



## Regional Security Implications of China-Pakistan Economic Corridor (CPEC)

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**Abstract** *CPEC is the first of the Belt and Road Initiative's (BRI) six envisioned corridors and the flagship project connecting the belt from Kashgar with the maritime Silk Road at Gwadar Port of Pakistan. From Pakistan's perspective, this project has been labelled "Fate Changer" for Pakistan and "Game Changer" for the entire region. CPEC is expected to bring significant economic and geo-strategic benefits for Pakistan and China. The expected investment of USD 60 billion will elevate Pakistan's economy and security. Both the countries remain committed to see its timely completion. While CPEC offers opportunities at global, regional and domestic levels, it faces some internal and external challenges. Therefore, a comprehensive approach in realm of foreign policy initiatives, governance and security domains is required.*

### Introduction

The CPEC comprises an assortment of diverse energy related projects, infrastructure development, road networks and Special Economic Zones spread across length and breadth of Pakistan. Under the overall ambit of One Belt One Road (OBOR), this project has been classified as flagship project due to its advanced stage of implementation and enthusiastic participation by the governments and people of both China and Pakistan. Apart from helping in economic development of Pakistan, it also brings enormous opportunities for China as well by providing shortest access to western and relatively remote regions of Xinjiang where Chinese Government is laying added emphasis for uplifting and development. The manifestation of Iron Brothers where both countries apart from

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accruing mutual benefits are also elevating their strategic partnership of unprecedented significance which also brings the people of both countries even closer. Pakistan is situated at the intersections of China and Indian Ocean Region (IOR), the oil rich Middle East and the Persian Gulf as well as energy blessed Central and West Asia. These factors demonstrate its geo-economic and geo-strategic importance with a pivotal position in the OBOR vision. From the Liberalist perspective of common development and shared destiny; the CPEC has the potentials of replacing zero-sum geopolitics of the region which prevailed in the past and ushering it into an era of economic interdependence and shared development. This article examines various challenges and opportunities brought by CPEC and its overall impact on the security landscape of South Asian region.

### **Analytical Debate on Geo-Politics and Geo Economics of CPEC**

United States is struggling to retain her status of sole super power amid declining international stature and appears to be concerned with the peaceful rise of China and resurgence of Russia. The economic fulcrum is tilting towards Asia with peaceful rise of China enhancing its influence through BRI. Russia is resurging and enhancing her acceptability in political, military and economic dimensions thus achieving prominence at global level. Russia is also on board with China on BRI. India is vying for regional supremacy; Indo-US growing nexus terming India as “Net Security Provider” is aimed at containing China’s influence; Therefore, the overall progress on CPEC is likely to be affected due to Indian opposition and her increasing influence in Afghanistan, as both factors have accumulative effect of CPEC (‘One Belt and One Road’: Connecting China and the world”, 2018). The geo-politics related to Gwadar port in terms of its significance being situated at the entrance of strait of Hormuz attracting competitive leaning from the gulf countries, especially the Iran. While all these countries have been positive about their views on CPEC despite earlier concerns, yet the simmering effects of competitive approach for dominance are likely to prevail, therefore, CPEC cannot be assumed to be absolutely free ride during full implementation phase. The regional geopolitics coupled with fragile internal security situation in Pakistan through contained to a large extent will continue to pose security challenges for both China and Pakistan. On the geo-economic side, the CPEC will stimulate Pakistan’s economic growth through comprehensive investment in multiple sectors to the tune of USD 60 Billion (Huang, 2016). CPEC. China’s economic disparity due to underdeveloped western provinces and over industrialization in eastern sector impedes China’s overall progress. Hence CPEC figures out to be conduit for development of western provinces. On the domestic front, while security matrix of Pakistan has improved to a large extent as a result of successful operations in FATA and mainland Pakistan, the factors indicated below pose serious challenges to smooth implementation of CPEC.

- On the Global Corruption Perception Index issued by Transparency International, Pakistan ranks 126<sup>th</sup> out of 175 (CPI, 2018).
- World Bank's global evaluation of ease of doing business placed Pakistan at 126 (World Bank Group, 2014).
- Despite 18<sup>th</sup> Amendment, institutional capacity of devolved provincial subjects is quite weak (Ku, 2005).
- Certain areas intimately relevant to CPEC are still governed by special legal and administrative arrangements (Khan, 2010). While legislation for their mainstreaming has been successfully implemented, yet their full operationalization will take time and capacity building of relevant institutions is also time consuming.

### **The Politics of Economic Corridors- Comparative Analysis of CPEC with other Economic Corridors**

It is pertinent to highlight the significance and manifestation of other economic corridors in order to understand the significance and strategic objectives and CPEC. It must be appreciated that Economic Corridors are becoming the emerging trends in the contemporary international order due to enormous economic potentials coupled with regional access and trade aimed at enhancing regional integration. Economic corridors are envisioned to promote regional connectivity, accelerate economic growth, enhance employment opportunities and ensure harmony among the countries, within a contiguous region.

#### **Greater Mekong Sub-Region Economic Corridors (GMS)**

It is a sub-regional economic cooperation among six countries (Cambodia, Laos, Myanmar, Thailand, Viet Nam and China) started with assistance of ADB in 1992 comprising nine road corridors (Brookings India, 2018). Currently, 80% work is done, and it is likely to be completed by 2022. GMS envisions for a prosperous, integrated and harmonious sub region; enabling policy environment and effective infrastructure linkages including cross border trade and investment.

#### **Walvis Bay Corridor (WBC) in SADC Region**

This is earmarked for transformation into an economic corridor under the SDI initiative in Africa (Chant, & McIlwaine, 2009). The WBC comprise the Port of Walvis Bay, the Trans Kalahari Corridor, the Trans Caprivi Corridor, the Trans Cunene Corridor and the Trans Oranje Corridor. It runs through Namibia, Zambia, Zimbabwe, Botswana, Angola and South Africa, and indirectly to the Democratic

Republic of Congo. WBC envisions to stimulate investment in underdeveloped African countries (One Belt and One Road’: Connecting China and the world, 2018).

### **CAREC Corridor**

In Central Asia, 6 x CAREC Corridors link the regions’ economic hubs to each other and connect the landlocked CARS to other Eurasian and global markets. It started in 1996 and its 5 corridors have been completed in 2017, having 10,600 Kms of road network and 7,200 kms of railway line. The CAREC entails a shared vision of transport and trade facilitation development across the Central Asian Region.

### **Belt and Road Initiative (BRI)**

BRI is grand strategic vision of China promising USD 1.3 trillion investment into multiple domains creating a mesh of mega structures comprising roads, railways, telecommunication, energy pipelines and ports to increase economic interconnectivity and act as conduit for development across Eurasia, East Africa and more than 60 partner countries(One Belt and One Road’: Connecting China and the world, 2018). The summary of Corridors is as follows.

<b>Corridor Name</b>	<b>Type</b>	<b>No of sub Corridors</b>	<b>Countries</b>	<b>Progress</b>	<b>Expected Completion</b>
<b>GMS</b>	Economic Regional	1	6	70 %	2022
<b>WBC</b>	Transport Corridor	4	15	100 %	-
<b>CAREC</b>	Economic Corridor	6	8	90 %	2020
<b>BRI</b>	Grand Corridors	1+6=7	60	Planning Phase	Long Term Commitment
<b>CPEC</b>	Economic Corridor	Three Routes	2 Expected to increase	Implementation phase	2030

### **CPEC – An Overview**

The Strategic Vision of CPEC is aimed to enhance socio-economic stature of Pakistan. Stimulating connectivity, explore potentials in investment, expand trade, logistics and people to people contacts for regional connectivity (Ministry of Planning, 2018). From Chinese perspective, CPEC will address “Malaccan Dilemma” and provide alternate route to South China Sea. Protections of Chinese maritime interests and enhanced influence in IOR through direct access to Arabian

Sea (Research | SIPRI, 2018). It will also facilitate development of Chinese western provinces, apart from increased business opportunities for Chinese entrepreneurs (Pakistan-China Economic Corridor: a cost-benefit analysis, The Express Tribune, 2018). CPEC is a Flagship project of BRI is broadly termed as “1+4” containing four key areas; Energy projects, infrastructure development, establishment of SEZs and development of Gawadar port (Ministry of Planning, 2018). The projects include building \$780 million Gawadar Port to international standards; USD 34.76 billion dollar energy projects (11000 MW), \$12.39 billion in infrastructure development and industrial projects (The Express Tribune, 2018). CPEC spans over 15 years, 4 phases, 58 projects, aligned along 3 routes (Western, Central and Eastern routes). Broad details of projects are as below.

S. No	Projects	Est Cost (Mn\$)	%age
1	<b>Energy</b> (IPP financing mode)	34,746	72%
2	<b>Transport and Infrastructure</b>		
	(a) Roads (Government concessional loan)	4,179	9%
	(b) <i>Rail Network</i> – ML-I (GCL under discussion)	8,212	17%
3	<b>Gwadar Port</b> (Grant/GCL/Interest free loan)	780.6	1.9%
4	<b>Others (GCL/Grant)</b> Fibre Optic and Gwadar City Master Plan	48	0.1%
<b>Total</b>		<b>47,965.6</b>	<b>100%</b>

### Overall CPEC Plan & Progress

- CPEC Long Term Plan (LTP).** CPEC has a 4-phase developmental plan.
  - **Early Harvest Projects (2015-2018).** These projects primarily focus on power generation and infrastructure development projects. These include 7 x energy projects (3940 MW, Cost \$5.47Bn) and 4 x transport projects.
  - **Short Term Projects.** These will be completed by 2020 including 3 x energy projects (3960 MW, Cost \$ 5.93 Bn), 2 x Thar mining and 5 x transport / infrastructure projects.
  - **Medium Term.** It includes Phase-III projects to be completed by 2025 incorporating 4 x energy projects (3210 MW, Cost \$ 3.99 Bn), 5 x infrastructure projects and establishment of industrial parks and Special Economic Zones (SEZs) /.

- **Long Term Projects.** Last phase is envisioned upto 2030 containing railway system and operationalization of all CPEC projects (Ministry of Planning, 2018).
- 2. **Rail Connectivity from Kashghar to Gwadar.** The Kashghar - Hotan railway line in Xinjiang opened on 30 December 2010 for cargo transportation, and passenger transport began on 28 June 2011. From Hotan, the proposed railway line will pass through Khunjerab Pass and link up with Havelian railway station.
- 3. **Pipeline from Kashghar to Gwadar.** Approximately 2500 KMs pipe line is proposed linking Gwadar Port and Xinjiang. Iran-Pakistan Gas Pipeline is also planned to be interfaced with this line in future for which strict time lines have not been forecasted.
- 4. **Institutional Mechanism.** The Joint Coordination Committee (JCC) between Pakistan and China has been established in Pakistan's Ministry of Planning and Development to coordinate and implement CPEC projects. Regular meetings are held at Beijing and Islamabad (PID, 2018). While comprehensive master plan of CPEC as to be unveiled in 2015, however, some of the aspects like SEZs and their associated paraphernalia have not yet been finalized. ("| Ministry of Finance | Government of Pakistan |", 2018).
- 5. **Financing Mechanism.** The agreement highlights that the Chinese government and banks significantly, China Development Bank, and the Industrial and Commercial Bank of China Ltd, will loan funds to Chinese companies, for investing in CPEC as commercial ventures (Chinese investment neither loan nor grant: Nawaz Sharif, 2018). China has allocated USD 60 billion for above mentioned projects. Down at Gwadar, China Overseas Port Holding Company will finance economic free zones, with the exception of roads, to be financed by the Gwadar Port Authority. The company will bring local and foreign investment to establish the manufacturing assembly and processing plants (Ahmed, 2015). Chinese government through its China Development Bank has assured loans for two mega road projects (i.e. \$2.6bn Karachi-Lahore Motorway and \$920 million Karakoram Highway Phase-II), which are being constructed by Pakistan's National Highway Authority (Kiani,2015).

## **6. CPEC - So Far (Ministry of Planning, 2018)**

### **a. Energy**

- 1820 MW electricity (18% of planned EHP) has been added in national grid so far. Details are:
- 1320 MW Sahiwal coal fired power plant.
- 200 MW Wind Power projects in Sind.
- 300 MW Solar power projects (Quaid e Azam solar Park Bahawalpur).
- Work on remaining five coal-based energy projects (one at Port Qasim, three at Thar and one at Hub) is in advance stages, and will be completed as per the planned timelines i.e. 2018/19. However, work on 300 MW coal-based power plant at Gwadar has not yet started (Ministry of Planning, 2018).

### **b. Hydel Projects.** Three projects (2700 MW) with planned completion in 2022/23 are underway. The details are: -

- 720 MW project at Karot, AJ&K over River Jhelum is in initial stages.
- Land acquisition for Kohala hydel project AJ&K with a capacity of 1100 MW at River Jhelum near Muzaffarabad is also in process.
- Hydel project at Sukikinari (Naran) with a capacity of 870 MW, in Mansehra KPK is at early stages.

**Infrastructure.** Details of progress are as below.

### **1. Road Projects.** Five road projects are underway, these are:

- KKH Ph II.** Length of 120 Km from Havelian to Thakot. Work commenced in September 2016. To be completed by December 2019. Havelian-Abbotabad - Mansehra (39 KM) section has been completed in 2018 barring few finishing works.
- KKH Ph III (Thakot – Raikot).** 136 Km length. 15 % progress achieved with procedural formalities in progress.
- Karachi - Peshawar Motorway (Sukkur – Multan Section).** The length of this road is 392 Km and work has already commenced in Aug 2016. 70 % Progress has been achieved.
- Khuzdar – Basima.** Length 110 Km. 15 % progress with PC 1 approved.
- DI Khan – Zhob.** 210 Km length. 15 % progress and land acquisition in process.

2. **Railway Projects.** Feasibility study completed for expansion and reconstruction of 1872 Kms of Main Line-1 (Karachi- Lahore- Peshawar Railway Track).
3. **Mass Transit Projects.** Planned at all the provincial capitals including Islamabad, however, work is only underway at orange line Lahore.
4. **Optical Fibre.** 50 % progress achieved (450 km out of 820 Kms laid). Laying of DTMB completed till Murree and it will be further extended towards South.

### **Impact Analysis of CPEC on South Asian Security Landscape**

In order to assimilate the impact of CPEC on the security landscape of South Asia, it is prudent to comprehend the chief interests and major confictions of the major players, mostly regional are:

**India.** India has always remained an important player in South Asian region due to its expansionist designs, convergences with US interests in the region, and a rapid growing economy. Indian perceived interests are; Countering BRI through a similar initiative called North-South Transport Corridor by passing Pakistan, foster better relations through economic cooperation with Iran, Afghanistan and in process undermine the development of CPEC and expansion westward to securing her growing energy needs through connectivity with CARs. The major concerns of India are; her territorial claims on disputed region of Kashmir where CPEC is unveiled, as a threat to her territorial integrity, Chinese presence and increasing dominance in Indian Ocean particularly in garb of CPEC and Chinese Naval presence which can pose threat to her strategically vital SLOCs and investments in Chabahar.

**Iran.** With the Iranian nuclear deal (JCPOA) in place, Iran is seen as a major economic player. Several companies are investing in the Iran: the automotive industry, oil sector and the commercial aircraft to name a few, where substantial contracts have been concluded. The GDP growth in Iran is expectedly to rebound to 6.6% in 2017-18. The Iranian perceived interests are; Improving her economy by exporting oil and gas to other countries of region including Pakistan, energy pipeline access to Chinese markets, bolstering of trade with China and Pakistan via Western Corridor and IP gas pipeline link and possibly Chabahar port integration with CPEC in context of CAREC (Yousaf,2014).

**United States of America.** USA is maintaining its presence in the region in the form of Resolute support Mission in Afghanistan alongside a new condition-based Afghanistan policy. The US perceived interests are; contain expansionist designs of China in the region and beyond, maintain its influence in Indian Ocean unchallenged by major regional players particularly China, Indo-US cooperation

as part of “Pivot to Asia” policy and enhancing Indian role as net security provider to safeguard her regional interests. The US concerns are; growing Chinese influence in the region and hegemony in South China Sea, BRI as a geo-economic response by China to its ‘Pivot to Asia’ policy and Pakistan-China strategic partnership manifesting CPEC as flagship project of BRI detrimental to US influence in the region.

**Central Asian Republics (CARs).** Their perceived interests are; connectivity with Pakistan through Tajikistan and Krgyzstan, using proposed CAREC Corridors 5 & 6 and availing direct access to the Arabian Sea and diversification of energy channel through CPEC project.

**Afghanistan.** Afghanistan is mostly dependent on Pakistan for its trade and needs being landlocked country. Relations between both countries moving through a difficult phase. However, Chinese investment in Afghanistan and invitation to join CPEC have been welcome developments. Afghanistan, chief interests are; revival of brittle economy through greater eastward as well as westward connectivity and possible access to Arabian Sea and enduring stability in Afghanistan by sustained economic growth through integrated economy.

### **Challenges to CPEC – “Pakistan’s” Perspective**

CPEC is likely to face major challenges in multiple dimensions, which are discussed in ensuing paragraphs.

**Foreign Policy Domain.** Pakistan may be blemished by external proxies for sabotaging CPEC, therefore warrant dynamic response. Some of the aspects are:

- a. **US.** US and China competition may place CPEC and Pakistan at the centre stage of “New Great Game” that would test our diplomacy and foreign policy strength. The same aspect has already been experienced in US’s new Afghan and South Asian policy.
- b. **China.** Bilateral relations and over reliance on China due to struggling economy and assured political support may trigger enhanced Chinese role in our foreign policy leaning which should be guarded while maintaining relevance and friendship.
- c. **India.** India has not been forthcoming in explicit desire to join BRI / CPEC; despite warming relations with China. Due to Indian conflicting interests coupled with its concern about CPEC traversing through the territories of GB (Hervé-Mignucci, & Wang, 2015), which they claim is part of disputed

J&K (The Economic Times,2016), India would like to make CPEC controversial in international forums, thus posing challenges to our diplomacy.

- d. Middle East.** Pakistan is likely to confront foreign policy challenges due to perceived economic conflict of Middle Eastern countries emerging after operationalization of Gwadar port. This may also impact overseas Pakistanis working in Middle Eastern countries.
- e. Afghanistan.** Due to increased Indian acceptance in policy makers in Afghanistan, it may be assumed that India will persuade Afghanistan to remain away from CPEC.
- f. Iran.** Pakistan-Iran relations experience fluctuating trends. CPEC will play an important role in defining future relations of both the countries. Our diplomacy will dictate future course of action, thus putting enhanced burden on our foreign policy.

**Security Domain.** CPEC is likely to face many external and internal challenges due to involvement various actors (Wolf, 2016).

- g.** Immediate challenges to CPEC emanate mainly from Indian opposition which is likely to resort to operating through proxies in order to achieve her objective of sabotaging CPEC project.
- h.** The perpetual state of instability in Afghanistan has spill over effects on Pakistan. Nature of work under CPEC / porous borders provide ample opportunities to all such inimical forces to attempt infiltration and sabotage the projects.
- i.** Exiled Baloch separatists, sponsored by their foreign abettors, pose potential threat to security in Balochistan. Collaboration of remnants of these elements with cross border groups is now a well-established fact.
- j.** The existing security measures are predominantly military led, which may undermine the capacity and confidence building of the 1<sup>st</sup> and 2<sup>nd</sup> tier law enforcement agencies.

**Governance Issues.** CPEC is a “Strategic project” warranting “Strategic handling” in order to make it success.

- k.** Absence of permanent supervisory body to look after affairs of CPEC may affect its implementation.
- l.** Formation of 11 Members governing body under PM to oversee progress of CPEC while bypassing Ministry of Planning and development has further complicated the existing governing mechanism.

**Political Issues.** Common understanding of CPEC projects on routes and share is still lingering. Moreover, few projects are being contracted and concluded hastily, which are divorce from Strategic vision and end state, in order to accrue political mileage.

**Socio-Economic Issues**

- m.** Pakistan's infrastructure, industrial and social corporate sector so far lacks the requisite ability to survive in the post-CPEC competitive market cum environment.
- n.** Survival of industry against influx of cheap Chinese goods in local market which might render domestic production / industries uncompetitive.
- o.** Influx of Chinese people for phase 2 and 3 projects may impact our cultural and religious sensitivities and business interests of local communities.
- p.** Dearth of skilled manpower and lack of urgency on our part to address this issue by taking concrete measures in time.
- q.** An institutionalized approach for public awareness about the likely CPEC-generated advantages in the shape of employment opportunities and business potential / prospects of becoming part of CPEC is missing.
- r.** There is strong feeling among local residents of Balochistan that they might lose ownership of resources apart from being marginalized.
- s.** Gwadar is the pivot for CPEC but unfortunately, its people are deprived of the basic life amenities like safe drinking water and electricity.

**Business/ Industrial Issues**

- t.** Quantum of tax exemptions like Granting an income tax holiday status to Gwadar Port as tax free port and Waiving off of dividend tax on the income of the Chinese financial institutions will have impact on state revenues and the manufacturing sector (Copper, 2016).
- u.** Ill Prepared industrial sector including logistic/ transport infrastructure, industrial technologies, cargo handling, hotels management, communication, construction, energy sector and work ethics are not ready to receive huge influx.
- v.** Concept of co-financing, co-designing, co-manufacturing and co-construction yet not exploited – Pakistani companies may act like sub-contractors.

**Informational Domain.** There is a need for a public awareness drive so as to mould public perception and dispel misperceptions by bringing clarity and transparency of this project. However, over-projection / advertisement of expected gains of this project on media may prove counterproductive by inviting more threats.

### **Environmental Issues**

- w. The threat of natural calamities affecting coal fired power plants and carbon dioxide emissions remains the main hazard despite approval by the Environment and Social Impact Studies (ESIA)(Copper, 2016).
- x. There is also no clarity on the Thakot-Raikot 100 km road which may be submersed in Diamer-Basha dam project (Khattak, et al.,2015).
- y. In addition, de-forestation, lack of tree plantation along new roads, establishment of industries, preservation of wild life and noise pollution are major challenges which if not addressed will adversely affect the ecosystem of Pakistan.

### **Recommendations to Mitigate Challenges**

External challenges posed by competing strategic interests along with internal weaknesses highlighted are a matter of concern. However, silver lining is that, as the CPEC develops further, it will brush aside negative forces opposed to CPEC by its overwhelming economic dividends. To address the challenges and capitalize on the opportunities we need to take immediate measures to address all shortfalls. Hence, the way forward recommended lies in a ‘policy framework’ covering following domains.

**Foreign Policy Domain.** Proactive diplomatic efforts are suggested, which should highlight the economic benefits of CPEC for the whole region. While stringent security measures are important, however, we need to follow smart diplomatic strategy to mitigate challenges. The following is suggested in this regard.

- z. **US.** An effort should be made to have balanced relations with both US and China. Our warmth of relations and economic engagement with China should not affect our traditional engagement with US. Pakistan must continue to maintain its diplomatic relations with US and it should be realized to US authorities that CPEC and Gwadar Port are economic projects from which complete region will be benefitted.
- aa. **India.** India being the main threat to CPEC, we must have a clear policy to deal with India.

- ii. An effort should be made to resume dialogue process to deflect and diffuse active Indian opposition until the corridor development crosses a certain threshold where its geo-strategic advantage becomes irreversible.
  - iii. In the longer run after operationalization of Mid Term projects, we may economically engage India in CPEC through planned laterals.
  - iv. Simultaneously, kinetic prong in FATA and Balochistan should continue to defeat Indian design of derailing CPEC.
- bb. Afghanistan.** Afghanistan's engagement must remain our highest foreign policy priority. Here's how that policy can be operationalized.
- v. In order to limit Indian influence in Afghanistan, an effort should be made to bring Afghanistan under umbrella of CPEC and ultimately, extending the corridor to Central Asian States.
  - vi. Existing 3 x trade corridors with Afghanistan should be upgraded on both the sides. China may be asked to initiate infrastructure up gradation process inside Afghanistan to generate economic activities.
  - vii. Effective border control by restricting unnecessary movement of individuals and preventing cross border infiltration of terrorists.
- cc. Pak-China Bilateral Front.** The following important areas warrant attention.
- viii. We must safeguard our autonomy and take all measures that our foreign policy does not become overly “**Sino-centric**” by keeping relations with all the global and regional countries.
  - ix. Pakistan must maintain a balanced approach while engaging with China in CPEC projects. Transparency in the agreements, security of Chinese investments and safety of Chinese national should be achieved at all cost.
  - x. There is a need to formalize a comprehensive strategy to address Chinese terrorism related concerns. Joint intelligence mechanism should be initiated to Improve existing intelligence-sharing.
- dd. Middle Eastern Countries**
- xi. **Saudi Arabia.** As Pakistan engages Iran, ties with KSA should be deepened by giving sureties that Pakistan-Iran ties are purely for economic gains which will not have any bearing towards Pakistan- KSA relations. Moreover, an all-out effort should be made for Iran – KSA rapprochement process.
  - xii. **UAE.** In order to mitigate growing concerns of UAE, it is therefore imperative not to project Gwadar as threat to Dubai port, moreover, mutual

trade agreements may be concluded to promote harmony and greater connectivity among both the ports.

- xiii. **Iran.** Pakistan has good chance to mend and improve its ties with Iran. Iran's intent to join CPEC project should be capitalized and deep engagement process should be pursued by analysing the prospects of viewing Chabahar Port as sister port instead of competitor. Iran should be deeply engaged in through upgrading road-rail networks for Iran's eventual interface in CPEC framework.
- ee. **Russia.** Rapprochement process with Russia should be expedited by exchange of high-level visits and comprehensive engagement in the field of trade and defence. Moreover, her strategic convergence of interests with China and Iran should be exploited and Russia may also be formally invited to join CPEC.

**Internal Security Domain.** Success of CPEC hinges upon internally secure environment and ensuring effective writ of the state.

**ff. Short to Medium Term**

- xiv. Formulate a comprehensive security mechanism that brings all the LEAs under one umbrella for well-coordinated security mechanism.
- xv. Capacity building of Police making them formidable force.
- xvi. Taking the National Action Plan, operation Zarb-e-Azb and Raad-Ul-Fassad, in their entirety, to their logical end backed by strong intelligence follow-up to prevent resurgence.

**gg. Medium to Long Term**

- xvii. Ensuring, from a safety and security perspective, world-class urban planning in Gwadar, developing Makran division and costal belt to mitigate threat of terrorism in that region.
- xviii. Capacity building of CAF in line with their enhanced role in combating urban terrorism and protection of CPEC.
- xix. Long term viability and security of the CPEC vision can only be ensured through non kinetic means; adopt a people-centric approach by:
  - 1. Ensuring representation / participation of locals and stakes holders in all tiers of CPEC projects.
  - 2. Giving local tribal community leaders and political figures a prominent role in security of the projects being undertaken in their respective areas.

**Business and Industrial Domain.** Focus of our efforts should be to raise economic and industrial capacity, therefore, the following is suggested.

- hh.** Pakistani companies should be given prominent share in SEZs by keeping minimum quota for them so that they should not act like sub-contractors. Concept of co-financing, co-designing, co-manufacturing and co-construction should be exploited.
- ii.** Attractive incentives in the form of tax exemptions in SEZs should be given to local industries to encourage / boost local industry, moreover, model of public-private partnership should also be introduced.
- jj.** Local companies / investors should be encouraged by giving them incentives to invest in these sectors instead of multinational companies benefiting from it.

**Socio-Economic Domain.** We must give top priority to our skill development in order to discourage Chinese labour pouring in for projects and harvest full advantages of CPEC.

- kk.** Pakistan must give the highest priority to skill development in the field of technology, quality control and R&D by increasing the capacity of existing institutions, opening up of new ones around proposed SEZs and partnering with Chinese universities for vocational education.
- ll.** In order to prevent sudden influx of Chinese work force coming in Pakistan and their effects on our culture the following is recommended.
  - xx.** Government should ensure that initially 30 % labour force and 40 % of skilled force can come from China and remaining locals should be hired. Subsequently, this force should be reduced as phase wise by training own youth in order to reduce dependence and enhance job opportunity for Pakistanis.
  - xxi.** Cultural values should continue to be taught in our schools and more emphasis should be given to promote own culture through media to ensure that Chinese should adopt our culture instead we adopt their culture.
- mm.** To avert false propaganda, inclusive and participatory involvement by locals be encouraged. Steps like Gwadar Port Authority Chairman being a Balochi and employment of 90% Balochi workers must continue.

**Information Domain.** Information operations must revolve around narratives and themes which dispel controversy and avoid giving unnecessary widespread publicity to CPEC. Transparent financing and contracting procedures along with accountability measures should be made public. Psycho-socio awareness and

perception management by both China and Pakistan to promote their soft image and expose Indian nefarious designs. Media cell may be opened in Ministry of Planning Development and Reforms to counter propaganda, address misperceptions and promote actual image.

**Environmental Domain.** It is recommended that Environment and Social Impact Studies pertaining to environmental hazards to CPEC must be carried out. Installation of further coal fired power plants should be banned in cultivated areas, only exception could be near Thar Coal mines and Shore belt. An effort should be made to promote environmentally friendly renewable / hydel energy projects. At provincial level plantation should be done around SEZs to reduce pollution effects.

## **Conclusion**

CPEC is a fast-materializing reality and the paramount asset of this project rests in its win-win benefits for both China and Pakistan. National determination to make it happen and the absolute weight of popular expectation associated with the project is a testimony of our commitment. CPEC will not only have spin-off effects for both Pakistan and China but will also alter South Asia's geo-economic and geo-political landscape, alike. Success of CPEC hinges upon increasing its clout by dovetailing all the regional players in this project and making them stake holder rather than contender.

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