



**RESEARCH PAPER**

**The Dynamics of China-Pakistan Economic Corridor (CPEC)**

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**ABSTRACT**

The CPEC project is the outcome of the cordial relationship between China and Pakistan. The study explored the dynamics of the CPEC and One Belt One Road (OBOR) The objective of the study is to examine the role of Pakistan, as frontline state, and its' expectations from Gwadar Port by connecting with China's Xinjiang Province. The progress and growth of its various development sectors, like energy sector, road and railway infrastructure and finally the energy sector is expecting in Pakistan inspite of facing issues like financial problems, political instability and conflicting situation over the special economic zones of the CPEC project and finally internal security. The research article is based on qualitative methodology and used the published literature review as secondary source. This article has accessed the economic impacts of the project positive at the regional and global level. It is recommended that the role of the regional and international stake holders should be on development framework.

**KEYWORDS** CPEC, Debt Burden, One Belt One Road (OBOR), Regional and Global Economies

**Introduction**

Pakistan and China, two all-year friends, realized they needed economic development to give them a platform and framework for improving their cooperation as a result of shifting political circumstances. The stakeholders on both sides have been committed since the year 2000 to start an economic project that can compete on the international markets and will be in line with their diplomatic and military ties. When the China-Pakistan Economic Corridor (CPEC) was signed in 2013, the two nations had established a competent institutional framework. The CPEC is an important initiative that is planned with the financial and economic benefits of both countries in mind, and other regional states have very high hopes for it (Begum, Ashraf & Muzaffar, 2019).

The CPEC, which is still a bilateral project between China and Pakistan, raises concerns about India's sovereignty and poses a threat to the country's geostrategic, political, and economic development by potentially undermining its plans for hegemonic dominance in the Persian Gulf, Indian Ocean, and Arabian Sea. Furthermore, the CPEC will have direct land access to the CARs with Afghanistan and Iran, unlike India. Despite being one of India's principal trading partners, India may be concerned for its long-term security due to China's control of the Pakistani seaport of Gwadar. The CPEC is being restricted by India since it is predicted that it will prevent her from expanding in any way (Muzaffar, Shah, Yaseen, 2018).

Addressing US concerns over CPEC, the research shows that there may be dissatisfaction in Washington as Pakistan becomes closer to China, making China a powerful rival in Islamabad and US wanting to take advantage of China's position. Similar to the United States, India has various worries, the most important of which is the corridor's passage through Pakistan-controlled Kashmir, which India sees as a threat to its sovereignty. As a result, this initiative faces numerous obstacles, and both states would do well to develop strategies to combat these threats.

## **Literature Review**

Greater interest in this topic is being generated by Gwadar Port and its indisputable significance for regional trade, since Gwadar Port will offer crucial connecting routes for Western China, Afghanistan, and Central Asian States. Furthermore, Chinese advice and support in addressing the energy issue is valuable enough, particularly in the nuclear industry, coal mining, and oil extraction (Jatoi, 2006) & (Yaseen, Afridi & Muzaffar, 2017).

Additionally, statistics on Pakistan's exports and imports from China for the fiscal years 2006-07 and 2007-08 were acquired by the researcher. China is fiercely competing with Pakistan's most lucrative and developed industry, textiles, since buyers naturally gravitate toward Chinese goods because they are less expensive. China imports from Pakistan have increased by 35% annually. The main exports were cotton, yarn, textiles, tents, surgical instruments, leather, vegetables, and fruits, with cotton-related goods making up 80% of all exports.

However, the US is exploiting India's unfavorable attitude and using her against Pakistan by giving the war-torn nation of Afghanistan economic support. Therefore, this scenario has the potential to cause a lot of issues for both regional stability and the success of CPEC (Arif & Hussain, 2017).

### **Strategic and Economic Aspects of CPEC Routes:**

Three main routes are possible from Khanjerab to Gwadar. The options are Eastern, Western, and Central. The western route will avoid Sust, Gilgit, Batagram, Mansehra, Abbotabad, KalaBagh, Hassn Abdal, D.I. Khan, Zhob, Qilla Saifullah, Quetta, Sorab, Bisma, Hosab, Turbat, and Gwadar. Sust, Gilgit, Bataagram, Mansehra, Abbotabad, and M2 are likely to be avoided by the eastern route, which instead travels to Hassan Abdal, Faisalabad, Multan, Sukkar, Shadad Kot, Khuzdar, Basima, Hosab, Turbat, and Gwadar. In addition, the Central Route may pass through Sust, Gilgit, Batagram, Mansehra, Abbotabad, HassanAbdal, Mianwali, Layyah, D.G. Khan, Jacob Abad, Ratho dero, Khuzdar, Basima, Hosab, and Turbat on the way to Gwadar. This network of roadways is anticipated to connect more than 3 billion people (Boyce, 2017).

As the greatest foreign direct investment ever made in Pakistan, CPEC has been defended. For instance, after talking about the CPEC in 2015, Mr. Ahsan Iqbal, the Federal Minister for Planning, Development, and Reforms, concluded that it might support the friendship between China and Pakistan on the political and economic fronts. Prior to the signing of the CPEC deal, China was ranked sixteenth in Pakistan in terms of foreign direct investment, according to Ahsan Iqbal during a seminar organized by the Punjab Board of Investment and Trade (PBIT).

### **Connectivity of One Belt One Road (OBOR) with CPEC**

Chinese President Jinxing proposed the One Belt One Road (OBOR) program to connect the continents of Asia, Europe, and the Indian Ocean (Kennedy and Parker 2015). On the original "Silk Road," this idea had already been advanced and put into practice. Since OBOR has the potential to significantly alter the economic and political landscape of this region, it is the key objective for the government officials and directors of the Chinese authorities (Irshad, 2015). The Old Silk Road, which connected Asia and Europe, was a crucial route for trade, travel, and intellectual exchange. It not only indicated a number of locations in China, India, Central Asia, Iran, and the Mediterranean, but also ports in the northeast, southeast, and south of Asia as well as the Arabian Peninsula (Humpert, 2013).

As a result, the Silk Road connected Asian countries prior to the OBOR for their economic integration and development. According to the map below, the Silk Road Economic Belt and Maritime Silk Road would link China to the South Pacific, Central Asia,

Russia, Europe, and the Middle East (Rahim, Khan & Muzaffar, 2018). Two routes allow OBOR to converge in Moscow, from where it continues on to international sites in Europe. The maritime Silk Road is a sea route. The 60-country OBOR initiative is described as the most extensive and far-reaching alternative direction this economic system has ever advocated by Korean researchers. Chinese officials have searched the area since the undertaking's initial allegation due to concerns about security, as a gambit. India's response to OBOR is noticeably quiet; its main issue is CPEC since it cannot permit CPEC efforts to be carried out in Indian-occupied Kashmir (Abid & Ashfaq 2015). Afghanistan plays a key role in India's trade corridor with the OBOR. It already shows the economic growth of Iran and India, but OBOR offers more than that. It provides a route through Afghanistan's calm north. India participates in a number of connectivity initiatives, including as the "Ashgabat Agreement" (India, Iran, Oman, and important Asian nations) which connects India, Iran, Russia, Turkey, and other important Asian nations. India can lead numerous connectivity projects according to its economic and geopolitical advantages.

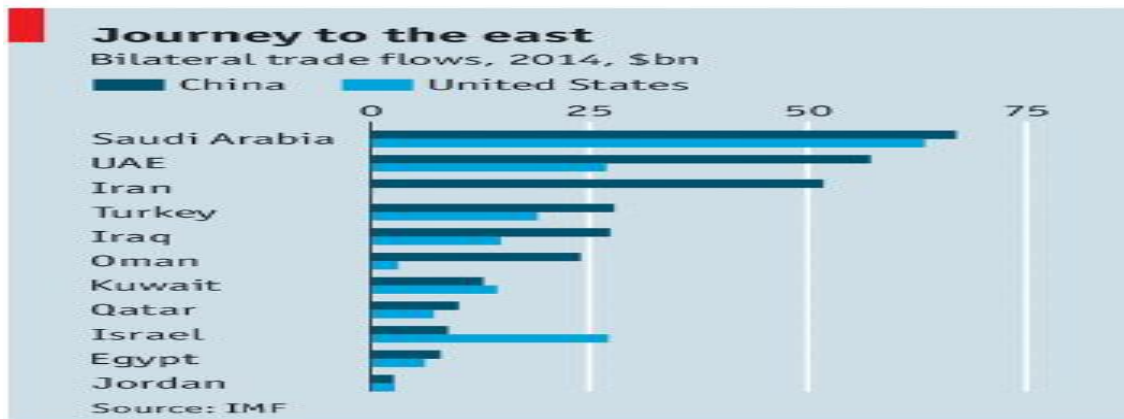


Source: (NSTC GROUP)

### Levels of CPEC: Political, Strategic and Economic:

CPEC is being planned for a number of reasons, one of which is the adequate support for China-Pakistan trade. First, it will significantly alter the means of trade between those countries to accommodate the expanding human requirements. This element will significantly boost both economies' exchange rates. The white paper's major objective is to highlight the elements that South Asian countries might apply to improve their own countries. Additionally, this project not only aims to boost the economies of the participating countries, but also to raise peoples' living conditions. Following the successful completion of this gigantic project, the Middle East may benefit from the diversification of trade routes by easily exporting their oil to China.

The Asian Development Bank (ADB) asserts that Gwadar is crucial for the entirety of Central Asia, not simply Pakistan. Additionally, Gwadar might develop into a major port city comparable to Singapore, Hong Kong, Colombo, or Dubai. Oil might be transported several hundred kilometers shorter from the Middle East and Africa to China by pipelines or tankers from Gwadar to Kashgar in the Xinjiang Uyghur Autonomous Region (XUAR). This might be the simplest and quickest method of change-making ever. One could claim that the CPEC will cause rapid change in China, Pakistan, and the Middle East.



Source: Asian Development Bank

The graph below shows the amount of trade that exists between China and the European Union. China has benefited from an increase in trade volume since 2006 and on average. China is interested in solving this issue so that it can expand its commercial relations with Europe and have unrestricted access to its market. The European Union also wants to purchase goods as soon as possible and at the lowest cost. The completion of CPEC will directly benefit Central Asia, the Middle East, and Europe in addition to Pakistan and India (Commission 2016).

### Global and Regional Challenges and Opportunities of CPEC Project:

The CPEC is significant for both China and Pakistan. China, the top oil importer in the world, sees the new strategy as a guarantee of its energy security because the majority of its oil comes from Africa and the Inlet States. Furthermore, China hopes to alleviate poverty in its impoverished western regions through the CPEC, support Chinese businesses in generating more revenue and bolstering the Chinese financial system, and maintain open access to secure and dependable routes for the transportation of military equipment. Without a doubt, Pakistan's lack of structural stability contributes to up to 2% GDP losses. The transportation zone's consistently low performance results in a deficit of between 4% and 6%. The massive \$ 46 billion investment in infrastructure and strength aims to improve the country's financial system and promote free commerce; interest in the CPEC is higher than the total absurd amount of foreign direct investment into Pakistan since 1970 (Nazir, 2016).

### India's Objections

Health professionals in Pakistan claim that India frequently views Pakistan as a waste of time and refuses to offer Pakistan any support. The main lobby that runs through Gilgit-Baltistan looks to be particularly impacted by India's opposition to the CPEC. Despite the fact that KKH the northern portion of the lobby course currently passes through Gilgit-Baltistan, India has expressed its interests in the CPEC route, which it distinguishes as Pakistan Involved Kashmir, a portion of the contested domain of Jammu and Kashmir that India claims as a piece of its territory. S.D. Muni, a prominent UN ambassador and former Indian diplomat, eloquently expressed these claims when he asked, "How might this help India?"

Even more so considering how the section is written and structured in comparison to India's interests, claims, and political responsiveness. India is worried that Pakistan would take advantage of Gilgit-sacred Baltistan's status to formally recognize it as Pakistan's fifth region and give the CPEC project legal standing. Gilgit-formal Baltistan's absorption into Pakistan may happen in the future, but not right now since it might interfere with Pakistan's ability to resolve the Kashmir issue on a worldwide level. Despite these issues, the Indian government has repeatedly opposed the project, and during the

Indian Top State Leader Modi's visit to China, he even pushed the Chinese President to drop the plan.

In addition, Chinese companies' involvement in development efforts inside the Pakistani portion of Kashmir is seen as Chinese support for Pakistan's claim to the region by Indians. India therefore emphasized that the CPEC's tasks in Gilgit-Baltistan would validate "Pakistan's illegitimate vocation of those regions." Additionally, a few Indian examiners claim that the 2,000 or so Chinese professors working on those projects have a role in the Individuals' Freedom Armed force's design corps. India views the presence of such individuals as a further threat to its advantages in terms of wellbeing and sees it as part of China's regional expansionist agenda (Ritzinger, 2015).

### **Afghanistan's Concerns over CPEC Project**

The success of the CPEC objective depends on a strong Afghanistan, but since a bigger component of the Global Security Help Power under NATO withdrew from Afghanistan in 2016, Afghanistan's security situation has gotten worse. One reason why the political compromise process has not proceeded is the Taliban's refusal to take part in the Quadrilateral Coordination Meeting with China, Pakistan, the United States, and Afghanistan after the assassination of its commander, Mullah Mansoor, in an American robot strike. 2016 will start in May, and the spillover consequences of this ongoing unpredictability should make Pakistan and western China's security situations less stable.

This opportunity was planned to promote cooperation and engagement among Afghanistan and its friends. In order to ensure the success of CPEC, China also aids in reducing tensions and settling conflicts between Pakistan and Afghanistan. China is advised by experts to anticipate Pakistan playing a significant role in promoting a peaceful settlement in Afghanistan. During President Xi's visit to Pakistan, he freely acknowledged that "China works with Pakistan playing a key effect on the Afghanistan difficulty and would compositions with Pakistan to achieve the compromise road and smooth progress in Afghanistan" (Shamil, 2016).

### **Iran's Concerns over CPEC**

Iran eventually understands the need of supporting local engagement in the east despite the vast scope of partnership provided by the CPEC project. The US-Iran nuclear deal's easing of restrictions and Iran's increased access to international trade and family members also bring up new opportunities for relations between Iran and Pakistan. Iran's representative in Pakistan stated, "We are prepared for any rapprochement between adjacent countries which immediately effect the leisure activities of the people of our global areas," in a conversation on Pakistan-Iran family members in May 2016. Legislative issues are legislative matters, as are trade and business endeavors. We ought to keep them apart. Iran has since made clear that it intends to participate in CPEC. This decision was announced by the Iranian president during a meeting with the state chief of Pakistan in September 2016 during which the two leaders discussed the value of network tasks for local development. These prominent Pakistani-Iranian family members could open a few doors for joint engagement, bringing energy and alternative benefits, and paving the way for the construction of the much-anticipated petroleum pipeline between Iran and Pakistan. Iran's holdings in the CPEC project are also significantly higher thanks to the plan to connect the Iran-Pakistan gas pipeline with China, which has been described as a "to be expected interest" by the majority of the three countries.

Similarly, China continues to express regularly its desire for stronger cooperation with Iran on CPEC. It is expected that every nation will have the choice to improve road and railroad connections in order to increase monetary integration with the help of the Iranians. Iran has previously asked Pakistan to pursue the Chabahar Port three-dimensional understanding during the mediation period and has further assured Pakistan

that "Chabahar is not an opponent to Gwadar." Therefore, Chabahar and Gwadar ports might be linked as neighbors to sell local replacement and integration as well. Security experts agree that Saudi-Iranian antagonism may need to impede the strengthening of Pakistani-Iranian relations. Pakistan should keep in mind the Saudis' attitude toward Iran when advancing any rapprochement, other than Pakistan's extraordinary relations with Saudi Arabia (Muzaffar, Khan & Yaseen, 2017).

Pakistan wants Iran to fulfill its needs for unity, but it cannot risk alienating the Saudis by leaning too closely to Iran. Pakistan has a complex and challenging situation, especially given the intensifying Saudi-Iranian hostility in the Middle East (Dawn News, 2016).

### **United States Concerns over CPEC**

Despite Pakistan's usual confidence, U.S. specialists have not threatened CPEC. Its decision to see the CPEC as a multilateral project may be a positive one. An official from the U.S. State Division spoke about the project and said, "The organized hallway, which we particularly assist, is lined with a widespread inventive and perceptive of provincial financial network. In general, we have faith that it won't always be Pakistan and China in the long run. Finally, we hope that it will include other friendly coworkers, like Afghanistan, where the Chinese and we are both making more than reasonable efforts." However, the US, conscious of the CPEC challenge's seeming vital ramifications, perceives the sees the corridor as having extended time span risks.

Since effective control of the port influences Chinese maritime strength in the Indian Sea, posing a limited danger to the unequalled sea power that American maritime forces normally enjoy, American specialists may therefore object to Chinese development of the Gwadar port. To stop Chinese expansion in the region, the US is working on strategies including developing its own New Silk Road Drive, which was launched in 2011 and connects Central Asia to South Asia. To improve its financial situation, Afghanistan is being urged to ally with the world community. In order to sustain its preeminent capability in the region, the US is also developing vital connections with India. Since effective control of the port influences Chinese maritime strength in the Indian Sea, posing a limited danger to the unequalled sea power that American maritime forces normally enjoy, American specialists may therefore object to Chinese development of the Gwadar port. To stop Chinese expansion in the region, the US is working on strategies including developing its own New Silk Road Drive, which was launched in 2011 and connects Central Asia to South Asia. To improve its financial situation, Afghanistan is being urged to ally with the world community. In order to sustain its preeminent capability in the region, the US is also developing vital connections with India. The government has repeatedly defended China's advantageous situation in Afghanistan and welcomes its collaboration. The United States does not "see China's association in that frame of mind as zero sum expressions," according to the U.S. Representative Secretary of State, and China is interested in supporting U.S. efforts by making fundamental nutritional changes. It would be advantageous for both China and the USA if they joined forces to add Afghanistan to China's quest for a tighter connection, with little regard for surrounding U.S. objectives (Zimmerman, 2015).

### **Dynamics of Investment and Loan in CPEC Project**

Pakistan and China settled after extending the CPEC net, and this has further developed the all-out task cost from \$ 50 billion as much too worth of \$ 62 billion. The primary endeavor as would be considered normal to be finished inside the accompanying two or three years is truly worth \$eight.2 billion "Mainline-I undertaking of Pakistan Railroads." This venture cost has not been remembered for the cutting edge absolute expense of CPEC. Pakistan's Service of Money shared with IMF about the choices of expanding CPEC and showed that the US On middle would return \$ 2 billion in accordance with annum to China. Though, inflows are concerned based absolutely at the tasks



underneath execution and the outpourings are exposed to account on the obligation overhauling of the Energy and framework drives, which consolidates profits paid at the strength greenery. The arrangement of ventures is at present created from the Energy challenge, being establishment by means of the confidential merchants; on the other hand, the framework conspire is taken through the public authority. The absolute inflows amassed until 2022-23 might be \$26.5 billion, with regards to the Arranging Service's working. With those computations, Pakistan's legislatures have anticipated that the US of America is exposed to return a measure of \$ 39.83 billion to Chinese privately owned businesses (Rafi, 2016).

### **Regional Connectivity of Economic Corridor Routes:**

Decisively, Pakistan is situated inside the dangerous spot of South Asia that is a center of stupendous energy legislative issues. Its geological job has given loved potential outcomes to the Vehicles to get to Gwadar port that is the economical and most brief course of 2600 km contrasted with Iran's Chabahar port (4500 km) that is put in southeast of the USA on the Bay of Oman. Afghanistan as a landlocked US of America likewise can utilize Gwader port that is profound water port and interests to numerous countries of the area. Likewise, the CPEC is a progressive thought and new skyline of progress and it's far a very decent motivator such that huge advancement through the CPEC will balance out Pakistan-China relatives. 30 In truth, the USA wants to exhort substitute with the overall organization as an option of reliance on unfamiliar advances and credits for financial improvement. Accordingly, the CPEC has empowered Pakistan to accomplish the blast objective of 6.2 predictable with penny because of the progression of financial inclusion and strength. There are chances that assuming Pakistan persevered through its gift shop of increment, it very well may be stressed inside the extraordinary and high level economies of the arena (Express Tribune, 2018).

### **Afghanistan's Interests in CPEC**

Afghanistan, as a landlocked state, is situated in a discernibly unstable key spot status at the junction of Central Asia, South Asia, East Asia and West Asia. For a long haul, it functioned as a fundamental financial door for the "Silk Road" and different notable substitute section inside the area. Afghanistan enjoys communicated its leisure activities to join the CPEC notwithstanding, at this point, Kabul is the objective of Indo-US affects that desires in any case. At last, Pakistan's risk discernment is elevated through with India's unfavorable presence in Afghanistan. Notwithstanding, aside from all-time Indo-Pakistan hatred, China is assuming an unequivocal part in bringing down Afghanistan's complaints towards Islamabad by utilizing giving a threat to both the nations to have collaboration in reciprocal monetary collaboration, which comes looking like the CPEC. Moreover, Afghanistan has demonstrated its readiness to join the CPEC as Afghanistan's emissary in Islamabad, Omar Zakhilwal, featured that Kabul wishes to join the CPEC and underscored that monetary mission of this degree really have capacity advantages to all the territorial countries. Both China and Pakistan favor a stable and peaceful Afghanistan because of the reality the previous has its modern advantages in Kabul's regular and mineral resources and the later, other than monetary advantages, needs to cause specific smooth to get right of passage to the power rich CARs. The experts contended that China and Pakistan both can use natural assets of the Vehicles that are imperative to satisfy power necessities of each country (Akber Ali, 2016)

### **Iran's Interests in CPEC Project**

Iran has shown its extensive standing side interest to pursue the CPEC as its policymakers view the corridor as a foundation for the USA financial success. For Pakistan, Iran's support inside the CPEC will present new aspects in the two-sided individuals from the family. This participation will help up the speed of between neighborhood availability coming about into self-supporting monetary increment models and diminished

dependence on the Western global areas. Accordingly, Iran's cooperation in the CPEC will genuinely complement financial benefits. These monetary benefits will help Iran as appropriately because of the way that its financial improvement has been basically controlled in light of atomic related sanctions (Nazar, 2015). With this background; the CPEC is no significantly less than a gleam of craving for an experiencing financial framework like Iran. This chance offers the expectation that, in the predictable fate, Iran can find an appropriately reasonable area inside the worldwide financial framework.

### **USA and CPEC Project**

By and large, the US and China individuals from the family had been a sensitive, significant and muddled peculiarity. Both have a past filled with understanding and each apparent each and every other forceful and expansionist strength. After the surrender of the Virus War, USA has followed a strategy of encompassing of China and attempted to upset, undermine and debilitate China's capability. On the other viewpoint, Beijing has a serene and commonsense strategy to address the USA and its partners without harming and losing nationwide interests. Aside from the unpleasant history, every global area have developed a tendency to move toward the inclining one way or the other anyway after the stop of the Virus War, the USA again has been regarding China as an enemy anyway China pummeled the USA for having a virus struggle mindset (Wu, 2017).

In the changing situation, the US has given importance to India that permits you to upgrade New Delhi's self-confidence contrary to China and to save you China from turning into a predominant force of the spot. In this association, America and India marked a guard settlement in 2016 which momentarily affects every Pakistan and China. New Delhi and Washington likewise settled a US\$4 billion arrangement wherein the US will give C-17 extraordinary airplane armada to India and its miles the second one-greatest in the worldwide and furthermore assisting with reinforcing New Delhi limit inside the area of sea security inside the Indian Sea to reduce the Chinese effect inside the area (Muzaffar, Yaseen, & Rahim, 2017).

### **CPEC: A Possible Booster to Economy**

Generally speaking, the CPEC is regarded as a game-changer for Pakistan's economy and international standing. If this financial hall is successful, Pakistan is expected to make tremendous contributions in the areas of electricity, horticulture, formative framework, and nearby job. Pakistan's provincial and worldwide capability is likewise presumably to peer a vigorous increment with the fine finish of the CPEC. The international affairs of South Asia are probably going to change over due to the reinforcing of the predominant stable Sino-Pak relationship, location for India. Depth Area of Gwadar Port is under the control of China turning into a Long-Lasting Chinese Maritime Office, likewise offers Pakistan's substantially less lovely neighbors a bad case of nerves.

More than a hundred and forty million Pakistanis both have no get admission to the strength matrix or experience north of 12 hours of burden losing every day. The typical deficit in the power area is 4,000 (MW). Pakistan has experienced persistent energy deficiencies inside the state of burden shedding and energy blackouts in recent years, causing the lack of the "Billions of Rupees", thereby undermining local business, creating massive amounts of joblessness, and damaging Pakistan's economy.

The Chinese are concentrating on strengthening Pakistan's power structure. They have pledged \$35 billion for a number of power generation and transmission projects, positioning themselves as global leaders in wind and solar-connected sustainable power. The project is split between 17 energy-age drives and one HVDC transmission duty under the terms of the CPEC energy agreements. Chinese companies will build five coal projects in Thar Sindh with a combined capacity of 3,960 MW, four imported coal projects with a combined capacity of 4,260 MW, a 660 kV HVDC transmission line between Sindh and



Punjab, four wind power projects with a combined capacity of 300 MW, one solar power project with a combined capacity of 900 MW, three hydropower projects with a combined capacity of 2,714 MW (Zahid, 2018).

Because of its importance on the international scene, Pakistan's relationship with China is essential to China's transformation from a regional to a global power. There is a tension between US and Chinese interests, particularly with regard to the CPEC. Furthermore, neither the US nor India support China and Pakistan's have shared long-distance maritime pathways, particularly in the Indian Ocean. The waning American influence in Pakistan is especially worrisome since it has an impact on the US ability to control the area, which includes Iran and Russia. The Chinese are simultaneously demonstrating how they are transforming South Asia's business as usual. Along with making the crucial commitment between Pakistan and Russia (Kaushiki & Ramzan, 2015), they also contributed to the opening of trade between India, Pakistan, and Afghanistan. (Kaushiki & Ramzan, 2015) trading to open between India, Pakistan, and Afghanistan.

### **CPEC Impacts on Regional Economies**

The first example of these measures is the organization of financial assistance by China to south East Asian countries amid financial and monetary problems in 1990, which demonstrates China's interest in forging financial ties with the rest of the world. Hu Jintao, the Chinese president, focused more on China's relations with key nations in Africa, the Middle East, and Asia during that hour. While starting as a "helpful commitment" approach, president Xi has offered new direction for international efforts. Mr. Xi places more emphasis on the silk route through the roads, rails, and marine routes; this drive is also referred to as "one belt, one road." Many experts concur that this drive is not only an exchange and financial drive but also a plan to expand China's driving industry in Asia (Wang, 2015).

China has plans to revive the dated shipping channels that connect central Asia and Europe through three main routes: the southern, northern, and central xinjiang. This will link China to Pakistan, Europe, and Russia. The first route is the China-Pakistan Economic Corridor (CPEC), which starts in Guangzhou and connects China with Pakistan at Khunjrab and grants China access to the Middle East and Africa via the Bedouin Ocean in Gawadar, Pakistan. The second route starts in Shanghai and connects China with Europe via Iran on Persian Bay, and the third route starts in Beijing and travels through Russia to connect China with Europe (Rana, 2015).

The lack of a comprehensive and reliable dataset with information on China's project expenses and credit agreements is one of the main challenges when trying to conduct an accurate analysis of China's financial effect in Central Asia. When commenting on the Belt and Road Drive (BRI). Similar rules apply to Chinese lending, which Horn et al. deem to be an unarguable problem (The World Bank, 2019).

In nearby Central Asia are more receptive to Chinese advice because they understand its standard of non-impedance and its darkness of advancement. However, if China gains more clout, the Central Asian republics may find themselves financially dependent on its powerful neighbor (Tian, 2018). These criteria apply to the benefits provided to the republics of Central Asia. The promise is typically sent out in continuous supply of raw materials and agricultural products, with the opportunity to look into a mineral store or to receive a percentage of the profits from state-owned enterprises. Kyrgyzstan is one of the top five countries with the highest levels of external debt measured as the total amount of external debt owed to China to China.

Political turmoil between 2005 and 2010 and poor financial management suggested Kyrgyzstan was vulnerable to China's growing economic influence. Given its small economy, the total amount of Chinese interest in Kyrgyzstan between 2005 and 2018 is

enormous (Kuzmina, 2019). According to the Service of Money, Kyrgyzstan has 4.4 billion USD in public debt, of which 3.7 billion USD are exterior obligations, including 1.7 billion USD borrowed by China (Service of Money of the Kyrgyz Republic, 2019). Another concern is the transparency of Chinese advancements, which are currently associated with major devaluation embarrassments in Kyrgyzstan (Jaborov, 2018).

### **China-Russia Relations**

China and Russia must manage their deteriorating relations despite their growing intimacy. Tensions between the two nations are most likely to occur in Central Asia. The balance of power in Central Asia altered in 2005 when China started taking its first significant steps in the energy industry. Russia is rightly frightened about the likelihood of the region becoming under the control of China, which is already happening financially, given the volume of commerce and Chinese speculative activity in Central Asia. China is now Central Asia's second-largest trading partner, surpassing the EU and displacing Russia.

In addition to manufactured products like hardware and supplies, each of the five Central Asian Republics receives regular assets from China. For instance, China's financial support for the construction of pipelines allows Central Asian oil and gas traders to enroll in optional courses, reducing the reliance of the Central Asian republics on Russia (Russell, 2017). From a different angle, because of the recent pipelines from Central Asia that were built with Chinese financial support, the EU has not been able to directly access the Central Asian standard assets, which has kept Gazprom's position on the European market stable (Kaczmariski, 2019).

### **Conclusion**

If successfully implemented, the CPEC could encourage economic development and progress and have a significant impact on Pakistan and its people. However, as a well-known businessman correctly pointed out, "where there are opportunities, there are also severe risks." Unless there is a significant shift in thinking in the world of politics, CPEC might exacerbate tensions between both the federal government and the center and start or exacerbate strife within the provinces. Pakistan's CPEC projects and programs should be governed by meticulous planning and strategy in order to prevent such results. Pakistan's CPEC strategy should be decided by Islamabad based on its own economic and political interests, not those of Beijing. It ought to situate CPEC within a larger strategic plan for modernizing its economy in a way that doesn't undermine.

Giving regions and communities a say in CPEC projects and fostering local buy-in so increases the likelihood of the nation's stability as well as CPEC's success for Pakistan and, by extension, China. The federal, provincial, and security authorities should acknowledge that stakeholder ownership is essential to the success of CPEC projects rather than stifling criticism and dissent. Uneven wealth that gives advantage to outsiders over local residents would widen social and political chasms, escalating friction and possibly igniting conflict. Beijing and Chinese companies must learn quickly about CPEC, but many issues may be avoided by discussing and including all Pakistani stakeholders—from contending elites to the grassroots as well as by performing thorough risk and political analysis to balance competing goals. Effective and wide communication that highlights shared interests must be used in conjunction with efforts to guarantee that benefits are distributed fairly.

Instead of viewing the welfare of Pakistani residents as something that can be negotiated away in the name of mega-development or fanciful strategic aims that strategy need to place their needs at its core.

### **Recommendations**

- 1- In Islamabad, a special unit should be established to do effective response against potential threats to CPEC.

- 2- To broaden the circle of socio-cultural interactions, the both government should make arrangements.
- 3- The question of governance, transparent, accountable system with checks and balances, effective hard workers, and qualified individuals in executive positions should be addressed positively.
- 4- To strengthen the state of security, The National Action Plan should be strictly followed.
- 5- The regional states, which are interested to join the CPEC, should be given their due role to contribute.

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