

CHINA-PAKISTAN ECONOMIC CORRIDOR (CPEC): MAGPOONDAS SPECIAL ECONOMIC ZONES IMPACT ON FUTURE ECONOMY OF GILGIT-BALTISTAN

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ABSTRACT

The Magpoondas Special Economic Zones (SEZs), created as part of the China-Pakistan Economic Corridor (CPEC), might have a big impact on Gilgit-Baltistan's economy in the future. The goal of these SEZs is to serve as important centers for business and industrial activity, supporting regional economic expansion, employment creation, and technical improvement. Because of its advantageous location and the infrastructure development made possible by CPEC, Gilgit-Baltistan is positioned to play a significant role in the larger economic framework. Origin direct investment, technological transfer, and improved commercial connectivity are anticipated outcomes of the Magpoondas Special Economic Zones. The possible benefits of this economic inflow include increased living standards, less unemployment, and economic diversification for the community. A robust and sustainable economic ecology in Gilgit-Baltistan may also be fostered by the creation of these SEZs, which may encourage innovation and skill development. To ensure the region's sustainable development, however, the environmental and social effects must be carefully taken into account. In order to maintain Gilgit-Baltistan's distinct cultural and biological legacy while promoting economic progress, community involvement, environmental conservation initiatives, and inclusive policies are essential. To sum up, the Magpoondas Special Economic Zones (SEZs) within the CPEC concept provide Gilgit-Baltistan prospects for revolutionary economic growth. However, cautious and comprehensive approaches are crucial to optimize advantages and minimize possible drawbacks.

Keywords: Moqpondass, China, Pakistan, CPEC, Gilgit-Baltistan, Karakoram Highway, Khunjrab Pass, Skardu, Gwadar.

INTRODUCTION

The construction of the China-Pakistan Economic Corridor (CPEC), which would link the ports of Gwadar, Pakistan, and Kashghar, China, will be made possible by a network of pipelines, fiber optics, electricity, and railroad tracks. For leaders in China and Pakistan, the expansion of the CPEC is very important. Chinese Premier Li Keqiang presented the massive CPEC proposal to Pakistan in May 2013 while on an official visit. Aiming for win-win outcomes and shared growth, President Xi Jinping

and Prime Minister Nawaz Sharif decided to advance a 1+ 4 pattern of economic cooperation during Xi's April 2015 visit to Pakistan. This pattern would center on the China-Pakistan Economic Corridor (CPEC) and include four primary areas of cooperation: the Gwadar port, the energy market, transportation, and industrial cooperation (Saba, 2021).

The economic corridor is a plan aimed at bringing regional economies together. CPEC stretches from

Kashgar, China to Gwadar, Pakistan, which involves the development of a 3000-kilometer road network. The highways and railways, as well as oil and gas pipelines, Special economic areas in various parts of Pakistan, Fiber optic and manufacturing sectors, Electricity projects and nine economic zones. It travels 600 kilometers throughout the (GB) region, passing through mountains and on ups and downs. The people of GB are concerned about an uneven distribution of rights, but the Pakistani government has assured them that they will have the same rights as other provinces under this scheme. The goal of this study was to present every facet of the one belt, one route theory and its implications, with a focus on Pakistan's stunning north. Since the start of the CPEC, China has emerged as Pakistan's greatest investor, with \$8 billion in inflows and \$2.1 billion in outsourcing, accounting for 36% of Pakistan's net investment," she told conference attendees. She took advantage of the opportunity by highlighting Pakistan's advantages for overseas investors, including a one-time customs duty exemption and a 10-year income tax vacation for both SEZ developers and businesses, (Ismail, 2019).

Geography of Moqpondass:

The special economic zone is around 35 kilometers from Gilgit Airport and 160 kilometers from Skardu Airport. Also, the property is located on Gilgit-Skardu Road, which is four kilometers away from the CPEC route. The Moqpondass is located at The Junction of the World's three Mountains, Karakorum, Himalayas, And Hindukush; The Magpoondas is Suited in the Vital location among Gilgit, Skardu, and Islamabad. The Special Economic Zones are 457 Kilometers far Way from Islamabad, 40 Kilometers far From Gilgit and 160 Kilometers distance from Skardu. According to the industry department of GB, The government of Gilgit-Baltistan control the 250 acres (2000, Kanal) of land in Gilgit area of Hearnosh village for the development of the Moqpondass Special Economic Zone. The government has begun producing a feasibility report for the development of a Special Economic Zone in Gilgit Baltistan, according to official sources. The zone is part of the China Pakistan Economic Corridor (CPEC), a massive project in which the government has chosen to build nine special economic zones (SEZs) in all four provinces, as well as Azad Jammu & Kashmir and Gilgit-Baltistan, to stimulate trade and commerce in the country. The government

intends to establish industries in several sectors in the Moqpondass industrial zone, including marble, granite, iron ore processing, fruit processing, steel industry, mineral processing unit, and leather industry (Burman, 2016).

Special Economy Zones:

The idea behind a nine special economic zone is to reserve a certain plot of land and use special economic and tax laws to promote the growth of industry. Among the nine zones under federal government control are Moqpondass in Gilgit-Baltistan, Mohamed Marble City in FATA, Bhimber Industrial Zone in AJK, and Industrial Park on Pakistan Steel Mills Land in Port Qasim in Karachi. The industrial zones in question are Rashakai in Nowshera (KPK), China Special Economic Zone in Dhabeji (Sindh), Bostan in Quetta, Baluchistan, Allam Iqbal in Faisalabad, ICT Model in Islamabad, Industrial park on Pakistan Stell Mills land in Port Qasim Karachi, and Mirpur (Azad Kashmir). The government began setting up industries or special economic zones in various parts of Pakistan after the completion of the power and road projects. The Gilgit-Baltistan region is crucial for the development of industries that offer jobs and opportunities for locals. Without SEZs, the CPEC project won't be beneficial to the local population. The industries zones play a crucial function for the region as a consequence.

Geographical location of M, SEZ



Sources: [Gilgit Baltistan – Industries, Commerce & Labour Department, https://iclg.gov.pk/](https://iclg.gov.pk/)

Magpoondas Special economic zone in Gilgit-Baltistan

Gilgit-Baltistan, as the CPEC's gateway, has emerged as the most important region in the growing regional situation. Fortunately, the region offers enormous potential for the development of a wide

range of major, medium, and small-scale enterprises, including minerals, gemstones, tourism, fishing, fruit processing, and handicrafts, among others. It is the heart of North-South and East-West trade because of its proximity to China in the north, Central Asia in the west, Karachi Gwadar sea ports in the south, and India in the east. In this regard, the Department of Industries, Mines and Minerals, Labour and Commerce are the most important department in the GB, with the potential to play a critical role in the socio-economic development of both the region and the country as a whole. Moqpondass is a proposed priority SEZ in Gilgit Baltistan (GB), which is surrounded by Afghanistan to the northeast, China to the north, and the Pakistani governed state of Azad Jammu and Kashmir to the south (AJK). The Moqpondass Special Economic Zone is a successful approach for encouraging commerce, job creation, and economic growth in the region. Along China's western border, a special economic zone called Moqpondass is being developed. Situated in the center of Skardu, Gilgit, the economic zone spans a total of 250 acres. (Ismail, 2019). In the economic zone, the following projects will be built:

Water-cleaning unit,

- a unit for processing marble stone
- A wheat fruit system to use as cool drink ,
- a steel-and-iron unit,
- Dry fruit unit,

Industrial potential of Special economic zone

Wood

- Furniture
- Wood carving
- Chip board, hard board

Herbs

- Processing
- Medicine production

Trout fish

- Processing
- Packaging

Fruits & vegetable

- Processing
- Packaging
- Branding

Gemstones

- Cutting, faceting
- Polishing
- Branding

Minerals

- Processing
- Value addition
- Finished products

The government intends to establish industries in several sectors in the Moqpondass industrial zone, involving the processing of marble, granite, iron ore, fruit, steel, mineral processing, and leather industries. In the future, an iron and steel factory, a center for cutting and polishing rare gemstones and fruit processing enterprises would be built at Magpoondas. (Muhammad, 2021).

According to the Secretary Industrial and Commerce Gilgit-Baltistan Mr. Asif Ullah Khan,

The evolving regional dynamic has made Gilgit-Baltistan, as the CPEC's entrance, the most significant area. Minerals, gemstones, tourism, fish farming, fruit processing, and handicrafts, among other sectors, have a lot of potential in the region. It is the hub of North-South and East-West trade because of its connections to China in the north, Central Asia in the west, the Karachi Gwadar seaports in the south, and India in the east. In this regard, the Department of Industries, Mines and Minerals, and Labour Commerce are the most important department in the United Kingdom, with the potential to play a critical role in the nations and the region's combined socioeconomic progress. In addition to local capacity building and skill development, our Directorate of Industries, Labor, and Commerce will operate as the hub for luring, facilitating, and promoting trade, commerce, and investment from both domestic and foreign sources. so that they can fully participate in and benefit from new opportunities..

Vision of Special Economic Zone

the zone of exceptional economic interest Enhancing the standard of living for Gilgit-Baltitan's labor force, expanding the region's industrial potential, and creating an atmosphere that encourages private sector involvement in trade and commerce, (Labour dept, 2022).

Mission of Special Economic Zone

- Seek to improve people's social and economic well-being, particularly the impoverished and underprivileged; -Offer large-scale job opportunities through the private sector.

- Develop human capital to fulfill industry's needs; -Utilize natural resources for long-term industrial growth; -Establish industries based on local raw materials and skilled Labour to achieve cost parity and attract investment.
- To establish industries based on locally sourced raw materials and skilled labour in order to attain cost competitiveness and attract investment, (Labour dept, 2022).

Natural Resources in Gilgit-Baltistan

The Presence of natural resources is a sign of development and property OF ANY region. Gilgit Baltistan is an area where natural resources are found in abundance. The resources present in Gilgit-Baltistan are as follows

- Water resources
- Land and soil resources
- Mineral

Water Resources:

Water is one of the most important components of life. Life can't exist without water. Gilgit Baltistan is the treasure of water resource in the form of glaciers as Baltistan region is said to be the home of glaciers. The Biafo, Baltoro, and Batura glaciers are three of the largest glaciers in the world outside of the polar area, and they are all located in Gilgit Baltistan. Along with these larger glaciers, Gilgit Baltistan is home to 2,420 glacial lakes and 5,215 smaller ones. Each of these glaciers empties its water into the Indus River. Other than glaciers, lakes, rivers, streams and springs are also found in different areas of Gilgit Baltistan .major part of our country Pakistan is being irrigated by the water resources of Gilgit-Baltistan. Federal government is required to make turn not only can use for clean drinking water and for irrigation purpose but also can generate thousands of megawatts, of electricity from each dam, (Khan, Khan et al. 2016)

There are a potential to produce around 52,000MW hydroelectric power in the region. Currently two mega projects are under consideration on the river Indus one is the Diamer Bhasha dam and second is Bunji Dam. The total power capacity of these dams would be 11,600MW on completion of the project.

Land and Mineral Resources:

Land is considering being major resource for agricultural development. Soil is produced due to decompositions of rocks and minerals. Gilgit-Baltistan has a area of 72,971 km sq which consist of green valleys, flourished fields, forest, barren land mountains. The land of Gilgit-Baltistan is very fertile. Land and soil have an important role in growth of plants, tress and crops.

Gilgit-Baltistan is a land rich in natural resources, which God has bestowed upon the region. Minerals, (Topaz, Period, Emerald, Morganite) water, agriculture, fruits, animals, and the forest are the region's main sources. Because of the abundance of natural resources, special economic zones play a critical role in bringing development and job creation to the local population. Natural resources abound in several parts of Gilgit-Baltistan, including district Shiger, Roundu, Nagar, Astor, and Hunza, as well as a wealth of precious stones. Construction began immediately after the agreement was signed. Despite the fact that the CPEC website of the Pakistani government claims that the space given is 250 acres, satellite data shows that the Chinese are using more than 750 acres. The construction company has a storage facility, a cement concrete production and mixer plant, and two crusher plants on its property, (Bhat, 2019).



Sources: Col. Vinayak Bhat (Retd), 27 August, 2019 11:17 am IST

Advantages of Moqpondass:

1. The native Peoples of Gilgit Baltistan will have employment options thanks to the special economic zone. The area serves as Pakistan's water storage body and has the capacity to generate electricity for the country's other provinces.
2. The government of Pakistan will be strongly motivated financially by special areas to enact

changes that will improve the country's business environment, productivity, export market, and commercial appeal to attract more foreign investment.

3. For the vast unemployed population of the nation, especially the growing educated workforce and the locals of Gilgit-Baltistan, the special economic zones will be a source of employment opportunities.
4. The special economic zones Efforts to enhance capacity through vocational and technical training will aid the local workforce in catching up in terms of quality skills.
5. Possibility of attracting Pakistani Diasporas back to Pakistan with their skills and experience gained while working overseas, as well as their earned cash, for more advantageous opportunities in the country, (Mahmood 2018)
6. Pakistani firms competing with or complementing Chinese firms will learn modern business and trade skills from their Chinese compotators within SEZs.
7. The critical opportunity to improve Pakistan's technological standing through close collaboration with Chinese enterprises and institutions.
8. SEZs would allow for Labour pooling, lowering workers' and employers' job search costs and, as a result, the unemployment of talented workers.
9. The business zone creating backward links with China's enormous market and SEZs can help to build a robust and long-term corporate integration through trade and investment. (Mahmood, 2018)

CPEC: Futures Impact on Gilgit-Baltistan:

An area in northern Pakistan noted for its magnificent landscapes and cultural variety is called Gilgit-Baltistan. It is strategically situated along the CPEC route, and the development of the corridor may have an effect on the region's economic prospects in the future in a number of ways.

- **Development in infrastructure:**

Gilgit-Baltistan's internal connectivity as well as its connectivity with the rest of Pakistan could both benefit from the construction of roads, railroads, and other infrastructure as part of CPEC. Trade, tourism, and investment opportunities may be facilitated by this improved connectivity.

- **Trade and Business:**

Due to Gilgit-Baltistan's proximity to the CPEC route, there may be chances for the area to develop into a centre for trade between China and Pakistan. Increased international trade and economic activity could result from this, perhaps strengthening regional economies, (Kanwal, Pitafi et al. 2019).

- **Boost Tourism:**

Gilgit-Baltistan might be easier to reach for both domestic and foreign tourists because to the upgraded infrastructure. The natural beauty and cultural richness of the area may draw more tourists, boosting the local economy through tourism-related businesses. There may be chances for both domestic and foreign businesses to participate in several sectors in Gilgit-Baltistan as CPEC projects advance. Special Economic Zones (SEZs) created as part of CPEC may draw in enterprises and industries, thereby leading to job creation and economic expansion.

- **Energy project:**

Energy is the backbones of any country, to alleviate Pakistan's energy shortages, CPEC comprises energy projects. These initiatives may result in greater accessibility to energy supplies and power in Gilgit-Baltistan, which could boost the local economy and raise living conditions, (Rehman, Hakim et al. 2018)

Challenges for Special Economic Zone

- Disputed status of the region of Gilgit-Baltistan
- Marginalization of local population
- Energy shortage
- Indians interference
- Nationalist groups
- Super powers interference
- The peoples of the region can't trust on the government of Pakistan due to the unequal distributions of project.
- Due to the region's disputed status, a war between India and Pakistan could break out.
- The Chinese culture will influence local culture, and cultural shifts will intensify overall. People in the area may experience problems as a result of China's open access and potential for powerful influence. Due to the non-Muslim nature of the Chinese population, it may pose religious problems for the area and influence regional sentiments.

- The most difficult task would be to change human, financial, technological, and institutional resources in order to take advantage of the new prospects.(Abid and Ashfaq 2015).
- SEZs location is critical to their success. On the placement of SEZs, there should be no room for compromise or politics. Place them in the most appropriate and viable locations. The area's competitiveness should be the guiding principle for site selection.
- All SEZs must physically be connected to both domestic and foreign supply networks. Among the hurdles associated with governance are overcoming political sway, rent-seeking and tariff-seeking activities, and coordination issues among multiple parties, (Ismail, 2019).

Futures plan of Moqpondass zone



Sources: [Gilgit Baltistan – Industries, Commerce & Labour Department, https://iclgb.gov.pk/](https://iclgb.gov.pk/)

Conclusion:

Gilgit-Baltistan is situated in the nexus of potential economic transformation and the China-Pakistan Economic Corridor (CPEC). Infrastructure, commerce, and investment opportunities along the corridor present an opportunity to support regional growth. The trek is not without difficulties, though. It will be crucial to strike a balance between economic development, cultural preservation, and environmental sustainability. As the area navigates the benefits and complications posed by CPEC, it is imperative to protect Gilgit-Baltistan's distinctive identity and stunning scenery. Gilgit-Baltistan has the capacity to create a bright and sustainable future within the CPEC framework via careful planning, inclusive policies, and a dedication to its people and heritage. The mega project has a vital role in the

development of Pakistan and also fruitful for Gilgit-Baltistan. The development of mega project depends on the special economic zones (Industries) that will bring peace and prosperity and economic stability in Gilgit-Baltistan. In the twenty-first century, the period of globalization, the world is turned into a global village, with everyone easing to comprehend and interact with one another. The Moqpondass special economic zone will play a critical position in the region. The optical fiber will revolutionize the communication system in Gilgit-Baltistan. It is simple to communicate with the rest of the world via optical fiber, allowing the local rich cultural and tourism industry to be showcased to the rest of the globe. Since a railway track would be built from China to Gilgit and then all the way to Gwadar port, it may be conceivable for train service to start operating between China and Pakistan in the future. This would be extremely important for the GB region. The projects including minerals, fruits, water purification, and other projects will all employ current technology within the special economic zone. For the four provinces of Pakistan as well as the areas of Gilgit-Baltistan and Azad Kashmir, the China-Pakistan Economic Corridor (CPEC) is revolutionary. Through transportation, industry, power generation (electricity), commerce promotion, and tourism, it will emerge as the primary route connecting the two states. For the Middle East, South Asia, and Central Asia, CPEC will be just as significant. In various regions of Pakistan, nine economic special zones will be constructed as part of the CPEC. Moqpondass is the location of the first economic zones that will be constructed between Skardu City and Gilgit. The creation of this special economic zone will be essential to the region of Gilgit-Baltistan's economic development. Because there are now no existing enterprises in the GB region, the economic zone will present excellent potential for the local population. Opportunities to improve both strategic and economic development will be presented by this special economic zone. The territory that connects China and Pakistan is called Gilgit-Baltistan. The Karakorum Highway, which begins at Khunjab Pass, the CPEC's entrance, links the two countries. The effectiveness of infrastructure projects, the ability to draw in investments, the promotion of sustainable development practices, and the attention paid to social and environmental issues are just a few of the variables that will determine how the Magpoondas Special Economic Zones will affect

Gilgit-Baltistan's future economic prospects. Ensuring the long-term viability and beneficial effects of economic initiatives like SEZs under the CPEC in the region requires a thorough and balanced approach that addresses potential obstacles and involves the local community.

In the context of the China-Pakistan Economic Corridor (CPEC), a number of variables will determine how the Magpoondas Special Economic Zones affect Gilgit-Baltistan's potential for future economic growth. To guarantee successful results, community involvement, regional integration, sustainable development strategies, and successful execution are essential. The establishment of these special economic zones will require a well-rounded strategy that leverages advantages while addressing obstacles in order to support Gilgit-Baltistan's long-term economic growth and prosperity. Gilgit-Baltistan could experience good economic transformation as a result of the China-Pakistan Economic Corridor, but careful planning, sustainable practices, and inclusive policies are necessary to maximize the advantages while minimizing the obstacles. As CPEC development moves forward, the region's distinctive cultural and environmental characteristics should be acknowledged and preserved. The prosperity of Gilgit-Baltistan's Magpoondas Special Economic Zones depends on a number of variables, such as efficient administration, sustainable development strategies, community involvement, and regional cooperation. Realizing these elements can help the area's economy grow and strengthen its position within the larger framework of the China-Pakistan Economic Corridor.

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