



## A Review of Challenges and Opportunities of PAK-CHINA Economic Corridor

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**Abstract**—The research is based on a review of challenges and opportunities of Pak-China Economic Corridor. In 2013, PCEC was signed between two countries. China announced to provide \$46 billion investment for the development of PCEC. The main purpose of this study was to examine the challenges and opportunities of PCEC. Pakistan and China have strong socio-economic relationship with each other. The study shows that there is a significant relationship between two countries. It is analysed in this research that both nations can get benefit from this project. China is a less-developed country and also developing most rapidly, it is sure that its economy will boost in next coming years. This project would be benefit for Pakistan to improve energy crises and increase the volume of trade in future.

**Keywords**—International Trade, Economic growth, Special Economic Zones, Gwadar, Railways, Economic Corridor.

### I. INTRODUCTION

Pakistan and China have strong relationship with each other and there are mutually co-operation between two countries. China is the second largest trade partner of Pakistan and the economic trade is increasing between two countries. China also help the Pakistan to increase the infrastructure of Pakistan[1].

Both countries support with each other and solved international problems together. The discussions were first ongoing in Mushraf's era, then it was approved in Pakistan Peoples Party (PPP) government and now it is started in Nawaz Sharif regime. In Mushraf's time PCEC was called "Trade, Energy, Transport and industrial corridor"[2]. The chairman of Pakistan Tehreek-e-Insaf (PTI) Shah Mehmood Qureshi said to the media that "The meetings about PCEC were started when I was included in PPP government." On 22 May in 2013, Chinese president Li Keqiang and Pakistan's president Nawaz Sharif planned in Islamabad to construct an economic corridor which is

connect to Kashgar in China's northwestern region of Xinjiang with the southwestern Pakistan port of Gwadar over highways, Railways and road network.[3].

Prof. Ahsan Iqbal, development and reform commission of the Pakistan said to the media:

"The main objective of Pak-China economic corridor is to bring harmony, affluence for people of two nations, not only for two states yet for whole world. This corridor will result in numerous progresses in worldwide and mutual perspective."

Pak-China economic corridor route will pass from Kashgar to Gwadar sea port over Khunjerab.

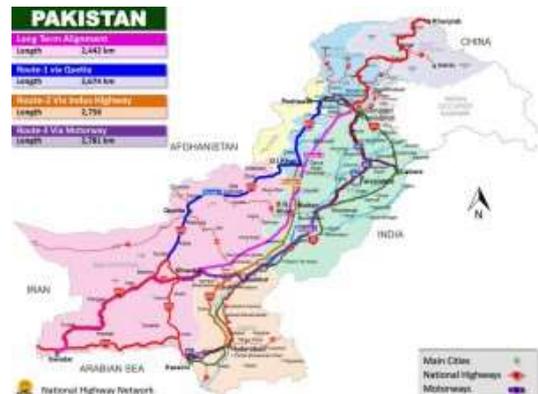


Figure 1. Pak-China economic corridor route Map  
<http://readydaily4free.com>.

This route will exclude KPK that's why some political parties had objections on it and rejected it. Parliamentary committee will check work which is started on Gwadar and if there will be any issue about PCEC then they solve it[4]. This route will provide prosperity in developing countries and give chance of job in many sectors. The federal government approved this project and said in his meeting to the media that we are agreed to work with China and import 1000 megawatts of electricity from China in this new route[5]. PCEC is a big highway project between two countries and work started on it in Dec, 2014, Havelian to Thakot and Islamabad-Raikot roads would be constructed. Nawaz Sharif in his meeting said to political parties that

"Government will eradicate all trepidation about the route of the PCEC and also explained the aim of this project."

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Chinese president during his visit in Pakistan said that PCEC will connect different countries Africa, Asia, and Europe and this project will like a bond for the silk road [6]. This route will pass through Gwadar to Queeta, then Zohab and then reached in Dera Ismail Khan. The government thought that this route should be change and make new route which start from Gwadar to khuzdar in Eastern side, then pass the River Indus from northeast side and connect the Sindh road. The government argued that there are two routes and request to the Chinese that second route should be first because it is inexpensive. China is developing a special economic zone in kashgar which means to increase the trade and development of the area require an external resources from Pakistan. Pakistan's Gwadar port is an easy access for China to acquire warm water of the Arabian Sea and it will reduce the time to transport the goods and services from China to Western Asia[7]. This project will not be benefited for only two countries, but also for Africa, South Asia and Central Asia would also get benefit from this project[8]. It will be a golden chance for two countries. China announced to provide \$46 billion for construction the PCEC, which is equivalent to roughly 20 percent Pakistan's annual GDP[9]. When this project will complete it will expand number of trade routes between China and western Asia. China announced to provide \$34 billion for improvement of the infrastructure and it is expected that this project would complete in 2017.

Pakistan-China Economic Corridor provides equal opportunities for all provinces and regions of Pakistan. China Pakistan Economic Corridor improve the infrastructure of Pakistan and it will also help to raise the backward areas of the country mainly Gwadar, the natural Gateway of China. In this project two countries planned to make Gwadar's airport and for this China will grant Pakistan \$230 Million to construct a new international airport in Gwadar[10]. There is planned to construct the special economic zones in different regions, these zones will improve economy of both countries. The objective of this project is to connect the north-Western Chinese province of Xinjiang with the Pakistan port of Gwadar. This project will increase infrastructure, energy and power plants[11].

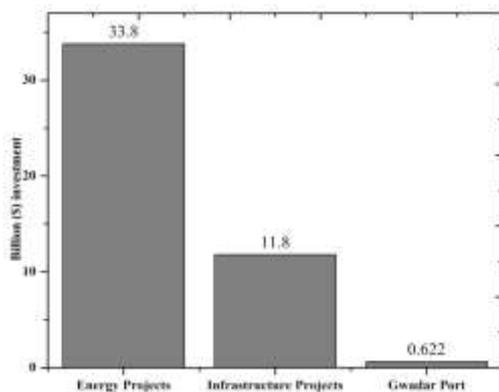


Figure 2. Coarse and Incomplete Details of Projects break up of \$45.6 Billion Investment of PCEC including instant energy projects (coal, wind, solar and hydro) worth of \$15.5 billion that will add 10,400 MW of energy to the national grid of Pakistan.

In fig.2 \$15.5 billion (coal, wind, solar and hydro) energy projects will complete in 2017. Currently, Chinese and

Pakistan government decide to add 6,120 MW energy at cost \$18.2 billion in 2021[12]. For the improvement of infrastructure huge Quaid-e-Azam solar power will be put down from Chinese boundary to Pakistan city of Rawalpindi. It is announced to give \$1.5 billion investment for the construction of solar power and Chinese company Zenergy will build it. This project will provide 900 MW energy[13]. Industrial parks and special economic zones are an important element in Pak-China Economic corridor and these zones will remove energy crises and improve infrastructure in Pakistan. The economic corridor will economically improve the predominantly Muslim Region of China by connecting the Gwadar[14]. Ishaq Dar said Nawaz Sharif talk to political parties and assured that we will take out all issues which will be about PCEC and give rights to states. Pak-China economic corridor is "one belt one road route", this project expand trade through this route and will conveyance trail in Central and South Asia. Ahsan Iqbal said to the politicians who are against this route and protest to change it that it is not single road route and it will not be change and to corroborate their accusations with proof.

Asif Ali Zardari the previous president said that

"We will help PCEC and I think that all political leaders should support it for the progress of our country". And people should think about country's imminent that it is not for two nations, also it is for all over the world".

Shah Mehmood Quershī leader of the Tahreek-i-Insaf said to the media that it is nationwide project and people should not be against it because it will give a lot of benefits and opportunities. He also admired the PML-N who play an important role in PCEC.

Khawaja Asif Minister of water and power said to the media that "Punjab will support 25% and other provinces have to support 75% for PCEC".

Ishaq Dar Finance Minister said that all political parties should support the PCEC, because it is the duty of us and PCEC is our country's future project[15].

Nawaz Sharif said in his meeting that "China is going to offer an exclusive chance for our country." Also added that I expect it develops in folklore not in present but also in next coming years that we will convey harmony and remove general issues and will interchange onward these issues."

Ahsan Iqbal said that we should not construct any new road, but we should reconstruct the previous road which connect to Gwadar and Kashgar. Also he said that it is not only road project relatively it is group of projects e.g infrastructure, energy, Gwadar port and manufacturing collaboration[16]. Nawaz Sharif said that political parties have right to give her own opinion about PCEC, if they have any issue then talk on the media openly we would resolve these issues and they should not protest about it.

Some political parties e.g PTI, MQM, and ANP said that this project would be benefit for those areas in which this corridor will pass[16,15]. Pak-China economic corridor is not simple-minded plan, rather it has several sides and it will use numerous directions which connect with Gwadar to China.

Prime Minister said that Western route will developed first and then residual work would be finish in the next year.

AhsanIqbal said in his meeting that PCEC will not for local politics but also for world politics and admired the strong and lifelong relationship between two countries. Also added that Bolachistan will get more benefit from PCEC and it would help Pakistan in order to enhance economic relations with world. China will make an international airport at Gwadar seaport and for this China have to build roads. The government said that it will be own chinese powers that how much land they need to construct an airport. Chinese goverment said to the media that the completion of airport could take 2 years and we need 4000 acres of land for the creation of Airport[17]. Pak-China economic corridor would ba a huge project and it will pass through the most important geographic place in South Asia.AhsanIqbal said that Prime Minister Nawaz sharif beholding the work which is doing at Gwadar and guaranteed that we will help the Chinese to construct the port as soon as probable. Also he added that it is main phase to the development of PCEC and then step by step we will see the other implementations of this project. He said that Gwadar is the soul of the PCEC, it is the structure for imminent progress and this project would give equivalent benefit to both countries. Also he said that PCEC is not for two counries but also it would support the poor areas of Balochaistan[18]. It is planned to built parks at some cities e.gHavalian, Peshawar, Bannu and D.G Khan and 100 acres of land will be needed to make parks. It is announced that almost 500,1000 automobiles would be provided for parks and these trucks pass beside PCEC road over KP[19].

It is cost for Pak-China economic corridor projects, this figure just give Polaroid of PCEC for future. China's Export-import bank will endowment for this project[20].

- \$3.7 billion for Karachi-Lahore-Peshawar railways
- \$2.8 billion for four-coal-fired plants at Thar
- \$2.2 billion for two-mining chunks at Thar
- \$2 billion for natural gas-pipeline
- \$2 billion for two coal fired plants at Karachi and Qasim port
- \$1.65 billion for Hydropower project at Rawalpindi
- \$1.3 billion for Solar Power project at Bahawalpur and Pujanb
- \$930 million for the construction of KKH
- \$260 million for wind project at Sindh
- \$230 million for the construction of international Airport at Gwadar.

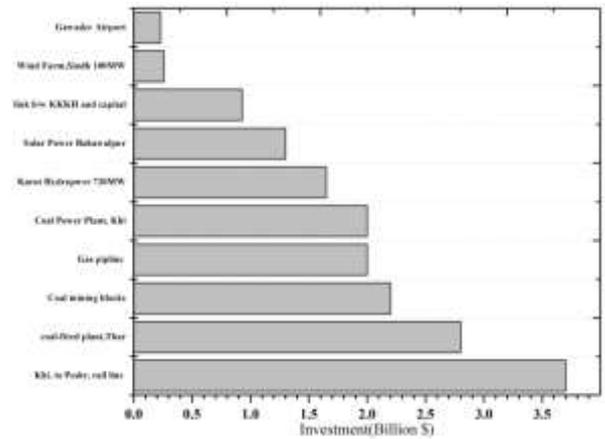


Figure 3. Energy power projects investment

It is planned to construct Hydropower projects in sukikinari AJK, Karot, Kohala at KPK, 870 MW for S.K, 720 MW for Karot and 1,100 MW capacity for Kohala would provide and the cost for these projects are 1,802 billion dollars for S.k and 3,187 billion dollrs for others. It is expected to develop coal power plants in Punjab, Sindh consisting of Thar, jamshoro and Qasim port , Bolachistancontaining on Gaddani.[21]. Fig.4 Power Generation capacity in different scaerios,2012-2030.

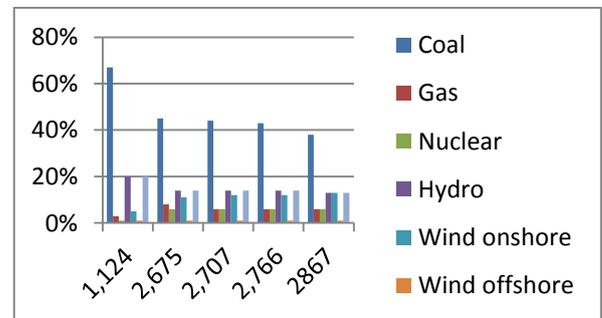


Figure 4. Power Generation Capacity in different scaerios,2012-2030

Globally it is observed that in 2006, energy was 19% and 20% in 2011, but now it will be raise 25% in 2018. Wind and planetary power was 4% in 2011, currently it will double to 8% in 2018. It is expected that China will consume 62% in 2020 and 75% energy in 2040.

## II. INAUGURATING OF SPECIAL ECONOMIC ZONES

Economic zone is an important slice of PCEC, China declare to devote \$46 billion for the development of energy and infrastructure. Dostain Khan chief of the (GPA) said that Chinese workers will start to build an international airport in next year. I hope that the general road which connect to the Gwadar will complete in next month. Pakistani government announced to provide sanctuary 1000, 25000 people for the protection of Chinese workers. It is estimated that economic zone will take numerous years to develop and the total rate of economic zone is \$62million[22].

The political parties PTI and PPP notorious 24 economic zones for PCEC. China delivered message for Pakistan

government that first step is to develop the Gwadar port, then construct (SEZ) and we hope that (SEZ) would complete in 2017. It is expected that within two or three years Pakistan and China will decide to final the completion of (SEZs). Iqbal said that (SEZs) in Bolachistan would develop first. The KPK government said in his meeting we expect that almost Rs.300 billion would spend on (SEZs) and it will create 30,000 job opprotunities[23]. Pakistan's government decided to increase five industrial plantations for (SEZs) and said that these estates would be more beneficial. It will generate 150,000 jobs for people and make more investment[24].

Mohsin M. syed said that it is planned to develop (SEZs) at Swat and Malakand for the construction of industries. Now KPK has 17 industrial plantations which are controlled by the Sarhad Development Authority (SDA), but KP'S government decide to remove all ancient manufacturing due to lack of and insufficient gas, electricity and inadequate atmosphere. The KP's government decide to develop a rug's industry which will close to Peshawar and the cost of this industry is RS.100 billion. It will create job opprotunities for 2000 literate and illiterate persons. (SEZs) will open vocational training institutions and also provide 100 MW electricity. It is expected that it will be complete in 2017.

The II zone will construct at M-I Motorway in Nowsherha which is close to Rashakai and the aim of this zone is increase trade with different countries and the cost of this zone will be \$1000 billion[25]. It is proclaim that oil industry and gas influence plant would be constructed at Karak and 100000 per barrels of oil, 1000 MW gas will be needed for these industries. The cost of these production will be neede \$5 billion for oil and \$10 billion for gas. SEZs will be constructed at D.I.K and 200 acres of land is need for this plan. It will offer lot of opprotunities and could generate 20,000 jobs for employees. It is estimated that Rs.30 billion will spend on this project. The government plan to open small industry at Noswsherha, 287 acres of land will be needed for it and work on that factory will marble cutting, polishing, and material vendors. The Sindh government said that we will need to open SEZs at Sindh along with the PCEC. Punjab Government said to the media that there is need to develop industry in which capital goods, machinery and other equipment will be imported and exported without custom duties for 10 years. Ahsan Iqbal said that Pakistan will send designation of this project to the China, however joint coordination committee of the PCEC will provide opprotunities to both countries of the private zone in order to develop the SEZs in future[26].

KPK and Bolachistan's government complain and disapprove the PCEC and said that these two provinces will deprive from SEZs, therefore PM of the Pakistan should include these two province for the progress of the KPK and Bolachistan. Political parties of the KPK and Bolachistan protest and send request to PM and claim for SEZs which are sideways to the Western route. Khattak the chief Minister of the KPK said to media that

"It is our right to acquire benefit from PCEC otherwise we don't need this project, nor the way which link with the office of the Prime Minister." [27]

Nawaz Sharif said that

"PCEC could be only possible and become successful if political parties and Gwadar's people will support, then we can develop Gwadar in actual logic." [28]

#### A. Arguments About Three Routes of PCEC

China and Pakistan have enclose three routes of durable PCEC to overwhelmed the issues. "Southern Corridor" corridor will starts from Guangzou and lead to the Western side of China which joins to China's Kashgar to Pakistan's Kunjarab, where China bond Gwadar port on the Arbian Sea. This route starts from Gwadar and cross the Turbat, panjgur, Nag, Basima, sorab and then reach D.I.K to Islamabad. "Central Corridor" starts from shanghai to Tashkent, Theran and Bandar Imam Khomeini which is the port of Iran lead towards on the Persian Gulf. It is the unique route for Pakistan, but chinese president said that there is another option for this country is if they don't want to link this road, then there is another New Silk Road "one belt one road route", Pakistan could benefit from it and connect with it. Central route will start from Gwadar and reach D.I.K, Basima, Khuzdar, sukku, Rajanpur, and Bhakkar. "Northern Corridor" which starts from Beijing, cross from Russia and then connect with European cities. Northern route will originated from Gwadar to Basima, Khuzdar, Sikkur, Rahimyar Khan, Lahore and then reach in Islamabad.

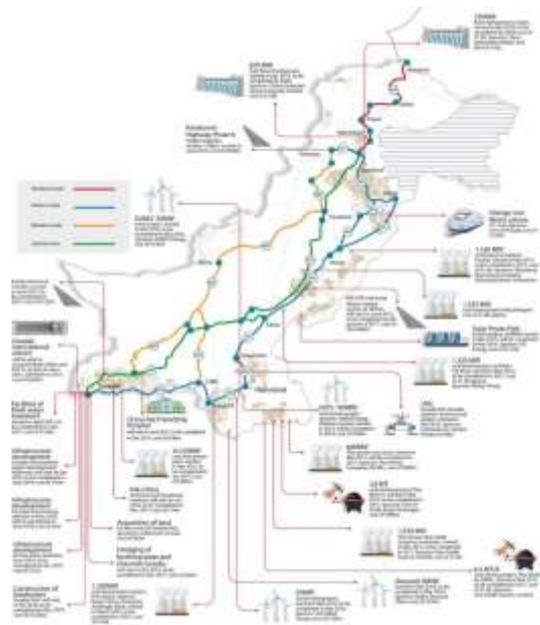


Figure 5. Detailed map for routes <http://www.theexpresstribune.com>

The Eastern corridor will construct first, but Chinese government request for security in order to protect the Chinese workers who work on the Eastern Corridor. It is enduring project and expected that it will complete in 2030. The Eastern corridor will cross over Thakot, Mansehra, Islamabad, Lahore and Multan, then Multan corridor will be connect to Hyderabad, Rohri and Dadu, then, then Hyderabad will link to the M-9 and then Karachi will connect to Gwadar over N-10. The construction of Central route will be finale after years, but

the development of Western route has started. The work on Western alignment has begun and Pakistan should require some security workers at Gwadar border [29]. The Eastern route will cross Punjab and Sindh but this corridor will cut the KPK and Balochistan. The Balochistan government raised issues on this route. If we compare between three routes then we can find that Eastern route is frugally unrealistic. Ahsan Iqbal said that central route is not long corridor rather it is the shortest route. Pakistan's government said that Eastern route is the best choice for them and they are agreed to increase their economy through Eastern route. Ahsan Iqbal said that we have decided to pick this route because of Chinese request.

Ahsan Iqbal said that

“Eastern route would take prosperity and progress in all backward areas, but two provinces KPK and Balochistan could not get benefit from PCEC.” [30]

### B. History of Pakistan-China Economic relations

Pakistan and China has been proved to be a model of friendship and both countries have strong social, political, and economic relations. Their friendship is depend on equality and mutual interest in all fields of life. Pakistan has big Chinese investment which is invested to develop the infrastructure, roads, and highways and Pakistan received this investment for social and economic development [31]. This research paper highlights the significance relationship of both countries in international trade on economic growth.

International trade in China is increasing; China participates more and more in trade to increase economy. Its exports and imports in market have become more expand especially in Asia [32].

China's trade has increased in 1992 and it is found that China largely effect on the USA economy. It is observed that China's education boom almost no impact on the USA Economy [33]. China is the second largest exporter and importer in the world. In 2011, its total trade and foreign direct investment was more than US\$ 3.6 trillion and US\$ 65 billion [34]. Chinese Investment is increasing in order to develop the economic growth of Pakistan. Pakistan have free trade agreement with China and both countries are good trading partners.

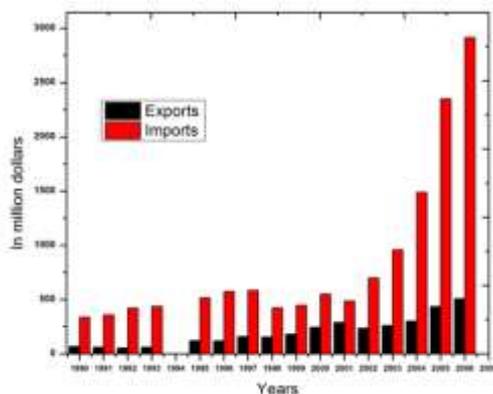


Figure 6. Pakistan's Trade with China

Fig.1 shows export and import between Pakistan and China from 1990 to 2006. This figure shows that Pakistan's import exceeded the Pakistan's export with China. It shows that Pakistan suffers from trade deficit and with the passage of time this trade deficit is increasing. In 1990, Pakistan exports were 66.91 and imports were 336.68, but in 2006 Pakistan exports were 506.64 and imports were 2914.93 with China. So, there is necessary for Pakistan should increase export rather than import.

### C. Opportunities of PAK-CHINA Economic Corridor

Pak-China Economic corridor will give opportunity to the Central Asia to acquire the Warm Waters. Due to PCEC Pakistan will convert to center biggest trade country into world. Russia will also get benefit from PCEC. In future, Pakistan will connect to many countries in order to increase trade and the economy of Pakistan would be improved [35]. It is planned to develop organizations, teaching centers and also will give scholarship for students. This project will improve energy, infrastructure in developing areas. It will also economically and socially support the under developing countries, especially at Gwadar. It will increase the means of communication, industrial and agricultural development, construction of parks. It will provide job facilities, recognizing tourism scenes, and will provide other resources. PCEC will provide equivalent opportunities for provinces and states [36].

Owing to Pak-China economic corridor, China will entrance the Indian Ocean, Middle East and Africa through Gwadar port. This is the natural gateway for China and it is the shortest route for it [37].

### D. Pak-China Economic Corridor (PCEC) objectives

The motivations behind Pak-China economic corridor is to improve the Pakistan's investment profile and economy, law and order situations [38]. Pakistan and China have good relations with each other, this project will expand their friendship and promote their economy. Language is main issue, PCEC will improve Chinese language in Pakistan. It will improve NGOs and other organizations in China and also cooperate the trade, education and culture [39].

In (PCEC) Pakistan will purchase boats from China for long periods of travelling under water in order to reach in different countries. Pakistan face energy crises many years, it is announced that \$37 billion will give to improve the Infrastructure [40].

### E. Advantages of PAK-CHINA ECONOMIC CORRIDOR (PCEC)

#### a. Benefits of China

China is the second largest country in oil importer. Before years ago, China imported 6.3 million per barrels of oil from Middle East through cargo, spend \$18 million on it and the distance of it through Malacca was 9,912 miles. Now China will directly import oil from Kashgar to Gwadar and the distance of it 3,626 miles from Central China to West China is 2,295 miles [41,4]. This project will be extremely benefited for China in order to require oil. On the other hand it will boost the economy of China. China also will trade in other countries in this shortest route. Now Chinese would export to Western

side[42].CPEC will improve the china and pakistan's economy and security. When PCEC will complete it would enhance trade routes from Middle East to Central side and China exportand import in this short distance. It will save the distance and time.

*b. Benefits of Pakistan*

PCEC would be benefit for Pakistan. It will increase trade , Pakistan will more export and import with other countries, improve the pakistan's economy, increase infrastructure, industrial and agricultural development, financial collaboration, enhancement of the education, community well-being and individuals communication[43].Pakistan is a less developed country and facing shortest energy power. This project will improve the energy sector in Pakistan. There are millions of people are unemployed, this project will provide jobs and fulfill the needs of many people. CPEC is the hub between two states and it would provide facilities in all regions especially in less developed areas and will bring pece, harmony and co-operation. Also Pakistan will import oil from Iran over this route and become a rich nation.

Pakistan-China Economic corridor will bring economic prosperity for both countries and it would be beneficial for the whole world.

Chinese president visit in Islamabad and said that there is need to construct gas conduct which will transport natural gas from Iran to Pskistan and in this way Pakistan's energy sectors will upgrade[44].



Figure 7. Iran Pipeline route Map <http://www.defence.pk>

*c. III.BENEFITS TO AFGHANISTAN*

Pak-China economic corridor is not important for both countries, but also have significant impact on other provincial countries. PCEC will bring social and economic prosperity for Afghanistan and it will change the destiny of it and other countries.Pakistan always contribute to make successful and well-off the people of Afghanistan.China and Pakistan pooledtheir prospects and aims with it and is trying to reconstruct the road which connects with Gwadar port. Afghanistan will get more benefit from PCEC when the Westerncorridor pass through Khuuzdar, Zohb and then reach in Islamabad. This corridor will directly connect the Afghanistan to Chaman and finally link with the Gwadar maritime port. This is the easy and shortest rout for

Afghanistan in order to promote the trade between two countries. The distance of this route is 600 km and it will save lot of time for itinerant people. The people of Eastern and Western is making effort to develop road which connect to the Afghanistan and Pakistan. The Eastern corridor will start from Karachi to Lahore Motorway and forward to Islamabad to Abbottabad. It is expected that PCEC will improve Afghan's economy, while on the other hand it will provide job facilities for the people of Afghanistan.

Due to PCEC roads of the Afghanistan will be reconstruct which lead to the Gwadar port, develop infrastructure, facilities of trade and there will be transfer link between Pakistan and Afghanistan[45].

*d. Benefits of Iran*

Pak-China economic corridor will be benefit for Iran. AhsanIqbalsaid in Islamabad that PCEC has invited Iran to participate on it and the Iran has decided to contribute and work on it[46].

Mr.IbrahimQureshi said to the media that this project would be beneficial for both states Pakistan and Iran and the co-operation between two regions will improve the security on border in he West. Also he added that it will develop bonds in bars, roads system, improvement of the mutual relations and enlarge trade, professional, civil and ethnic relations. Iran said about PCEC that they are not opposed it and every country who they want to increase trade and want to improve economy of their country, they can joint. In the coming years, it would be beneficial for Iran because they will export oil and gas over this short cut route[47].

*e. Drawbacks of PCEC*

There are some disadvantages about this project that the pak-china economic corridor would be loss for two provinces KPK and Blochistan.Some politicians of Blochistan complained and refused it. They said that Gwadar is located on theArbian Sea and many wealthierregions will adventure their inanimate and gas recources. They added that it will be loss for Blochistan and KPK and huge inequality for us.Jaffer Khan Mandokhel added that it would be beneficial for Pakistan's wealthier states. They said that China main aim to develop silk road to increase trade in Europe and Middle East. This corridor will exclude the D.I Khan from KPK, this means that KPK will not get benefit from PCEC.

This free trade agreement will cause threat for small areas e.g in local market and local manufactures.It will creat disturbance for local industries and there will be compition in chinese products. In china firms behave like monopoly and in this project Pakistan will depend on China. It will increase the ratio of unemployment in Pakistan.

*f. Significance of PCEC*

The significance of the CPEC curtails from Pakistan Geographical location and Gwader port is the heart of this project. In central Asia, the factory owner and dealers will also get benefit from PCEC and export goods and services to other countries. China can get oil and gas through from West Asian countries, especially from Iran[48]. It has significant impact for China because China is the biggest oil impoerter and used long

route to import oil from Middle East, now China can use shortcut corridor for importing oil[49].

The relationship between India and Pakistan have been complexed owing to Kashmir and military issues. Indians are against this project and the prime minister Narendra Modi complaint but Chinese president said about this project it is commercial project. India can also get benefit from PCEC and create good relations with Iran and Afghanistan and stand the sovereignty of China in the region[50].

Economic corridor is the development project for both states. When this project complete it would be enable to China to associate with its substantial economic and oil requirements with Afghanistan[51]. This project may not be particular a common project, it's a viable project. When this project complete it would be beneficial for Pakistan, China and other countries. And I hope that this project will play inevitable role and remove geo-political issues in next coming years.

### III. THE STRATEGIES AND DEVELOPMENT OF (PCEC)

Prof. Ahsan Iqbal said that this project will bring progression and prosperity in the country. It is a game changer project for Pakistan. The reintegrations of KKH, the construction of Karachi-Lahore Motorway and the development of Gwadar port highway[52]. The construction of Gwadar international airport, construction of seawalls at the port, improvement of infrastructures, increased trade, construction of industries, Metro train in Lahore, special economic zones, hospitals, institutions and the development of railroad system at Gwadar port[53].

Pak-China economic corridor is a big project than another project. Pakistan face energy shortages, the construction of dam will remove these issues, there are two other projects which is a part of (PCEC) Gaddani and Shiwali [54]. There are other power projects e.g thermal and solar power plants that are included in PCEC[54].

#### a. GWADAR



Figure 8. Pak-China Economic Corridor Gwadar Map Gwadar Economic Corridor oil producers, consumers Future free port <http://sangargwadar.com>

In 1954, Gwadar was in the control of Oman, but after 200 years, Pakistan obtained Gwadar from Oman \$3 million. Pakistan planned to develop Gwadar with United States and USSR, but both countries reject this plan. After this, China

want to work on Gwadar[56]. Gwadar was erected in 2007 by mechanical support and it is situated in 540 km in Western side[38]. China added \$248 million for the development of sea port. Gwadar is a harbor and modern community centre in which two countries Pakistan and China planned to develop Gwadar. If we see Gwadar in past then it gave different picture e.g shortage of clean drinking water, no health care facilities, and there was unemployment in Gwadar city[57]. But currently plan between two countries it will provide lot of facilities such as improving infrastructure, telecommunication, roads, network, railway, special economic zone, colleges, clean water, job opportunities, the construction of industries, comfortable office accommodations, shops, residential flats, organizations, national, social and economic development, increase trade, associate the local, international customers and stake holders[58].

It is anticipated that Chinese workers will participate to develop Gwadar and construct an national airport on it [59]. Chinese government planned to reconstruct the Kashgar and want to make good place. The land of Gwadar and Kashgar is 6600 acres. Chinese Government make plan to construct industries and economic zone at this place. Gwadar to Kashgar will become a new route between countries and it will be useful in the future. It is one belt one road route, different countries accept this project and want to work on it, but some countries e.g India, U.S.A have objection and against it. In February 2013, Iran announced to give \$4 billion oil in Gwadar. It is a natural gateway for China and Chinese firm run this project. Dostain Khan Jmaludin of the Chairman Gwadar port authority (GPA) said that (PCEC) is a long-term planning development and any country in all over the world can participate in this project. He also said that work on the Gwadar's port would be complete in 2015 and the improvement of the infrastructure is also increasing. Now China hand over the Pakistan's Gwadar port to operate and have access the Gulf countries in the future. The distance between Gwadar to Kashgar is 3000 km, China import oil from Middle East and oil will be divested at Gwadar and then transport to China by railroad. China used oil from Iran and Africa through long route, now China will import oil and gas through this shortest route. The deal between two countries on land, Pakistan hand over thousand acres of land and decide to construct economic zone, while on the other hand Balochistan government will give 2,300 acres of land to China at rent. Chinese government announced to build an huge airport at Gwadar[60].

Chinese president visit at Gwadar and plan to make the corridor pass through Khunjerab onto Gilgit, some cities added and some would be remove in this project. Some political parties said that firstly Western route should complete.

#### b. ROADS

The construction of roads are very necessary for Pak-China Economic corridor PCEC project. China announced to provide \$6.1 billion for roads construction[62]. The Karakoram highway (KKH) is the highest and dangerous road in all over the world that was completed in 1979. It connects the China and Pakistan through the Kunjerab pass on PCEC border. It is announced to reconstruct the highway for PCEC project[63].

(KKH) is the international road which connects the China and Pakistan through Karakoram mountains. It is planned to reconstruct this road because there is difficult hard to drive this road[64]. The KKH which is (1300) ft high and link with two countries would be extensively. On the other hand, the railing sytem which pass Karachi to Pakistan in southern side would be improve[65].

expected that it will reach quickly from Karachito Peshawar and save the time[69,4].

It is planned to reconstruct the railways which start from Peshawar to Multan and reach Hyderabad to Karachi and it is expected that within two years will complete the railways. China announced to provide 600 billion for reconstruct the railways[70].

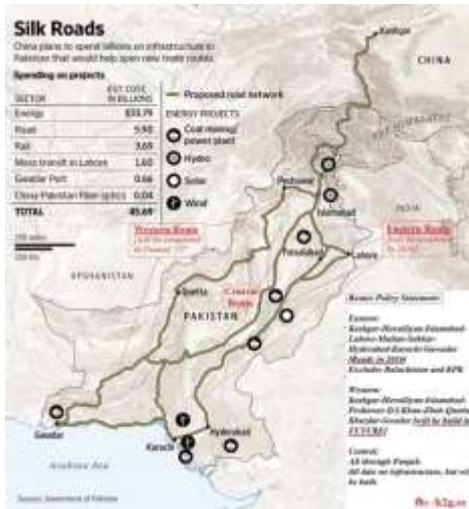


Figure 9. Pak-China Economic Corridor Gwadar-Kashgar route Map Gwadar-Kashgar route distance. www.pakvoices.com.pk

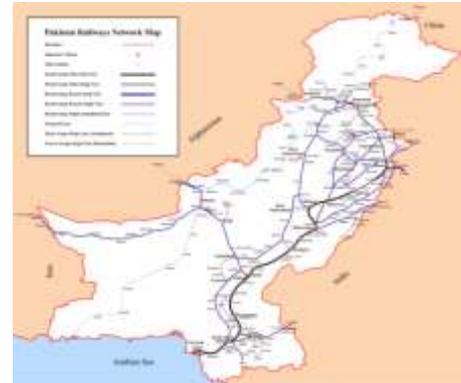


Figure 11. Pakistan Railways Network Map Sourec.www.railways.gov.pk

In CPEC, it is planned to reconstruct the 21 train stations and total investment on railways is \$5 billion[72]. In CPEC project, it is announced that the construction of railways connect gwadar port to Pakistan railway with jacobabad and 300 million rupee is announced for the construction of rail line between Havelian and chinese border[73].

It is planned to construct the orange line of the Lahore metro under the PCEC project and it is announced to provide \$1.6 billion for this construction. It is expected to complete this plan in 2017[74]. Zhang Chunlin said in his seminar that it is planned the railway will cross the Islamabad and Karachi and distance between them is 1800 km and he said that construction of the railway cost is very high owing to harsh and difficult environmental circumstances[75]. CPEC will improve the railway transportation ,trade from one country to another and also increase the passangers travel between country[76]. It is planned to construct new railway line route which connect gwadar to Quetta, Jacobabad and besima. Zhang said that when this project will complete it would be more beneficial for two countries. Currently, people of KPK and FTA have objections and issues about this project and said that this corridor will deprive the KPK of people and they could not get benefit from this corridor. Pakistan and China should change this corridor but chinese government announced that this route will not be change, it is single rout and two countries decided this project[77,4] This is successful project for both countries and chinese people have bought substantial equipment to run this project. On the other hand, the people of Kashgar particularly traders are excited and waiting for the ending of this project[78].



Figure 10. Pak-China Economic Corridor road network Map

Pak-China economic corridor will start from kunjerab which is the China border and lead toward the Gilgit, Chilas, Kohistan, Dasu and Besham. After crossing this it will entered the Batgram, Mansehra and Abbottabad then Punjab province, Balochistan and Quetta. At the end, it will reach the sea port Gwadar[66]. To increase the infrastructure of Pakistan,roads will cross the Pak-China border at Karakoram and the distance is 2700 km from Gwadar to Khunjerab.To increase the forigen direct investment, China announced to provide \$7 billion, the prior record of FDI is \$5.5 billion in 2007[67].

c. RAILWAYS

Railway lines are also important part for PCEC for connect the China and Pakistan. Karachi to Peshawar is main railway line, it is planed to provide \$3.65 billion for it construction[68]. The speed of rails is 60-80 kilometer per hour and it is

d. Challenges of Pak-China Economic Corridor PCEC

Indians against the Pak-China economic corridor and accept this challenge they signed an agreement with Iran in order to construct theChahbahar port .



Figure 12. Gwadar and Chabahar Sea Ports Source. www.quora.com

Only India will not get benefit from this port but also Pakistan and Afghanistan can get benefit. It is a challenge for Gwadar port. India always against the Pakistan they don't want to see the prosperity of this country. India use the Iran's military to fight with Pakistan. Indian raise issues on this corridor and the prime minister Narendra Modi said that this corridor lead towards through Pakistan occupied Kashmir (POK) but Chinese president lay off their issues[80]. Indian's high commissioner said that PCEC will not be threat for our country. This project would bring economically and socially provincial solidarity for both countries[81].

Chinese foreign Minister Hua Chunying PCEC is a big deal between two countries and it is business for them, anyone could not try to lose it. This project will not be a bull's eye for anyone. Hua said that Kashmir is another problem between Pakistan and China, both countries should solve this issue with appropriate meetings to each other. PCEC will not directly affect on Kashmir issues. Therefore India should not repeat his objections on it. Foreign affairs and national security Sartaj Aziz said to the Pakistan prime minister anyone could not prosper to destroy the PCEC. He said that when this project would be complete, Pakistan and partial state's forthcoming will be shine. Also he added that Chinese government is always prepared to co-operate and help the India in order to improve his socially and politically relationship for the affluence of this nation. Sushma Swaraj foreign minister of the India said to the Narendra Modi that PCEC is intolerable for our country's prosperity. She said that we should protest and complained in Beijing.[82]. China threat and said to the Pakistan that our worker will work on corridor but Pakistan has to remove these issues and it is necessary to bond refuge on corridor.[83] For this Pakistan provide 12,000 security workers for Chinese employees to protect them on corridor. Currently, Pakistan arrange 8000 security workers to protect the 8,100 Chinese workers[84]. PCEC will built three routes but I think that Pakistan have no resources for the completion of it and China will not help Pakistan in order to provide resources. On the other hand some political parties are against PCEC they will not support for this project[85]. PCEC will built three routes but I think that Pakistan have no resources for the completion of it and China will not help Pakistan in order to provide resources. On the other hand some political parties are against PCEC they will not support for this project.

#### CONCLUSION

Pak-China economic corridor is enormous and perilous project for both nations. This project will fulfill the cravings and needs of the people. Pakistan and China have strong socio-economic relationship with each other and in next coming years their friendship would be optimistic and well-off. PCEC would be beneficial not only for China, neither for Pakistan but also for other countries. Owing to PCEC both states could also increase the volume of trade. It would be the shortest route for two regions in order to improve their economy. PCEC is game changer and fate for the whole country. It would raise the economy of 3 billion people in South Asia, Central Asia and Middle East.

In future this project will improve infrastructure and energy crises in Pakistan. China is big oil importer so this country will import oil from rich countries through Pakistan's Gwadar port. Pakistan and China have great premeditated importance for each other. China will connect to Afghanistan through this project. This project will bring regional co-operation and prosperity for both states. Balochistan is a poor country and in future this project will help to overcome the poverty and unemployment issues in Balochistan. I think it would be beneficial for both states, for Pakistan it will increase their economy Pakistan will export and import goods with other countries and for China will import oil from Middle East at lower cost.

#### RECOMMENDATIONS

- Pakistan should more export to increase the volume of trade and maintain the advantageous balance of trade in textile products. So, it must be necessary that the government should co-operate with different agencies in order to deal with exporters and importers.
- Security issues are main problem in Pak-China Economic Corridor Pakistan's government should solve this issues.
- Political parties are opposed to each other so Pakistan's government should solve this problem.
- Language is a problem for Pakistan so they should maintain training centers to improve the Chinese language.
- China should develop new strategy to improve the growth balance (GDP) with broader welfare and sustainability goals.

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