

China Pakistan Economic Corridor (CPEC)

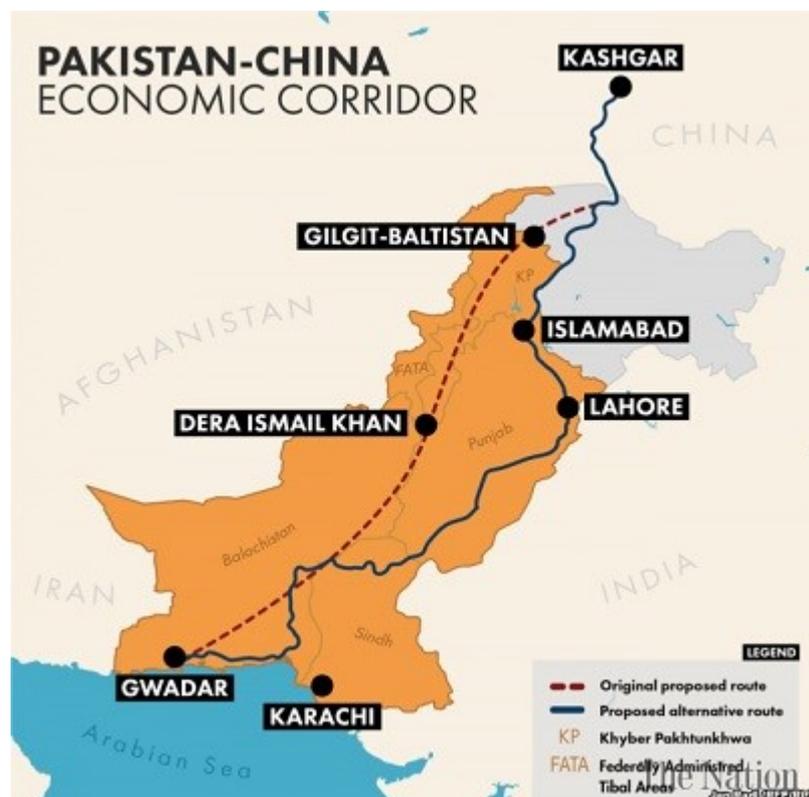
Why in news?

Recently, External Affairs Minister has made a reference to CPEC by stating that connectivity projects should respect the sovereignty and territorial integrity of Member States and respect international law.

What is the China Pakistan Economic Corridor (CPEC)?

China Pakistan Economic Corridor (CPEC) is the part of China's Belt and Road Initiative (BRI)

- **BRI**- A giant connectivity initiative spearheaded by China to revive the ancient Silk Road across Eurasia and Africa.
- **Project South Asia**- The BRI project has 3 major undertakings
 - China-Myanmar Economic Corridor (CMEC)
 - Nepal-China Trans-Himalayan Multi-dimensional Connectivity Network (including Nepal-China cross-border railway)
 - China Pakistan Economic Corridor (CPEC)

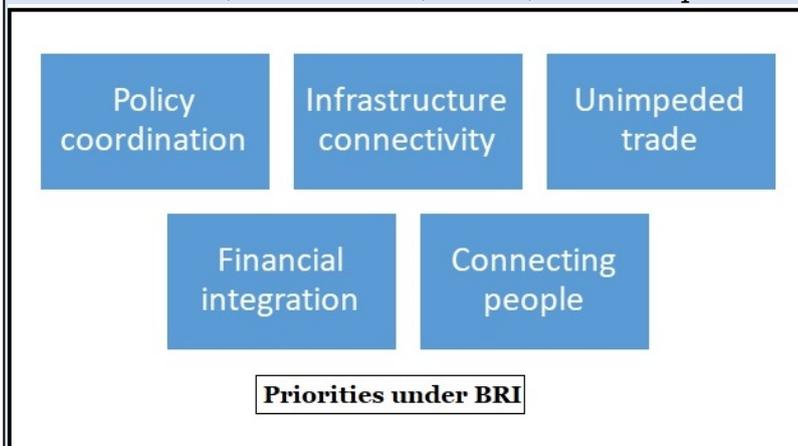


- **CPEC**- The China Pakistan Economic Corridor was announced in 2013 as a part of BRI.

- **Location** - Enters *Pakistan Occupied Kashmir (PoK)* through the Karakoram Highway in *Gilgit Baltistan*.
- **Aim**- It is 3000km long which is initiated to
 - To circumvent the Straits of Malacca and the South China Sea
 - To improve infrastructure within Pakistan for better trade with China and to further integrate the countries of South Asia
 - To connect the deep-sea Pakistani ports of ***Gwadar and Karachi*** to China's Xinjiang province and beyond by overland routes.
- CPEC has been compared to the *Marshall Plan* for the rebuilding of post-World War II Europe in its potential impact on the region.

Belt and Road Initiative (BRI)

- It is often described as a '*21st Century Silk Road*' or '*One Belt One Road (OBOR)*'.
- *Silk Road* is an ancient network of trade routes that connected China to the Mediterranean via Eurasia for centuries.
- **Aim** - To connect China with Europe by land and rail, and to Africa and Asia by sea.
- The project has expanded to Africa, Oceania, and Latin America, significantly broadening China's economic and political influence.
- **Components** - BRI is made up of
 - **Belt (Land-based 'Silk Road Economic Belt')** - Trans-continental passage that links China with Central and South Asia, the Middle East, and Europe
 - **Road (Sea-based '21st century Maritime Silk Road')** - Route that connects China to Southeast Asia, Middle East, Africa, and Europe.



- **Completion**-The initiative is planned to be completed by 2049, coinciding with the centennial of the founding of the People's Republic of China.
- **Membership** - Currently 147 countries
- BRI will eventually encompass 100 countries representing 70% of the world's population, 55% of GDP and 24% of global trade.

What is the current status of CPEC?

- **Investment**- The current total investment made is 25 billion dollars, and it was 19 billion dollars five years ago.
- **Big ticket projects**- Gwadar port is delayed due to the location in terms of security and logistical terms. Railway line upgrade known as ML-1 have moved ahead much more slowly than planned.
- **Completed projects**- Energy (Coal fired power stations) and road projects (Eastbay Expressway) have been largely completed.

- **Special Economic Zone-** The number is reduced from originally envisaged SEZs, as Pakistani businesses were concerned that China would be given special benefits that would disadvantage domestic firms.
- **Economic feasibility-** There are uncertainties with the economic feasibility of some of the larger projects such as hydro-electricity dams and railways.
- **Slowdown of projects-** There has been a backing away from the multi-stage, transformative plan and nothing significantly new is agreed over the last few years.
- **Strained iron clad relationship-** China refused to expand cooperation in the areas of energy, water management, and climate change under CPEC.
- **Impact of COVID-19-** The economic impact of the global COVID-19 pandemic also slowed progress on CPEC projects, exacerbated Pakistan's economic crisis, and left China hesitant to grant leniency on debt payments.
- **Debt trap diplomacy-** CPEC initiatives proved to be a significant burden on Pakistan's already strained balance of payments.

Debt trap diplomacy

- It is used to describe the China's policy of providing large loans to developing countries often with the alleged intention of trapping those countries in a cycle of debt and dependency on China.



What are the major reasons for India to oppose CPEC?

- **Infringe sovereignty**- India opposes this project as it passes through *Pakistan occupied Kashmir*, infringing on India's sovereignty and territorial integrity.
- **Debt trap**- India has also been concerned with the economic non-viability of many of the BRI projects that have led to "debt trap" situations in countries like Sri Lanka.
- **Adhere to international norms** - India is of firm belief that connectivity initiatives must be based on universally recognized international norms, good governance, rule of law, openness, transparency, and equality.
- **Strategic implication**- The development of the deep-water port of Gwadar, a key component of CPEC, raises suspicions about potential military usage by China, which could threaten India's strategic interests in the Arabian Sea.
- **Naval threats**- The Gwadar port's proximity to the *Strait of Hormuz*, a critical global

trade route, adds to India's apprehensions as it could enable China to exert control over maritime trade and pose challenges to Indian naval operations.

- **Military collaboration-** Potential military presence along the corridor raises concerns for India's defence preparedness.
- **Regional stability-** The lack of transparency regarding the financing raises questions about the long-term implications of CPEC on regional stability.

References

1. [Indian Express- Status of China Pakistan Economic Corridor](#)
2. [Press Trust of India- China refuses to expand cooperation with Pakistan](#)
3. [Image | CPEC](#)

