

## PAK-CHINA ECONOMIC RELATIONS IN THE PERSPECTIVE OF CPEC AND ITS IMPLICATION FOR THE REGION

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Received: 26 March, 2024

Revised: 25 April, 2024

Accepted: 10 May, 2024

Published: 22 May, 2024

### ABSTRACT

The China-Pakistan Economic Corridor (CPEC) is a flagship project of BRI, aimed at connecting China's Kashgar City with Pakistan's Gwadar Port. China's Belt and Road Initiative (BRI) focuses on connecting the CPEC with the entire region, including Iran, Afghanistan, India, Nepal, Bangladesh and Central Asian Republics. The CPEC aims to boost the economy and promote regional integration, increasing trade and economic activity within the region. This study examines Pak-China economic relations in the context of CPEC and its implications for the region, using both descriptive and historical approaches. While employing a qualitative method is preferred in which the secondary sources of data has been used. The study concludes that the CPEC's link with regional countries is crucial and will support the local economy.

**Keywords:** CPEC, BRI, Connectivity, Economic relations, Region, Development.

### INTRODUCTION

The study examines the Pak-China Economic relations in the context of CPEC and its implications for the region. Despite facing ups and downs, China and Pakistan have remained resilient and never engaged in reckless behavior. Their close relationships, referred to as "Higher than mountains, Deeper than oceans, and Sweeter than honey," require understanding their dynamics and determining the extent to which these accords facilitated diplomatic, political, and economic ties between the two nations. The paper investigates historical factors that compelled both nations to cooperate for common goals, such as fostering regional economic stability and strengthening regional security.

The China-Pakistan relationship is a successful bilateral tie in the international arena, impacting local, regional, and global politics. Some nations, like India, view the alliance as a threat to their interests, while others aim to model their bilateral relations after it. The enduring Sino-Pak relations are driven by long-standing rivalry between Pakistan and India, which may be what ultimately ties the two countries together. India's aggressive policies to

dominate the region, acting as a mini-superpower, have fostered strong Sino-Pak connections.

The China-Pakistan Economic Corridor (CPEC) is a flagship project of OBOR/BRI, connecting the entire region, including Iran, India, Afghanistan, and the Central Asian Republic. The project aims to improve air, train, and transportation, strengthen interpersonal relationships, exchange local knowledge, and promote sociocultural interactions. The \$62 billion investment project aims to modernize Pakistan's infrastructure and economy, facilitating bilateral trade and promoting peaceful coexistence, cooperation, harmony, and economic growth. Pakistan's first-ever National Security Policy (NSP) in December 2021 prioritized economic security, shifting its foreign policy from geo-strategic interest to geo-economic interest. This project is considered a "game changer" for South Asia.

### Literature Review

Khan (2015) in his article "The China-Pakistan Economic Corridor", covered every facet of the CPEC project in detail, including the technical issues and potential obstacles. The initiative, which will

help Beijing with its security and economic difficulties and benefit its dependable ally Pakistan, was also thoroughly examined from Beijing's point of view. At the conclusion of the article, he also identified Pakistan's two primary issues: the security situation in Baluchistan and Khyber Pakhtunkhwa, which will slow down completion and could cause concern for both states.

In an article titled "Extending CPEC to Afghanistan," Dr. Muhammad Munir highlights China's increasing interest in connecting the BRI with Afghanistan. China's Foreign Minister emphasizes the need for Afghanistan's stability and better living conditions. The OBOR aims to integrate member states economically and politically, while CPEC could help Afghanistan reduce its dependence on foreign aid. Trilateral collaboration between Pakistan, Afghanistan, and China on the Belt and Road would promote the interests of all three states. Pakistan is considering China's contribution to address the negative impact of Indian involvement in Afghanistan (Munir, 2018).

Sareen (2016) in his monograph, argues that the claims about the viability of the China-Pakistan Economic Corridor (CPEC) projects are erroneous. He highlights the concept of Gwadar as a gateway for China and Central Asia, which has been in existence for nearly 25 years. The author also expresses doubts about the investment, claiming that a \$4 billion annual investment for 15 years would amount to \$50 billion. The CPEC primarily consists of electricity projects, and the authors' biased report labels the megaprojects as weak and the economic justification as dubious.

Wolf (2016), highlights the China-Pakistan Economic Corridor (CPEC)'s connection to democracy and civil-military relations in Pakistan. Despite its potential to revolutionize the economy, security-related issues remain. The military's dominance over CPEC security decision-making negatively impacts civil-military ties. The CPEC has given the military a quasi-parallel form of government, hindering the government's efforts to consolidate democratic rule. The study focuses on civil-military ties, neglecting the security aspects of CPEC.

Xiguang (2016), discusses China's OBOR and CPEC efforts, which aim to create the Silk Road Economic Belt (SREB) and Maritime Silk Road (MSR) of the twenty-first century. The OBOR vision aims to foster regional and international collaboration for OBOR

nations' equipment manufacture, capacity building, and global economic governance. China will join the Pacific and Indian Ocean eras through CPEC. The AIIB aims to enhance China's geoeconomic and geopolitical power. Research suggests that China must protect OBOR countries' religious, cultural, tribal, and nationalist identities to ensure the integration of resources benefits all OBOR countries. Ahmed (2013), highlights the importance of deep-water ports in the Gwadar and Kashgar economic zones for Pakistan and China's growth in trade and commerce. The rapid development of China and Pakistan's political, strategic, and social ties leads to increased economic and trade ties between Islamabad and Beijing.

Small (2015), highlights that China has expanded its presence in South, Central, and West Asia, influenced by the US and European allies. CPEC programs have expanded China's presence in these regions. Chinese involvement in gathering Afghan Taliban willingness for negotiations is a crucial step in expanding China's influence in the region.

Kazmi (2016), presented a paper titled "The China-Pakistan Economic Corridor and Sino-Pak-India Nexus" at GC University in Lahore, highlighting the opportunities for cooperation among India, Pakistan, and China through the China-Pakistan Economic Corridor (CPEC). The CPEC is an application of the Five Principles of Coexistence in China and is similar to the US-driven Marshall Plan for post-World War II Europe. India serves as the primary US operator in the Asia Pacific area, opposing Chinese trade and development expansion. The US and its allies are prepared to assist India in acquiring advanced nuclear technologies. Despite reservations, India will not isolate itself in the region or obstruct CPEC, as it cannot afford to irritate China.

While reading the literatures that is currently accessible on (CPEC's connectivity with regional states and its implications for the region). It quickly becomes apparent that no important references have been given very little consideration. Even the existing literature lacks thorough, systematic investigation. The researcher read several national and international research papers, journals, magazines, and articles by famous academics from Pakistan and other countries. However, the researcher found that the connectivity of CPEC with neighboring nations and its implications for the region have not been explored in the literature mentioned above.

### **Research Methodology**

This study uses a qualitative method to analyze the China-Pakistan Economic Corridor's socio-economic importance and implications for the region. The goal is to examine the geoeconomic importance of CPEC for the region, using qualitative research based analytical and descriptive analysis. The study examines historical and descriptive data from research articles, books, journals, websites, and publications on CPEC.

### **Theoretical Framework**

Complex interdependency theory, introduced by Robert Keohane and Joseph S. Nye Jr. in 1977, suggests that states are economically and socially connected, and destabilization or destruction of this connectivity would cause unacceptable damages. States that are locked in interdependency seek peaceful resolutions of conflicts, while those less dependent on each other face less war and conflict consequences. Interdependent economic and political relations can lead to prosperity and regional stability. European states' cooperation on coal and steel has demonstrated complex interdependency of interests in the region. The Asian region, which is less integrated, faces economic crises. China's mega project, OBOR/BRI, CPEC, aims to ensure regional connectivity between central and south Asia, fostering interdependency of interests. This theory suggests that when states' interests are interdependent, there are fewer wars and conflicts, ensuring peace and economic prosperity in the region.

### **The Geopolitical Significance of Pakistan's Location for China**

Geographic location significantly impacts a state's social and political growth, and Pakistan's strategic location is a key factor in its influence on world affairs. As a point of entry for Afghanistan and Central Asian countries, Pakistan faces challenges due to geostrategic consequences of power games and the fight against terrorism. However, the situation is gradually shifting, and Pakistan is leveraging its strategic position to connect South Asia with energy-rich Central Asia (Khalid, 2009). The Arabian Sea and Pakistan's southern border are contiguous, making it a strategic intersection between west Asia, south Asia, and central Asia. Central Asian states have excess energy resources to sell to the rest of the world, and Central Asian

countries can access global markets through Iran and Afghanistan via Pakistan's Gwadar port. Due to Western sanctions on Iran, Central Asian countries prefer to conduct business through Pakistan's port, as it offers a better alternative to Chabahar due to Western sanctions on Iran (Malik, 2012)

China can easily access the important markets of South Asia, the Middle East, and Africa, as well as the Persian Gulf, the Gulf of Aden, and the warm water of the Arabian Sea, by using Pakistan's Gwadar deep-sea port (Malik, 2012). The South China Sea and the Malacca Strait, where Indian and American warships keep a presence and can at any time cause issues and prevent shipments to China, are the primary shipping lanes for trade between China, Africa, and the Middle East, accounting for 80% of all trade (Saad, 2018). While using Pakistani land to travel to the Middle East, Africa, and beyond can reduce the distance from 10,000 to 2,500 km, this route is also costly and dangerous for China. As a result, China can access these significant markets through Pakistan as well by taking advantage of Afghanistan's important geostrategic location.

### **Pak-China Economic Ties**

China Pakistan share strong cordial relationship from the very beginning. Both States play important role on regional and international level on the bases of their respective position. China plays a powerful and influential role in the geo economic politics of the world, Pakistan also playing a vital role in the regional geo politics. Pakistan has always received aid and cooperation from China, as evidenced by the Kargil War of 1999. The USA relaxed sanctions on India but not Pakistan, while China provided economic help and stability to Pakistan. However, trade between the two countries consistently showed Pakistan as losing, with lower exports to China compared to imports. This trade gap, which began in the early days of trade, remained consistent even in the current situation.

Pakistan and China have maintained trade relations since the early 20th century, with a trade deficit of 5.03 times higher in imports than in exports to China. However, with the change of the century, both nations began working on increasing economic ties. In 2003, a Preferential Trade Agreement was signed, followed by a Free Trade Agreement. Pakistan's political leadership did not realize that they should focus on increasing exports to minimize the trade deficit. In 2005, the Treaty of Friendship,

Cooperation, and Good Neighborly was signed, allowing both nations to increase economic cooperation in various sectors. Diplomatic relations between the two countries also increased, with political leadership visiting each other.

In 2001, the 50<sup>th</sup> anniversary of bilateral relations was celebrated with a visit by China's premier to Pakistan. The meeting focused on strategic cooperation and the development of Gwadar Port. China also offered assistance in constructing a coastal highway in Pakistan. In 2003, new agreements were signed, including nuclear plan transmission and joint declaration of mutual cooperation. Pakistan attended the Boao Forum and agreed to continue working for mutual benefits.

Diplomatic relations between China and Pakistan have been long and have been based on equality and mutual interests. China has provided assistance to Pakistan in overcoming socio-economic crises and has cooperated to increase military power and infrastructure. In the 21<sup>st</sup> century, both nations are working to increase economic cooperation and collaboration. China has announced investments in various sectors for socio-economic development, such as the energy sector, which Pakistan warmly welcomed due to energy crises. China also plans to invest in infrastructure development, roads, highways, ports, and communication, aiming to increase economic growth in the country. Both nations are committed to fostering economic cooperation and collaboration in the region.

China and Pakistan have a long history of trade, starting with a barter agreement. They decided to increase their economic market access through import and export, claiming that China's investment and economic ties would benefit their socio-economic development. After signing a free trade agreement, Pakistan managed to handle trade deficits and increased exports to China in the first five years. The two nations signed numerous new treaties in various fields, including agriculture, energy, trade, economy, and infrastructure development.

China's economic growth after the collapse of the USSR changed the world's structure, with the US and China as the world's largest importers and exporters. Pakistan capitalized on this opportunity to increase imports and exports to China from 2006-2012. Pakistan's exports increased from 2006 to 2012, with 3% of total exports to China in 2006 and 11% in 2012. However, Pakistani imports were higher than exports, with imports from China increasing from

10% in 2006 to 16% in 2012. This indicates that both exports and imports from China also increased over time.

China imports various items from Pakistan, including cotton, bed linen, fruit, marble, and sports items, mainly raw materials. Pakistan imports chemicals, organic material, and machinery from China, which are more costly than Pakistani exports. About 767 items are tax-exempt for Pakistani importers. The Free Trade Agreement (FTA) increased Pakistani exports to China, with 60% of Pakistani exports increasing after the FTA. Bilateral trade between Pakistan and China increased from one billion US\$ in 2001 to 12 billion US\$ in 2013.

The net benefit of this mutual trade was towards China due to its technological and economic growth. In 2011, Pakistan and China decided to extend the FTA, with the second phase of the five-year FTA signed in 2011. The Pak-China Entrepreneur Forum was the first collaboration between China and Pakistan. Chinese investors also invested in the banking sector, with two new branches of the Industrial and Commercial Bank of China established in Pakistan. Both private and public sectors of China are committed to investing in various sectors in Pakistan, including textile, leather, engineering, and garment industries.

In 2007, Pakistan and China established a joint investment company and opened a branch of the National Bank of Pakistan in China. In 2011, the President of China inaugurated the Pak-China Friendship Centre in Islamabad. Private investors signed 22 new agreements between the two nations, indicating an increase in economic ties. Pakistan's President Musharraf announced an investment increase from 500 million to 12 billion in joint ventures.

In the 21<sup>st</sup> century, Pakistan and China have initiated joint ventures to build infrastructure and infrastructure projects. One major joint venture is the construction and operationalization of Gwadar Sea Port, which is expected to provide numerous benefits to Pakistan. The port is considered an important economic activity in Pakistan, serving as a socio-economic funnel. China's investment in the port is higher than Pakistan's total investment, with plans to construct three multipurpose ship berths and a coastal highway from Gwadar to Karachi. China's investment in Gwadar Port and linked roads aligns with both Pakistan and China's interests, ensuring a smooth transition for both nations.

China provided financial and technical assistance for the operationalization of Gwadar Sea Port, aiming to boost Pakistan's economic growth. The port's importance in trade and the Makran Coastal Highway are expected to benefit China and other countries. The long-standing economic ties between Pakistan and China have been further strengthened in the current decade due to the BRI and CPEC's significance.

### **Implications on the Region**

In the twenty-first century, the focus has shifted from competition to collaboration and interdependence of interests. Globalization and regionalism have heightened the world's interdependence in bilateral trade and regional business. The economic integration of states within a region benefits the entire globe. However, South Asia sees only 3-5% of its trade as regional, resulting in poor economic growth due to a lack of regional integration (But & But, 2015). China's ambition to dominate the global economy depends on regional cooperation and growth, particularly in South Asia and Central Asia. Consequently, China is especially concerned with regional growth and integration in Pakistan, Afghanistan, Iran, and India.

In the coming years, regional and extra-regional players will benefit from the China-Pakistan Economic Corridor (CPEC). This extensive land-sea project is poised to significantly alter Asia's geopolitical and strategic landscape (Umbreen & Rameesha, 2016). The economic prospects of regional states could be transformed as a result. Millions of people in the region are expected to benefit from CPEC's potential to enhance socio-cultural connectivity, trade relations, economic activity, technical collaboration, and create new financial opportunities.

### **Economic Implications on the Region:**

Being the centerpiece of BRI, CPEC is a boon for the countries in the area and will quicken economic activity in the following ways:-

#### **1. Regional Integration**

Regional integration focuses on interdependence, collaboration, regional communication, and infrastructure development among states to enhance the region's economy. It involves removing tariffs and other barriers to promote regional trade, which is crucial for economic growth and development.

Through the China-Pakistan Economic Corridor (CPEC), regional integration may be introduced to Asia. CPEC aims to connect markets across Pakistan, China, the Central Asian republics, Afghanistan, and Iran, impacting approximately two billion people. This integration is vital for maintaining peace in the region (Jaleel, 2019). The CPEC initiative offers South Asian and Central Asian nations the opportunity to benefit from increased regional trade. It is designed to bolster Pakistan's position in South Asia through active participation in regional integration.

The liberal school of thought posits that when trade and economic interests are interwoven, peace and cooperation among states are fostered, reducing the fear of war. In their Complex Interdependence Theory, Robert Keohane and Joseph Nye suggest that states may promote integration based on the interdependency of interests. Today, no state can exist without official relations with other nations, especially neighboring ones, as no nation can fulfill all its needs independently. All states are working together to address their needs for expansion and economic development. The era of globalization has compelled governments to deepen their economic links and dependencies. The China Belt and Road Initiative can be analyzed using the complex interdependence paradigm, which promotes cooperation and interdependence among governments (Wang, 2017). Essentially, "interdependence" refers to the political and economic connectivity of two or more states. Interdependence promotes economic growth by reducing the likelihood of conflict and power struggles.

#### **2. Regional Connectivity**

Regional connectivity refers to the efficiency and effectiveness of a regional network in facilitating the movement of people, products, services, and information within an area. This is essential for a state's economic growth and prosperity. China has initiated the Belt and Road Initiative (BRI), including the China-Pakistan Economic Corridor (CPEC), to secure regional connectivity for economic development. The BRI megaproject, developed by the Chinese Ministry of Foreign Affairs, National Development and Reform Commission, and Ministry of Commerce, aims to promote global connectivity and enhance engagement with neighboring states (Khan, 2018).

The CPEC project, a key component of the BRI, aims to link infrastructure initiatives across Central Asia, West Asia, South Asia, and beyond, addressing China's energy transit needs. This project is crucial for the region's economic growth as it sits at the intersection of Central Asia, South Asia, and Europe. Pakistan, located at this strategic intersection, is expected to play a significant role in CPEC's economic development (Sheikh & Mehboob, 2020). By 2050, Asia is projected to account for 50% of the world's GDP, with Gwadar serving as a central transshipment hub. CPEC will significantly transform the region's landscape.

CPEC is anticipated to increase interdependence among regional economies, promoting industrial development, agricultural growth, trade, and the exchange of information. As the shortest trade route connecting South Asia, Central Asia, and the Middle East, CPEC will boost economic activity, ensuring the region's economic growth and prosperity.

### **3. Boosting of Trade Activities**

Trade liberalization and openness are essential for economic expansion and development. Economically developed states have embraced trade liberalization to foster progress and sustainable growth. The China-Pakistan Economic Corridor (CPEC) aims to enhance trade between China, Pakistan, Central Asia, South Asia, the Middle East, and Europe. Similarly, the TAPI regional energy project, involving Afghanistan, Pakistan, India, and Turkmenistan, seeks to strengthen energy connections between Central Asian states and South Asian governments. Pakistan is working to create a favorable climate for commerce and increase connections with Central Asian republics. In 2018, a delegation from Central Asian nations visited Pakistan, offering ideas to enhance trade ties between these countries (Rajiv & Menon, 2019).

Historically, Central Asian countries and India were economically linked along the Silk Road, facilitating the movement of goods, people, and ideas. However, these regions were cut off from one another once the ancient Silk Road was abandoned. The CPEC's connectivity with Afghanistan through the Indian Ocean will reconnect India and Central Asian republics (Stobdan, 2015).

CPEC is expected to boost trade between India and Central Asian republics by providing access to the warm waters of the Indian Ocean and Arabian Sea (Rajiv & Menon, 2019). Currently, trade between

India and Central Asian countries amounts to US \$851.91 million. Uzbekistan is India's largest trading partner in Central Asia, with a total trade volume of US \$328.14 million. Trade between India and Turkmenistan stands at US \$66.27 million, followed by trade with Kyrgyzstan and Tajikistan at US \$32.60 million each.

Tajikistan and Kyrgyzstan have significant hydroelectric energy production potential but need markets to export this energy. Without markets, they risk losing substantial revenue. Through Afghanistan, CPEC enables Central Asian states to sell excess electricity to South Asian countries facing energy shortages. The massive TAPI pipeline project, linking Central Asia and South Asia, was signed in 2002 by Turkmenistan, Pakistan, Afghanistan, and India. Covering 1800 kilometers, this project starts in Turkmenistan and travels through Afghanistan and Pakistan to India. It is expected to export 33 billion cubic meters of natural gas annually to member countries (Altaf, 2018). The project's total cost was estimated at US \$7.6 billion in 2008. This project is anticipated to meet 15% of Pakistan's annual energy demand.

### **Political Implications on the Region:**

#### **Emergence of Amicable Relations in the Region**

Afghanistan was the first country to reject Pakistan's admission to the UN due to its claim to Pashtun lands along their shared border, known as the Durand Line, which led to a tense relationship from the beginning. Afghanistan still does not recognize the Durand Line as a legitimate border separating the two nations. Another major source of tension between Pakistan and Afghanistan is Pakistan's interference in Afghan domestic matters (Khan, 2019).

Because of its connection to Afghanistan, the China-Pakistan Economic Corridor (CPEC) remains important for both Pakistan and Afghanistan. It provides both states with a platform to transform their often tense relations into a solid bilateral partnership (Grare, 2006). Strong bilateral ties between these two states are essential for their mutual benefit and the stability of the entire region.

The relationship between the two largest states in the area, India and Pakistan, has greatly contributed to regional volatility. India views the CPEC as a way to counter China, but it will soon recognize its importance to the regional economy (Wagner, 2016). Both China and Pakistan want India to participate in this enormous project. Pakistan views

CPEC as a game-changer for regional economic development, prosperity, and conflict resolution. CPEC can help Pakistan and India find a solution to the Kashmir issue, as conflict resolution is more likely when economic interests become interdependent (Grare, 2006). By participating in CPEC, India could gain access to Afghanistan's vast market, enhancing the region's economic and political prosperity.

### **Enhancing People-to-People Connectivity**

A core principle of the Belt and Road Initiative (BRI) is fostering human connectivity, which is crucial for the successful implementation of the initiative. This involves various forms of exchanges, including staff swaps, media partnerships, youth and women's exchanges, cultural and educational exchanges, and volunteer service programs. The Chinese government has initiated programs to connect people and facilitate cultural exchange under the BRI framework. These human connections promote peace and intercultural cooperation, enhancing mutual trust and supporting international trade and economic growth. To further this goal, the Chinese government provides tens of thousands of scholarships to students from BRI member countries, enabling them to study in China, share their cultures, and enhance intercultural understanding (Jaleel, 2019). Additionally, the government encourages cultural festivals, book fairs, and scientific and technological collaboration to strengthen people-to-people ties.

Moreover, these efforts at people-to-people connectivity play a vital role in soft diplomacy, allowing China to build a positive image and foster goodwill among participating nations. By engaging in cultural exchange programs, China not only promotes its own culture but also learns from the diverse cultures of its partner countries, creating a rich tapestry of mutual respect and understanding. This cultural diplomacy helps mitigate misunderstandings and build stronger bilateral relationships, which are foundational for the BRI's broader economic and strategic goals. These initiatives also pave the way for future collaborations in various sectors, including business, technology, and education, thereby creating a more interconnected and cooperative global community (Safi, 2018). By investing in human connectivity, China is laying the groundwork for a stable, peaceful, and prosperous international environment conducive

to long-term economic development and global harmony.

### **China's Strategic Advantages in the Region**

Geographically, China places high strategic value on Afghanistan through the Belt and Road Initiative (BRI), also known as the New Silk Road (Asia, 2020). Introduced by Chinese President Xi Jinping, the BRI consists of two main components: the Silk Road Economic Belt and the 21st Century Maritime Silk Road. Under the BRI umbrella, over 65 nations will have commercial connections via land, air, and sea, covering about a third of the world's population. Afghanistan, due to its geographical location, has the potential to serve as a crossroads and transit country for individuals moving between East Asia, West Asia, South Asia, and North Asia. Afghanistan is at the center of several regional megaprojects, including the BRI, which aims to connect China with Europe, Asia, and Africa using ports, roads, and railways. The connection between CPEC and Afghanistan will provide China with a strategic advantage (Jaleel, 2020).

### **Counter-terrorism and Radicalism:**

Afghanistan has experienced war, terrorism, extremism, and conflicts over the past forty-two years. The Soviet Union launched a 10-year invasion of Afghanistan in 1979, followed by an 11-year civil war after the Soviet retreat, and the American war on terrorism, which has lasted for over 20 years. These wars and conflicts have severely impacted every aspect of life in Afghanistan, including its economy, stability, and peace. Terrorism and extremism in Afghanistan affect not only the country itself but also the broader region, including China's Belt and Road Initiative (BRI). Combating terrorism and extremism in Afghanistan is essential for the stability of both Afghanistan and the surrounding region (Jaleel, 2019).

If terrorism and extremism in Afghanistan continue to grow, they will pose significant challenges to China's Belt and Road Initiative. The BRI must address and contain terrorism and extremism in Afghanistan, as these issues directly affect China's regional economic interests. China is involved in energy-related projects, such as Central Asian oil and gas pipelines. Ongoing instability makes China's vision of "One Belt, One Road" difficult to achieve, as developmental projects in the region and Central Asian governments remain vulnerable. Stable

economic markets provide job opportunities, which have been proven effective in combating extremism and terrorism.

The success of the BRI, therefore, hinges on the stabilization of Afghanistan. By promoting economic development and creating job opportunities, the BRI can help reduce the appeal of extremism and terrorism. This approach aligns with the idea that stable and prosperous markets are crucial in combating these threats, ultimately benefiting the entire region and supporting China's broader strategic interests.

### Conclusion

China's largest economic project is the OBOR, a \$21.1 trillion investment that joins 65 nations from around the globe. The most significant of the six economic corridors is the CPEC, which has the potential to connect South Asia, central Asia, western Asia, and beyond. CPEC is considered the "flagship project" of OBOR because it traverses over a significant geostrategic area. The Gwadar deep-sea port, the focal point of CPEC, provides landlocked Central Asian governments with the opportunity to access the warm waters of the Arabian Sea and Indian Ocean for their international commercial operations, fostering the growth of Gwadar as a regional trade hub. OBOR is reviving the ancient silk route, which was built 200 years ago as a commercial route between China, Arab countries, and central Asia. China's main goal in OBOR is to integrate the area and the rest of the world for economic progress. Landlocked nations will be able to access the vast Asian markets as a result. States in Central Asia now have access to these markets because to the CPEC, which connected Iran, Afghanistan and Pakistan. Some of the links that this enormous project might make with Afghanistan include the Gwadar-Termez Motorway, the Peshawar-Kabul Motorway, the Peshawar-Kabul Railway Track, the Chaman-Spin Buldak Railway Track, and the Khyber Pass Economic Corridor. The interconnection of CPEC with regional nations would have a substantial impact on regional connection, regional integration, people-to-people connectivity, and trade openness among regional states. As a result, CPEC will have a big impact on the region's economic development.

### Recommendations:

- Strengthen Infrastructure Development:**
  - Expand Transportation Networks:** Accelerate the completion of road, rail, and port projects under CPEC to enhance connectivity both within Pakistan and with neighboring countries. Focus on high-quality construction to ensure durability and efficiency.
  - Modernize Energy Infrastructure:** Prioritize the development of sustainable energy projects, such as solar, wind, and hydroelectric power, to address Pakistan's chronic energy shortages and support industrial growth.
- Enhance Trade and Economic Policies:**
  - Streamline Trade Regulations:** Simplify customs procedures, reduce tariffs, and eliminate non-tariff barriers to facilitate smoother trade flows between Pakistan and China. This will enhance bilateral trade and economic cooperation.
  - Develop Special Economic Zones (SEZs):** Establish and operationalize SEZs along the CPEC route to attract foreign direct investment (FDI), promote industrialization, and create job opportunities.
- Promote Regional Cooperation:**
  - Engage Neighboring Countries:** Actively involve Afghanistan, Iran, and Central Asian countries in CPEC initiatives to expand the economic corridor into a regional development framework, promoting greater economic integration and stability.
  - Foster Multilateral Partnerships:** Collaborate with regional organizations such as the South Asian Association for Regional Cooperation (SAARC) and the Economic Cooperation Organization (ECO) to build a broader economic framework and facilitate regional trade and investment.
- Ensure Economic Sustainability:**
  - Invest in Human Capital:** Develop vocational training programs and educational initiatives to equip the local workforce with the skills needed for emerging industries. This will help in maximizing the employment benefits of CPEC projects.
  - Support Small and Medium Enterprises (SMEs):** Provide financial incentives, technical support, and market access to SMEs to ensure that they can benefit from CPEC-related economic activities, thereby promoting inclusive growth.



5. **Address Environmental and Social Concerns:**

- **Implement Environmental Safeguards:** Integrate robust environmental protection measures in all CPEC projects to prevent ecological damage. Conduct regular environmental impact assessments and enforce compliance with national and international environmental standards.

- **Promote Social Inclusion:** Ensure that local communities are actively involved in the planning and implementation of CPEC projects. Implement policies that guarantee fair compensation and resettlement for affected communities, and ensure that the benefits of development are widely distributed.

6. **Enhance Security Measures:**

- **Strengthen Security Infrastructure:** Enhance security protocols and infrastructure to protect CPEC projects from potential threats, ensuring the safety of both local and foreign workers.

- **Foster Political and Social Stability:** Work towards improving political stability and social harmony within Pakistan to create a favorable environment for CPEC-related investments and activities.

7. **Improve Governance and Transparency:**

- **Increase Transparency:** Ensure that all bidding and contracting processes related to CPEC projects are transparent and open to scrutiny. This will build trust among stakeholders and reduce the risk of corruption.

- **Strengthen Institutional Capacity:** Enhance the capacities of institutions involved in the planning, execution, and oversight of CPEC projects. This includes providing training, improving coordination among agencies, and ensuring effective project management.

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