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 speared 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

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