furthermore stipulates extra warning time against air and or naval threats. It provides natural safeguard against weather.

Gwadar Port, as a gateway to the Persian Gulf at the Hormuz Strait, will provide a number of harbor facilities for instance showcasing and storage of sea resources, shipment, trans-shipment, and manufacturing conveniences for regional and extra-regional important players, as well as for UAE, Gulf States and European nations (Naseem, 2014).

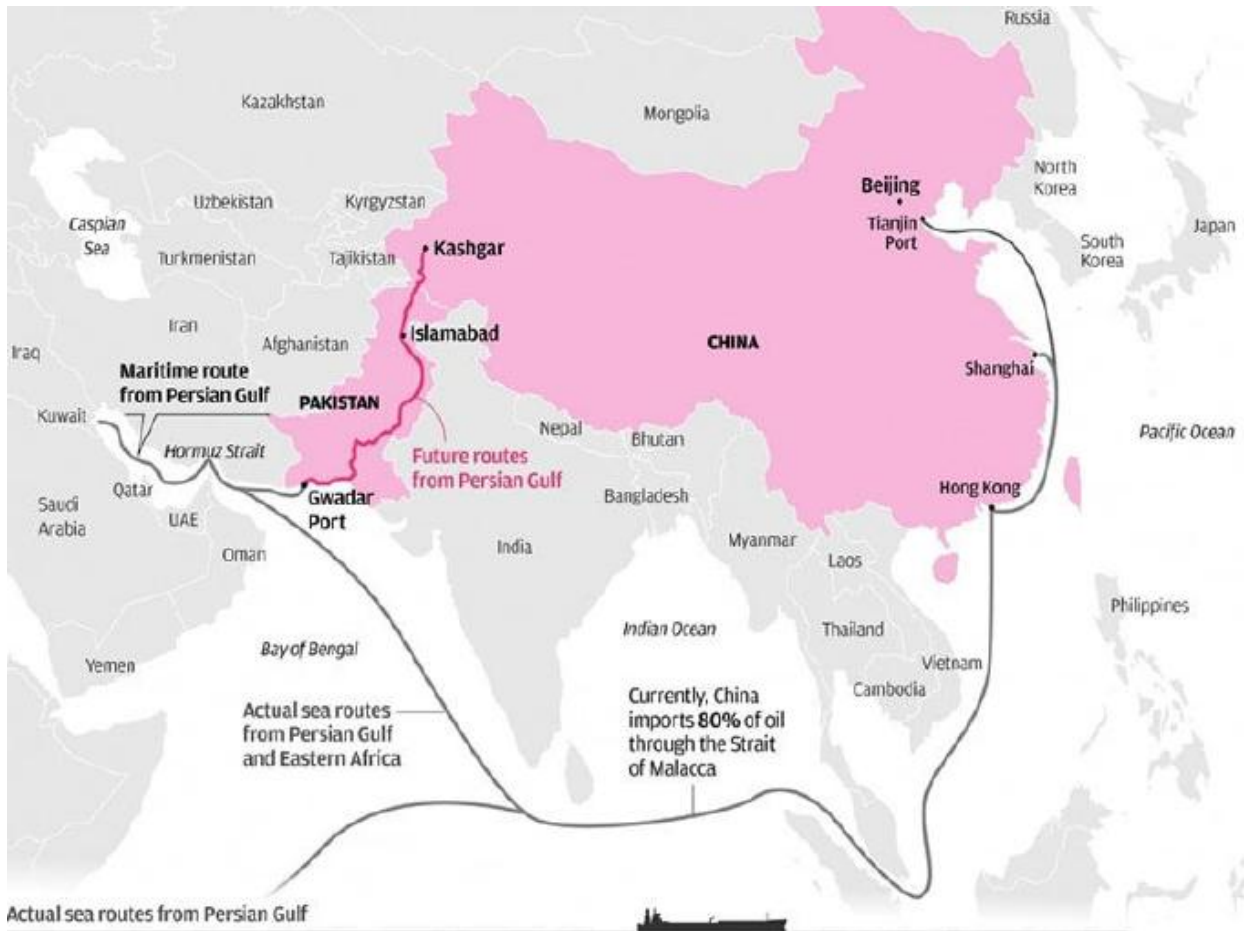


Figure 4. 4 Maritime Silk Road

Sources: Pakistan-China Institute

4.4 Chinese Interests:

China is essentially concentrating on the development of its western region, and it has estimated that trade would upsurge in the Xinjiang province due to the construction of CPEC. The building

of CPEC will increase economic development and prosperity, and it would help to cater to the grievances of the Uyghur population in the Xinjiang province. The outcomes of China's economic reformations in the mentioned regions are now becoming evident. For instance, Xinjiang, the western-most province of China connected to Pakistan's border, featured a trade of \$ 33 billion in the year 2013 as compared to \$ 22.8 billion in 2012 year (Jamali, 2013).

This economic cooperation as a multi-fold of benefits to both countries, but specifically from the Chinese perspective the most prominent advantage would be the provision through the corridor of the shortest possible route to western China, particularly the Xinjiang province, as this region is nearly 4000 km away from any key coastal cities of China, where China has formed its main economic zones (Khetran, 2014-2015).

China anticipates its western region transportation grid as a secure and cheaper alternate route for oil and other energy sources from the Middle East to China. Through the creation of CPEC, China is engrossed in developing a direct crude oil pipeline from Gwadar to Xinjiang. China has built another oil pipeline from Central Asia, which provided 86 million barrels of oil in 2013 (Tiezzi, 2014).

A vast majority of the Chinese transshipments come through the Strait of Malacca, which still incurs economic cost and security challenges. Gwadar presents several economic opportunities to China and its geo-strategic location can present a locus where China can easily secure its interests and sea-lanes of communications in the Indian Ocean. The complementary railway networks would simultaneously be able to provide oil supply from the Persian Gulf to Xinjiang and also prove to be advantageous in allowing a commute to Iran (Malik, 2012).

Chapter 5

CPEC and the Theory of Economic Interdependence

Global politics have argued that cross border trade results in bringing peace and stability in a region. Woodrow Wilson proclaimed that economic relations between states mollify political interaction among states and this in turn effect the whole region positively (Moravcsik, 2009). International politics of twenty-first century has evolved in a new manner. The theory of economic interdependence fosters the idea that in today's world competitors is more interdependent on each other (Ahmed, 2015).

The interaction between the allocation of capabilities and strong economic interdependence determines State's disposition forging economic cooperation. The China Pakistan Economic Corridor (CPEC) is one such example of how two states with geographical proximity can pool their resources and capabilities in order to maximize regional benefit and minimize the various costs. This economic relationship surprised the world and challenged the status quo by introducing an open economic region, whereby the exchange and development of energy, industry, transport and human resource be achieved.

A successful example of such an economic cooperation, which eventually grew into a regionally integrating phenomenon, is that of the European Union (EU). The historic origins of the European Union lay in the Second World War. The first of the treaties was the European Coal and Steel Community in 1952 that called the initial countries to avail benefits of economic integration. This was followed by many more treaties that broadened the economic and political arrangements of the EU. The idea was essentially to promote peace and stability in the region, which rationalized the fact that the European economy was stronger when the regional actors stood united. (European Union, n.d.)

The South Asian region is one where economic integration is minimal, where intra-regional trade is only 3-5% of the total trade of the region, illustrating just over 1% of regional GDP, while this percentage is 7% in East Asia. India's trade with its neighbors is less than 3% of its total trade (Ahmed, 2015). The region's striking features are under-development, growing population, energy scarcity, stressed economies, extremism, militancy, terrorism, water scarcity, and climate change. China's "One Belt, One Road" policy will be a godsend for South Asia's economy, whereby a planned road and rail infrastructure and oil and gas pipelines joining China to Central Asia, Russia, Europe and Southeast Asia will provide an impetus to regional integration.

Pakistan:

The funding and the functioning of the Gwadar Port is an indication of Pakistan and China's integration and economic interdependence. Increasing economic integration will aid the national interests of both countries. During his 2013 visit to Islamabad, Chinese Prime Minister Li Keqiang stated, "We hope to create a giant economic corridor that would not only enhance China's strategic significance but would also help in restoring peace and stability to Asia" (Naveed, 2015).

The GDP growth rate was 4.24 percent in Fiscal Year (FY) 2014 and 2015 against the growth of 4.03 percent documented in the previous year (Pakistan Economic Survey, 2014-15). It is anticipated that the Chinese investments can boost the FY 2016-2018 GDP growth more than 6% through direct effect. This direct impact may be created through higher investments in Hydel, Road, Rail and Gwadar Port (50% to 80%) and lower for Machinery intensive coal based power plants (20%). This on its own would increment 2.1-percentage point to GDP growth every year

throughout FY 2016-2018 and increase GDP growth above 6% (BMA Capital Management Limited, 2015). Pakistan, especially the Balochistan province, will move towards a stronger economy. Road building projects eventually will link the area of Balochistan with Afghanistan and Central Asia.

The Ministry of Finance, the Executive Committee of National Economic Council, in 2014, approved Karachi-Multan-Lahore Motorway Project. The 10 % of the project cost will come from the Public Sector Development Program and 90% of the cost as credit financing through the Chinese government, as a part of CPEC (Salman, 2015). Therefore infrastructural development is an extremely beneficial part and parcel of CPEC, however alongside this Pakistan will have to first muster its own industry and trade sectors to ensure the best use of the corridor.

China:

China is likely to benefit equally if not more as a result of this development. A large portion of the investment will probably be in coal-based energy, the investment premise is mainly around the China- Pakistan economic corridor. A comparison of the existing circumstances against the projected possibility, upon the completion of this economic corridor is given through the example of one element, namely, fuel trade. China spends about \$18 million daily on the import of 6.3 million barrels of oil as shipment costs from the Middle East, required for 80% of its oil needs, passing through Malacca covering a distance of 9,912 miles. (Salman, 2015).

The planned trade route of CPEC will decrease the distance between China, specifically Kashgar in Xinjiang Province, (4,376km away from Beijing) and the Persian Gulf to 2,500 km in contrast to the prevailing distance of 13,000 km from Beijing to the Persian Gulf and thus considerably

reducing shipping period from 45 days to 10 days (BMA Capital Management Limited, 2015). Even if, China made use of the corridor for half of its current oil supplies, around \$6 million daily and almost \$2 billion annually will be saved (Salman, 2015).

From the Chinese perspective, large financial returns may be derived as all these projects are to be carried out in an investment mode. However the returns on this investment would be far greater than that of the US treasury contraptions where China grounds a large sum of its foreign exchange. The project would not only produce returns on investment but also allow procurement of machinery and even labor from China.

This corridor may also act as a driver for counter-terrorism cooperation between China and Pakistan. In order to safeguard their respective assets, with regards to infrastructure, they would need to concoct a strategy focusing on socio-economic and technological development while taking necessary security measures.

Iran:

As the sanctions on Iran are gradually being lifted, its inclusion in CPEC will bring benefits for Pakistan. Pakistan with its increasing energy deficiency constantly seeks cheaper energy means. Iranian gas is one of the best options for Pakistan. With the lifting of sanctions on Iran, Islamabad is trying to materialize on the Iran-Pakistan (IP) gas pipeline project as early as possible.

US had opposed the Iran-Pakistan gas pipeline project but China and Pakistan had circumvented the opposition by planning their own LNG pipeline as part of the CPEC, with Chinese funding of \$2 billion (Ali, 2015). The intentions were to eventually merge this project into the Iran-Pakistan pipeline project once the oil and financial sanctions on Iran got lifted. Now the sanctions are

being lifted to much extent, Pakistan can get benefit from the originally proposed Iran-Pakistan pipeline by connecting Gwadar to the Iranian border.

Eventually China will also become a beneficiary of this Iran-Pakistan gas pipeline project as CPEC connects the Gwadar to Xinjiang in China not only through roads and rail networks but also through several pipelines. In this way, Pakistan will become a shortest transit route for China to access Iran's gas fields. Iran's involvement in CPEC will certainly be beneficial for China as this will further strengthen the China's doctrine of regional economic integration.

Iran likewise has sought larger investment in its domestic infrastructure and has no reservations for China's investment in the country. China already has 60% to 70% investment in Iran (Shah, 2016) and is a major importer of Iranian oil and depends on Iran for 11% of its energy needs (Hounshell, 2010). China's bilateral trade with Iran accounts for nearly \$51.9 billion in 2014, which makes China top trading partner of Iran (Fazil, 2015). With Pakistan's offer to Iran for its involvement in CPEC, Tehran is hoping for outbreak of cheap consumer goods and machinery in its markets with the completion of the CPEC. Moreover, China and Iran have recently signed 17 accords to broaden their trade to \$600 billion in next 10 years thereby reviving the ancient Silk Road Trade route (RFE/RL, 2016).

India:

The two economic giants (in this region) that may pose a threat to one another are India and China, where the latter chooses to counter balance the perceived economic threat through Pakistan. Pakistan, as history makes evident, has had a strained relationship with India that has consistently threatened the peace and stability of the region. If the two countries instead of fighting with one another volunteer their cooperation in this economic effort, it may lead to a

promise of finally achieving the peace and stability due to the need for economic interdependence.

India wants to implement its policy of encircling Pakistan through the establishment of deepening ties with Iran through the India-Iran Chabahar Port. New Delhi has approved the provision of \$150 million for the development of Chabahar port (The Express Tribune, 2016). As part of its emerging grand strategy India is trying to counterbalance China through strengthened alliances with the United States and in this context its investment in Chabahar Port will serve as an alternative route to the Gwadar port. Through Chabahar port, Indian is trying to reach landlocked Afghanistan and mineral rich Central Asia bypassing Pakistani territory.

The location of Gwadar is widely viewed by India as a disadvantage for Chabahar as it can clog the strategic advantage of Chabahar. However, Iran has quashed the talk that development of Gwadar will create competition for Chabahar, rather considered it as a matter of economic cooperation, which will bring peace and prosperity in the region.

Afghanistan:

Afghanistan can be a key beneficiary of CPEC specifically its two orientations. The western alignment of the corridor begins from Gwadar and goes through Khuzdar, Zhob and conclusively reaches Islamabad past D.I. Khan. The western alignment will have a supplementary connect that would create a linkage to Afghanistan through Chaman. The route will allow a quick and easy access by cutting the existing distance 600km shorter than the existing one, from Afghanistan to the Gwadar. This link will enormously help facilitate and encourage trade between the two neighboring countries as well as decreasing travelling time. A point to be noted is that the

Frontier Works Organization (FWO) has accomplished 502 km of the 870 km western configuration connecting Gwadar with other parts of the country (Munir, 2015).

The corridor holds the potential to bring investment as well as rapid industrialization to Pakistan, which would have a positive influence on the Afghan economy as well. The Afghan capitalists and merchants as well as general public will be able to exploit the budding economic opportunities as a result of the manifestation of the corridor.

As said by the Afghan Ambassador to Pakistan, Janan Mosazai, the war and instability in Afghanistan has no military solution (Daily Times, 2016). The restoration of peace in Afghanistan is possible through increased economic activity and cooperation. In this regard, projects like development of Gwadar under CPEC will help in restoring the status of Afghanistan as a leader in the region instead of a country which serves as a platform for proxy wars.

China with its annual GDP growth rate of around 6.8% (World Bank, 2016) wants to double, triple and quadruple its GDP by 2050. To materialize this plan, China needs new growth points and CPEC is one of the many arteries of China's growth strategies. CPEC's spillover effect will not be confined to the region but will spread across the region. Any country that will help China achieve what it wants to achieve, CPEC will be a fate changer for that country.

Chapter 6

Analysis and Discussion

6.1 Internal Indicators:

1) Political Stability of Pakistan

Pakistan has nearly spent 34 out of its 68 years in internal political instability defined as regime instability, political emergencies and constitutional deadlocks (Cheema, 2014). The constant change of government, going back and forth from dictatorship to democracy, has adversely affected development and progress in the country. With the signing of CPEC, Pakistan has been presented with the chance to regain control of its future, especially in terms of economic development. However, every opportunity is inevitably followed by challenges. For Pakistan, political instability has been a perennial challenge with no immediate solution.

Local political body conflicts are an overwhelming obstacle to the development of the project. PML-N's prejudice in developing one province i.e. Punjab has only led to deeper resentment in the neglected provinces, in turn fueling opposition and delays to the project. Imran Khan's Azadi March (August 2014 - December 2014) almost cost Pakistan the project. On one side, China was in talks with Pakistan over CPEC and on the other, Imran Khan was demanding the Prime Minister's resignation. The only reason the project became a reality was the Army Chief's intervention. General Raheel Sharif assured the safeguard of the project, taking complete responsibility for the project and its security.

Ayaz Amir, a prominent Pakistani journalist was of the opinion that a change in government would have no effect on the mega project. He further stated that the Pakistan Army backs the project and they will ensure that nothing comes in the way of the project. The military that has always had an influential role in the politics of Pakistan has a prominent part to play in the establishment of this economic corridor, opined Mr. Talat Hussain. Miss Atia Ali Kazmi, a research analyst, stated that Pakistan has a multiparty political system, which proves to be

beneficial as it repudiates a single dominant party. The system of parliamentary democracy has established stability to a certain degree.

With general Raheel Shareef's initiatives that as a result of the All Parties Conference, whereby all dominant political parties agreed upon taking a uniform stance against radicalism, thus sanctioning the Zarb-e-Azb operations, has distanced leaps and bounds to achieve peace and stability, for Pakistan. This thereby would foster an environment to further such economic efforts and sustain them. Mr. Ali Shah, a policy analyst, stated that CPEC would reassert Pakistan's standpoint in the global arena by further strengthening its ties with Pakistan's allies and deterring threats from hostile countries.

The CPEC is a long term Government-to-Government Cooperation between China and Pakistan. Despite the current speed of the project being good, it will only be possible to measure progress over the long run as it will take a while for benefits to start surfacing, was the view of Miss Atia Ali Kazmi. Government terms may be temporary however long term political stability is necessary for such long term projects which structure the future of the economy.

Another institution that has an enormous role to play in shaping perceptions through information imperialism is the media. Mr. Hassan Javed, a former ambassador to China, articulated essentially how there is manipulation in the media by powerful interest groups to show only the negative aspects of this development, to create a sense of hostility towards the corridor. However, such institutions should not be politicized but instead they should maintain an objective approach, so that in place of fashioned manipulations, the facts may be determined. The success of CPEC also hinges on national inter-party relations; essentially meaning that local political bodies as well as other stakeholders must set aside their differences; working towards seeing this colossal opportunity realized.

As evident from the cooperation of the military with government bodies and subsequently the All Parties Conference, CPEC can provide a common ground for political cooperation and stability.

2) Economic Stability

For the past decade, Pakistan's economy has been suffering as observed from the widespread shutting down of industries, rising of unemployment rate and decrease in FDIs. Efforts to contain security threats have left little to be spent anywhere else.

Dr. Khalid Riaz is of the opinion that the \$46 billion being received by Pakistan is an unprecedented investment for it. However, Pakistan's capacity issues prevent it from addressing its economic problems. He was of the opinion that the big chunk of the investment being invested in the energy sector could have great results for the economy by improving energy supply to industries. These industries will help reduce unemployment rates, increased people's purchasing power and boost the economy by increasing demand.

Poor governance of energy sector has resulted in circular debt. We've had the capacity to generate energy but the supply of fuel has been insufficient and its prices volatile. Fuel is largely imported and the government has not been able to recover the fuel cost due to which the circular debt has been rising. The government is developing special economic zones to facilitate and accommodate investors from both Pakistan and China, which will help develop infrastructure and aid in industrial growth.

Although it should be kept in mind that infrastructure development should not be focused only in one province. Concentrating development in one particular province or area could exacerbate the situation instead of remedying it, by further raising economic and infrastructural disparities. This

could also lead to the wastage of potential of the ignored areas. The economic benefits to Pakistan largely depend upon how our industries cooperate with Chinese industries, as stated by Dean School of Social Sciences and Humanity, Ashfaqe Hasan Khan. Our industries should be able to contribute to the project and integrate themselves into the supply chain and incentivize the foreign industries to engage with our industries or else Pakistan won't be able to benefit fully.

Dr Zafar Mahmud, HOD Research in NUST is of opinion that the CPEC route passing through the four provinces of Pakistan will ensure development in all the regions of Pakistan. Development will take place alongside the CPEC route; this will create employment and business opportunities for the locals. He was further of the opinion that if all resources are utilized efficiently, the Gwadar port has the potential to become an international trade hub and benefit Pakistan immensely. Mr. Asad Ali Shah also explained that economic development would result in a decrease in crime rates and poverty and an increase in employment, as the national project will pass through all provinces.

Building on to this discussion, Dr Khalid Riaz believes that the Government should facilitate and ease the course of this development or it might end up having the same limited impact as the motorway projects. For example the motorway has been built from Peshawar to Lahore but the lands alongside motorway still remain underdeveloped, mainly because the Government has not been able to provide sufficient facilities for development of industries. Speaking on the matter of supplemented development, it was also stressed in many interview discussions that Port Bin Qasim should also be developed to act as a sister port to the Gwadar port. This is especially important as for the initial period China would have control of Gwadar.

Pakistan needs to be fully prepared for the project and needs to shun the short-cut behavior. Alongside this, for Pakistan following the time line is very important for the sound development. With regards to the corridor, Pakistan needs to plan and implement that plan to ensure no such effort becomes futile. Once the economy stabilizes, it will establish peace and security in Pakistan by providing employment opportunities and enhanced standards of living.

3) Social Equity and Welfare

Currently Pakistan suffers from high rates of unemployment and widespread poverty, a large percentage of its population is living below the poverty line. According to the estimates of the World Bank, the rate of unemployment in Pakistan is around 5.2 for the year 2015, which shows an increase in unemployment compared to the past (World Bank, 2015). A recent report by the SDPI (Sustainable Development Policy Institute) found that nearly 58.7 million Pakistani people are living below the poverty line. This is astounding figure, one that demands immediate attention (Sumra, 2014).

There is an urgent need to boost the economy in order to provide opportunities for the people and mitigate the situation. Although no solid estimates about the contribution of CPEC to these factors can be made currently, it can be said with a great degree of confidence that through its vast networks of physical infrastructure and energy networks, CPEC will allow for unprecedented growth of the economy and the creation of multiple job opportunities. Mr. Ali Shah articulated that the CPEC is collection of projects that will essentially address the energy crisis, and through the establishment of economic zones along the corridor, it will augment prosperity in region.

Economic experts such as Dr. Ashfaq Hasan believed that the creation of CPEC would lead to increased economic activity and have a positive impact on job creation and employment pertaining to different sectors such as retail, manufacturing and technical jobs such as engineering. Salma Malik, a renowned international affairs expert was of the view that increased commercial activities would lead to stability and in turn political well being of the country.

Director CPEC stated that according to internal research carried out, there is to be an estimated growth of 2 per cent in Pakistan's GDP as a result of this project. Hasan Javed was of the view that this project will help to strengthen the economy at both the macro and micro level by providing opportunities and increasing commercial activities. He argued against the capitalist model, whereby wealth is accumulated by a dominant few, and said that the economic effort must promote equality, equity and opportunity for everyone.

According to international affairs experts, increased opportunities at all levels of the economy will help to reduce economic and social disparities amongst the different sections of the population by providing an active role for them in the economy. In contrast to these opinions Mr. Raja Qaiser, an expert on politics and international relations was of the view that CPEC is opening a way to increased capitalism, and capitalism in essence does not promote social equity or equality. He opined that although CPEC will undoubtedly result in unprecedented economic growth and increased opportunities, it should not be seen as an instrument for promoting social equity of any sort.

Yet according to a majority of experts, increased economic activity would in turn help to improve social equity in terms of income distribution and standards of living, by connecting previously poor areas with the rest of the country and providing new market access. It will not only benefit the people directly involved as labor force, but also help improve the quality of life

of people of surrounding areas by improving physical connectivity. The mitigation of these issues, related with social welfare will help alleviate the conflicts surrounding them and ease the ill feelings of the public. This in turn will bring peace and stability to the country.

4) Instances of Militancy and Violent Crimes

Pakistan has had a tragic history of violent crimes and militancy. According to South Asia Terrorism Portal (SATP), the fatalities in terrorist violence in Pakistan (2003-2016) amount to a total of 60,525 (Satp, 2003-2016). Recent events such as the arrest of a RAW agent in Balochistan show that the retaliation to the project has begun (Zafar, 2016). The separatist movements in the province are also making constant efforts to cause destabilization.

Moreover, inter and intra provincial conflicts have led to a number of incidents relating to terrorism. These instances can be largely view in a context of social inequalities and resource deprivation. Mr. Adil Sharif remarked that industries bring rationality. Thus, when economic activity is instigated it fosters a more productive environment; this brings about not only economic but also social and political changes, thereby shaping the entire structure of an economy.

Speaking on the subject of terrorism and external interference senior journalist/analyst Talat Hussain has stated that diplomatically, Pakistan is a landlocked country; we are surrounded by three hostile nations, namely Afghanistan, Iran and India. “We need to create our own corridor of positive engagement” is what he advises in countering such hostilities towards our economic and general national interests.

Instances of militancy and violent crimes are unfortunately expected to rise further as the project unfolds. Besides China, no other neighbor is innocuous and therefore Pakistan must guard itself

from all ends and be prepared for retaliation of all sorts. Current military efforts could help in maintaining peace and stability. Pakistan Army has taken responsibility for the security of the project. The measures for security include raising two separate divisions for the sole purpose of safeguarding CPEC. Furthermore, the measures have led to some excellent initiatives by the government. One of the initiatives is the Prime Minister's package offered in Balochistan. According to Akbar Hussain Durrani, Home Secretary, Balochistan, the package is a reconciliation process called 'Pur Aman Balochistan' under which all those outlaws who would lay down their arms shall be treated as peaceful citizens (Abrar, 2015).

Respondent 3 view security as a paramount challenge and believed that the border situation with Afghanistan poses a major threat to the project. In this case unilateral security is the only option we are left with to secure the border. Three main approaches to border security namely Administrative, Social and Military were highlighted; however it was believed that Pakistan should secure its border under the traditional military approach.

A few respondents including Tariq Azzizudin, former ambassador to Afghanistan, as well as Talat Hussain believe that Pakistan is most vulnerable to internal threats rather than external with respect to security. Internal elements have more power to cause damage and historically, have caused far more havoc than external parties. In contrast, an official of the Planning Commission was of the opinion that that the threats only persist externally, internal threats will disappear with the removal of external forces.

Mr. Ali Shah spoke about the impacts on internal peace and stability at provincial level is vulnerable to certain risks, however deteriorating security situation will not be a byproduct of CPEC. He said that once CPEC is developed it would improve the security situation in Pakistan and for all developing nations in the region, as it would instigate economic activity, which would

allow for the opportunity of a better quality of living. Mr. Adil Sharif also stated that if financial problems exist then they may augment into many other problems, but if there are no financial concern majorities of issues are automatically addressed. Thus focusing on phenomenon from a financial perspective can restore peace and stability.

5) Inter and Intra Provincial Stability

Dr Muhammad Riaz of the IR specialist believes CPEC provides Pakistan with opportunities as well as challenges. If Pakistan's leadership makes use of CPEC in a positive way then this could lead to inter provincial harmony and federalism in future. However if leaders fail to distribute the benefits of CPEC project fairly then CPEC can prove to become a disintegrative force.

Dr Khalid Riaz believes that CPEC in long run will contribute by bringing prosperity in Pakistan. On the other hand in the short term political tensions among provinces are to be expected due to lack of information disclosed by government, this is expected to give rise to controversies, but as long these controversies are handled efficiently, it is hoped that they will not harm relations between the provinces. But if the provincial governments and federal government become inflexible in dealing with any issues that may arise and fail to cooperate, this project may turn out to severely harm inter provincial relations not only in short run but also the long run. The success in handling such issues therefore depends on the stance the authorities take. Creating the right balance and distributing the benefits of this project equally amongst all provinces is therefore of vital importance.

Some regional and international actors who are against CPEC due to conflicting interests will try in short and long run to jeopardize the project by creating political tension within and between provinces. Former ambassador Tariq Azzizudin stated that consistent attempts have been made

by India to help paramilitary factions like Baluchistan Liberation Army (BLA), Baluchistan Liberation Front (BLF) & Baluchistan Republican Army (BRA) in separating Baluchistan from Pakistan, by exploiting the sentiments of the local population. He strongly believes that unfair distribution of resources in Baluchistan has led to such separatist movements and quoted an example of the Sui Gas that is extracted from Baluchistan. He explained that it has reached Karachi and Torkham but hasn't yet reached Quetta. This example demonstrates the unfair and non-inclusive practices that have deprived the resource producing areas from their own resources. Dr Zafar Mahmud also quoted the example of Baluchistan, where local populations associated with local landlords have been largely politicized and have been unable to make any contribution towards the development of their area; similarly lack of economic development has further exacerbated the situation.

A possible negative outcome arising from CPEC, as established by this example is of the cutting off of the local population. CPEC could convert the local population into a minority instead of empowering them. Current residents alongside the CPEC route should be incorporated into the projects development so that they are not deprived of the economic opportunities. Active inclusion of indigenous people will be very likely to intra provincial stability.

Intra provincial harmony alongside inter provincial harmony is extremely important to avoid internal conflict and ailing sentiments that may arise between the different groups. Internal strength of Pakistan forms a very important part of what will determine the success and failure of this project and is necessary for the promotion of peace within the country.

6) Capacity Issues and Capacity Building of the Country as a Result of this Project

Pakistan has always suffered from capacity issues, which have undermined its capability to support and sustain various projects over time. The CPEC director and Hasan Javed stressed on this point. These capacity issues are predominantly seen in the form of a generally lacking and ill-equipped infrastructure and human resource, lack of accountability and unlawful practices. Over time this has led to the underperformance of many new projects, which has not only resulted in failure to deliver services but also lost millions of dollars. There was a general consensus amongst the respondents that Pakistan would need to work hard at improving its performance by addressing the various issues attached with capacity in order to sustain the CPEC project and benefit from it fully.

There is no synergy in Pakistan spoke Mr. Zahir Shah. Mr. Zafar Mahmud was of the opinion that some necessary steps Pakistan can take to improve this situation include the definition of rules and regulations and the creation of a suitable environment for Foreign Direct investment. Dubai is a primary example of this, as it has successfully created an enabling environment for businesses and industries to flourish as well as balance recreational and entertainment facilities.

Generally respondents agreed that a number of factors require attention. One of these factors was viewed as being a need for strong and steady leadership. This opinion was strongly advocated by director CPEC. Miss Kazmi supplemented this by stating that in addition to strong leadership, enabling policies and mechanisms should also be in place to deal with the security situation. According to economic expert Dr. Ashfaq, the benefits that Pakistan gets from the project would be directly proportional to its capacity to support and maintain the project. Pakistan would

have to forgo old habits of using legal and technical loopholes to make more money for less work actually done and be honest in its practices.

The \$46 billion figure given by China will be split into grants and soft loans. The model used for cost estimates was the up-front tariff model. Pakistan through this government-to-government initiative, would be able to award projects as opposed to holding competitive bidding, which creates the true value for money, as in such accords PPRA rules are overridden. This creates questions, with regards to transparency and accountability. This stipulates the need for legal agreements and arrangement to be in place.

In contrast, in an interview with an engineer from the National Highway Authority, Mr. Osama Shahbaz, it was learnt that the project has been divided into multiple phases that are to be completed by different contractors so that the development may progress in a uniform fashion and gets completed timely. The Project is being constructed on the BOT (Build Operate Transfer) basis, where foreign technicians from Doha and Korea have been hired and all PPRA rules are adhered to in this accord. Furthermore he went on to state, that for the purpose of scrutinizing the entire project the ACONEX Software will be utilized for documentation management, project information and process management in the construction, infrastructure, power, mining, and oil and gas sectors. Although attempts may be made to use legal and technical loopholes, appropriate mechanisms and policies can help minimize such instances.

Speaking on the relation of budget with capacity building, other interviewees commented that Pakistan needed to discontinue its India centric approach. Respondent 1 commented that this was essentially due to the fact that 54% of the budget spending is allocated to the army, as Pakistan would never compromise its defense against India. However, Pakistan probably has greater enemies than India; the deteriorating socio-economic condition would be one. So that

Pakistan can combat these internal threats to the nation, the governmental democracy should be allowed a fair chance. In Pakistan, the army is overburdened with any big or small problem. The army should be allowed to carry out its functions, whilst the institutional capacity of other establishments should be enlarged.

Respondents were generally of the view that the creation and existence of CPEC would help to do a lot of capacity building for Pakistan by improving its infrastructure and economy. Speaking on this matter, Director CPEC stated that a detailed MoU was signed on 5th July 2013, dictating the infrastructural aspect of the project which is to be completed in the time period of 2020-2025. Mr. Osama Shahbaz revealed that the infrastructural development process will be governed under the scrutiny of advanced software which will help in manageability and evaluation of the project. This will not only introduce Pakistan to such software technologies but also allow for training and skill building in this regard. Adding onto this Mr. Sabeeh Faruqi, an energy specialist gave his estimate, saying that the initial breeze of the project would probably be felt after the next five years, the indicator for which should be the job market.

Mr. Zahir Shah reasserted this point saying that CPEC will likely remove the bottlenecks in the transport and energy sector. He explained how the CPEC would have parallel nodes in every region or province from east to west like: Karachi in Sindh, Gwadar in Baluchistan are parallel, Lahore in Punjab and so on. Mr. Sabeeh Faruqi also mentioned that the project encompasses the creation of special economic zones in different provinces.

This will allow Pakistan to efficiently meet its energy requirements and overcome previous short falls. Similarly increased trade and traffic through the CPEC route will tremendously improve the economic capacity at the macro and micro economic level and will help ease dissatisfaction amongst the masses and usher peace in the country.

7) Environmental Impacts

One of the expected challenges of CPEC is its impact on the environment. However, most respondents were of the view that this should not be a major concern. Mr. Zahir Shah believed that as long as proper practices are in place to handle the outcomes of the project, this impact can be reduced to a minimal. Mr. Hasan Javed, who believed that the rest of the benefits would eventually come to outweigh the smaller degree of negative impacts, seconded this opinion, however he also asserted that CPEC should not be developed at the cost of environment.

Concerns in the context of environment stemmed from China's own internally damaged environment. China's investment of nearly \$35 billion in Pakistan and Iran on energy sector is being viewed by some as an attempt to not only shift its industrial plants but also its negative externalities and environmental impacts, commented a source in the Planning Commission.

Mr. Sabeeh Faruqi, however, countered this fact, by stating that China has developed hydropower in place of these energy plants. He stated that economic interest usually trumps all other interests, environmental interests are no exception to that. Furthermore he added that in the likelihood that there are environmental concerns, technological advancements today could allow to minimize or control the detrimental impacts of these industries. This therefore addresses concerns of security, with regards to the environment for Pakistan and also the region at large.

6.2 External Indicators:

1) Probability of Hostile Elements

Chief Minister Baluchistan Dr Abdul Malik Baloch made a statement about the presence of elements hostile to CPEC in November 2015. He stated “Hostile elements may try to disrupt the law and order when there is some progress on the construction of the Gwadar-Kashgar highway” (The Express Tribune, 2015). The proof of such elements was later observed in the arrest of a RAW agent in Balochistan (Zafar, 2016). The mega project faces underhand opposition from more than a few sources. The intention of Pakistan’s neighbors in destabilizing the project is evident but they are not the sole cause of worry. Examples of possible obstructions by each country can be observed as follows:

Iran:

Situated just 72 km away from Gwadar port, lays Chabahar port in Iran (Ahmad, 2016). Both ports can be viewed as geopolitical launch pads that have the potential to rework the strategic equilibrium in the region. On one hand, Gwadar port permits China to access the Indian Ocean. In doing so, China can observe US and Indian Naval activity in the Persian Gulf and Arabian Sea. Simultaneously, Pakistan can govern the energy itineraries from Gwadar. Similarly, Chabahar is India’s deciding chess piece as well as a doorway to Afghanistan, Central Asia, and Russia and beyond. It can allow India to screen Pakistani & Chinese naval activities in the Indian Ocean Region and Gulf. Consequently China has made large investments in Iran, thus it is better for the two to work in synergy with one another. As with most other friendships of China, its relations with Iran are also pursuing self-interest. China needs Iran and other regional countries support to grant it a route to Europe.

Furthermore Mr. Asad Ali Shah proclaimed that Chabahar does not pose a threat to Gwadar. He stated that a MoU has been signed, whereby Gwadar and Chabahar will act as sister ports. Miss Atia Ali Kazmi also agreed that Chabahar and Gwadar should work in synergy with one another, Respondent 2 also corroborated this point. Thus an increased number of countries involved will result in increased benefits. There are plenty of benefits for all, thus Pakistan should proactively add the stakes of all regional countries through various economic accords for progress of the region at large.

India:

Economist Zafar Mahmud believes CPEC has a number of challenges in store for it, especially in terms of security. He stated ‘Wherever there is a road, there are issues’. He explained with the example of the Indus super highway. Proposed in 1980’s, the highway was to be built from Peshawar to Karachi, serving as an all weather road. India once again did not approve and created hurdles. It has not been completed to date. He advised that Pakistan should take the necessary measures to refrain history from repeating itself.

Pakistan and India’s relationship has been volatile post-independence. Recently India has been trying to enclose Pakistan by enhancing its naval presence in the Indian Ocean. But China’s presence in the Gwadar port will deter India from carrying out any action planned against Pakistan. Also as China will be holding the operations of the Gwadar port and city, in the initial years, it will be an open threat to India, particularly in the context of the Tibet conflict, reported an official in the international trade and finance division of the planning commission.

Afghanistan:

Afghanistan is a security hazard for Pakistan. The lack of a defined border is a constant cause of worry. The real issue is not of the Afghans themselves but the presence of extremist elements and terrorist organizations in Afghanistan. The porous border makes it quite convenient for these militants to come and go as they please.

Respondent 3 confirmed that the United States could manipulate Pakistan because of its influence in Afghanistan to indirectly contain China and Iran's power. This can hinder China's freedom of action. Thus this is an area that requires attention so as to ensure that through the means of Afghanistan, the efforts made towards this cooperation are not hampered.

The United States:

Respondents stated that the US is in a continuous endeavor to be involved in the region. Its presence in Afghanistan under the banner of war against terrorism is one example. A source was of the view that even the sanctions placed on Iran are definitive proof that US would go to any length to retain its power. The US is also making constant efforts to contain China by making trade blocs.

Pakistan should be wary of hostility from all ends. CPEC can serve as a game changer for both countries involved, the thought of which may not be as appealing to our direct neighbors or powerful countries like the US. CPEC has challenged the status quo, as previously only powerful countries like the US made such elaborate changes in the region, and even Europe through the EU. Now Pakistan would be a prominent player reestablishing itself as a new rising economy and the countries in this region will depend on Pakistan rather than the other way around.

Inviting much criticism from international powers, China is building upon its navy, the blue water navy, to protect CPEC. However according to Mr. Hassan Javed much criticism is baseless as China will never adopt Russian way of taking over the region, because it is not their policy to dominate others. The Chinese reached America before Columbus but they never colonized it, a fact that reasserts their position as a harmonious country.

The US does not openly oppose this development, but its opposition is an underlying fact. The US must protect its own economic interests in the region such as Trans-Pacific Partnership (TPP). It is a proposed free-trade agreement that presently involves the United States and eleven other countries, but does not currently include China. For this reason, the US is indirectly creating problems for China constantly. The US has adopted the strategy of encircling China through a chain of air bases as well as military ports in the Pacific. Mr. Ashfaque Hassan commented on this and stated that the US and India are constantly trying to engage China with the issues created in South China Sea, to shift its focus from its efforts like CPEC.

The economic interdependence is confronted with a paradox of development versus security. The two sanction and warrant the need for one another, for instance development would lead to security however in order for there to be development, security is a prerequisite.

2) Proxy Wars

Proxy wars have long been a tactic used by nations to achieve strategic goals without getting directly involved in a conflict. The post-cold war era has seen a rising trend of these sorts of conflicts all over the world. The same situation is experienced in both China and Pakistan, whereby external and internal hostile elements are using twisted tactics to manipulate the sectarian and ethnic differences of local populations to create conflict on the soil of the countries.

China's western region has remained underdeveloped despite China's impressive economic growth in the past few decades. Home to a multi-ethnic and multi-religious population, its Xinjiang region has been the center of violent conflict for some time now, opined Mr. Jahangir Ashraf Qazi. To add to this chaos, the local terrorist group of the Uyghur faction has wreaked much havoc in the area. This terrorist population has now become multi-national and has spread throughout the region,

Respondent 1 was of the view that such internal and external hostile elements would want to exploit the divide that exists in the country and use it to destabilize China. However China does not engage in direct conflict. It uses economic incentives to unite different parties and gradually drive out grievances. China aims to use CPEC as a tool to provide economic incentives and opportunities, which will help unite the local populations, by providing them alternative life choices and resolving their conflicts peacefully. Satisfaction amongst the local populations will allow them to become better integrated into their country and be able to resolve their issues without resorting to hostile means. Thus CPEC can bring much needed stability to the western region of China and gradually the whole country.

According to Respondent 1, the same situation is mirrored in Pakistan, where parts of the country are relatively backward and are deprived of crucial necessities such as electricity, energy and infrastructure. These areas are swarming with hostile elements and examples of such can be seen in Balochistan where Para-military factions such as the BLA, BLF and BRA and other hostile elements are corrupting and manipulating the people to achieve their ulterior motives. These areas are therefore in dire need of economic rejuvenation, an objective on which CPEC promises to deliver. Economic and infrastructural progress can provide better opportunities and living standards for these people and in turn help curb hostilities.

3) Economic Scenario in the Region

South Asia is one of the world's least economically integrated regions. The shared history and cultures of the regional neighbors can provide potential for increased integration, however internal and cross border issues hinder this region from reaching its full potential. Intra-regional trade accounts for only 5 per cent of total trade, compared with 25 per cent in the Association of Southeast Nations (ASEAN). (World Bank) Initiatives such as the South Asian Preferential Trading Arrangement (SAPTA) and the South Asian Free Trade Area (SAFTA), and more recently the SAARC Agreement on Trade in Services (SATIS), have seen little to no progress (Moinuddin, 2013). In order to achieve economic integration, it is imperative that regional neighbors build common interests across borders to encourage regional consolidation, which will help stabilize this volatile region.

The Jinping government's vision of CPEC aims to foster this much-needed economic integration by building common economic interest across borders. Mr. Zahir Shah explained that China's strategies are different from its western counterparts. The country builds infrastructure through its own financing, partakes projects and manages to create a win-win situation for all parties involved. In this regard China plays a harmonizing role in the region. Mr. Hasan Javed was of the opinion that China has broken all prior records with its proposal of CPEC, leaving behind much more developed regions such as Europe. In last 35 years alone, China has achieved something that no European country has been able to achieve. China with its 17.9 trillion purchasing power parity has become world's largest economy surpassing even USA (World Bank, 2015).

Hasan Javed reasserted that China's plans for regional integration include constructing a multiplicity of rail, road, air and naval modes of transportation. Train routes from China to Iran

are also a part of the grand plan. Once these arteries are established, it will not only allow a transit of trade but also people and might even serve as a knowledge corridor.

Director CPEC, Zahir Shah further elaborated upon China's strategy to develop its western region (Kashgar), stating that the commute through this route would reduce distance immensely. A distance that was previously ten thousand kilometers would now be around two thousand five hundred kilometers, thereby being the shortest possible route. Dr. Ashfaq Hassan adding upon this, stated that, China first developed its port city, Shanghai in eastern part, then developed the central part of the country and now aims to develop the western part i.e. Kashgar. Similarly Pakistan has a well-established Eastern part, Punjab. It now looks to operate its deep-sea port city (Gwadar), thereby developing the Balochistan province and then moving forth as a whole. Mr. Hasan Javed also stated that currently the Gwadar city, inclusive of the port does not even perform 1% of its total potential capacity.

According to Mr. Zahir Shah, for Pakistan, the benefits may be translated as development of industry, transport/transit routes, Gwadar smart city, deep-sea port and energy, all of which will nurture stability in the economy. He further stated that approximately 3 billion people in the South Asian Region would benefit from CPEC. It will serve as a new open economic system that stimulates logistical transit of human, energy and other resources.

On the other hand Mr. Zafar Mahmood was of the opinion that through CPEC Pakistan will be able to resist India economically, a reality that has prompted India to strengthen ties with Iran and invest in the Chabahar Port. Mr. Zafar Mahmood shed light on the phenomenon of 'reciprocal part', stating that unless India has something to contribute to the project, Pakistan should not be driven to necessarily take it on board. This would only result in India's access to

Russia and Central Asia, a region rich in mineral resources, and harvest no economic benefits for Pakistan.

According to Mr. Hasan Javed, China is a fast expanding country, which now needs new growth points. With its growth rate of almost 7 per cent, it is in need of a new growth strategy, which it has found in the form of the Maritime Silk Route. The Silk Route will help create strategic space for it in Eurasia. The idea for this stems from the historical footprints of the ancient silk routes that existed even before the time of the Christ, connecting China with ancient Rome.

Dr. Zafar Mahmood, an economic expert talked about the significance of CPEC. As a part of OBOR, through its diplomatic instruments China has had good relations with Afghanistan and Iran. Hence, China will set up a link to Afghanistan and Iran, not necessarily through CPEC, but through its other arteries, subsequently creating a road link to Europe, which will not only benefit China itself but also Iran and Afghanistan.

China's western region is agriculture based. The Eastern region has industries. The trade is done through a route across Yellow sea or Pacific. China's aim is to passage into the European market not America. For that it needs a shorter route which CPEC hopes to provide. This corridor, like the Panama Canal, is likely to alter the trade dynamics and reduce freight cost through the maritime Silk Route originating from Gwadar. If CPEC can attain economic stability for the region, all other types of stability will follow, reported Respondent 1.

Respondent 2 stated that the world economies are inevitably involved in a power play. In the past Russia had desired to control the warm waters. The Southern seas are important for trade, thus all economic powers need to be linked to the south. Pakistan has an advantage over other countries of South because Arabian Sea is an easy and quick access to gulf, which is abundant in oil rich

countries. In other words Pakistan can act as an indispensable bridge between resource sufficient and resource deficient economies.

4) Political Scenario in the Region

China's vision of CPEC and subsequently OBOR aims to integrate the highly disintegrated region of South Asia by uniting all neighbor countries on an economic and consequently political front. No matter how rosy this idea seems the reality is quite different. There is much to be argued for both sides of this picture. However according to a majority of experts CPEC has the potential to turn the tables in everyone's favor, given that they are smart enough to adapt themselves according to the changing scenario.

Speaking about Pakistan-India relations a majority of the experts believed that given India's previous behavior, it would be better for Pakistan to limit India's involvement in the project as much as possible. Although in the long term, cooperation by both countries would be optimal, India should not be allowed to hold Pakistan back in this project. Currently India does not have much to offer Pakistan. Experts such as Dr. Ashfaq Hasan Khan and former ambassador Tariq Azzizudin were of the opinion that Pakistan should not necessarily look to take India on board for this project. Mr. Hasan Javed also backed this opinion. According to them it is highly unlikely that India would want to cooperate.

Mr. Ali Shah opined that Pakistan suffers from self-doubt, and is always wary of Indian conspiracy. He proposed that the same approach is adopted for CPEC. But India should be kept at arm's length. India does not play a reciprocal part in international relations, as there is not much India has to offer to Pakistan. Culture is not the basis for everything. Just because India has shared a common history with Pakistan, Pakistan should not try to incorporate India into its

future. Iran is to be a part of this project by way of meeting a number of its energy requirements. Iran favors the development of CPEC, as it foresees its potential stake in the endeavor, opined Mr. Hasan Javed. On the other hand China's flight to Europe will not be possible without passing through Iran. Iran realizes this potential and is fully on board with the project.

CPEC can also help improve the strained relations between Pakistan and Afghanistan. According to Mr. Hasan Javed, after having experienced nearly four decades of war, Afghanistan now needs development, peace and stability. Mr. Tariq Azzizudin supplemented this by adding on that in order for Afghanistan to become a successful part of this project, it must meet Pakistan halfway and must not give in to the influence of external powers that want to hold it back.

China and Pakistan have long enjoyed an intimate alliance, commented Mr. Raja Qaiser. Even though it is highly anticipated that this project will be successfully completed, however in the case that Pakistan fails to meet the deadlines or complete project, it will not depreciate its relations with China, added Mr. Hasan Javed. Their long-standing friendship has been strong through the years, and this scenario may result in a minor hiccup but no long-term impacts on Sino-Pak relations are expected.

5) Multilateral Organizations and External Actors

Dr. Ashfaque Hasan was of the opinion that multilateral organizations such as the Shanghai Cooperation Organization (SCO) can prove to be a forum through which countries such as China and Pakistan can collaborate to solve the issues of the Afghanistan and ensure better regional integration. Former Ambassador to Afghanistan, Mr. Tariq Azzizudin held the same view regarding the role of SCO. However according to Mr. Ali Shah international organizations may not necessarily have a significant role in CPEC. As an example he stated that organizations such

as SAARC are almost inert and may not have any impact. The SCO has no significant role either. Salma Malik also agreed to this, stating that the role of SCO may be limited due to the complex situation in Afghanistan. According to her, SAARC has not been active as such and cannot potentially influence CPEC.

Zafar Mahmood viewed the role of multilateral organizations such as SAARC to be negligible. It seems to have been quite inactive; this can be observed from the fact that the SAARC nations' trade figures have not changed much from their starting rate of 5 per cent. On the other hand India is increasing its bilateral trade with different countries. BIMSTEC is a regional trade block from which Pakistan is excluded but India is a part of. The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) is an international organization comprising of a group of countries in South Asia and South East Asia like Bangladesh, India, Myanmar, Sri Lanka, Thailand, Bhutan and Nepal.

Pakistan should however not focus on the eastern countries and their lobbying. Its energy should be focused towards the West where most of its highly resource rich neighbors are located. These countries can prove to be better trade partners and provide more opportunities for Pakistan.

Speaking on the matter of the United States, Mr. Hasan Javed was of the view that USA is now losing its power influence in this region as well as its influence on its allies. This becomes evident from the rising interest of many of its European partners in CPEC and OBOR.

Furthermore Respondent 1 believed that although USA does not have strategic interest in the furthering of China and Pakistan relations, the smart choice for it would be to take part in the project. CPEC is not expected to worsen Pakistan-US relations in any way. Perceiving China's vision of OBOR as a threat, the US has, however, started its strategy of encircling China. Dr.

Ashfaque Hassan mentioned that although on the surface the United States policy of “pivot to Asia” may seem harmless, the underlying catalyst for this is a need to contain China’s growing power.

6) Reassertion of Pakistan's Regional and Global Position

CPEC is a means for Pakistan to reassert its position in the world and shrug the image of being a terrorist country that has clung on to it so firmly. Former Ambassador to China, Mr. Hassan Javed stated that CPEC would be a fate changer for Pakistan. It will allow the economy an opening into the world arena. Pakistan needs to equip itself, as it should not just face the tide, but instead surf the tide, thereby enabling it to reap the maximum potential benefits of the project.

Mr. Ashfaque Hassan expressed similar opinions and stated that there are two groups or types of countries in Asia. The first type is the Talkers, which includes the countries in the South Asian Region and the second type is the Doers, which are the countries in the Asia Pacific Region. He went on to state that if Pakistan is able to achieve the benefits of the project, it may enter the league of the doers and reassert its position.

Projects like CPEC bring revolutions opined Mr. Zafar Mahmud. He explained that they are drivers of change, positive change. China is not only aiming at trade but also wants to open institutions in the agriculture sector of Pakistan. This will allow the CPEC to act simultaneously as a knowledge corridor and enable information and technological learning and advancements for Pakistan.

A source from the planning commission, in his interview stated that the emerging economies of the world are competing in a race, which Pakistan is totally aloof of. He stressed that this project would help Pakistan re-establish itself as a country, actively engaged in economic progressions.

Pakistan needs to prepare itself for this project; so that it may reap all potential benefits, and thereby rebrand the notorious image that the World of today is familiar with. Pakistan has a God gifted terrain. Particularly, with the natural hammerhead that stretches miles into sea, the deep-sea Gwadar port it is not a mere port but a geopolitical launch pad that can alter the strategic balance in the region, which makes Pakistan an indispensable to this region. Pakistan should act as a bridge between the landlocked countries of the region and the rest of the world.

Following this, Respondent 2 reported a point to be noted which essentially brought focus on to the larger picture. He said that this Corridor should not be called a China Pakistan Corridor, as that limits it to just two countries, but instead it should be named 'North-South Corridor'. By doing so, it opens up the economic integration for other countries to engage in for their own benefits. When they invest their respective stakes into the Project, they would want to safeguard the project for their own self-interest. Thereby it will foster an enabling environment for economic progress. This will eventually bring about peace and stability for all involved economies, and consequently in the region.

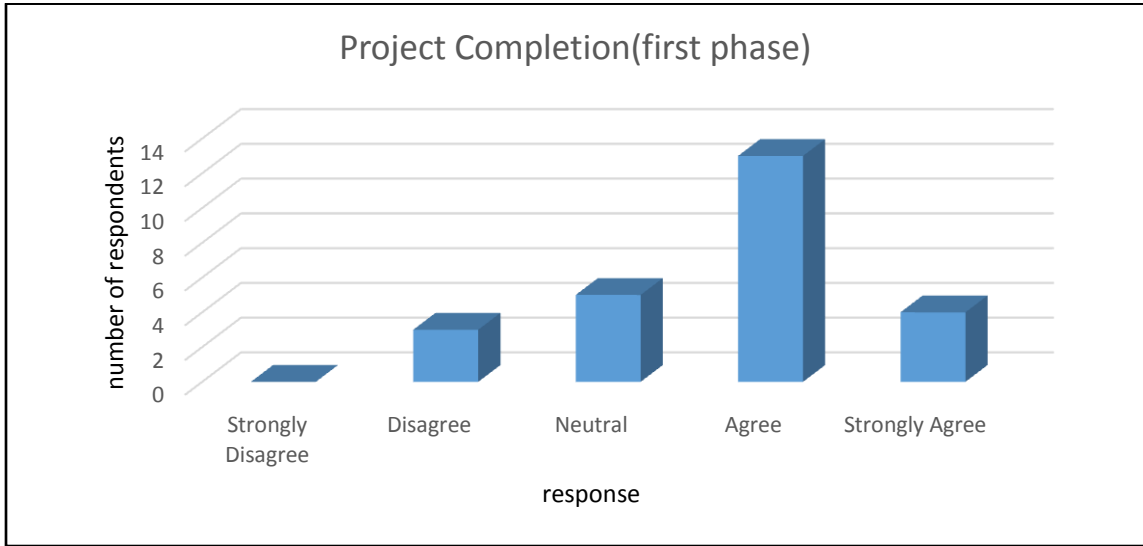
6.3 Graphical Analysis of Close Ended Questions

The following graphical representations are based on the data collected from structured interviews that were collected for the purpose of primary research. The data is based on the opinions of a panel of twenty five experts from the fields of economics, international relations, public administration, journalism and academic research. The opinions of these experts were documented for each statement and then the graphical representations were generated for every statement separately. The Y axis represents the number of respondents who supported a particular view and the X axis represents the views the respondents held for each statement.

Question 1

Do you believe China and Pakistan will be successful in completing the first phase of CPEC on time? (Expected completion by December 2017-18)

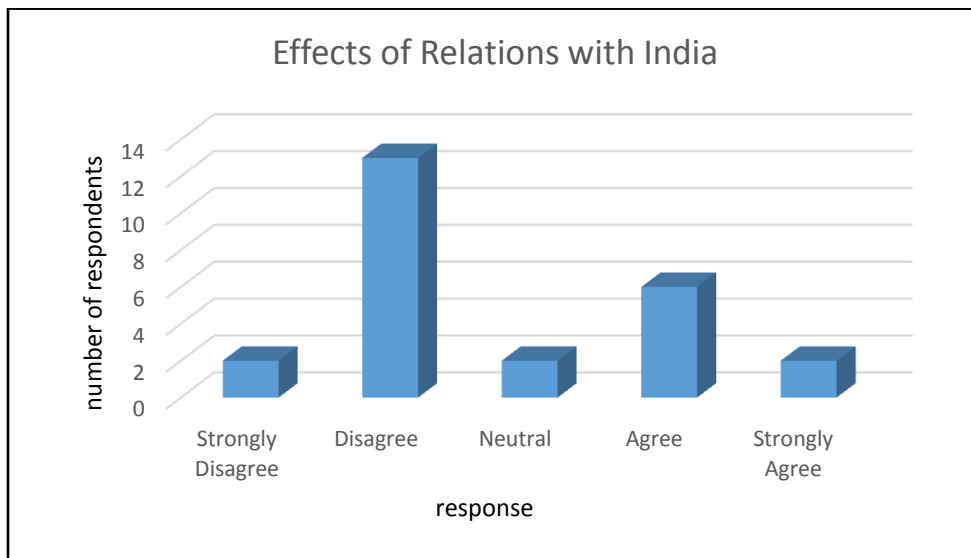
As seen from the graph below, a majority of the experts believed that joint efforts currently being undertaken by China and Pakistan would ensure the timely completion of the first phase of the project. However a group of respondents also felt that the security situation in Pakistan could delay the first phase.



Question 2

Strained relationships with India could lead to destabilization of the project.

A large number of respondents did not believe that Pakistan's relations with India could affect CPEC in any way but a few of the respondents opined that India might try to create hurdles for Pakistan; as evident from its involvement in Balochistan. In their opinion, such efforts could destabilize the project.

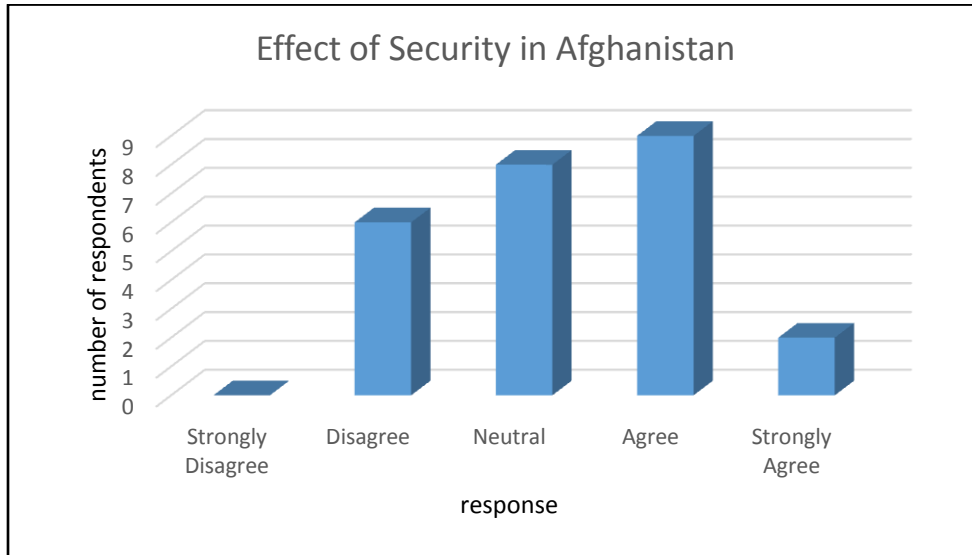


Question 3

Security situation in Afghanistan can severely undermine the project.

A common view amongst the respondents was that Afghanistan's internal security issues could affect the security of the project in the form of spillover to Pakistan, and in turn affect the project's timely development. However a number of the respondents also assumed a neutral stance on the matter whereas some respondents disagreed with the statement. According to them,

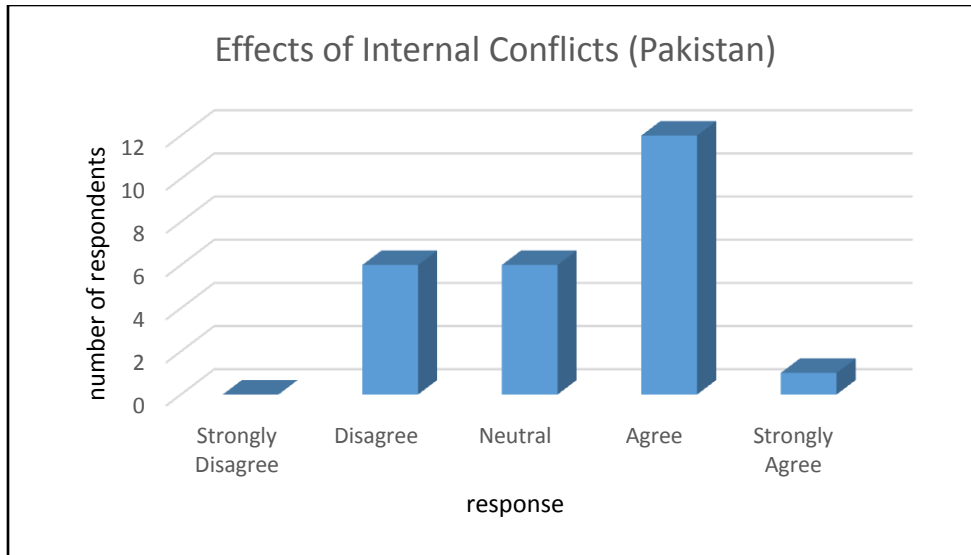
current efforts by Pakistan and China would be enough to deter such threats to the project's security.



Question 4

Inter and/or intra provincial conflicts within Pakistan are a major hurdle to the development of CPEC.

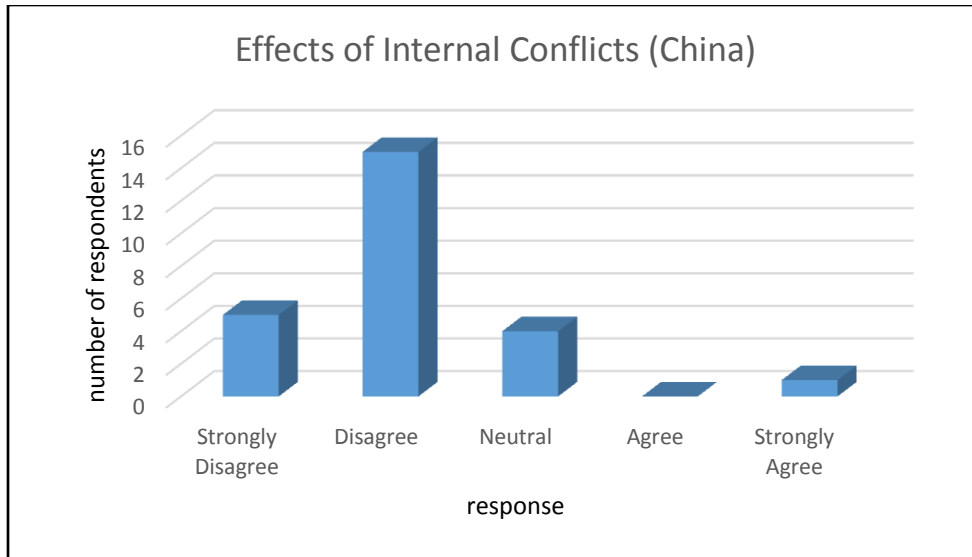
A large number of experts responded positively to this statement. In their opinion, provincial conflicts, both within and amongst provinces could act as a potential hurdle to the project. Such conflicts could lead to political and social instability and prevent the overall tranquil conditions required for the project's successful completion. On the other hand some respondents remained neutral on the matter while others disagreed to the statement. In their opinion, provincial conflicts were dismissible and would not affect the project.



Question 5

Xinjiang as an autonomous region and a home to multi-ethnic and religious groups is a potential barrier to the development of the mega-project.

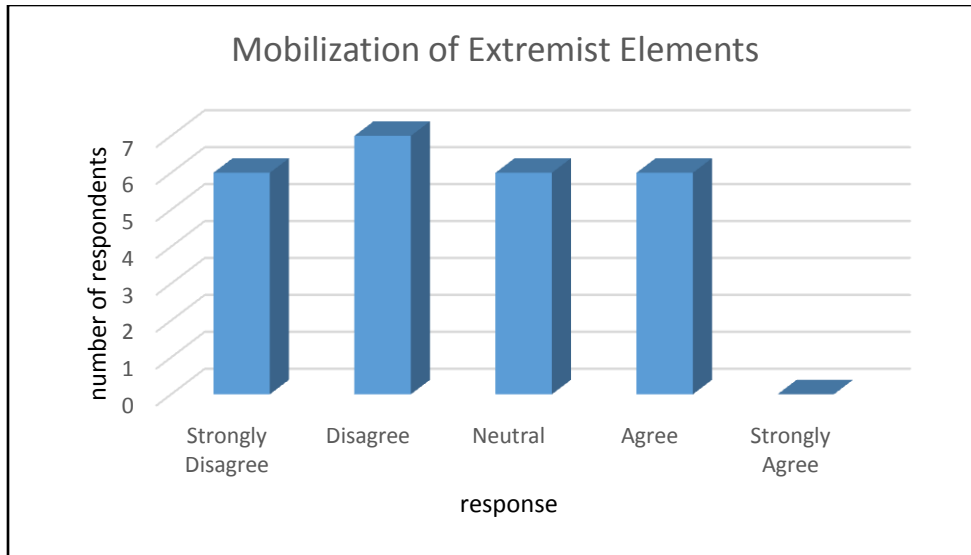
Majority of the respondents disagreed to this statement. They were of the view that China would soon be able to resolve internal issues and these would not affect the project. A very small number of experts agreed, stating that conflict in a territory with such a diverse population, could have potential spillovers and affect the project, especially since Xinjiang is the preliminary point of the project.



Question 6

Is it possible that the existence of a physical route (in the form of CPEC) will contribute to the mobilization of extremist elements within the region?

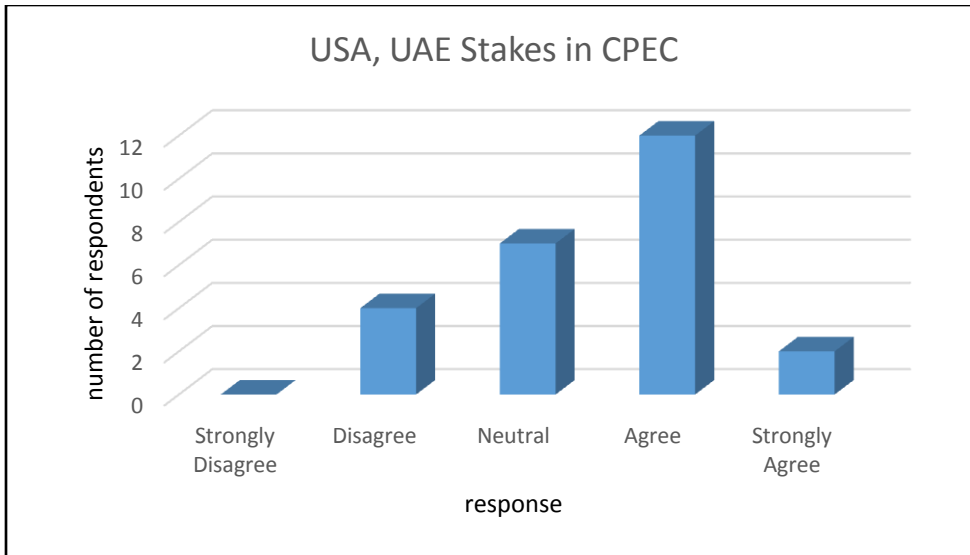
A large section of the respondents were in disagreement to the possibility of such an event. They opined that strict measures of security being taken alongside the route would prevent any such events from occurring. Some respondents assumed a neutral stance and a portion of the respondents agreed to the statement. Their opinion was that such an extensive route would require infallible security, however even the smallest lax could permit hostile elements to use the route for their benefit.



Question 7

USA and UAE have a high economic stakes in the development of CPEC.

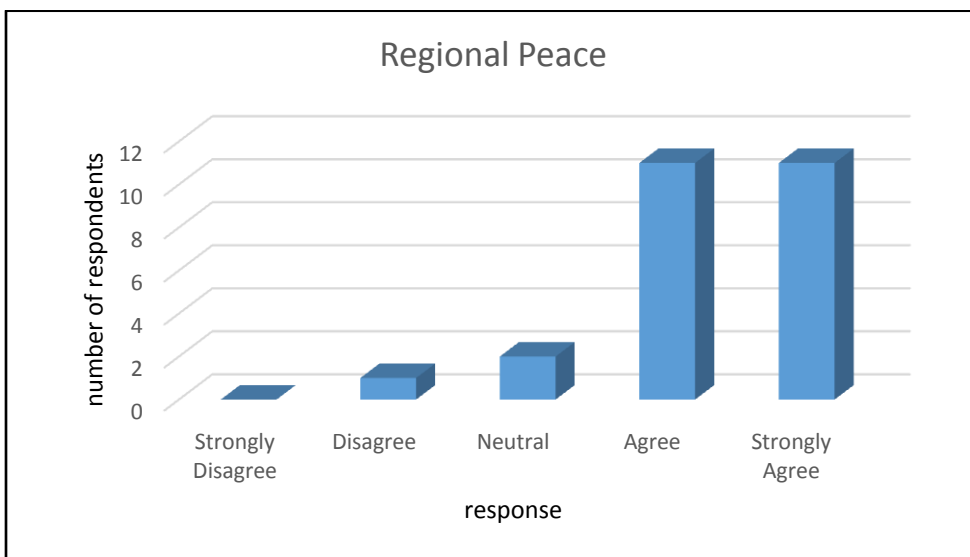
Respondents largely felt that CPEC would incorporate the stakes of both UAE and the US by challenging them on an economic front. Some respondents remained neutral on the matter and some disagreed, stating that CPEC would largely be limited within the South Asia region.



Question 8

CPEC can bring peace and prosperity to the region.

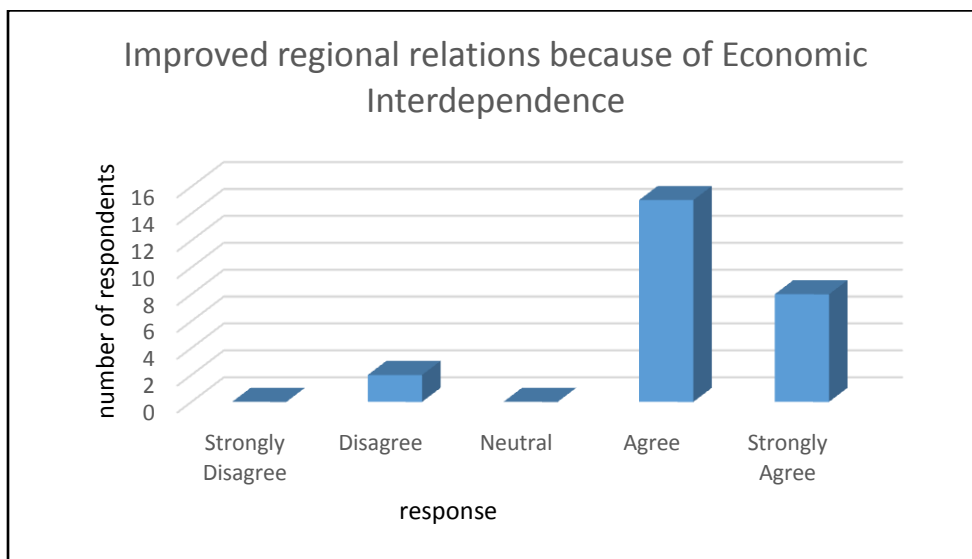
Most respondents agreed and held the opinion that economic interdependence of regional actors would eventually lead to the stability of the region, by creating joint stakes and interests. Those in disagreement felt that economic efforts alone may not be sufficient to unite neighbor countries with such diverse issues and conflicts.



Question 9

Economic interdependence amongst regional neighbors such as India, Iran, Pakistan and Afghanistan could lead to improved mutual relations.

A majority of the respondents were of the opinion that economic interest trumps all other interests and economic interdependence could lead to improved mutual relations. Such respondents agreed to the statement. The respondents in disagreement were of the view that economic incentives alone would not be enough to unite the region.

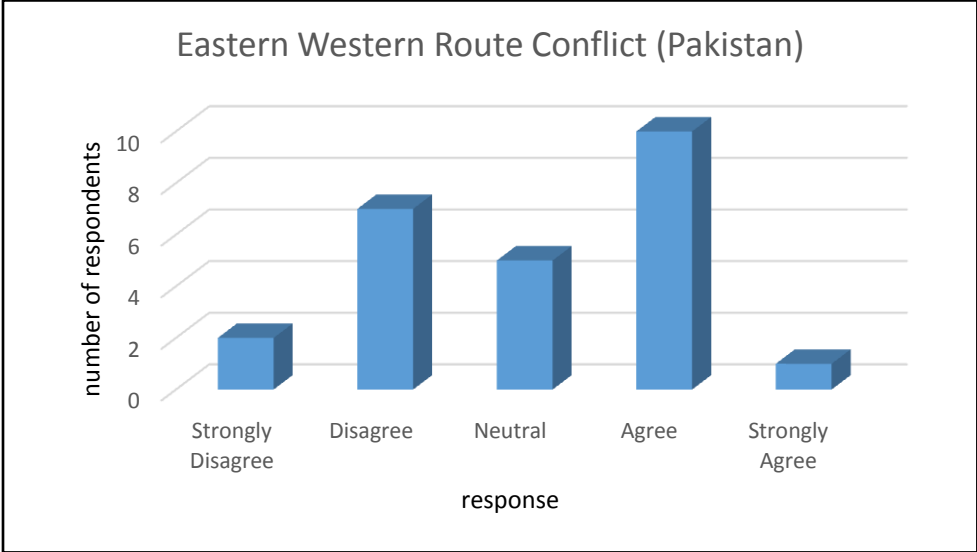


Question 10

Development of eastern route on priority basis could potentially trigger inter provincial conflict.

Most respondents agreed and stated that the provinces to be connected to CPEC later may feel a sense of deprivation and exclusion, which could lead to inter-provincial conflict and a fight for resources. A number of respondents also remained neutral whereas those in disagreement were

of the opinion that eventually the entire country would come to benefit and any apprehensions the provinces might have would be put to rest.



Discussion:

The literature that was examined and the primary data collected, both present a general consensus on the themes identified in the research. However some disagreement between the literature and primary data was observed in some notable cases. Amongst these was the topic of the Iranian port of Chabahar. The existing literature viewed it as a rival port to Gwadar. The different studies indicated that Gwadar should be wary of the development of Chabahar as it would create competition for the former. However during the collection of primary data it was observed that most respondents did not hold the same view. According to the majority of experts, Chabahar with its smaller capacity and completely different topography, did not need to be viewed as a rival in fact Gwadar and Chabahar could act as sister ports and work in synergy to improve the economic situation in the region.

A second point of disagreement was the role of multilateral organizations such as SAARC and SCO. According to the literature reviewed, such organizations would have a prominent role in the resolution of various small scale security issues linked with individual countries, however the experts consulted as part of the primary research did not hold this view. They believed that such multilateral organizations would have a dismissible role, as apparent from their ineffectiveness in the past.

Recommendations

- CPEC may convert local populations into a minority. The locations that CPEC is passing through have populations with low literacy rates. Locals may fall victim to exclusion from the project if international workers especially Chinese are brought in to fill the gap. Necessary steps should be taken to avoid this by empowering and equipping local populations for future employment opportunities. An important step towards this goal can be tackling the literacy issue and educating the indigenous people. High literacy rate can offer locals the opportunity to compete for jobs, establish their businesses and accept a multicultural society. It will also educate them and allow them to understand the need for the project. This could aid in curbing local resistance to developmental efforts.
- Pakistan should try to create a stake for all the countries opposing the project as a security measure. This can be done by improving trade relations with neighbor countries such as India, Iran and Afghanistan. Improved economic relations may help to improve the security situation in some cases such as tackling the border issue with Afghanistan and ameliorating the militancy problem in Balochistan, which traces back to involvement by Indian intelligence. Iran, with its Chabahar port has the potential to work in synergy with Pakistan and provide immense economic benefits. Similarly India is one of emerging powers of the region and completely sidelining it would be a foolish move on part of Pakistan. Pakistan therefore needs to re evaluate and strategically alter its foreign policy.
- Governance in the administrative and related departments should be improved so that the CPEC projects can be successfully executed and sustained over the long term. Building upon infrastructure alone will not eliminate all problems Pakistan faces, government

departments need to function efficiently and effectively to derive all the potential benefits from CPEC.

- The details of the CPEC project have not been fully disclosed. A negative outcome of this has been observed in the case of rivalry between KPK and Punjab. The former has accused the government of being prejudiced. However it may be in Pakistan's best interest to not fully disclose details until the completion of at least the first phase (2017-18). The benefits of keeping the terms and conditions discrete outweigh the disadvantages. CPEC is in its initial stages and faces multiple threats and challenges from every possible angle. Disclosing the details might further complicate the situation by providing opposing parties with the necessary information for destabilizing the project.

CONCLUSION

Despite being a territory where a majority of countries share common histories and cultures, South Asia remains one of the world's most segmented regions, especially on the economic front. A host of problems prevents regional countries from reconciling their differences and working towards common goals of development and the prosperity and overcoming challenges of underdevelopment, poverty and terrorism. Now with the vision of CPEC and subsequently, One Belt One Road, China proposes a new forum for regional integration and cooperation.

This research attempted to reflect upon not only the economic outcomes of this project, but also its political and geostrategic impacts and the resulting influence of such shifts in the regional economic and political scenario, on the peace and security of the South Asia region as a whole. The dimension of security was specifically addressed due to its important nature. South Asia is a volatile region. The countries of this region are weaved in a complex web of problems and issues related to their internal security that in turn have multi-faceted and far reaching consequences for neighbor countries and the security of the entire region.

This research took an exploratory approach to studying the China-Pakistan Economic Corridor and its possible implications on the peace and security of the South Asia region. The study was divided into two further parts for the purpose of understanding this impact. These include the implications of CPEC on peace and security within the borders of Pakistan and its implications on the peace and stability of the region. Pakistan's internal security situation has been studied in context of its implications on the region and vice versa. This research has advocated that the development of CPEC will have a positive impact on the peace and security of the South Asia region. However since this is an ongoing project, one whose results cannot be tangibly measured

as of yet, this study has drawn no definitive conclusions with respect to its analysis. However it gives a holistic overview based on different methods of data collection and demonstrates a possible direction the security paradigm may take as a result of this project.

The theory of ‘economic interdependence’ provides the underlying basis for this study. This theory helps study the relationships that are formed between different stake holders as a result of economic codependence. This research elucidated how economic interdependence among countries in the South Asia region can lead to cross border integration and thus peace and stability. It has studied the impacts of this economic cooperation within the borders of Pakistan and subsequently the region.

Due to the nature of the study and the ongoing status of the project, no definitive results could be concluded, however the methodology used for this research indicates results that lean towards an optimistic view and show a positive impact of this project on the research variables pertaining to internal and external security. Findings from research indicate a generally positive view of CPEC. The results and findings from the research suggest that the development of CPEC could lead to peace and security of the region. Economic cooperation as a result of this project can help neighboring countries to reconcile past grievances and unite them on a common front. Findings indicate that CPEC would help address various issues related to security within the borders of Pakistan and China, and then in turn allow for the mitigation of the issues present outside the borders of both. The development of CPEC and the subject of security were viewed as being interrelated and cyclical, whereby the presence of one would help establish the other and the absence of either one would prove to be a hurdle for the existence of the other.

A general consensus among research findings, drawn upon from various techniques, suggests that CPEC could help bring peace and stability to the region by fostering unprecedented economic growth in the region and providing new avenues of physical and trade connections. Such trade partnerships will help establish trans-border connections and prove to be a catalyst for regional connectivity and harmony by uniting the regional neighbors and providing for them a common direction and goal to work towards.

The research has found a positive relation between the research variables and CPEC, predicting that the development of CPEC will have positive results on Inter and intra provincial stability, within Pakistan. Political and economic stability of Pakistan will be positively impacted and its overall effect would be a net positive gain for Pakistan. Similarly it was projected that there will be a positive growth in the capacity building of Pakistan which will eventually lead to harmonization of the national economy. It was observed that as a result of increased security from the project, instances of violence and militancy will see a potential decline over time. Some negative findings in this section included the probable negative impacts of the project on the environment; however most respondents held a favorable view of the project and believed that environmental impacts would be negligible.

For external indicators the research observed a positive reaction of variables such as economic and political stability of the region, to CPEC. A significant decline in proxy wars within China and Pakistan was also expected as a result of this project. Consequently it was observed that the development of CPEC could lead to hostile reactions from opposing countries that perceive the project as a threat, both economically and militarily. Nevertheless, overall it was projected that the project would lead to increased national integration within the borders of Pakistan and China and consequently the region.

This significance of this research lies in its endeavor to sharply focus on the unique and complex dimensions of security related to this project. Though comprehensive, previous research related to the CPEC project focus mainly on the economic aspects of the project and its implications on economic ties between the countries involved in the project. This thesis takes the research a step further and addresses in depth, the implications of this project on various stakeholders and how their relationships may be affected following the development of CPEC. It focuses particularly on how this project may alter the geostrategic landscape of South Asia. It further brings to light the current standing of Pakistan in the global arena and its consequent alteration following the development of the project.

However this study faced various limitations due to which its full potential may seem to have been unrealized. The first and foremost problem lies in the available time for the research. An appropriate amount of time is needed to fully study the various dimensions of security that fall under the subject matter but the time allotted for this research was not enough to study each aspect in depth. The second limitation of this study lies in the lack of accessibility of primary source of data. This study relied heavily on expert opinion as a source of primary data. However due to the constraint of time, not all of the knowledgeable sources could be approached. A third constraint was observed when approaching the Chinese experts related to the project. Most of the Chinese sources seemed to be reluctant to provide any kind of insights related to the project.

Despite its various limitations, this research does raise a vital need for studying in depth, the aspect of security linked with the CPEC project. This project not only involves the two major partners in the venture i.e. Pakistan and China, but also encompasses within itself the stakes of regional and global actors. Projects of such an extensive nature tend to have radical impacts. In this case, CPEC, already being called a ‘game changer’ and a ‘fate changer’ may have

widespread effects on an already unpredictable global scenario, which is why it is important to research and study CPEC's impact in all its dimensions.

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Appendix A

Reference for Respondents	
Respondent 1	Legal Source
Respondent 2	Military Source 1
Respondent 3	Military Source 2
Respondent 4	Planning Commission Source

Appendix B

Close-ended questionnaire

China Pakistan Economic Corridor: Implications on Regional Peace and Security

Title: _____

Institution: _____

To what extent do you agree with the following statements? On the following scale, encircle the appropriate:

1 2 3 4 5
Highly disagree Disagree Neither Agree nor Disagree Agree Strongly Agree

1. Do you believe China and Pakistan will be successful in completing the first phase of CPEC on time? (Expected completion 2017-18)

1 2 3 4 5

2. Strained relationships with India could lead to destabilization of the project.

1 2 3 4 5

3. Security situation in Afghanistan can severely undermine the project.

1 2 3 4 5

4. Inter and/or intra provincial conflicts within Pakistan are a major hurdle to the development of CPEC.

1 2 3 4 5

5. Xinjiang as an autonomous region and a home to multi-ethnic and religious groups is a potential barrier to the development of the megaproject.

1 2 3 4 5

6. Is it possible that the existence of a physical route (in the form of CPEC) will contribute to the mobilization of extremist elements within the region?

1 2 3 4 5

7. USA and UAE have a high economic stakes in the development of CPEC.

1 2 3 4 5

8. CPEC can bring peace and prosperity to the region.

1 2 3 4 5

9. Economic interdependence amongst regional neighbors such as India, Iran, Pakistan and Afghanistan could lead to improved mutual relations

1 2 3 4 5

10. 10. Development of eastern route on priority basis could potentially trigger inter provincial conflict.

1 2 3 4 5

Appendix C

Open-ended questionnaire

1. How do you think CPEC can contribute to internal peace and stability of Pakistan (impacts on inter provincial relationships, economic and political stability)
2. Given its turbulent history, do you believe Pakistan will be able to sustain this project and continue to benefit from it in the long term?
3. What could be the potential challenges that CPEC may present to Pakistan?
4. In your opinion, what is the significance of CPEC?
5. Do you believe economic interdependence amongst regional countries as a result of this project can help achieve long term peace and stability?
6. How do you think CPEC will impact the resource conflict in the region? Do you think it can promote resource sharing among regional neighbors?
7. Do you feel that multilateral organizations (like UN, SAARC and Shanghai Cooperation etc.) can influence/affect the megaproject in any way?
8. Do you think joint efforts by China and Pakistan to mitigate the security situation in Afghanistan through forums such as the SCO will be successful in stabilizing it?
9. Do you feel this economic cooperation would lead to a shift in the power politics? If yes, a) who in your opinion will benefit and who will lose out?
10. China currently supports a policy of 'no dominance'. However many scholars predict that China may try to dominate its trade partners with weaker economies and capacity. How do you view this perspective?
11. Do you believe India would be willing to put the past behind and cooperate with Pakistan for regional integration?
12. Both USA and UAE have high economic stakes in the project. Do you think they pose any threat to the project?
13. The CPEC project will be dependent on Iran for a great deal of its energy (natural gas) requirements. With regards to this what stance do you think Iran would adopt?
14. Do you think hostile elements in the region may attempt to lobby against Pakistan and China in attempts to jeopardize the project?
15. In your opinion what may be some of the negative externalities of the CPEC project?

